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

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Thursday 21 September 2023

Notice of Meeting

Dear Member

Corporate Governance and Audit Committee

The **Corporate Governance and Audit Committee** will meet in the **Meeting Room 3 - Town Hall, Huddersfield** at **10.00 am** on **Friday 29 September 2023**.

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
A Anwar
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 (Cabinet Member for Corporate Services)
Councillor Elizabeth Smaje (Chair of Overview and Scrutiny Committee)

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 - 10

To approve the Minutes of the meeting of the Committee held on 14 July 2023 and 12 September 2023.

3: Declarations of Interest

11 - 12

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 debates take place in public. This only changes where there is a need to consider certain issues, for instance, commercially sensitive information or details concerning an individual. You will be told at this point whether there are any items on the agenda which are to be discussed 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/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: Corporate Governance and Audit Committee Annual Report 13 - 26

To consider the Corporate Governance and Audit Committee Annual report.

Contact: Nicola Sylvester, Principal Governance and Democracy Engagement Officer.

8: Corporate Customer Standards Annual Report 2022/23 27 - 54

To receive an update on Corporate Customer Standards complaint handling for the year 2022/23.

Contact: Chris Read, Corporate Customer Standards Officer

9: Annual Report on bad debt write-offs 2022/23 55 - 66

To consider the Annual Report on bad debt write offs 2022/23.

Contact: Sarah Brown, Acting Head of Welfare & Exchequer Services

Mark Stanley, Senior Manager, Welfare & Exchequer Services.

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- 10: Audit Findings Report 2021/22** 67 - 124
- To consider the Audit Findings Report 2021/22.
- Contact: Grant Thornton, External Auditor
-
- 11: Annual Governance Statement 2022/23** 125 - 144
- To consider the Annual Governance Statement 2022/23.
- Contact: Simon Straker, Audit Manager.
-
- 12: Internal Audit update 2023/24** 145 - 160
- To receive the Internal Audit update 2023/24.
- Contact: Martin Dearnley, Head of Risk.
-
- 13: 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.
-
- 14: Internal Audit Update 2023/24** 161 - 164
- Exempt appendix in relation to agenda item 12.
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Contact Officer: Leigh Webb

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 14 July 2023

Present: Councillor James Homewood (Chair)
Councillor Harry McCarthy
Councillor Kath Pinnock
Councillor John Taylor
Chris Jones (Independent Member)

In attendance: Martin Dearnley – Head of Internal Audit
Mathias Franklin - Head of Planning and Development
Simon Straker – Audit Manager (Virtual)
James Anderson – Head of Accountancy (Virtual)
Sean Westerby – Corporate Safety and Resilience
Manager
Aaron Gouldman – Grant Thornton
Jon Roberts – Grant Thornton
Councillor Paul Davies (Ex-Officio)
Councillor Elizabeth Smaje (Ex-Officio)

Apologies: Councillor Mel Stephen
Councillor Yusra Hussain
Councillor Moses Crook (Ex-Officio)

1 Membership of the Committee

Apologies for absence were received on behalf of Councillor Mel Stephen, Councillor Yusra Hussain, and Councillor Moses Crook (Ex- Officio).

2 Minutes of Previous Meeting

RESOLVED – That the Minutes of the meeting held on 16 June 2023 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.

5 Deputations/Petitions

There were no deputations or petitions received.

6 Public Question Time

No questions were asked under this item.

7 Corporate Emergency Planning and Business Continuity

The Committee received a report setting out an overview of the work of the Emergency Planning Team. The report provided a snapshot of the work of the Team and was submitted in order to provide assurance to the Committee that the Council are compliant with the core duties of the Civil Contingencies Act.

Within the period April 2022 to March 2023 it was reported that 79 incidents had been responded to which included severe weather events, evacuations, utility failures and police incidents. The report outlined that 153 hazard warnings had been entered onto the Council database and also provided a breakdown of training exercises, advisory responses and educational visits undertaken by the Team. The Corporate Safety and Resilience Manager provided updates in respect of the Core Duties of the Civil Contingencies Act and reported on the work of the Team going forward.

In response to a question relating to any potential areas of weakness within Emergency Planning, the Corporate Safety and Resilience Manager explained that the report looked to align the work undertaken with the requirements of the Civil Contingencies Act and set out a proportionate approach to the risks and threats faced by the Council. It was further reported that self-audits were also undertaken against Council plans and the Act.

RESOLVED – That the Committee note the report and of the work of the Emergency Planning Team.

8. Kirklees Auditors Annual Report 2021/22 – Interim Report

The Committee received an interim Annual report from the Council's Auditors, Grant Thornton, for the year 2021/22. The report was classed as interim as it could not be finalised until the audit of accounts was completed.

The report set out a summary of the work of the Auditor's with specific regard to financial sustainability, governance and improving economy, efficiency and effectiveness of the Council. It was reported that significant weakness had been identified in respect of financial sustainability and that the work of the auditor's had identified a risk in the medium term unless prompt action is taken to rebalance the cost of services with the income that it expected to be available over the next 3-5 years. The report acknowledged that the Council's financial position had become significantly more challenging due to increased demands on services along with the impact of inflation and the cost of living crisis. A key recommendation from the Auditors was set out in the report which highlighted the requirement for Members and senior officers to recognise the severity of the Council's medium term financial outlook and take prompt action to restore a sustainable financial position. A number of associated actions to help this process were set out within the report.

Corporate Governance and Audit Committee – 14 July 2023

During discussion of this item Members of the Committee raised the importance of the value of more regular performance reporting and questioned the capacity of the Council to meet the financial challenge it faced. In response to the issues raised the Cabinet Member for Corporate acknowledged the importance of regular performance monitoring and reported that there was clarity at a senior level, with teams working together to actively achieve savings across Directorates. The Cabinet Member identified that building resilience rather than dependency within communities is a challenge for the Council.

RESOLVED - That the report be noted.

9. **Audit Plan 2022/23**

The Committee received the External Audit Report, for year end 31 March 2023, as submitted by Grant Thornton.

The report advised that the Council had set a balanced budget for 2023/24 against the backdrop of significant financial challenges in the medium term. The report noted that the Council is embarking on a transformational savings programme, requiring rigorous monitoring, which aims to restore financial balance and avoid the depletion of reserves to an unsustainable level.

With regard to the timing of the report, it was reported that the 2021-22 audit had not yet concluded due to delays in obtaining appropriate assurances from the auditor of the West Yorkshire Pension Fund with regard to the value of the Council's pension assets and liabilities at the reporting date of March 2022

RESOLVED – That the External Audit Plan, for Year end March 2023, be received and noted.

10. **Draft Annual Governance Statement 2022/23**

The Committee received a draft report noting the 2022/23 Draft Annual Governance Statement prior to it being signed off by the Chief Executive and Leader, and to consider whether the issues raised reflected the state of the governance and control framework during 2022/23.

The draft statement covers the period up until the 2022/23 Annual Statement of Accounts are approved, but highlighted that there may be a need for revisions to be made in the text, reflecting the findings from the external audit and anything material in the intervening period. The Statement concluded that overall the governance arrangements remained fit for purpose.

The draft statement highlighted a number of what are termed 'Significant Governance Issues'. It was reported that several of the Issues had been brought forward in one guise or another, reflecting the wide-ranging nature of the issues and action required. The report outlined that consideration has been given to a number of potential new Issues and three, most notably the very serious financial position of the Council, have been incorporated.

Corporate Governance and Audit Committee – 14 July 2023

The actions and controls the Council is taking were contained within a recommended Action Plan. The Audit Manager explained that since the final Statement will not be agreed until later this year, subject to the approval of this draft by this Committee, it is intended that the draft Action Plan will be the subject of internal monitoring, with reporting back to Executive Team and this Committee during the remainder of 2023/24. Any amendments made to the final version will be reflected in monitoring work should there be sufficient time to progress the action during the year.

RESOLVED - That the report be noted.

11. **Planning Scheme of Delegation (SoD) and Planning Committees (Reference to Council)**

The Committee received a report setting out proposed changes to both the Planning Scheme of Delegation (SoD) and to Planning Committee structures in Kirklees. The Head of Planning and Development reported that a review of the existing Scheme of Delegation and Planning Committee structures has been undertaken, with engagement taking place with the 3 main political groups to gain member feedback to the changes proposed. The report set out the following proposed changes:

- To update the Scheme of Delegation to revise the conditions under which applications are decided at Committee.
- To move from the current 3 committee structure to 2 planning committees each meeting every 6 weeks.
- To introduce an expectation that Ward Councillors who refer an application to committee attend in person at the meeting (or send a ward councillor colleague).
- Within the Highway and Transportation scheme of delegation in relation to Definitive Map Modification Orders (DMMO) enable Planning Committee Chairs to consider if matters do not require determination by the Planning Committee and can remain delegated to the relevant Strategic Director.

During consideration of this item, suggested amendments to the recommendations contained within the report were put forward to the wording in relation to proposed changes to the Scheme of Delegation in relation to applications for the modification of the Definitive Map and Statement under the Wildlife & Countryside Act 1981 and also to the Planning Committee Protocol set out at Appendix E.

RESOLVED

1. That the wording in the report be approved subject to the following amendments:

- (i) 3.1 1 (v) in the main body of the report and Appendix F – Changes to the Scheme of Delegation (Strategic Director Environment and Climate Change) part A,(1) v to include the wording “*taking into account I to IV above*” in relation to applications for the modification of the Definitive Map and Statement under the Wildlife &

Corporate Governance and Audit Committee – 14 July 2023

- Countryside Act 1981 (or any legislation revoking or re-enacting that Act with or without modification)
- (ii) That Section 11 (57.) of the Protocol for Planning Committees, as set out at Appendix E, be updated by the removal of the wording “i.e. 3 weeks after receipt of the application”.
2. That subject to the amendments set out in (1) above, this Committee recommends Council:
- a) Approve the Scheme of Delegation to the Strategic Director Growth and Regeneration set out at Appendix A to take affect from Friday 10 November 2023.
 - b) Approve the Scheme of Delegation to Strategic Director Environment and Climate Change set out at Appendix F to take affect from Friday 10 November 2023
 - c) Approve the renaming of Strategic Planning committee as Strategic Planning Committee (Major Planning Applications), and revised Terms of Reference for the Strategic Planning committee set out in Appendix B from Friday 10 November 2023.
 - d) Notes that the membership and composition of the renamed Strategic Planning Committee remains the same (namely 7 including Chairperson).
 - d) Approve a revised Terms of Reference for the existing two planning sub-planning committees (Heavy Woollen and Huddersfield) from Friday 10 November 2023 to Friday 9 February 2024 as set out in Appendix C
 - e) Approve the disestablishment both Heavy Woollen Planning Sub-committee and Huddersfield Planning Sub-Committee from Friday 9 February 2024
 - f) Approve the establishment a new planning committee and their Terms of Reference at Appendix D - namely the District Wide Planning Committee (Minor & other planning applications). To be implemented on Friday 9 February 2024
 - g) Approve the composition of the District Wide Planning Committee (Minor and Other Planning Applications) set out at Appendix B of this report to come into effect from 9 February 2024. Namely:
 - o District Wide Planning Committee - 9 members of the Council including Chairperson (5:3:1)
 - h) A delegation to Group Business Managers to nominate membership of the District Wide Planning Committee (Minor and Other Planning Applications) which comes into effect 9 February 2024.
 - i) A delegation to the Service Director Legal, Governance and Commissioning to make consequential changes to the Constitution (including Scheme of Delegation at Appendix A and Appendix F(subject to amendment (1)(i) above), Strategic Planning Committee (Major planning applications) Terms of Reference at Appendix B, and revised Terms of Reference for Heavy Woollen and Huddersfield Planning Sub-Committees at Appendix C) as set out in this report to implement the

Corporate Governance and Audit Committee – 14 July 2023

recommendations to this committee and full Council in relation to this report. To come into effect 10 November 2023.

- j) A delegation to the Service Director Legal, Governance and Commissioning to make consequential changes to the Constitution (including Dis-establishment of the Heavy Woollen and Huddersfield Sub-Planning Committees, establishment of the District-Wide Planning Committee (Minor and Other planning applications) at Appendix A, D and F, and Protocols for Planning Committee at Appendix E (subject to amendment (1)(ii) above) as set out in this report to implement the recommendations to this committee and full Council in relation to this report. To come into effect from 9 February 2024.
3. That, subject to Council approval, an update on the workings of the new arrangements be submitted to Corporate Governance and Audit Committee following 12 to 18 months of full implementation.

(**Note:** Councillor K Pinnock requested that her vote against this decision be recorded).

12 **Quarterly Report of Internal Audit Q1 2023/24 April 2023 to June 2023**

The Committee received a report relating to the internal audit work in quarter 1 of 2023/24.

The report advised that Quarter 1 contained 15 pieces of completed work, of which just over half provided substantial assurance, just over a quarter adequate assurance and one fifth which led to limited assurance conclusions. The report set out a brief summary and breakdown of the work undertaken

RESOLVED –

- (i) That the Internal Audit Quarterly Report be noted and that no further action was sought on any matter identified.
- (ii) That officers present an alternative format for internal audit reporting at the next meeting of this Committee.
- (iii) That it be noted that there has been no Regulation of Investigatory Powers Act activity during the period quarter 1 2023/24.

13 **Exclusion of the Public**

RESOLVED – That acting under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for 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, as specifically state in the undermentioned minute

14 **Quarterly Report of Internal Audit Q1 2023/24 April 2023 to June 2023**

Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information (Variation) Order 2006, namely Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Corporate Governance and Audit Committee – 14 July 2023

The Committee noted the exempt information, which was an appendix to Agenda Item 12.

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Contact Officer: Leigh Webb

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Tuesday 12 September 2023

Present: Councillor James Homewood (Chair)
Councillor Yusra Hussain
Councillor Harry McCarthy
Councillor Andrew Pinnock
Councillor Mohan Sokhal
Councillor John Taylor

In attendance: Julie Muscroft – Service Director, Legal, Governance and Commissioning
Jacqui Gedman – Chief Executive
Councillor Paul Davies (Ex-Officio)

Apologies: Councillor Kath Pinnock
Councillor Mel Stephen
Chris Jones (Independent Member)
Councillor Elizabeth Smaje (Ex-Officio)
Councillor Moses Crook (Ex-Officio)

1 Membership of the Committee

Apologies for absence were received on behalf of Councillor Kath Pinnock (substitute Councillor Andrew Pinnock), Councillor Naheed Mather (su Chris Jones (Independent Member), Councillor Paul Davies (Ex-Officio) and Councillor Elizabeth Smaje (Ex- Officio).

2 Declarations of Interest

No interests were declared.

3 Admission of the Public

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

4 Deputations/Petitions

There were no deputations or petitions received.

5 Public Question Time

No questions were asked under this item.

6 Members Allowance Scheme (Reference to Council)

The Committee received a report setting out proposals for Council to look at the Members Allowance Scheme with a view to reducing them in light of the current financial position of the Council.

The report requested that a Members' Allowance Independent panel be convened to consider allowances for the 24/25 Financial year and also requested that members agree to forego an uprate in allowances for the current 2023/24 based on the officer pay award and a 5% reduction in both the existing members basic allowance and Special Responsibility Allowances (SRA). The report also set out some background information and the process for doing that and sets out an option for making savings in the current year.

During discussion of this item, the Chair suggested a slight alteration to the wording in the final recommendation to clarify that Members not in attendance at the Council meeting were being asked whether or not they intended to forgo the increase and take a 5% reduction in their current allowances (basic and SRA)

RESOLVED – That the Committee recommends that Council:

- have regard to any comments or recommendations from CGAC about this matter;
- ask officers to work with Groups to convene a Members Allowance Independent Review panel as soon as possible to consider the allowances paid to Councillors having regard to the financial position of the Council;
- Ask all Members in attendance at the Council meeting to indicate by recorded vote whether they wish to forgo the increase in allowances (basic and SRA) based on the officer pay award for the 2023/24 financial year and in addition to take a 5% reduction in their current allowances (basic and SRA).
- Ask members not in attendance at the Council meeting to indicate whether they intend to forgo the increase and in addition take a 5% reduction in their current allowances (basic and SRA)

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 and Audit Committee

Date: 29 September 2023

Title of report: Corporate Governance and Audit Committee Annual Report

Purpose of report: This report provides an assurance that the Corporate Governance and Audit Committee has discharged its duty in ensuring that the Committee complies with the CIPFA's Position Statement: Audit Committees in Local Authorities and Police.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.	Yes/ no or Not Applicable Not Applicable
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?	Key Decision – No Private Report/Private Appendix – No
The Decision - Is it eligible for call in by Scrutiny?	Not Applicable This does not require an executive decision.
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?	For information only No financial implications – for information only Julie Muscroft – 19 Sept 2023
Cabinet member portfolio	Cllr Paul Davies

Electoral wards affected: Not Applicable

Ward councillors consulted: Not Applicable

Public or private: Public

Has GDPR been considered? There are no GDPR Implications

1. Summary

This report sets out the draft annual report of the Corporate Governance and Audit Committee for the 2022/23 municipal year.

2. Information required to take a decision

In accordance with best practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA), this report demonstrates how the Committee has discharged its responsibility.

The report demonstrates how the Committee supports the Council's governance arrangements, and in doing so supports the Council's vision to be a district which combines a strong sustainable economy with a great quality of life – leading to thriving communities, growing businesses, high prosperity and low inequality where people enjoy better health throughout their lives.

3. Implications for the Council

3.1 Working with People

Not applicable.

3.2 Working with Partners

Not applicable.

3.3 Place Based Working

Not applicable.

3.4 Climate Change and Air Quality

Not applicable.

3.5 Improving outcomes for children

Not applicable.

3.6 Financial Implications for the people living or working in Kirklees

Not applicable.

3.7 Other (e.g. Integrated Impact Assessment (IIA)/Legal/Financial or Human Resources) Consultees and their opinions

Not Applicable

4. Consultation

Not applicable.

5. Engagement

Not applicable.

6. Next steps and timelines

Subject to approval by the Corporate Governance and Audit Committee, the Annual Report will be considered at Council.

7. Officer recommendations and reasons

The Corporate Governance and Audit Committee is requested to: -

- 1) Note the assurances set out in this report that the Committee complies with CIPFA's Position Statement: Audit Committees in Local Authorities and Police; and
- 2) Approve the draft Annual Report at Appendix A to this report and to recommend consideration at Council.

8. Cabinet Portfolio Holder's recommendations

Not applicable.

9. Contact officer

Nicola Sylvester, Principal Governance and Democratic Engagement Officer.
01484 221000

10. Background Papers and History of Decisions

None.

11. Service Director responsible

Julie Muscroft, Service Director – Legal Governance and Commissioning



Annual Report to Council

**Corporate Governance and
Audit Committee**

2022/23

Annual Report of the Corporate Governance and Audit Committee 2022/23

Foreword by Councillor Yusra Hussain – Chair

I am delighted to introduce an annual report of Corporate Governance and Audit Committee, summarising the contribution we have made during the Municipal Year to the achievement of good governance and internal control within the Council.

All Members of the Committee bring an independent and open mind to the business of the Committee, and I thank them for the contributions they have made.

We have:

- Overseen the production of the draft Annual Governance Statements for 22/23 as well as 21/22
- Reviewed the Council's accounts for 21/22. Approval will be completed in the 2023/24 Municipal Year for 22/23.
- Overseen the work of internal audit, established a risk-based audit plan and reviewed the quarterly and annual report from the Council's Internal Audit team.
- Reviewed the Constitution, Financial and Contract Procedure Rules
- Ensured that assurance reports have been reviewed in detail on the key aspects of the Council's internal control arrangements including:
 - Risk management
 - Emergency planning
 - Business Continuity
 - Financial management (including arrangements for Treasury management)
 - Customer access and complaints handling
 - Information governance
 - Health and Safety arrangements
- Considered the interim polling district review
- Reviewed the improvement of SAP control
- Provided robust challenge to our arrangements and monitoring for areas in need of improvement.

- Recommended to council a revision to the Terms of Reference of the Health and Wellbeing Board.

In addition to the work undertaken through our formal meeting cycle, I have been pleased, as the Committee's chair, to engage in:

- At the request of the Local Government Association, the establishment of the Yorkshire and Humberside Audit Chairs forum of which I was appointed Chair.
- The recruitment of a non-voting co-opted independent member for the Committee.

The Committee is supported by a number of officers who attend regularly and bring expertise in relation to governance, internal audit and finance. Without the support of the staff, it would not be possible for the Audit Committee to be as highly effective as it is, and my thanks and that of my fellow Committee members are given to all our officers.

1. INTRODUCTION

Governance in, and of the public sector, continues to be high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failing to achieve our objectives and providing good service to our community.

This annual report to Council demonstrates the importance Kirklees Council places on the authority's governance arrangements. The report on the work of the Council's Corporate Governance and Audit Committee demonstrates;

- How the Corporate Governance and Audit Committee has fulfilled its terms of reference.
- The extent to which arrangements comply with national guidance relating to audit Committees.

The benefits to the Council of operating an effective Audit Committee are:

- Maintaining public confidence in the objectivity and fairness of financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement, and the Quarterly Reports from Internal Audit and the Annual Report from the Head of Audit.
- Providing sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process, including specific review on behalf of the Council of specialist parts of budgeting and accounting policy and practice – such as Treasury Management.
- Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.
- Providing additional assurance through a process of independent and objective review.
- Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
- Monitoring of related areas such as the Council's approach to threats from fraud, bribery and corruption.
- How the Corporate Governance and Audit Committee has contributed to strengthening risk management, internal control, and governance arrangements.

This report provides additional assurance and underpins the Annual Governance Statement, which is approved by the Committee.

2. COMMITTEE INFORMATION

Audit Committee Membership

Nine elected members served on the Committee in 22/23:

- Councillor Yusra Hussain (Chair)
- Councillor Ammar Anwar
- Councillor Kath Pinnock
- Councillor Harry McCarthy
- Councillor Elizabeth Reynolds
- Councillor Joshua Sheard
- Councillor John Taylor

Substitutes were invited to attend and contribute to all meetings and training.

Training

The Committee continues to undertake a programme of training, and this year they have received training in relation to:

- Treasury Management, provided by Arlingclose (independent treasury advisers)
- Final Accounts, provided by James Anderson, KMC the Head of Accountancy

The recruitment of a non-voting co-opted independent member on the Committee.

In summer 2022, the Government indicated an intention to create a statutory obligation for local authorities to have an Audit Committee, including an independent member, initially on a voluntary basis. The Committee considered that there would be merit in adopting the proposal for having an independent member.

Following the recommendation of the Committee, Council approved the appointment of a non-voting co-opted independent member of the Committee and in line with the CIPFA guidance for Audit Committee in Local Government, we prepared a role description and person specification. During the course of the municipal year a panel, drawn from the Committee's membership along with the Head of Internal Audit, invited applications from candidates for the role. Five applications were received, and we were pleased to appoint Chris Jones, a qualified accountant who has held a senior management and consulting role in the further education sector to the role.

3. COMMITTEE BUSINESS

The Committee met on ten occasions during the year with meeting dates structured around the regular receipt of annual assurance reports, external and internal audit reporting cycles, and the statutory requirements around the production of the Accounts and Annual Governance Statement.

This frequency of meetings ensures the Committee can fulfil its responsibilities in an efficient and effective way and has been benchmarked against the CIPFA recommended practice and arrangements in other local authorities.

A list of the reports considered by the Corporate Governance and Audit Committee can be found in **Appendix A**. The main outcomes of the Committees work in relation to its core functions can be summarised as follows:

Accounts

The Committee has:

- Received reports on the Statement of Accounts from the Director of Finance and approved the statement of accounts 2021/22 (statutory Chief Finance Officer).
- Approved the Statement of Accounts 2021/22 incorporating the Annual Governance statement with delegated authority of the Chair of Corporate Governance and Audit Committee and the Service Director – Finance who is to sign the final accounts once external audit had signed the audit opinion.
- Received and considered reports from the External Audit on the Statement of Accounts.

External Audit

The Committee has received from the Council's appointed external auditor, Grant Thornton:

- The external audit plan;
- Regular reports setting out progress against the audit plan and sector updates;

In addition the Committee has continued to consider the responses of management to audit recommendations, to ensure that appropriate actions are agreed and implemented and approved the provision to the auditor of assurances about the governance and financial arrangements of the authority. The Committee also oversaw value for money advice from the auditor.

Internal Control

The Committee has:

- Approved the annual reports from the head of internal audit;
- Overseen the production of and recommended the adoption of the Annual Governance Statement;

- Received and considered Assurance reports in relation to;
 - Financial Management arrangements
 - Fraud Investigations
 - Treasury Management
 - Risk management
 - Customer Contact and Satisfaction
 - Information Governance
- Requested specific work items to;
 - Follow up and receive additional assurances around the Primary Care Networks which were established during the 2021-22 municipal year.
 - Follow up on an area of concern identified by the external auditors in relation to SAP controls.
 - Follow up on the motion on the Committee System Proposal.

IT Audit Controls

At their meeting on 2 December 2022, the Committee considered a report on IT controls submitted as part of the 2021/22 audit review by Grant Thornton, the external auditor. The Committee asked that the Head of Technology attend the following meeting to answer questions related to the matter raised by the auditor.

Internal Audit, as part of this work, reviewed arrangements and found that with the exception of one minor issues, strong progress had been made. The Committee considered the issue, which included the questioning the Head of Technology at its meeting and was subsequently satisfied with the controls in place.

Committee System Proposal

Following the motion received at Annual Council on 19 May 2021, the Committee has overseen the work of the Democracy Commission, receiving regular update reports in addressing the terms of reference for the Democracy Commission as agreed by the Committee.

The Committee would like to thank the Democracy Commission, Chaired by Councillor Cathy Scott for undertaking an extensive review of the council's governance arrangements.

At the Corporate Governance and Audit Committee meeting on 2 December 2022, the Committee approved the recommendation to retain the current model of governance (Cabinet and Strong Leader Model) with further suggested improvements to strengthen the role of good scrutiny and decision making. This was agreed by Council on 11 January 2023.

The Committee will consider the review of the implementations of the recommendations of the Democracy Commission at its meeting in March 2024.

Knowledge and Skills Framework

Members bring with them a range of knowledge and skills from their working life and elected representative roles to the work of the Committee.

The Committee's skills and knowledge will be further complemented by those of the non-voting co-opted independent member, who in turn will receive a full induction to the role to enable them to apply their knowledge, skills, and experience in the local government setting.

As in previous years, the Chief Finance Officer and Head of Accountancy provided training to the Committee in preparation for their examination of the Accounts and further training is provided to Members as necessary.

Looking Forward

I'm pleased to pass the role of Chair on to Councillor James Homewood who will steer the Committee through the challenges we all face together in the year ahead.

The Committee will continue with its regular receipt of reports, and the Committee will provide the usual level of robust challenge to corporate governance and audit practice and procedure across the authority to ensure that our arrangements are up to date and fit for purpose, communicated, embedded, and routinely complied with. In addition, the Committee will request and consider reports in relation to relevant matter which come to our attention during the course of the year.

Councillor Yusra Hussain

CORPORATE GOVERNANCE AND AUDIT COMMITTEE ACTIVITY – 2022-23

APPENDIX A

Reports	May 22	June 22	July 22	Sep 22	Nov 22
Members' Allowances Independent Review Panel					
Changes to the Council's Constitution					
Corporate Customer Standards Interim Report 21-22					
Annual Report on Treasury Management 21-22					
External Audit Plan					
Government response to local audit framework: technical consultation					
Revisions to the terms of reference for the Health and Wellbeing Board					
Corporate Emergency Planning and Business Continuity Annual Report					
Members' Allowances Independent Review Panel					
Quarterly Report of Internal Audit Q1 22-23 April 2022 to June 2022					
Interim Polling District Review					
Update on Representation on Outside Bodies					
Annual report on bad debt write-offs 21-22					
Draft Annual Governance Statement 21-22					
Audit progress report and sector update					
Appointment of an independent member to the CGA Committee					
Half Yearly Monitoring Report on Treasury Management Activities 22-23					
Audit Findings					
Update on Representation on Outside Bodies					
Quarterly Report of Internal Audit Q2 22-23 July 2022 to September 2022					

CORPORATE GOVERNANCE AND AUDIT COMMITTEE ACTIVITY – 2022-23

APPENDIX A

Reports	Dec 23	Feb 23	March 23	Apr 23	May 23
Corporate Customer Standards Annual Report 21-22					
Change to Council Budget meeting date 2023					
Committee System Proposal – Democracy Commission Report					
Public Sector Internal Audit Standards Five Yearly External Review					
Treasury Management Strategy and Investment Strategy 2023/23					
Annual Governance Statement 2021/22					
Audit Findings					
Approval of the Council’s final accounts for 2021/22					
Dates of Council Meetings 2023/24					
Risk Management Update					
IT Audit Controls Update					
Annual Report – Information Governance					
Quarterly Report of Internal Audit Quarter 3 22/23 October 2022 to December 2022					
Lead Councillor Role – Primary Care Networks and Local Health Improvement					
Quarterly Report of Internal Audit Quarter 3 22/23 January 2023 to March 2023					
Annual Report of Internal Audit 2022/23 & Issues for 2023/24					
Changes to the Council’s Constitution					
Amendments to Overview and Scrutiny					
Revisions to Financial Procedure Rules					
Revisions to Contract Procedure Rules					
Informing the Audit Risk Assessment					
External Audit Progress Report					



Name of meeting: Corporate Governance and Audit Committee

Date: 29 Sept 2023

Title of report: Corporate Customer Standards Annual Report 2022-23

Purpose of report:

To provide an update of Corporate Customer Standards to Corporate Governance and Audit Committee on complaint handling for the year 2022-23.

To highlight the number of Local Government Ombudsman complaints received, and the cases where the Local Government Ombudsman found the council to be in error.

The report also sets out information about “Whistleblowing” reports received and actions taken.

The report incorporates an update about Housing Services Complaint Handling for the year (as an appendix).

The report contains a summary of a number of drivers for a forthcoming review of the complaints procedure.

The report provides an update on initial work to share good practice, learning and restorative practices across services.

For Corporate Governance and Audit Committee to consider the content of the report, and to advise if they have any comment on the work plans moving forward.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	No
Key Decision - Is it in the Council's Forward Plan (key decisions and private reports?)	No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by Strategic Director & name	Julie Muscroft 20.09.2023
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?	Julie Muscroft 20.09.2023
Cabinet member portfolio	Paul Davies

Electoral wards affected: all

Ward councillors consulted: none

Public or private: Public

1: Purpose of Report

The Local Government Ombudsman (LGO) publishes its annual report at the end of July each year, and so the report for Corporate Governance and Audit Committee follows this schedule and addresses third stage complaint received during the year 2022/23, and those which were considered by the LGO during that year.

The report also addresses “Whistleblowing” matters which have been notified through the councils corporate process.

The report also contains as an appendix a report on Housing Services complaints, which are handled through slightly different processes. Unfortunately, Childrens Service information is not finalised at the point of publication of this report (last year’s Customer Standards Annual Report was published later on in the year).

The report highlights some additional examples of learning from complaint handling, in addition to those highlighted in the recent interim report, and it also discusses a forthcoming review of complaint procedures resulting from a recent review of Liverpool's complaints process by the Ombudsman, and a new complaints code that is due to be introduced and work resulting from restorative practice.

2: The Ombudsman - complaints volumes, cases upheld and local comparative information

The ultimate sanction the Ombudsman may apply is to issue a formal report against a council.

There were no formal reports issued against Kirklees Council in 2022-23. The last formal report against Kirklees Council was published in October 2018.

The Local Government Ombudsman publishes details of every complaint decision six weeks after they are formally made (with rare exceptional cases).

For the period 01/04/2022 – 31/03/2023, the Ombudsman considered the following number of cases in West Yorkshire.

Council	Total enquiries received	Complaints formally investigated	Numbers Upheld (% of complaints formally investigated)	Numbers satisfactorily remedied prior to LGO involvement
Kirklees	90	16	11 (69%)	1 (9%)
Calderdale	55	20	15 (75%)	1 (7%)
Bradford	160	34	26 (76%)	0 (0%)
Leeds	171	54	37 (69%)	5 (14%)
Wakefield	55	14	10 (71%)	4 (40%)
Totals (West Yorks)	531 (KMC 17% of total)	138 (KMC 12% of total)	99 (KMC 11% of total)	11

Kirklees' resident numbers around 19% of the West Yorkshire total.

It is useful to note that the numbers formally investigated by the Ombudsman has reduced considerably (138 in West Yorkshire in 2022/3 compared to 170 the previous year). The Ombudsman has explained they have revised the process for determining those cases which progress for formal review. This has an impact upon year-on-year comparison and also upon the percentage of cases upheld that the Ombudsman reports upon (they measure their percentage from the number they move forward to detailed review, rather than overall complaints received).

In Kirklees the change in the figures is even starker with just 16 complaints being formally investigated by the Ombudsman as opposed to 43 last year.

In terms of the actual number of cases, the number upheld by the Ombudsman in Kirklees reduced from 20 to 11 in year (Appendix 1 gives the Ombudsman conclusions for each of these cases, note the Ombudsman decided not to publish

details of 1 case because the individual might be identifiable from the circumstances).

At the meeting which discussed the interim results CGAC requested further validation on Kirklees’ position to offer greater assurance that the complaints process appeared robust.

To do this we have considered figures for both South Yorkshire and Greater Manchester (Appendix 3 gives full details).

The analysis broadly confirms the position as previously suggested; it seems that Kirklees is an effective performer in terms of complaints management and is likely to be performing somewhere around the edge of the top quartile when compared against other northern Metropolitan Councils (which might be expected to have similar characteristics and issues to Kirklees).

However, given the comparatively small numbers of complaints being considered, some qualification about the confidence of the results is needed.

While councils must never be complacent about its complaint performance (and overall numbers are very low meaning a few cases can slew the percentage outcomes), the figures do indicate a reasonable confidence that the complaints process in Kirklees robustly considers complaint matters and correctly identifies the issues arising (else we might expect the number of complaints escalated to Ombudsman and those upheld would be greater).

This report has not sought to compare historic data – the variation in numbers is too large because of covid, and Ombudsman changes to make this comparison valid.

3: Third Stage Complaint Investigations

Appendix 2 shows a brief summary of the council’s complaints process.

In total 921 cases passed through the Corporate Customer Standards Section in 2022-23. This compares to 1045 cases in 2021-22 and 845 the previous year.

Last year’s report anticipated a 10% drop as covid grant complaints stopped.

Third Stage Complaints - investigated internally

Service	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Adults	4	2	4	1	1	1
Benefits, C Tax & NNDR	14	6	7	6	8	6
Corporate and others	10	6	12	7	16 (includes 10 business grant)	7
Children’s and Education	5	11	7	2	2	3

Environment & Public Protection	29	31	19	19	17	7
Highways and Transport	3	8	7	7	12	3
Housing	2	4	2	4	5	6
Planning	15	20	13	26	22	23
Total	82	88	71	72	83	56
% Upheld and Part Upheld	20.7%	22.7%	21.1%	18%	16.9%	17.8%

Number of complaints considered at third stage dropped significantly in year and followed the trend of non-covid complaints considered in 2021-22.

Factors in the decline may include that the Customer Standards Section provides more complaint handling advice to services for pre-third stage complaints, the council is more proactive in seeking to resolve a complaint by thinking about how the Ombudsman might remedy the complaint at an earlier stage and setting that out clearly, the restorative work in complaints handling undertaken by the waste team (in particular) which has seen a reduction in the numbers of complaints progressing, and perhaps more national factors, where more general discontent with the standards in public services means some people may be less likely to complain.

4: Childrens Services

Unfortunately, information from Childrens Service is not available at this time. Last year the CGAC report was completed later in the year. We will provide an update for Childrens Service in the next interim report and will look to co-ordinate timings for 2024.

5. Homes and Neighbourhoods

Homes and Neighbourhoods have their own full complaints management processes, and there is an opportunity for dissatisfied complainants to progress matters to the Housing Ombudsman.

Unfortunately, a full report from Homes and Neighbourhoods are not available for 2022/3. However, the service has provided some detail information, which is provided at Appendix 4

Both the manager responsible for complaints handling and her manager left the employment of the council, and the post of complaints manager was unfilled for some months.

While the posts have now been recruited to and filled, work to improve learning from complaints is ongoing.

I intend to provide a further update on Homes and Neighbourhoods performance at the next interim report.

6: Learning from complaints

The interim report earlier in the year provided some examples of learning from complaint, so the Annual Report focuses upon a few additional learning examples only.

6.1 SEND

During the year, we received a small number of complaints relating to SEND – the services making assessments identifying and procuring suitable additional support for those children requiring it.

The provisions contained within the legislation are challenging for many councils in the country, and councils have received the strongest sanction (formal report) from the Ombudsman in this area.

Cases can take many months to reach a conclusion, given the nature of the assessments, and the educational placements. Accordingly, these complaints are often complex and are amongst our most challenging to consider

Common issues identified by the Ombudsman nationally, include delays in assessing and issuing individual support plans (which then enables a formal appeals process for parents/guardians to challenge the level and content of proposed support if they choose), delays in identifying and providing alternative educational provision after a standard schooling arrangement has broken down, and delays in assessing educational support and provision need for children who have been excluded from school.

The cause of failure nationally can include a shortage of specialist assessment staff, a shortage in specialist schooling provision, a gap between parental expectation and what a council may reasonably provide in the way of support, and the complexity of the individual needs and circumstances.

The SEND team in Kirklees are well aware of these complex issues, and an improvement plan is in place, and helpful liaison and discussion with parents and guardians takes place through an interest group, which helps ensure the council are aware of particular local concerns and facilitates discussion and the addressing of issues.

The Corporate Customer Standards team have been working with the councils SEND team to consider complaints on these types of issues, and looking to remedy complaints in the same way the Ombudsman might – with an apology, ensuring that practice is improved by learning from the complaint and considering ways to as far as possible rectify the failure.

If successful, this should reduce the number of complaints overall, and reduce the length of time it takes to address these complaints.

6.2 Planning

Last year, the experienced officer responsible for complaints handling retired, and the various team managers of the department became responsible for complaint

handling.

A temporary dip in performance was experienced, largely because these officers were not experienced in the complaints process, did not have a consistent understanding of the complaint stages or the sufficient knowledge to advise the resident onto the next stage of the complaints process if they remain dissatisfied.

The Corporate Customer Standards Manager met with the team managers of the section, and an experienced complaints handler also took on the responsibility of oversight of the complaints received, and the complaints log the service completes.

Kirklees has hitherto a good track record of handling planning complaints and the area is not a complaints issue in the way it is for some authorities.

The Planning team have a set process for completing planning assessments which demonstrate all areas of the planning legislation are covered, and complaints handling looks to respond to the resident by relating the decision to the appropriate legislation and planning policy. We continue to have a good record of providing full complaint responses to complainants.

Planning is an area which means there is often someone who is impacted by the decision, and as the decision often relates to a development near to existing homes, any decision can be seen to be controversial.

As such, planning decisions can be highly contentious and decisions to approve an application can prompt vigorous challenge from neighbours.

The planning service closely monitor all complaints received, and only around 12% of initial complaints received by the service move through the complaints process to third stage.

It is worth noting that of the 8 Kirklees planning cases considered by the ombudsman in 2022/3 all of them were closed after initial enquires and did not progress to a full ombudsman investigation. In West Yorkshire 38 planning complaints were received by the Ombudsman, making Kirklees' proportion of planning complaints around as you would expect per population share.

6.3 Blue Badges

The Council received a complaint from a resident whose partner was entitled to receive a blue badge. The legislation enables people to qualify for blue badges through 2 routes – one is via automatic assessment which is linked to a receipt of a welfare benefit, where the expiry date is linked to that Welfare Benefit review date, the second is a more detailed application process which requires the resident to provide medical information or where this is not possible, a physical assessment, but if successful, it allows a qualification period of three years (which in this particular case was longer).

The complaint was around querying the difference in assessment periods, they wanted the longer qualification period but without the assessment. They argued their partners condition was such that it would not improve, and argued there was disability discrimination.

Following the complaint, the service had offered them the option of taking up the physical assessment, but the complaint investigation determined this was incorrect advice - there is no provision for people who qualify for the blue badge by benefit entitlement to opt for the medical assessment, where the benefit award has more than 6 months to run.

The service also raised the issue and complaint with the government department to highlight the apparent discrepancy with the assessment periods. The service offered the man assistance to help him complete the second assessment.

The qualification for blue badge has also altered over recent years, meaning that people with non-physical disabilities may apply for a blue badge. While there is a formal appeals process for blue badges a small number of complaints progressed to the Corporate Complaints team, arguing error with the assessment, or dissatisfaction with the appeal outcome.

The complaints have highlighted the need for the Service to scrutinise the stated reason for the blue badge, and whether issuing a badge might help address the individual's need. It also requires the Service to check the medical reports provided to support the application to see whether the condition relates to the stated need for the badge.

6.4 Refuse/Highways

Within the Waste Service a decision was taken, due to the volume of complaints and high percentage of repeated complaints, to create a customer support team within the Service. A team was established to complaint handle all resident and councillor complaints, as well as analyse key data from calls and complaints, and to work directly with the Waste Operations team to find long term solutions.

The team was designed to work in a restorative and place-based way, with each officer allocated a specific area of the district to allow them to spot trends, learn their areas and build relationships with residents with persistent problems. These officers work with three main principles:

- They will always contact the resident the way they have contacted the Council, or by their chosen method of contact.
- They will visit residents should this be needed to investigate problems on the ground.
- They will update residents weekly for ongoing issues, always providing proactive support.

The team also aim to work restoratively with Kirklees Direct, with constant feedback channels open to allow for training and support for both the support team and the

Kirklees Direct officers. Additionally, the team provide real time updates on issues around the district so that residents can be informed of issues at the first contact.

This approach has seen a drop of repeat complaints from 17% in 2021 to 6% now, and a reduction in calls of 29% into Kirklees Direct from 21-22 to 22-23, and a current year drop of 16% so far. Additionally, complaints are down between 20% and 50% each month versus the same month last year.

7: Introducing restorative practice in complaints handling.

The interim report highlighted some ongoing work to explore the role of restorative practice in complaints handling, and handling customer enquiries.

The council has had a small team focussed on introducing restorative practice for the past few years, and many senior and middle managers have attended an introduction to the principles in that time. This means that services are generally knowledgeable about the principles of restorative practice.

There is a strong synergy with restorative practice and customer service and complaints handling. Restorative practice encourages the concept of “working with” rather than “doing to” and attempts to strike a balance between support and challenge. Working in a restorative way encourages the fair process approach to customer engagement whereby staff explain the policy/legislation and processes in question, so the resident can better understand and anticipate the likely outcome of an enquiry to the council. There is both an element of listening to the resident (support) to understand their concerns and as appropriate, to challenge when the residents request or expectation is unrealistic or unreasonable.

The restorative team have developed and delivered a facilitated learning workshop which explains the principles of restorative, and how those principles may be applied to help staff reduce the risk of difficult and protracted situations from arising. Clearly if staff members can build up a rapport and understanding with residents, it becomes less likely that the relationship will break down or end negatively. While the restorative approach perhaps takes some extra initial staff time, the more positive outcomes that result mean that less time is spent on disagreement and complaint, and the next contact with that individual is more likely to also be more productive and positive.

Within the complaints team we have long advised services to develop a relationship with those more difficult to please residents. This allows us the ability to anticipate those changes which might prompt complaint from long term service users, and to actively contact them beforehand to discuss the changes. We believe that approaches like these save time in the long run, and of course it leads to improvements in the customer experience, and also leads to a more positive working atmosphere.

The training the Restorative team introduced was presented in lieu of a “handling difficult conflict” session that had been requested saving the council approximately £7000. The teams involved come under Public Protection – Pest Control, Food Safety, Animal Welfare, Pollution and Noise Control and Licensing - so unwelcome

news is routinely shared with residents. The workshops introduced restorative practice and explored how it may be able to be applied within this context. The overarching aim is to avoid challenge escalating into conflict and also to de-escalate conflict where it arises, to avoid incidences of verbal or physical abuse towards officers and to resolve the issue being dealt with by officers. By approaching these situations in a restorative way – giving unequivocal challenge but with support to understand why this is the case and help and support in how to rectify the situations.

Around two thirds of the participants that attended the course, who gave feedback, confirmed they felt that they could introduce restorative ways into relationships with residents, and that they felt it would assist with their work.

The restorative team intends to undertake a further questionnaire of participants in due course to check on outcomes, and to see whether any specific examples can be captured where a different approach to discussing a matter led to a more positive outcome arising. They intend to hold a further session after that to reinforce the learning and hopefully to persuade any sceptics to see if they can adopt the methods.

8: Complaints review

The Corporate Complaints Team regularly consider the existing complaints procedure and process to ensure that the council is effective in its complaints handling process.

There will be a value in the council to consider the complaints handling process over the next year.

This year the Housing Ombudsman and the Local Government Ombudsman are looking to work more closely together on joint complaint investigations, to ensure the resident is not potentially dealing with concurrent complaint investigations or find some element of their complaint falls outside of the scope of the Ombudsman scheme. This in turn will require us to co-ordinate more regularly with colleagues in the Homes and Neighbourhoods Department.

In this summer's Annual Report, the Local Government Ombudsman has highlighted:

We have continued to work with colleagues at the Housing Ombudsman Service to support authorities to focus on the fundamentals of complaint handling. A joint complaint handling code will provide a standard for authorities to work to. We will consult on the code and its implications later in the year.

This will have an impact upon how the complaints function will work.

This year, Liverpool Council invited the Ombudsman to consider its complaints handling procedure, and the Ombudsman findings were published recently. The main recommendations published recently are available in Appendix 5. This can also inform the council's current practices.

This year too, the Ombudsman has criticised a number of councils for poor complaints handling and with backlogs of complaints building up at corporate level in

a couple of councils. In Kirklees we have recruited an additional assistant role to support the 2.5 FTE's we have had in the section for some years.

It is worth noting that of the 18 Councils in West, South Yorkshire and Greater Manchester, only three councils still retain the traditional three stage corporate complaints process (Kirklees being one). Rotherham's third stage complaint process is for matters to be considered like a formal appeal and is considered by a panel.

While the change is perhaps largely symbolic (stage 1 of our complaints process is considered to be an "informal" stage), altering the complaints process could make it easier for staff who transfer across councils to follow the process in Kirklees as it would have a consistency.

It is intended that the Corporate team work with colleagues across the complaints handling teams, and with the restorative practice teams to identify where it is possible to review our complaints procedure to reflect the best practice identified and complaints handling guide currently being prepared by the Ombudsman, over the coming months.

9: Whistleblowing

The Head of Risk and the Corporate Customer Standards Officer co-ordinate investigations for those cases directly reported to the Whistleblowing telephone line and email address. Other investigations may take place through issues reported to the HR section, direct to Internal Audit, the external auditor or to the Chief Executive's Office.

It is worth noting that many of the cases received fall outside of the technical definition of a Whistleblowing complaint (the legislation seeks to protect internal staff if they "whistle-blow") and many concerns arrive from members of the public.

Services are reminded that employee whistle-blowers are legally protected from persecution and that they should play their part to ensure that reviews are impartial and that concerns are reasonably considered.

Whistleblowing issues may be referred to the Corporate Governance and Audit Committee or to Scrutiny for their consideration. Those investigated by Internal Audit are reported as a part of other reporting mechanisms to Corporate Governance and Audit Committee.

Whistleblowing contact details when provided always remain confidential on request although whistle-blowers are always advised if in specific certain circumstances, they are likely to be identified, or if they are an employee, they may have a legal responsibility to be open (with the statutory protection).

During the year 2022-23 9 Whistleblowing referrals were received via either the Whistleblowing e-mail address (www.whistleblowing@kirklees.gov.uk) or telephone (01484 225030). This was a reduction in the usual numbers received. The Whistleblowing process was promoted and highlighted via email to all senior managers in an email of 5 June 2023, with a request that the Fraud Prevention, Anti Bribery & Anti-Corruption Policy, and the Whistleblowing Procedures are shared with all staff.

The whistleblowing reports received and how they were dealt with can be found in Appendix 6.

10. Implications for the Council

- 10.1 Working with People** – It is important that consumer satisfaction is monitored and understood; the complaints process is a part of this.
- 10.2 Working with Partners** – None directly; issues arising with partners would be resolved by them; Council /partner relationship issues are resolved outside of this process
- 10.3 Place Based Working** – None directly
- 10.4 Improving outcomes for children**– as addressed in the report/as 10.1
- 10.5 Climate change and air quality**- None directly
- 10.6 Impact on the finances of local residents**- None directly
- 10.7 Other (e.g., Legal/Financial or Human Resources)**- Understanding where and how complaints arise is an important part of delivering better services. This often involves the service directly complained about, and support services

11. Consultees and their opinions

Heads of service / directors are involved in complaints about their service area.

12. Next steps and timelines

To consider if any additional information is sought.

13 Officer recommendations and reasons.

Members are asked

- 1. To note the report.
- 2. To determine if further action is appropriate on any matter
- 3. To ask officers to look in detail at the Ombudsman report re Liverpool CC and Complaints Handling, and to determine if any changes to practice in Kirklees should be considered, and report back to this Committee in due course.

Contact officer.

Chris Read (01484 221000)

Background Papers and History of Decisions

Ombudsman's reports are available online.

Service Director responsible

Julie Muscroft (01484 221000)

Appendix 1: Detail of Cases Upheld by the Ombudsman 2022 - 2023

(For impartiality purposes, the wording within the case summaries is provided by the Local Government Ombudsman).

- [Kirklees Metropolitan Borough Council \(21 011 984\)](#)
-

Statement Upheld Disabled facilities grants 04-Apr-2022

Summary: Mrs X complained the Council told her it would build a ground floor extension to provide suitable facilities for her disabled son, Mr Z, and then changed its mind and failed to respond to her telephone calls. The Council assessed Mr Z's case without fault and made suitable recommendations. There is no evidence it told Mrs X it would build an extension. There was some delay in communicating its recommendations to Mrs X but this did not cause her an injustice.

- [Kirklees Metropolitan Borough Council \(21 007 499\)](#)
-

Statement Upheld Covid-19 10-Apr-2022

Summary: Mr X complained the Council wrongly refused COVID-19 business grants and gave him incorrect advice. The Council initially refused a Restart grant for an incorrect reason, but this fault did not cause Mr X an injustice because it reconsidered the application when he challenged its original decision.

- [Kirklees Metropolitan Borough Council \(21 007 760\)](#)
-

Statement Upheld School admissions 18-Apr-2022

Summary: the school admissions appeal panel failed to properly consider Miss B's case for appeal and a panel member asked inappropriate questions. A new appeal is satisfactory remedy.

- [Kirklees Metropolitan Borough Council \(21 012 734\)](#)
-

Statement Upheld Noise 12-Jul-2022

Summary: Mrs D complained the Council caused delays in investigating and resolving her concerns about a noise nuisance from a neighbouring nursery. We found the Council at fault for causing some delays in progressing Mrs D's noise complaint, how it communicated with her, and its extended delays in responding to her complaint. The Council agreed to apologise and make payment to acknowledge the injustice this caused her. We found no fault in the methods the Council used to investigate her noise concerns. We cannot therefore criticise the merits of its decisions.

- [Kirklees Metropolitan Borough Council \(21 013 930\)](#)
-

Statement Upheld Other 28-Jul-2022

Summary: Ms C complained about the way she has been treated by staff at the extra care housing scheme she lives and believes this has been due to her ethnicity. She says this has had a major impact on her mental wellbeing. While I found there had been some fault with the actions of the care provider, I did not find there was evidence to support Ms C's allegation that she was treated differently because of her ethnicity.

- [Kirklees Metropolitan Borough Council \(21 017 658\)](#)
-

Statement Upheld Allocations 27-Sep-2022

Summary: Mr X complained about how the Council responded to his concerns about his housing and anti-social behaviour. There was fault with how the Council responded to a noise nuisance Mr X reported and how long Mr X had to wait for a social care assessment. However, these did not cause Mr X an injustice. The Council agreed to provide training to its housing staff and review how it manages social care assessments.

- [Kirklees Metropolitan Borough Council \(21 012 517\)](#)
-

Statement Upheld Refuse and recycling 02-Oct-2022

Summary: Mr D complained the Council failed to provide an acceptable bin collection service. He also says the Council delayed and failed to properly deal with his complaint about the matter. We find the Council was at fault for its failure to provide a consistent bin collection service and its delays in

responding to Mr D's complaint. The Council has agreed to our recommendations to address the injustice caused by fault.

- [Kirklees Metropolitan Borough Council \(21 014 338\)](#)
-

Statement Upheld Assessment and care plan 03-Jan-2023

Summary: Miss X complained about the care put in place on Ms Y's discharge from hospital. She said it was not adequate and the hospital told Ms Y it should be free for six weeks, but the Council charged her. She wants the Council to waive the charges. We found the Council was at fault in initially providing Ms Y with visits from only one care worker. We find no fault in the other matters except failing to agree a time for response to her complaint. We recommended the Council apologise to Miss X and review its processes; it agreed to do this.

- [Kirklees Metropolitan Borough Council \(21 017 692\)](#)
-

Statement Upheld Charging 03-Mar-2023

Summary: Mrs A's representative complained the Council wrongly concluded she had deprived herself of capital. The Council has offered to review its decision. We consider this is a suitable remedy for the fault we have identified.

- [Kirklees Metropolitan Borough Council \(22 003 031\)](#)
-

Statement Upheld Special educational needs 27-Mar-2023

Summary: Miss X complained about a lack of support for her son, Mr Y's, special educational needs. There was fault in how the Council reviewed Mr Y's Education Health and Care plan and failed to arrange suitable alternative education after he was permanently excluded from school. The Council agreed to pay an improved financial remedy, review its practices and share learning from this complaint.

Appendix 2: The Council's Complaints Procedure

The council's complaint process for 2022-23 has three internal stages.

First stage – the complainant initially contacts the council to express dissatisfaction about the service they have received. Many of these complaints are resolved by front line staff immediately, as errors are spotted corrected and an apology offered, or an explanation is given to explain the situation to justify why the situation is accurate.

Second stage – this is where the complainant remains dissatisfied, and the complaint is referred to a senior manager within the appropriate service to consider.

Third stage – the Corporate Customer Standards Officer will review the actions taken by the service on behalf of the Council and Chief Executive and consider whether anything further can be done to resolve the complaint. The Local Government Ombudsman requires the council to give the complaint a final review before they may become involved with it.

Some complaints do not progress through the council's standard complaints procedure; these are usually complaints where a formal review process applies such as complaints relating to Childrens and Adults Services and Housing Benefit assessment complaints. The Ombudsman will consider some complaints before third stage review if they are considered urgent (for example school admission appeals).

Complaint stages are sometimes merged depending on the type of complaint received to ensure matters are dealt with effectively and to ensure the complainant can progress to the Ombudsman as quickly as possible if the issue appears unresolvable.

Appendix 3: More detailed analysis of Ombudsman complaints handling, comparing West and South Yorkshire and Greater Manchester

South Yorkshire

Rotherham is seen as a council which has a complaint's handling expert in charge of its complaints function (chair of the national complaints group). They may therefore be expected to be a very good performer. Rotherham in context with S Yorks, perform very well.

Council	Total Enquiries received	Complaints Formally Investigated	Numbers Upheld (% of complaints formally investigated)	Numbers satisfactory remedied prior to Ombudsman's involvement
Rotherham	45	7	6 (86%)	0
Sheffield	124	26	19 (73%)	0
Barnsley	43	9	7 (78%)	1 (14%)
Doncaster	56	12	9 (75%)	0
Total	268	54	41	1

Comparisons – West Yorkshire population 2.325m (2019), South Yorkshire 1.362m (2019) – 3.687m total (W Yorks is therefore 63% of the combined W&S Yorkshire pop)

Complaints Received by the Ombudsman

Complaints received for S&W Yorks combined is 799. Taking West Yorkshire population and applying an equal distribution, you might anticipate the West Yorkshire councils would receive 503 complaints (rather than 531 (actual)).

Kirklees is around 12% of the total W/S Yorkshire population (433,000) or 96 complaints from the combined. It actually received 90.

Rotherham is around 7% of the total W/S Yorkshire population (270,000) or 56 complaints from the combined totals. It actually received 45.

Conclusions:

In comparison with the total number of contacts, we are only analysing a tiny number, so some caution around taking too much account of these figures are needed.

However, it seems both Rotherham and Kirklees receive slightly fewer complaints than might be anticipated. However, Rotherham performs better. It may be that Kirklees is acting in a way which reduces the number of complaints received, but it could do more.

Greater Manchester

Council	Total Enquiries received	Complaints formally investigated	Numbers upheld (% of complaints formally investigated)	Numbers satisfactorily remedied prior to Ombudsman's involvement
Tameside	63	19	15 (78%)	4 (26%)
Bolton	64	18	17 (94%)	2 (12%)
Bury	72	25	22 (88%)	0 (0%)
Manchester	148	36	22 (61%)	2 (9%)
Oldham	59	6	2 (33%)	0 (0%)
Rochdale	54	8	3 (38%)	0 (0%)
Salford	78	9	7 (77%)	0 (0%)
Stockport	65	22	19 (86%)	7 (37%)
Trafford	60	21	14 (66%)	1 (7%)
Wigan	62	15	12 (80%)	4 (33%)
Totals	725	179	133 (74%)	20 (15%)

The Greater Manchester population is 2,867,000. West Yorkshire is 2,325,000 (5,192,000 total).

Complaints received in Manchester and West Yorkshire combined is 1256. Extrapolating these totals by population, would give an expected West Yorkshire number of complaints of 562 (as opposed to an actual number of 531).

Therefore, Greater Manchester receives more complaints per head than might be anticipated, and Kirklees also generally performs better than the councils in this region.

Council complaints per head of population.

Calculating South, West and Greater Manchester Councils by population/complaints received by the ombudsman creates the following list (in order from lowest number of complaints in council area to the highest).

Authority	Number of Local Population per Ombudsman Complaint (one in xxxx people)
Wakefield	6109
Rotherham	5898
Barnsley	5659
Doncaster	5569
Wigan	5312
Kirklees	4886
Sheffield	4717
Leeds	4638
Bolton	4624
Stockport	4535
Rochdale	4144

Oldham	4103
Trafford	3918
Calderdale	3845
Manchester	3729
Tameside	3668
Salford	3460
Bradford	3313
Bury	2692

Source data – population:

<https://www.citypopulation.de/en/uk/greatermanchester/>

<https://www.yhcouncils.org.uk/members/south-yorkshire/>

<https://www.yhcouncils.org.uk/members/west-yorkshire/?cn-reloaded=1>

Appendix 4

Housing: Homes and Neighbourhoods – Summary Report (Edited)

April 2022 – March 2023

The Homes and Neighbourhoods Service (HN) is responsible for the management and maintenance of around 22,000 council owned homes. This service was transferred into Kirklees Council in April 2021 having previously being managed by Kirklees Neighbourhood Housing (KNH), the arms' length management organisation (ALMO) since 2002.

The Housing Ombudsman Complaint Handling Code (CHC) was introduced in July 2020, and updated in April 2022, as part of the Government's response to improve the standards that every social tenant in England is entitled to expect from their landlord and an integral part of the Charter for Social Housing Residents White Paper. Further details can be found here:

[Complaint Handling Code - Housing Ombudsman \(housing-ombudsman.org.uk\)](https://housing-ombudsman.org.uk)

All social housing landlords were expected to be compliant with the CHC by 1 October 2022 and Homes and Neighbourhoods are compliant with the Code.

Starting in September 2023, the Housing Ombudsman will adopt a range of new powers, including:

- the ability for them to introduce a new type of order in their decisions where the lack of good policies and practices are leading to common themes in complaints.
- elevating the Complaint Handling Code to a statutory code of practice and a duty to monitor compliance with this.
- the statutory power to issue good practice guidance.

Performance Headlines

- 554 formal complaints and 163 informal complaints received in 2022/23, an increase of 108% on 2021/22 (345).
- Response times to complaints have improved from an average of 28 days in 2021/22, to 13 days at the end of 2022/23.

Customer Experience (Complaint Handling Process)

The revised complaints process was implemented in May 2022 and has now been in place for over 12 months. This was designed to improve the approach to complaint handling across HN and the service provided to customers. However, given the considerable increase in complaints being received, a trend expected to continue in 2023/24, it is appropriate that there is continuous review of the processes to ensure they remain fit for purpose and are assisting all service areas to continue to provide a customer focussed complaints service.

Assets, Development & Building Safety

Assets, Development & Building Safety received 96 formal complaints in 2022/23, 58% of which have been upheld or partially upheld. 54% of complaints received by Assets, Development & Building Safety related to damp.

The Development/New Business teams received one complaint in 2022/23 and have identified learning and service improvements as a result of the complaint.

Housing Management & Partnerships

Housing Management & Partnerships received 143 formal complaints in 2022/23, 58% of which have been upheld or partially upheld. 87% of complaints received by Housing Management & Partnerships are allocated to the North and South Housing Management Team with the remainder allocated to our Income Management and Partnerships Teams.

Property Services

Property Services receive the highest number of complaints, which is consistent with sector norms and reflects the volume of interactions with customers. Throughout 2022/23, Property Services have received 310 formal complaints, 65% of which have been upheld or partially upheld.

Property Services have been proactive in identifying themes and trends in complaints to recognise where processes and working practices are not meeting the needs of customers and action is being taken to address the findings and improve service delivery.

Compliments Received

During the same period there were 66 compliments received.

Complaints Strategy Progress

The strategy has been aligned with the requirements of the CHC and incorporates all actions that were identified during the internal assessments. Work completed to date have implemented and actioned all elements of the CHC and compliance was achieved by the deadline of 1 October 2022. It is recognised that some areas require further development and embedding, and work is ongoing to progress these areas.

The strategy puts the customers at the heart of the approach, work has been completed to update and improve the information available to customers on the website, to provide clear information in relation to policy and procedures and allow customers easy access to log a complaint online. The procedures implemented ensure a consistent service is provided to customers with clear information in relation to the procedure and timescales and adopts a restorative approach to engage with the customer at the earliest stage and throughout the investigation to fully understand the details of the complaint, the outcome the customer is seeking and to

provide regular updates of the investigation and to explain the outcome and any decisions reached.

Training for all Managers across HN has been delivered in relation to the complaint strategy and service excellence. In addition, a training package for all staff has been rolled out which focuses on early resolution, service excellence principles, maximising the tenant voice and improving the customer experience. The package also includes an action plan process to drive continued discussion and focus on complaints, customer satisfaction, learning and service improvements, to further embed the commitment to developing a positive complaints culture.

Learning and Service Improvement

Key themes identified from the data include, in some cases, a poor attitude from staff, and a lack of clear communication with tenants,

Processes are being implemented and action taken to assist service areas to review complaints performance within their teams, to identify areas of poor performance, Recurring themes and trends and identify specific learning and service improvement include:

- Service specific performance information provided to all H&N service areas, including analysis of all performance information and a higher level of detail in relation to specific teams to assist managers to identify areas of concern and specific learning and service improvements required.
- Property Services have implemented a complaints panel, to be held quarterly to review and assess a sample of complaints to identify areas of learning and service improvement.
- Housing Management & Partnerships have implemented a process of review for all complaints received by Housing Management Teams to identify areas of good practice, learning and service improvements.

Appendix 5: Findings of Ombudsman review at Liverpool Council

1 We recommend the Council aligns complaint handling with its performance framework and develops formal procedures to ensure qualitative and quantitative complaint data is regularly and properly scrutinised at Cabinet and relevant committees with clear lines of responsibility and records of actions taken. Track and record service improvements made as a result of complaint handling and monitor complaint volumes and themes following implementation.

This will ensure the Council has a more robust system in place for reporting the outcomes and learning from complaints and will demonstrate greater accountability to the public and Government. It will support the Council to introduce service improvements and manage its resources more efficiently. The Council will also better understand how service improvements implemented as a result of complaints received affect the volume and types of complaints the Council receives in the future.

2 Develop procedures and clear guidance for senior leaders/managers around sharing the outcomes and learning from complaints with frontline staff and teams. Implement new reporting procedures to evidence how the outcomes and learning for complaints have led to improved working practices and service improvements.

This is expected to help the Council improve services for the public and professional practice from its employees. It will assist the Council in identifying where to target resources and help reduce the volume of repeat complaints. It may also reduce the proportion of complaints escalated to the next stage of the process or referred to the Ombudsman. By recording how the learning from complaints has led to service improvements the Council will demonstrate greater accountability to the public, Cabinet and Government.

3 Develop a robust quality framework with quality monitoring procedures and clear guidance for managers to ensure consistently high-quality complaint responses. Align quality monitoring with the Council's performance framework. Ensure quality monitoring data is properly scrutinised at Cabinet and relevant committees with clear lines of responsibility and records of actions taken. Set clear expectations about the standards against which complaint handling will be measured for all officers responsible for responding to complaints.

This will standardise and improve the quality of complaint responses, provide a better service to the public and demonstrate greater accountability. It will provide a robust performance management framework where staff and managers have a clear understanding of the standards against which quality will be measured. The Council will be better placed to ensure individuals are accountable for the quality of their complaint responses.

4 Consider the benefits of unifying the three complaints teams into one, with oversight by and accountability to a senior leader who will act as the voice for complaints at senior management team meetings. We anticipate this will support the Council to use its resources more efficiently and achieve greater consistency in practice. It will also provide a more robust framework of accountability.

Develop standardised reports across the three complaints procedures to capture qualitative and quantitative data to report to the senior leadership team. complaint handling and improve how the learning from complaints is shared across the directorates.

5 Map the customer journey through the respective complaints procedures, noting the touchpoints at which contact should be made with the complainant. Align this information with the Council's time targets and KPIs for responding to complaints and set clear expectations for staff involved in the complaints procedures around frequency of contacts to update complainants of progress. Set up appropriate reporting procedures to ensure this data is captured and used for quality and performance monitoring.

This will promote greater customer focus and enhance the public's experience of the Council's complaints procedure. We also expect this to help raise the standard of professional practice in complaint handling and enable the Council to demonstrate accountability.

6 Develop procedures to ensure all complaints are handled through the recognised complaints procedures regardless of how they are received. This includes complaint from MPs and elected members. Develop a package of training for elected members on their role in the complaints procedure and the importance of learning from complaints.

We anticipate this will facilitate a more equitable complaints service for the residents of Liverpool and promote greater consistency in the timeliness and quality of responses. This will allow more effective scrutiny of complaints from elected members, ensuring they see their role as not just complainant advocates.

7 Delegate authority to remedy complaints as early as possible to more officers.

This is likely to improve timescales for resolving complaints at all stages of the process. This will not only enhance the customer's experience, streamline the process for quality checking complainant responses to the complaints procedure but should also be a more cost-effective way for the Council to handle complaints.

8 Ensure the time taken to issue adjudications on Children's Social Care complaints is included in the Council's timescales and KPIs.

This will ensure the Council is compliant with statutory requirements.

9 Review and revise job descriptions to ensure all roles with a customer interface include appropriate references to responsibilities around complaint handling.

We anticipate this will promote a stronger culture and a shared responsibility towards complaints. It should also increase awareness of the importance and benefits of effective complaint handling and drive improvements in professional practice.

10 Compulsory training on effective complaint handling for staff who act on or respond to complaints. Include effective complaint handling in the induction plans for new recruits whose role has a customer interface. Consider compulsory training on and use of iCasework for all staff who respond to complaints. Staff will have a clearer

understanding of their role in the complaint handling procedure, the importance of learning from complaints, and best practice for investigating and responding to complaints.

This will help standardise the Council's approach to responding to and tracking complaints, with everyone using the same system and approach.

11 Identify opportunities to share the outcomes and improvements from complaints through internal communication channels.

This will help embed a culture of positivity toward complaint outcomes, raising the profile of the benefits of complaints.

Appendix 6: Summary of Whistleblowing Concerns

Operational Activity

A contact was received regarding the recruitment processes, and general culture within a service. The areas identified within the report were discussed with the manager.

A restorative approach towards dealing with the issues raised by the staff member was adopted - first suggesting the WB meet with the managers so they get a broader picture of the concerns about service culture and any potential weaknesses. Then listening circles were introduced to give staff the opportunity to suggest and input into any issues they had with service managers, and to work together to improve service delivery and the working environment.

The whistleblower advised things had improved, though it was still an ongoing process.

A complaint from a relating to a different service area, expressed general concerns about morale, changing management goals and priorities at short notice and low morale.

A similar exercise of listening circles and involving staff in the issues facing the service was recommended to be implemented.

The complaint remained anonymous (although with a point of contact), so the action that could be undertaken was rather more general in nature. The senior manager of the section did contact the WB and offered to have a confidential meeting with them to try to understand more about the complaint.

A contact was received from a staff member concerned about case management and line manager behaviours, with reference to two specific cases - primarily around record keeping and transparent decision making on the case

After initial fact finding, the service commissioned a neutral manager/professional not linked to the case to discuss the situation with WB in detail and to draw up initial thoughts on how this should be investigated and progressed.

This investigation concluded it was appropriate to hold a discussion about good practice within the Service. Issues were identified, and the whistleblower thanked for highlighting the issue. An action plan report was developed from recommendations with a view to implementing as soon as able.

A contact was received regarding concern about a manager's behaviour and approach to tackling issues. A senior manager of the service was consulted.

A comprehensive plan of action was recorded to support the working environment and to develop the new manager's leadership skills, which included involvement of the team as a whole, to discuss and agree processes.

The WB concern was somewhat wider than just issues about the directed at the Manager behaviour, and this was also incorporated.

A complaint was received from a member of the public regarding a Kirklees staff member and an ongoing litigation case: the complainant and staff member are neighbours.

WB was accusing staff member of using their position in the council to influence and gather information pertaining to the case. WB was asked to provide evidence.

WB was contacted and the separation between people acting as private individuals and as council employees explained, also the WB process could not cut across or halt a private legal process.

These private issues physically fell outside of the Kirklees Council area, and there was limited information the staff member might be able to access to assist with this private legal action.

Recruitment

A complaint asserted that a manager had recruited friends and family to a couple of posts. HR determined the recruitment process was followed correctly.

A meeting was held with the Manager to discuss the allegations where they confirmed they had some previous knowledge of the people in question.

While the manager had complied with the recruitment process, they could have been more transparent and reported their knowledge of the candidates.

While there was no cause to suggest progressing the concern formally, there were some matters of highlighting the expectation of the manager for them to take advice on whether it is appropriate for them to recruit to the post/declare the previous contact.

School Matters

A school support worker (employed by a contractor) raised an issue around a potential conflict of interest by a Governor at the school who also held a commercial service contract with the school.

Ongoing HR action was taking place between the worker and his employer,

The interest had been declared, but a discussion took place with the Head to share the concerns, along with a discussion about how school arrangements could be improved.

More generally, sharing a note on general procurement advice might be helpful to all schools was suggested.

Further correspondence regarding concerns about a High School which was originally dealt with in 2019/20. The Chair fully investigated matters to the level where the LA was satisfied matters had been considered previously.

Submissions were rechecked, concluded that the former teacher's complaint ended at that point – they had no new experiences to share after the conclusion of the investigation. They cannot act on behalf of others, and it would be for more recent/current staff to come forward if they held fresh concern.

We received a complaint initially regarding under staffing at a Kirklees School, a further 2 whistleblowing complaints were received whilst the investigation was ongoing.

The governors agreed to undertake a fact find exercise within school, and to determine staff morale and staff relationships.



Name of meeting: Corporate Governance and Audit Committee

Date: 29 September 2023

Title of report: Annual report on Bad Debt Write-offs, 2022-23

Purpose of report: Financial Procedure Rules require the Service Director Finance, to prepare an annual consolidated report on all debts written off annually, for consideration by the Corporate Governance and Audit Committee. This report details the debts written off in the financial year 2022-23.

<p>Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards? Decisions having a particularly significant effect on a single ward may also be treated as if they were key decisions.</p>	<p>Yes/ no or Not Applicable</p> <p>No</p>
<p>Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)</u>?</p>	<p>Key Decision – No</p> <p>Private Report/Private Appendix – No</p>
<p>The Decision - Is it eligible for call in by Scrutiny?</p>	<p>Not Applicable – for information</p>
<p>Date signed off by <u>Strategic Director</u> & name</p> <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>Rachel Spencer – Henshall – 19/9/23</p> <p>Isabel Brittain – 19/9/23</p> <p>Julie Muscroft -20/9/23</p>
<p>Cabinet member portfolio</p>	<p>Cllr Graham Turner</p>

Electoral wards affected: None

Ward councillors consulted: No

Public or private: Public

Has GDPR been considered? No personal data is in report.

1. Summary

1.1

The Chief Financial Officer has to prepare an annual consolidated report of all debts written off for consideration by the Corporate Governance and Audit Committee. This report includes summary detail on the Council's approach to debt recovery in **Appendix A** and a summary schedule of debts written-off over the past 12 months, in **Appendix B**.

1.2

The Council has a good record of collecting income due, including a range of supportive measures to help bill payers who may be struggling to pay their bills, as part of a broader suite of income collection and recovery measures to ensure that everyone who should pay, does. The write off figures within this report underline how important it is for everyone to pay their share of the charges to help fund essential Council services and wherever possible payment by direct debit is encouraged and promoted. Last year was once again another challenging year financially due to the continued impact of the country's financial situation and subsequently the overall impact this continues to have economically through the local economy. This resulted in an increased number of customers having difficulties paying their bills. It is anticipated this will continue as the cost of living crisis plays out over the coming month/years. This will inevitably mean that there will be some element of suppressed bad debt, this will be debt that due to current circumstances will be harder to collect and will therefore take longer to recover moving forward. There will also be an element of this debt that will become irrecoverable in the future due to increased debts customers will face in the future.

1.3

Overall, debts written-off in 2022-23 totalled £5,311,539m; as a percentage of debt raised in the year, this is 0.97%. The previous year 2021-22, £3,188,230m was written off; equivalent to 0.61% of debt raised (the equivalent write offs in 2020-21 were £2,989,470m and the percentage was 0.63% of debt raised) The overall percentage written off has reduced each year for the previous two years but increased in 2022-23 due to the current financial situation and the accrued uncollectable debts that have built up throughout the last few years. It should be noted there is a high likelihood of more suppressed bad debt, which may get reflected in future years write offs, alongside some continued economic volatility depending on the pace of global, national, and local recovery from the pandemic and cost of the ongoing living crisis.

2. Information required to take a decision.

2.1

Financial Procedure Rules authorise Directors to write off all individual bad debts subject to the approval of the Chief Financial Officer. A report on the details of all debts written off under delegated authority

must be prepared and formally noted by the Director in consultation with the Cabinet Member. The Service Director - Finance must prepare an annual consolidated report of all debts written off for consideration by the Corporate Governance and Audit Committee.

2.2 **Appendix A** contains details of debts written off in 2022-23. The first table compares amounts written off in 2022-23 to those written off in 2021-22. The second table in **Appendix B** shows a detailed analysis of the reasons for write off in 2022-23. In both tables, the amount of debt raised in the financial year is shown as a guide - the amount written off in the year is not directly related to this as it is likely to include ongoing debts outstanding from previous years.

2.3 The figures for write offs of Adult Social Care debt, Housing Benefit Overpayments recovery (Finance), Housing Revenue Account (HRA), Business Rates and Council Tax make up the top 5 areas for write offs and demonstrate how important it is for everyone to pay their share of the local taxation and charges to help fund essential Council services.

2.4 The write-offs for Client Financial Affairs relate to the collection and recovery of Adult Social Care charges, which includes charges for long term and short-term care, home care services and Deferred Payment Agreements, amongst others. A key aim of the Adult Social Care Charging Policy is to ensure that where an adult is charged for care and support (including contributing to a personal budget following a financial assessment), that they are not charged more than they can reasonably afford to pay. If a service user is assessed to pay a contribution towards their care costs but does not pay, the Client Financial Affairs, Debt Recovery team will review the case and chase collection of the charges. This is carried out using appropriate collection and recovery action as per the Debt Recovery Policy and is always taken using the legal powers available; however, due to the characteristics of the client group not all charges are recoverable, and the debt recovery team are limited in their powers of collection dependant on the customers circumstances. The debt recovery process has continued in challenging circumstances this year, including staff shortages, the cost-of-living crisis and a rise in the number of customers accessing adult social care services. However, there is a dedicated team who continue to work on improvements in debt collection whilst ensuring they are sympathetic to the needs of our service users. The team work closely with our customers and advice partners, both internally and externally, to ensure all the relevant help and advice is available to help customers who are struggling financially. The team have continued to review each service user's arrears on a case-by-case basis and have used their knowledge and skills to ensure the best outcome is reached for all involved. Whilst the team will try everything in their powers to collect the outstanding arrears, there is still a need to write off debts that may be uncollectable

for several reasons including where the client has deceased without an estate, on compassionate grounds due to financial abuse and if the debt is no longer viable to pursue. The write off figures for 2022/2023 have reduced overall from last year but it has still been necessary to write off unrecoverable debts to ensure that the debt recovery team is concentrating on the cases which are collectable.

2.5

The write offs for Finance relate mainly to Housing Benefit Overpayment recovery. The write off percentage figure is relatively high because the households concerned are by definition the least able to pay, and have potentially impacted the most through the pandemic and with the increased cost of living. Old non collectable debts are targeted for write off and a high proportion of these are deemed not viable to pursue. Recovery action is always pursued using all the recovery powers available for example deductions from ongoing benefit entitlement or direct attachments on welfare benefits; however, ability to pay in the current climate is also a consideration. These debts will also become more difficult to collect in the future as Housing Benefit administration is transferred to the Department of Works and Pensions (DWP) as the housing credit element of Universal Credit.

2.6

Kirklees Council's, Homes & Neighbourhoods service (H&N), manages the Council's social housing stock, and is responsible for the day-to-day management of 21,037 tenanted properties. In accordance with the council's Tenancy Agreements, any rent the tenant is liable for is managed and recovered by H&N's, Income Management Team. There are currently 9,672 tenancies that pay rent and/or arrears by Direct Debit, this is equivalent to 45.98% of all tenanted properties.

A tenant is in breach of a Tenancy Agreement if they fail to pay rent and charges due on a property. If rent arrears continue to escalate an application to seek possession of the property can be made in the County Court, and this may result in the tenant being evicted from the property.

In 2021-22 there were 9 evictions, and in 2022-23 there were 34 evictions for non-payment of rent/charges. The increase in 2022-23 was due to the backlog of high balance cases that required enforcement action. The backlog was caused by the stay on legal action and evictions during the COVID-19 lockdown period.

On average, evictions affect a small proportion of tenanted properties each year. Income and expenditure relating to the provision of landlord services is ring-fenced or self-financed through the Council's, Housing Revenue Account (HRA). The HRA write-off figure includes former tenant liable costs, for which there is an existing HRA bad debt provision set aside to account for unrecoverable debt. In 2022-23 debts totalling £458,039 were written off compared to £301,782 in 2021-22.

2.7

The Council aims to maximise its collection and recovery of all Council Tax and Business Rates debts. The recovery process ensures that all accounts in arrears are chased through issuing reminders, summonses, obtaining liability orders through the Magistrates Court, if needed, which allow the Council to recover debts through using the Enforcement Agents (bailiffs), attachments to earnings or benefits, instigating insolvency proceedings, putting charging orders on the properties, or issuing committal to prison proceedings.

2.8

In 2022-23 the teams have been dealing with catching up after the pandemic and with customers facing financial difficulties due to the cost of living crisis. With outstanding caseloads, as there has been a backlog of non-payers to pursue through the courts and take necessary recovery action against. Officers have continued to undertake exercises to review previous years' debts outstanding for both Council Tax and Business Rates and be realistic on what is collectable and what debts are not. Where accounts have been identified, with previous recovery action (some over several years) and no further action is viable or cost effective, the debts have been written off as unable to collect in line with the Council's bad debt provisions set aside for uncollectable debts. The increase was due to CARF (COVID-19 Additional Relief Fund). The relief was aimed at businesses affected by the pandemic that were ineligible for other support as a reduction in the 2021-22 rates. It was done as a write off on the system. Although the relief applied to the year 2021-22, the write offs were done in 22-23 which is why there is such a large increase in business rates write off figures this year.

The team were also catching up on recovery work that had been left during COVID due to the grants being administered, so there would have been more write offs than normal.

The future economic recovery position is also very difficult to predict, with the current cost of living crisis so there will be debts that will either take longer to collect or will become debts the Council will have to decide if they are viable to collect. The teams will continue to offer support and where appropriate signpost customers to further support to ensure they are getting help financially or otherwise to ensure they are maximising their income. Vulnerable customers will be supported by the appropriate means.

2.9

The recovery action highlighted above will ensure that all collectable debts outstanding will be pursued through appropriate recovery action and support for the customer. Additional resources will be deployed to recover unpaid Council Tax or Business Rates quicker and more effectively once older debts that have been through the recovery process have been removed. Tighter processes and procedures continue to be put in place to maximise recovery of collectable debts earlier in the process. Also, more emphasis has been placed on supporting vulnerable customers who have or are now struggling financially through ensuring all the appropriate support is in place to support and advise customers better, earlier in the recovery process. The current collection levels anticipated over the fullness of time which the service

expects to eventually recover over the fullness of time for Council Tax are 98.5%, and 97.5% Business Rates. These percentages reflect the increase in arrears last year. Write offs however are still likely to continue to rise as the economy feels the impact of the increases in the cost of living and high inflation levels..

2.10

Payment by direct debit is encouraged and the Council currently has 128,270 charge payers paying by direct debit on Council Tax (approx. 77% of paying charge-payers). In the last 12 months this has increased by over 1,404 new accounts set up for direct debit payments. The more direct debit payers the Council has, the better the recovery rate, allowing staff to concentrate on more difficult recovery cases outstanding.

2.11

Kirklees is the sixth largest Metropolitan Council in the country in relation to the net debit raised for Council Tax, so for the Yorkshire and Humber Area we will always be towards the top of any monetary list. The Council currently has 191,880 properties liable for Council Tax (£333.17m gross debit in 2023-24) and 16,102 properties for Business Rates (£153.52m gross debit in 2023-24). Whilst the Council Tax arrears increased in 2022-23 to £26.12m, the percentage compared to the overall net debit (in year and arrears £268.39m) was still approx. 0.07% due to the increase in the annual debit raised in 2023-24. Overall collection of the arrears is being maintained but with the rise of the debit raised year on year the overall arrears figure increased by £2.68m at the start of 2023-24 financial year.

The table below shows other LA's Council Tax write offs to compare with Kirklees for 2022-23

Council Tax write offs 2021-22			
LA	net debit 22-23	All years write offs	%
Bradford	£271.16m	£2.71m	1.0%
Leicester	£165.11m	£1.48m	0.90%
Wolverhampton	£139.73m	£1.14m	0.82%
Kirklees	£244.53m	£1.67m	0.68%
Doncaster	£157.11m	£826k	0.53%
Rotherham	£148.79m	£634k	0.43%
Stockport	£210.49m	£902k	0.43%
Wakefield	£198.05m	£767k	0.39%
Birmingham	£488.36m	£1.69m	0.34%
Sunderland	£135.25m	£429k	0.31%
Leeds	£441.90m	£1.13m	0.26%
Manchester	£253.22	£561k	0.22%
Calderdale	£124.50m	£214k	0.17%

2.12

Whilst all of the debts highlighted in the report have been formally written off in the accounts for 2022-23, this does not mean that the Council will not write the debts back on the accounts and then pursue this debt if new information comes to light and the prospect for recovering outstanding debts changes in the future.

3. Implications for the Council

This report provides summarised information on debts written-off over the previous 12 months. The overall income due in the year (Debit) to which the report's financial performance relates, supports the delivery of the Council's objectives and priorities within available resources:

3.1 Working with People

The debts are from various services charging for either providing a service or for raising annual charges through legislation ie Council Tax, and Business Rates. The Council work with customers to ensure that any debts outstanding are recovered in accordance with the payment terms, but if the customer is having financial problems these will be taken into consideration. In certain circumstances debts are written off as either not viable to pursue or on the grounds of hardship or vulnerability where appropriate. Consideration is given to any inequalities and poverty caused by charges raised, and where appropriate debts will be considered for write off.

3.2 Working with Partners

The Council is working closely with voluntary and community groups (ie foodbanks), and contracted partners ie CAB, Money Advice etc or through the Local Welfare Provision Team (LWP) to support vulnerable households with income management, debt advice that will help support households pay their bills and prioritise debts to ensure customers can maintain a healthy living environment for themselves and their families.

3.3 Financial Implications for the people living or working in Kirklees

The implications of writing off debts that are uncollectable does impact on the Council budget and this can have financial implications when looking at future budget setting, and services being provided for residents of Kirklees and local businesses. But each year the Council will make bad debt provisions for monies that will inevitably be uncollectable and be written off in the accounts. Wherever practical every effort will be made to collect as much income as possible for any debts owed to the Council.

4. Consultation

None

5. Engagement

None

6. Next steps and timelines

Corporate Governance and Audit Committee will be asked to note the summarised information set out in this report.

7. Officer recommendations and reasons

Corporate Governance and Audit Committee are recommended to note the information in the Appendices on bad debt write offs for 2022-23.

8. Cabinet Portfolio Holder's recommendations

To note the contents of this report

9. Contact officer

Sarah S Brown, Acting Head of Welfare & Exchequer Services 01484 221000
Mark Stanley, Senior Manager, Welfare & Exchequer Services

10. Background Papers and History of Decisions

Accounts & Audit regulations 2015, Local Audit & Accountability Act 2014

11. Service Director responsible

Isabel Brittain. Service Director - Finance

Write Off Summary Comparison 21-22 to 22-23							
	*Debit For Year Apr 21 - Mar 22	Write Offs Apr 21 - Mar 22		Directorate	*Debit For Year Apr 22 - Mar 23	Write Offs Apr 22 - Mar 23	
	£	£	%		£	£	%
				Children & Families			
	10,297,234	8,979	0.09%	Learning & Early Support	11,979,918	20,398	0.17%
	173,792	3,088	1.78%	Child Protection & Family Support	334,688	-320	-0.10%
				Adults & Health			
	62,345,462	284,845	0.46%	Adults Social Care	63,232,035	189,970	0.30%
	1,821,285	-99	-0.01%	Integration, Access & Community Plus Customers & Communities	2,006,536	-592	-0.03%
				Economy & Infrastructure			
			0.00%	Growth & Housing			0.00%
			0.00%	Economy & Skills			0.00%
			0.00%	Environment			0.00%
				Environment & Climate change			
	460,138	838	0.18%	Environmental Strategy & Climate Change	6,696,963	-10,522	-0.16%
	9,407,047	21,261	0.23%	Highways & Streetscene	10,668,341	-42,560	-0.40%
	2,838,188	9,077	0.32%	Culture & Visitor Economy	3,929,839	-23,763	-0.60%
				Regeneration & Growth			
	16,354,140	90,178	0.55%	Skills & Regeneration	6,147,830	-14,717	-0.24%
			0.00%	Development	3,093,755	67,536	2.18%
	420,576	5,930	1.41%	Homes & Neighbourhoods	22,203	10,440	47.02%
				Corporate Strategy, Commissioning & Public Health			
	1,051,329	0	0.00%	Strategy & Innovation	976,995	331	0.03%
	4,980,198	6,930	0.14%	Public Health & People	4,879,112	9,118	0.19%
	4,562,087	0	0.00%	Governance & Commissioning	82,000	0	0.00%
	2,341,392	200,528	8.56%	Finance	4,887,997	397,184	8.13%
	1,306,789	0	0.00%	Former KNH Resources	1,035,540	-146	-0.01%
				Housing Revenue Account			
	149,623	372	0.25%	HRA	629,005	7,847	1.25%
	118,509,280	631,927	0.53%	General Fund Services	120,602,755	610,203	0.51%
	82,516,772	458,039	0.56%	HRA (excl those on benefits)	84,965,835	975,212	1.15%
	233,869,920	1,751,297	0.75%	Council Tax	244,526,047	1,671,405	0.68%
	88,120,713	346,968	0.39%	NNDR (Business Rates)	99,828,033	2,054,720	2.06%
	523,016,683	3,188,230	0.61%	Grand Total	549,922,671	5,311,539	0.97%

Write Off Summary 22-23

Directorate	*Debit For Year Apr 22 - Mar 23	Write Offs Apr 22 - Mar 23	%	Compassionate Grounds	Deceased (No Estate)	Liquidation/ Bankruptcy	Not Viable to Pursue	Unable to Trace	Statute Barred	Write Back - Credit Unclaimed	Total
Children & Families											
Learning & Early Support	11,979,918	20,398	0.17%	0	0	14,178	19,210	1,564	0	-14,554	20,398
Child Protection & Family Support	334,688	-320	-0.10%	0	0	0	0	0	0	-320	-320
Adults & Health											
Adults Social Care	63,232,035	189,970	0.30%	32,242	90,742	0	79,364	0	2,980	-15,359	189,970
Customers and Communities	2,006,536	-592	-0.03%	0	0	0	-72	0	0	-520	-592
Environment & Climate change											
Environmental Strategy & Climate Change	6,696,963	-10,522	-0.16%	0	0	360	305	0	0	-11,187	-10,522
Highways & Streetscene	10,668,341	-42,560	-0.40%	0	435	3,329	23,603	0	92	-70,019	-42,560
Culture & Visitor Economy	3,929,839	-23,763	-0.60%	0	1,159	0	3,474	0	4,160	-32,556	-23,763
Regeneration & Growth											
Skills & Regeneration	6,147,830	-14,717	-0.24%	0	0	0	123	0	0	-14,840	-14,717
Development	3,093,755	67,536	2.18%	76	418	6,566	72,486	31	177	-12,219	67,536
Homes & Neighbourhoods	22,203	10,440	47.02%	0	0	0	11,315	0	284	-1,158	10,440
Corporate Strategy, Commissioning & Public Health											
Strategy & Innovation	976,995	331	0.03%	0	0	0	331	0	0	0	331
Public Health & People	4,879,112	9,118	0.19%	647	858	0	7,713	0	0	-100	9,118
Governance & Commissioning	82,000	0	0.00%	0	0	0	0	0	0	0	0
Finance	4,887,997	397,184	8.13%	17,743	64,466	12,386	189,308	87,776	26,830	-1,324	397,184
Former KNH Resources	1,035,540	-146	-0.01%	0	0	0	7	0	0	-153	-146
Housing Revenue Account											
HRA	629,005	7,847	1.25%	0	0	0	7,856	0	0	-10	7,847
General Fund Services	120,602,755	610,203	0.51%	50,708	158,078	36,819	415,024	89,370	34,524	-174,321	610,203
HRA (Excl those on benefits)	84,965,835	975,212	1.15%	16,049	218,210	23,645	685,981	31,328	0	0	975,212
Council Tax	244,526,047	1,671,405	0.68%	0	18,465	382,731	1,221,142	0	49,067	0	1,671,405
NNDR	99,828,033	2,054,720	2.06%	0	2,262	385,761	1,534,176	0	132,520	0	2,054,720
Grand Total	549,922,671	5,311,539	0.97%	66,757	397,015	828,955	3,856,323	120,698	216,111	-174,321	5,311,539

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The Audit Findings for Kirklees Council

Year ended 31 March 2022

FINAL

September 2023

Please note: for ease of reference we have highlighted any text in yellow where content has changed since the previous version of this report submitted to the February 2023 CGAC.



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Section

1. Headlines
2. Financial statements
3. Value for money arrangements
5. Independence and ethics

Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. Audit Opinion
- F. Management Letter of Representation

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Corporate Governance and Audit Committee.

Jon Roberts

For Grant Thornton UK LLP

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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. 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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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Kirklees Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The majority of our audit work was completed both on site and remotely during July - November. Our findings are summarised on pages 5 to 23. We have not identified any adjustments to the financial statements resulting in amendment to the draft outturn in the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, shown at Appendix E or material changes to the financial statements, subject to the following outstanding matters;

- completion of final audit quality review processes;
- receipt of signed management representation letter – see Appendix F;

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unqualified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work and can now issue our final Auditor's Annual Report, following the issue of our audit opinion. The draft Auditor's Annual Report was reported to CGAC in July 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. In our Audit Plan communicated to you on 17 June 2022 we identified risks in respect of:

- management of the Council's DSG deficit relating to Special Educational Needs (SEND). We have updated our knowledge of progress made by the Council to seek a solution to the SEND overspend and retained deficit as part of the support offered by the DfE Safety Valve Group. This has involved assessing the Safety Valve's assessment of the SEND Transformation Plan; and
- the Council's consideration of a move from the Leader and Cabinet model of Governance to a Committee structure

Our review to date has not identified any issues in respect of the above risks.

During the review we identified a new risk of significant weakness regarding the funding gaps contained in the Council's medium term financial plan. Our work on this area concluded that there was a significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. We included a Key Recommendation in our Auditor's Annual Report in respect of this issue.

Our findings are set out in the value for money arrangements section of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Corporate Governance and Audit Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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 for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council and group's business and is risk based, and in particular included:

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to significantly alter our audit plan, as communicated to you on 17 June 2022. Materiality was increased to reflect the increase in operating expenditure from that used at audit planning stage, as explained on page 6.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Corporate Governance and Audit Committee (CGAC) meeting on 29 September 2023, as detailed in Appendix E. These outstanding items include:

- completion of final audit quality review processes;
- receipt of signed management representation letter – see Appendix F; and

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



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.

Materiality levels have increased from those reported in our audit plan on 17 June 2022 due to draft accounts reporting higher expenditure than forecast at audit planning stage. Expenditure is the benchmark used in calculating the materiality threshold.

We detail in the table alongside our determination of materiality for Kirklees Council and group.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	15,700,000	15,600,000	The threshold above which could reasonably be expected to influence the economic decisions of the reader of the financial statements.
Performance materiality	10,200,000	10,100,000	The amount set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality.
Trivial matters	800,000	800,000	Considered to be the threshold below which an error would be trivial to the overall financial statements.



2. Financial Statements - Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override 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. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk. This was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Work is now complete. A risk-assessed selection of 52 journals was selected for testing. Our testing has not identified any evidence of inappropriate management override of controls.

ISA240 revenue and expenditure recognition risk – Council only

This risk was rebutted as explained in the Audit Plan. We did not identify any reason to reverse this rebuttal during the audit.



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of land, buildings, Council Dwellings and investment property – Council only

Revaluation of land, buildings, Council Dwellings and investment property should be performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Investment property and Council Dwellings should be revalued annually.

Additionally, valuations are significant estimates made by management in the accounts.

We have identified the valuation of land, buildings, Council Dwellings and investment property as a significant risk.

In response to this risk we have:

- assessed the design and implementation of controls management has in place to ensure the estimate is accurate and underlying data is complete
- evaluated the competence, capabilities and objectivity of the Council's valuation experts
- written to the Council's valuers to confirm the basis on which their valuations were carried out
- challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding
- engaged an independent auditor's expert valuer to provide a further review of the reasonableness of the assumptions and approach taken by the Council's valuers
- tested a sample of valuations at 31 March 2022 to understand the information and assumptions used in arriving at any revised valuations
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register
- reviewed property valuations for assets not revalued by the Council's valuers
- reviewed the social housing discount factor as applied to Council Dwellings

We have carried out the planned audit procedures and raised challenge regarding the assumptions used by management and their expert valuers (Wilks Head Eve for land and buildings, District Valuation Service for Council Dwellings). The valuation date used by the valuer was 31 December 2021. We have received satisfactory responses to these enquiries, with the exception of a methodological query raised by our auditor's expert valuer, in relation to the application of useful life estimates to assets valued on the Depreciated Replacement Cost basis. Our firm view is that the Council's valuer does not adhere to the RICS guidance in this respect. As this is the second year our expert valuer has raised this issue, we have also included a recommendation to management in this regard- please see Appendix A to this report.

We have also reviewed property values for the period 1 January 2022 – 31 March 2022, and have not identified any evidence to suggest that a material misstatement exists due to market factors between the valuation date and the balance sheet date.

In undertaking our work we selected the following properties for detailed sample testing due to their high value and/or movement being different to our expectations based upon our expert valuer indexed movement:

- Other land and buildings – 27 assets
- Investment property – 16 assets
- We also selected 19 Beacon classes of Council dwellings

We have not identified any significant errors based upon our sample testing.

Additionally, we have challenged management's assessment that assets not revalued in year are materially stated at the balance sheet date. Management have provided satisfactory responses **in respect of those assets revalued in previous financial years.**

As part of this work we identified that a material value new leisure centre was brought into use in March 2022 and reclassified from 'Under Construction' to operational land and buildings. Under the Code this is required to be held at Current Value, rather than historical cost. We understand that this asset was not included in the 21/22 revaluation process due to the timing of the asset completion, however we are required to report that this asset is carried on the incorrect valuation basis in the financial statements. In order to satisfy ourselves that the asset value is not misstated, we requested management to perform a current value estimate, with input from the external RICS valuer. From review of these workings we are satisfied that the asset's value is appropriately stated.

Our audit testing has not identified any non-trivial errors. We however identified two disclosure errors which are shown on page 37.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of pension fund net liability – Council only

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk of material misstatement.

In response to this risk we have:

- updated our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the share of the pension fund valuation
- assessed the accuracy and completeness of the information provided to the actuary to estimate the liability
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing additional procedures suggested within the report to ensure estimates are reasonable and consistent with the ranges set by the auditor's expert
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- obtained 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 fund assets valuation in the pension fund financial statements

We communicated with the WYPF auditor to seek assurances over the value of pension fund assets and how these are allocated to the Council. This identified that there had been a significant audit adjustment to the WYPF assets which was likely to have a material impact on the Council's share of assets. Management obtained an updated actuarial report which revealed an additional £21.1m gain on the valuation of assets attributable to the Council's share. Management have reflected this change in the updated financial statements.

We then sought a final response from the WYPF auditor regarding their completion of procedures to gain assurance over level 3 pension fund investments, which could potentially lead to further adjustments. This was confirmed in April 2023.

Our audit work is substantially complete and audit procedures have not identified any further material errors in the valuation of the net pension fund liability. The following points are noted:

- We are satisfied that the £99m net pension liability associated with staff formerly employed by the Kirklees Neighbourhood Homes company has been accurately transferred and incorporated into the Council's main LGPS liability.
- Actuarial assumptions used by the scheme actuary appear to be in line with our expectations based on PWC actuarial guidance provided to local audit firms nationally.

Our work has now been completed and we are satisfied that the pension fund net liability disclosed in the financial statements is materially accurate.

2. Financial Statements - Other risks

Risks identified in our Audit Plan - For the avoidance of any doubt, these two risks have not been assessed as a significant risk, but we have assessed that there is some risk of material misstatement that requires an audit response.

Commentary

Accounting for grant revenues and expenditure correctly – Council only

The Council (as with all other Local Authorities) has been the recipient of significant increased grant revenues during the 2021/22 financial year relating to COVID-19.

In common with all grant revenues, the Council will need to consider for each type of grant whether it is acting as agent or principal, and depending on the decision how the grant income and amounts paid out should be accounted for.

We have:

- Engaged with management to understand the different types of material grants received during 2021/22 and any conditions applicable;
- Understood the conditions for payment out to other entities, businesses and individuals to identify whether the Council should be acting as agent or principal for accounting purposes; and
- Tested material grant revenues to see whether the Council has accounted for these correctly.

Our audit work has not identified any issues in respect of recognition and presentation of grant income.

Valuations of Infrastructure Assets

The CIPFA Code of Practice on Local Authority Accounting states that Infrastructure assets shall be measured at depreciated historical cost. Historical cost is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. brought forward from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment.

We identified a risk that the carrying value of infrastructure assets is not appropriate given the nature of how the assets are held on the balance sheet and monitored through the asset register.

The inherent risks which we identified in relation to infrastructure assets were:

- an elevated risk of the overstatement of Gross Book Value and accumulated depreciation figures, due to lack of derecognition of replaced components
- a normal risk of understatement of accumulated depreciation and impairment as a result of failure to identify and account for impairment of infrastructure assets and an over or understatement of cumulative depreciation as a result of the use of inappropriate useful economic lives (UEs) in calculating depreciation charges.

We have been working with CIPFA and the English Government to find both long-term and short-term solutions which recognise the information deficits and permit full compliance with the CIPFA Code. It has been recognised that longer-term solutions, by way of a Code update, will take several years to put into place and so short-term solutions are being put in place in the interim. These short-term solutions include the issue of a Statutory Instrument (SI) by government. The English SI was laid before Parliament on 30 November 2022 and came into force on 25 December 2022. CIPFA issued an update to the Code for infrastructure assets in November 2022 and has issued further guidance in January 2023 in relation to useful economic lives (UEs).

We have completed the following work focusing on the Council's current year's infrastructure assets:

- Reviewed and challenged the arrangements that the Council has in place around impairment of infrastructure assets
- Evaluated management's processes and assumptions for the calculation of the estimate including review of in-year depreciation and associated UEs
- Challenged the information and assumptions used to inform the estimate

Based on our work, we are satisfied that the Council has:

- correctly applied the SI and the requirements in the CIPFA Code update
- appropriately removed the gross book value and accumulated depreciation from its disclosures adding a new disclosure setting out opening net book value and any in-year movements
- not identified any prior period adjustments requiring disclosure in the accounts.

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
<p>IFRS 16 implementation</p> <p>Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. If management elect to implement IFRS 16 from April 2022 (early adoption) then in 2021/22 accounts as a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts</p>	<p>Kirklees Council is not intending to exercise early adoption of IFRS16 for 2022/23 and therefore no additional disclosure is required in 2021/22.</p>	<p>We have no further comments, although management will need to include additional IFRS 16 disclosures in the 2023/24 financial statements as that will be the year prior to adoption.</p>
<p>IT Control deficiencies</p> <p>The audit included an assessment of the relevant Information Technology (IT) systems and controls operating over them which was performed as part of obtaining an understanding of the information systems relevant to the Council's financial reporting.</p>	<p>The following IT systems were reviewed:</p> <ul style="list-style-type: none"> • SAP • Northgate 	<p>Management has been provided with a separate report detailing our assessment over SAP and Northgate. The report raised five control improvement recommendations of which two were rated as high priority. These included user access levels, user access requests and segregation of duties. We concluded that the deficiencies were not likely to lead to material error in the financial statements.</p> <p>The recommendations are reported at Appendix A of this report.</p>

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Land and Building valuations – Values at 31 March 2022:</p> <p>Other Land & Buildings: £545.462m (PY £515.089m)</p>	<p>Other Land and buildings and Investment Property:</p> <p>Other land and buildings comprises £442m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£103m) are not specialised in nature and are required to be valued at existing use value (EUV) at year end. The Council has engaged Wilks Head and Eve to complete the valuation of properties as at 31 December 2021 on a three yearly cyclical basis. 39.5% of total Land and Buildings assets were revalued during 2021/22.</p> <p>Management has considered the year end value of non-revalued properties, and the potential valuation change up to 31 March 2022 for assets revalued at 31 December 2021, to determine whether there has been a material change in the total value of these properties at the Balance Sheet date. Management concluded that there was no material movement in valuation between the valuation date of 31 December and the Balance Sheet date of 31 March 2022.</p>	<ul style="list-style-type: none"> We have assessed the Council's external valuer, Wilks Head and Eve, to be competent, capable and objective. We have however identified one instance in which we believe that the RICS guidance is not being followed. This is in respect of assumptions made by WHE about continuous asset maintenance where there is no direct knowledge of capital spend over many years. This has led to aged assets such as schools being given extended useful economic lives without clear evidence of their state of repair. This may not lead to material error in the financial statements but is not in line with the RICS guidance for the valuation of specialised assets. We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and location factors The Council has moved to a triennial valuation cycle from 2019/20 onwards which provides more robustness to the five yearly cycle that operated previously Valuation methods remain consistent with the prior year In relation to assets not revalued in the year, we have compared against the Gerald Eve (valuation specialists) report and held discussions with our own valuation expert. We also challenged the Council's valuation specialist on valuation differences identified through our sensitivity analysis work using other indices. There are no significant matters to report from this analysis. As part of this work we identified that a new material leisure centre was brought into use in March 2022 and reclassified from 'Under Construction' to operational land and buildings. Under the Code this is required to be held at Current Value, rather than historical cost. We understand that this asset was not included in the 21/22 revaluation process due to the timing of the asset completion, however we are required to report that this asset is carried on the incorrect valuation basis in the financial statements. We also challenged management's assessment that there was no material movement in valuation between the 31 December 2021 valuation date and the Balance Sheet date of 31 March 2022. We do not disagree with management's assessment. <p>We concluded that the land and buildings are not materially misstated. We have however identified two disclosure errors which are shown on page 37.</p>	Blue

[Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated

[Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic

[Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious

[Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment Property Valuation: £103.67m (PY £97.335m)	The Council has engaged Wilks Head Eve to complete an annual revaluation of investment properties as at 31 March 2022.	<ul style="list-style-type: none"> We have assessed the Council's external valuer, Wilks Head and Eve, to be competent, capable and objective We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including property leases, rentals and yields Valuation methods remain consistent with the prior year Investment properties are required to be revalued annually in accordance with the CIPFA Code. At 31 March 2022 there were 45 investment properties totalling £3.7m which had not been subject to revaluation, contrary to the requirements of the CIPFA Code. Management assert that investment properties below £250k are de minimis and therefore not revalued. 	Light purple
Council Dwellings Valuation: £784.236m (PY £720.632m)	<p>The Council owns 21,949 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council engages an external valuer, the District Valuation Service to complete the valuation of these properties.</p>	<ul style="list-style-type: none"> The Council's RICS qualified external valuer valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties. Our work indicated that this methodology was applied correctly during 2021/22 valuation. We have compared the valuation movements with our auditor's valuation expert (Gerald Eve) report and held discussions with our valuation expert. These discussions have concluded and we are now performing the final review process. We have assessed the Council's valuer, to be competent, capable and objective in carrying out the valuations We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report Management apply a social housing discount factor of 41% after upward indexation. The discount factor is in line with the extant DCLG Stock Valuation Guidance 2016, and after discussing this with our auditor's valuation expert, we confirm we are satisfied with the factor used We have agreed the HRA valuation report to the Statement of Accounts and we can confirm that HRA valuation report balance has being correctly accounted for in the financial statements. 	Light purple

Assessment

[Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated

[Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic

[Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious

[Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Council net pension liability: £759.73m (PY £998.57m)

The total net pension liability comprises the West Yorkshire Pension Fund defined benefit Local Government pension scheme obligations relating to Kirklees Council.

The Council uses Aon Solutions Ltd to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.

The latest full actuarial valuation was completed at 31 March 2022, utilising key assumptions such as life expectancy, discount rates, salary growth and investment returns. A roll forward approach is used in the intervening years. The valuation undertaken at 31 March 2022 will be reflected in the 2022/23 financial statements.

Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. The Council has seen a £238.8m net decrease in Net Liability Related to Defined Benefit Pension Scheme during 2021/22.

The 2021/22 liability also includes members from Kirklees Neighbourhood Housing Ltd which was brought within the Council's from 1 April 2021.

- We have assessed the Council's actuary, Aon Solutions Ltd, to be competent, capable and objective
- We have performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2021/22 roll forward calculation carried out by the actuary and have no issues to raise.
- We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions:

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.7%	2.70%-2.8%	Within range
Pension increase rate	3%	2.8% to 3.1%	Within range
Salary growth	4.25%	3.5%-5.5%	Within range
Life expectancy – Males currently aged 45 / 65	21.8 – 22.5 years	20.1-22.7 years	Within range
Life expectancy – Females currently aged 45 / 65	24.6 -25.7 years	22.9-24.9 years	Within range

- We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate
- We have confirmed there were no significant changes in 2021/22 to the valuation method
- We communicated with the WYPF auditor to seek assurances over the value of pension fund assets and how these are allocated to the Council. This identified that there had been a significant audit adjustment to the WYPF assets which was likely to have a material impact on the Council's share of assets. Management obtained an updated actuarial report which revealed an additional £21.1m gain on the valuation of assets attributable to the Council's share. Management have reflected this change in the updated financial statements

Following the above procedures we confirmed we are satisfied with the reasonableness of estimate of the net pension liability.

Light purple

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Infrastructure assets (net book value): £206.013m (PY) £196.534m	<p>Management have followed the expectation set out in the CIPFA Code update 30 Nov 2022 and Statutory Instrument (2022.1232) in revising the PPE disclosures to show infrastructure assets separately and remove gross book value disclosures from this analysis.</p> <p>Management analyse infrastructure assets between the main categories used in the Highways Network Asset model.</p> <p>Management have made a significant judgement in assuming that all infrastructure assets are subject to Useful Economic Lives (UELs) of 20 years.</p>	<p>In March 2022 historic information deficits were highlighted in relation to infrastructure assets by another audit supplier. Risks identified in relation to infrastructure assets were:</p> <ul style="list-style-type: none"> - An elevated risk of the overstatement of GBV and accumulated depreciation figures, due to lack of derecognition of replaced components - A normal risk of understatement of accumulated depreciation and impairment as a result of failure to identify and account for impairment of infrastructure assets and an over or understatement of cumulative depreciation as a result of the use of inappropriate useful economic lives (UELs) in calculating depreciation charges. <p>Since these issues were first identified we have been working with CIPFA and Government to find solutions which recognise the information deficits and permit full compliance with the CIPFA Code. It has been recognised that longer-term solutions, by way of a Code update, will take several years to put into place and so short-term solutions were to be put in place in the interim. These short-term solutions include the issue of Statutory Instruments (SIs) by government. The English SI was laid before Parliament on 30 November 2022 and came into force in late December 2022.</p> <p>The English SI includes two key elements:</p> <ol style="list-style-type: none"> 1) The local authority is not required to make any prior period adjustments (PPAs) in respect of infrastructure assets; 2) Where a local authority replaces a component of an infrastructure asset the carrying amount to be derecognised can be determined as nil or calculated in accordance with normal accounting practices specified in the CIPFA Code. <p>It should be noted that the English SI does not include any reference to the Code update (issued on 29 November 2022) which removes the requirements to disclose the gross book value and gross accumulated depreciation figures for infrastructure assets in the statement of accounts. As a result of the content of the English SI, we determined the need to focus our testing on the in-year infrastructure asset movements in the financial statements for the audit year in question, assessing their material accuracy. We determined that the in-year depreciation charge was the area requiring the greatest audit focus. Our findings are:</p> <ol style="list-style-type: none"> 1) Management could not provide evidence to substantiate the choice of 20 years as a reasonable UEL determination to apply across all types of Infrastructure. We have raised a recommendation with regards to management's control over this process- see Appendix A (Action Plan). 2) The in-year depreciation charge driven by management's UEL determination appears to be reasonable, after considering guidance provided by CIPFA in their January 2023 bulletin, as well as more general industry research. In our assessment, management's estimated UEL determination is lower than industry standard, indicating that the depreciation charge may be higher than would be expected. This is not considered an audit error since management's estimate falls within a reasonable range of expectations. 	Grey

[Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated

[Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic


[Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious

[Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious









2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £8.027m (PY £6.634m)	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance</p> <p>The year end MRP charge was £8.027m, a net increase of £1.393m from 2020/21 reflecting the council's capital investment plans for Huddersfield town centre.</p> <p>The MRP charge is net of £13.7m previous overprovisions of MRP to offset the budget gap. This relates to an exercise during 2017/18 when it was deemed prudent to unwind a £91m overprovision of MRP over a 10 year period which management considered prudent at the time.</p>	<ul style="list-style-type: none"> The Council's calculation of MRP has been calculated in line with the statutory guidance and management assess the MRP charge to remain prudent Up to and including the 2021/22 financial year there had been no changes in the Council's policy for calculation of since the policy was approved by full Council in 2018/19. As communicated in the Treasury Strategy Statement in January 2022, for 2022/23 onwards MRP is only charged on assets when they come into use. The unwinding of the previous overprovision of MRP dates back to an overpayment of £91m in 2017/18 which was originally planned to offset budget gaps over a 10 year period. The planned offset for 2021/22 was increased from £9.1m to £13.7m to meet budget pressures. The £13.7m unwinding expires after 2023/24. 	Light purple
Business rates appeals provision- £1.593m (PY £2.583m)	<p>Following the introduction of the Business Rates Retention Scheme in April 2013, Local Authorities are liable for a share of the cost of successful appeals by businesses against their rateable value in 2021/22 and earlier financial years.</p> <p>A provision has therefore been recognised in the statement of accounts. The estimated provision has been calculated using the latest Valuation Office Agency (VOA) ratings list of ratings appeals and the analysis of successful appeals to date.</p>	<ul style="list-style-type: none"> Management have calculated the provision value using the latest information from the VOA listings. Management have not included an estimate for as-yet un-lodged claims, however we are satisfied from discussions with management that the provision is not understated in this regard. We have reviewed appeals activity in 22-23 to date and this has not given any indication that the 21-22 provision is understated. There have been no changes to the Council's method for calculating the provision since the prior financial year. 	Light purple





2. Financial Statements - Internal Control

Assessment	Issue and risk	Recommendations
	A separate report has been produced by the Grant Thornton IT auditor identifying some deficiencies in arrangements and this has been circulated to Those Charged With Governance.	See separate report for detailed findings and recommendations. Recommendations are summarised at Appendix A of this report for completeness.

This section provides an overview of results from our assessment of the relevant Information Technology (IT) systems and controls operating over them which was performed as part of obtaining an understanding of the information systems relevant to financial reporting. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT system	Level of assessment performed	Overall ITGC rating	ITGC control area rating		
			Security management	Technology acquisition, development and maintenance	Technology infrastructure
Northgate	Detailed ITGC assessment (design effectiveness only)				
SAP	Detailed ITGC assessment (design effectiveness only)				

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements / significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements - Internal Control

Transaction cycle	Effectiveness of the system of internal control	Basis of assessment
Revenue (the presumed significant risk is rebutted)	Assessment not applicable - no significant risk identified and no control assessment performed.	Assessment not applicable - no significant risk identified and no control assessment performed other than a refresh of business process documentation.
Expenditure (not a significant risk however internal control assessed to assist substantive assurance procedures)	Designed effectively No control deficiencies identified	<p>From discussions with management, financial accountants and accounts payable service accountants, we have identified key controls within the expenditure and payables processes and performed walkthrough procedures to confirm that these are designed effectively and are implemented as designed.</p> <p>We have performed a segregation of duties review and have not identified any control deficiencies from this.</p> <p>From the work of our IT auditor, we have not noted any significant control deficiencies at IT General Control level that would impact on our ability to conclude that the activity level controls are not designed effectively.</p>

2. Financial Statements - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view
<p>Group Accounts</p> <p>Prior to 2021/22 the Council produced Group accounts which consolidated Kirklees Neighbourhood Homes Ltd (KNHL) as a 100% owned subsidiary. On 1 April 2021 KNHL was disaggregated from the Group and the assets and liabilities, and staff transferred back within Kirklees Council.</p>	<p>Management engaged early with the audit team to discuss and agree the proposed transactions to bring KNHL back into the Council's financial statements and the impact in the Council's reserves.</p>	<p>We are satisfied that the transactions to transfer KNHL back into the Council's accounts are correctly processed.</p>
<p>Pensions- revised disclosures</p> <p>From communication with the auditor of West Yorkshire Pension Fund in early December 2022, we identified a possibly material movement in the LGPS assets attributable to the Council as at 31 March 2022. We therefore requested that management obtain a revised actuarial report. This indeed resulted in material movement to the net pension liability position.</p>	<p>Management accepted the auditor's recommendation and obtained a revised report in a short timescale.</p> <p>Management set out to revise the draft financial statements in January 2023.</p>	<p>We are satisfied that management took the appropriate steps to ensure that the net pension liability is reasonably stated at the balance sheet date.</p>
<p>Infrastructure assets accounting</p>	<p>Management elected to remove the gross book value disclosures from its draft financial statements. This turned out to be in line with the CIPFA Code update and Statutory Instrument issued in November 2022.</p>	<p>We are satisfied that the disclosures are in line with the updated CIPFA Code and guidance. Management do need to engage with their Highways team to understand how the useful economic lives should be determined for the various types of infrastructure assets.</p>
<p>Kirklees Stadium Development Limited (KSDL) joint venture</p> <p>In September 2022 the joint venture company's auditor reported a material uncertainty in relation to the going concern of the company as at the company's balance sheet date of 31 July 2021.</p> <p>The implications of this situation for the Council were discussed at length with management.</p>	<p>In late 2022 management considered possible options for the future ownership structure of KSDL. It has been acknowledged that the Council's loan to KSDL of £3.8m may not be recoverable.</p>	<p>KSDL has been making operating losses which has put its future into uncertainty. We consider that the Council's loan to KSDL is credit-impaired under the IFRS 9 Expected Credit Loss model, as at 31 March 2022.</p>

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Corporate Governance and Audit Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is shown at Appendix F.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send a confirmation request to the Council's bankers and a sample of investment counterparties. This permission was granted and the requests were sent and responded to with positive confirmation.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management were provided.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> 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 entity'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, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>We have also evaluated the impact of the going concern material uncertainty reported in KSDL's accounts to July 2021. On the basis of materiality we have concluded that KSDL's situation does not affect the Council and Group's going concern status.</p> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified other than minor presentational matters, the majority of which have been adequately rectified by management. These are reported at Appendix C. We plan to issue an unmodified opinion in this respect as reported at Appendix E.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money. <p>We have nothing to report on these matters, except that in July 2023 we identified a significant weakness in the Authority's arrangements for financial sustainability. This was reported in our interim Auditor's Annual Report.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements.</p> <ul style="list-style-type: none"> • Note that this work is not yet completed. The NAO requires the work to be completed once the audit opinion is provided on the financial statements and has not yet released data collection instructions
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2021/22 audit of Kirklees Council in the audit report, as detailed in Appendix E, until we have completed our work on the WGA consolidation exercise mentioned above and completed our Value for Money responsibilities with the issue of the Auditor's Annual Report.</p>



3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are 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

3. VFM - our procedures and conclusions

We have now completed our VFM work and can now issue our final Auditor's Annual Report. As we did not meet the original deadline of 30 September 2022, an audit letter explaining the reasons for the delay was attached in the Appendix G to an earlier version of this report submitted to the November 2022 CGAC. Our reporting now is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified risks 1 and 2 set out in the table below. We have performed further procedures in respect of these risks and have completed this element of our VFM work. Our conclusions are detailed below. We have also identified a risk of significant weakness documented at risk 3 below.

Risk of significant weakness	Procedures undertaken	Conclusion	Outcome
<p>1. Financial Sustainability: Dedicated Schools Grant (DSG) overspend.</p> <p>The Council has a significant DSG SEND (Special Educational Needs) overspend which is held in an unusable negative DSG reserve at 31 March 2021 and 31 March 2022 under statutory override. At the end of 2020/21 the Dedicated Schools Grant (DSG) deficit was £25.1m, due to pressures in the High Needs Block. The deficit is forecast to increase to at least £35m at the end of 2021/22. The statutory override expires after 2021/22 and the Council must identify a solution to the financial pressure.</p>	<p>We have updated our knowledge of progress made by the Council to seek a solution to the SEND overspend and retained deficit as part of the DfE Safety Valve Group. This has involved assessing the Safety Valve's assessment of the SEND Transformation Plan.</p>	<p>No significant weakness in arrangements has been identified.</p>	<p>We have no recommendations to make to the Council.</p>
<p>2. Governance: Proposed change to governance structure at the Council</p> <p>The Council is considering a move from the Leader and Cabinet model of Governance to a Committee structure and is receiving support from the LGA to arrive at the most suitable model for the Council. There is a risk that the Council does not arrive at the most suitable governance structure unless the decision is properly considered and supported by evidence.</p>	<p>We have reviewed the process followed by the Council to determine why a change in structure may be required and also the evidence to support any decision made.</p>	<p>No significant weakness in arrangements has been identified.</p>	<p>We have no recommendations to make to the Council.</p>
<p>3. Financial sustainability: Funding gaps in the medium term financial plan</p> <p>During the review we have identified a new risk of significant weakness regarding the funding gaps contained in the Council's medium term financial plan.</p>	<p>We have made enquiries of the Service Director - Finance regarding the options being considered to address the funding gaps.</p>	<p>A significant weakness in arrangements has been identified.</p>	<p>We have made a key recommendation to the Council.</p>

4. Independence and ethics

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 confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We have received confirmation that Gerald Eve LLP, the auditor valuation expert engaged for this audit is independent of the Council.

We confirm that we have implemented policies and procedures to meet the requirements of 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.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council and group. No non-audit services were identified which were charged from the beginning of the financial year to the date of this report.

Appendices

A. Action plan – Audit of Financial Statements

We have identified 3 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
High	The draft financial statements including the Annual Governance Statement (AGS) are required to be published on the Council's website for public inspection and comment. The draft AGS was not included with the initial publication.	For 2022/23 ensure that public inspection requirements are met. Management response Agreed.
High	It has become increasingly common for LGPS pension fund asset figures reported in draft financial statements to change significantly due to audit and actuarial issues. This often means that admitted bodies, such as the Council, see material movements in their corresponding asset figures subsequent to preparing and publishing their draft financial statements. There is a risk that the Council might not always be sighted on the full impact of these changes, meaning that the pension liability might be materially misstated in the financial statements.	In future years ensure that management request from the LGPS pension fund to be alerted of any changes to draft asset figures, so that an informed decision can be made as whether to request revised actuarial reports. Management response Noted.


Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice



A. Action plan – Audit of Financial Statements (cont..)

Assessment	Issue and risk	Recommendations
Medium	<p>In 2020/21 our auditor's expert for valuations work noted that the Council's General Fund valuer had not followed the expected RICS guidance in performing DRC valuations for specialised assets. Specifically, the Council's valuer does not allow for age-related reductions in the useful lives of buildings, nor is there a mechanism for capital expenditure to affect the remaining lives of the building as components are replaced or renewed.</p> <p>Upon review of the 2021/22 valuations we noted that this issue still exists and therefore warrants the attention of Those Charged with Governance.</p> <p>We do not however consider there to be a material misstatement occurring as a result of this methodological issue.</p>	<p>For 2022/23 communicate with the General Fund valuer to understand and ensure they are following the national RICS guidance for valuations.</p> <p>Management response Noted.</p>
Medium	<p>Infrastructure asset accounting- useful economic lives estimation process</p> <p>From our evaluation of management's approach to useful economic life determination and the resulting depreciation charge to infrastructure assets, we concluded that the accounting estimate is reasonably stated in the financial statements.</p> <p>However, we consider management's approach to be lacking in robustness as management has not produced any evidence to support their selection of 20 years as a standard UEL for all types of infrastructure.</p> <p>There is a risk that if this is left unchanged, the depreciation charge may become materially inaccurate in future years. This could lead to an understatement in the infrastructure asset balance and a subsequent overestimation of the speed at which the assets' economic benefits are utilised.</p>	<p>Management should carefully adhere to the latest issued CIPFA Guidance in terms of reviewing Useful Asset Lives and considering how these may differ for the different types of infrastructure assets.</p> <p>Management response From 2022/23, Useful Asset Lives for Highways Infrastructure assets will follow CIPFA guidance.</p>

A. Action plan – IT controls findings-SAP

	Assessment	Issue and risk	Recommendations
1.		<p>Users with debug access in SAP production</p> <p>During our audit, we observed three accessible SAP user accounts had been provided with DEBUG access in production in the financial year (via the S_DEVELOP SAP authorisation object). Specifically, the following accounts:</p> <ul style="list-style-type: none"> • ABSOFT_APPS • ABSOFT_BASIS • DDIC <p>We understood that two of the accounts (ABSOFT_APPS, and ABSOFT_BASIS) belong to third party SAP support, and one account (DDIC) was used for applying patches in the production environment.</p> <p>Risk</p> <p>The assignment of DEBUG access within SAP, allows users to alter system source code and logic directly in the production environment. This therefore potentially allows users to bypass the configured transport route and change controls in place. This increases the risk of inappropriate and unauthorised changes being made to the system.</p> <p>Where this access is granted either for an extended period or to users outside of IT the risk is further increased.</p> <p>As part of our audit testing, we reviewed system records and observed that the account DDIC and PORTALADMIN had not been logged into during the audit period.</p> <p>We also noted that a monthly review on DEBUG access is in place since March 2022. DEBUG access from 01 Nov 2021 were retrospectively checked in the first review.</p>	<p>Management should review the assignment of this access and ensure that DEBUG access is removed from all dialog and service users in the production environment. If this access is required in the future, it should be granted for as short a period of time as possible with a risk assessment completed to identify any required supporting controls.</p> <p>Management response</p> <ul style="list-style-type: none"> • Debug access has now been removed from both Absoft accounts • DDIC is a standard SAP system account that applies upgrades; it cannot be used to log in – account only used for patching and set to a service account; this account hasn't been used since 2019. This account has now been locked.



A. Action plan – IT controls findings - SAP

	Assessment	Issue and risk	Recommendations
2.		<p>Lack of formal process in managing SAP self-assigned access request</p> <p>During our audit, we noted that there was no formal process in managing self-assigned access request within the SAP BASIS team. We observed that users in SAP BASIS team had assigned new access roles to their own SAP accounts. Such accesses were requested and approved verbally without formal documentation. Although audit logging was enabled, there was no proactive log review in place during the year except for DEBUG access.</p> <p>Risk:</p> <p>User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p>	<p>Management should ensure that all access requests are formally documented and approved. Where feasible, logging and monitoring should be extended beyond debug access.</p> <p>Management response</p> <ul style="list-style-type: none"> We will review the process and put in place authorization mechanism – target end December 22
3.		<p>Segregation of duties conflicts between SAP change develop and implementer access</p> <p>During our audit, a segregation of duties conflict was observed for three users (ABSOFT_APPS, BYRNEC and NICHOLSONJ) who are assigned a SAP development key along with ABAP developer access in the development environment (via SAP t-code SE38) and transport access in the production and quality environments (via t-code STMS with S_TRANSPRT and S_RFC authorisations). We also observed that there was no proactive monitoring in place to verify the appropriateness of any developers also implementing their own changes.</p> <p>We reviewed the STMS import history and observed there were 270 transports implemented in production. By comparing the STMS import history from development environment, we noted that no transport was developed and implemented by same user in FY2021/22.</p> <p>Risk</p> <p>The combination of access to develop changes and the ability to implement those changes in production is a segregation of duties conflict that could lead to an increased risk of inappropriate or unauthorised changes to data and programs being made.</p>	<p>Management should review these access assignments to ensure developers do not also have access to transport utilities in the production environment that would allow changes to be implemented.</p> <p>Where management believes for operational reasons, this access cannot be fully segregated a risk assessment should be undertaken and other mitigating controls considered (i.e. periodic monitoring of changes to identify those with the same developer and implementer and verify appropriateness).</p> <p>Management response</p> <ul style="list-style-type: none"> Will remove developer keys from these accounts – end Dec 22

A. Action plan – IT controls findings - SAP

Assessment	Issue and risk	Recommendations
4.	<p>Business user with inappropriate SM19 access (audit log configuration)</p> <p>During our review, we noted that 7 business users, including:</p> <ul style="list-style-type: none"> - Head of Risk, - 2 Audit Managers, - 2 Senior Finance Officers, - Assistant Finance Officer, and - Internal Auditor <p>have the ability to configure audit log (via SAP transactions SM19).</p> <p>Risk</p> <p>Access to audit log configuration (via SM19) within SAP gives users the ability to create, modify or delete audit logs owned and configured by other users. Where this ability is not appropriately restricted, audit logs may not be sufficiently maintained. Sufficient logs may not be available in the event of investigations for error or fraud detection.</p>	<p>Management should review the assignment of this access. Where possible, limit users with these privileges assigned to members of the IT and related support teams.</p> <p>Any users that do not require these privileges in an ongoing manner to perform their job role should have this level of access removed.</p> <p>Where this level of access is required for a specific task or purpose it should be assigned via a Fire Fighter ID.</p> <p>Management response</p> <ul style="list-style-type: none"> • Access to be removed for SM19 (target end September 22)
5.	<p>Inadequate privileged generic user account management</p> <p>During our audit, we observed 5 generic dialog accounts that had privileged access within SAP. Of these, two accounts were used by third party support consultants, while three were managed by the SAP Basis team.</p> <p>We noted that the activities performed via these generic accounts were not proactively monitored by management to ensure they were only used by appropriate individuals and for approved reasons.</p> <p>Risk</p> <p>Activities performed via shared generic accounts may not be linked to specific individuals, eroding accountability. Unauthorised transactions performed via these accounts may not be detected.</p>	<p>Management should consider performing an evaluation of the appropriateness and necessity of the generic accounts identified. This should include consideration of whether:</p> <p>(a) Activity could be performed through individually named users accounts with generic accounts reduced and only used for specific pre-approved activity; and</p> <p>(b) Accounts within the SAP application could be made into 'SYSTEM' user type, to allow them to run batch jobs but not be directly accessible for login.</p> <p>(c) If accounts are obsolete or not-in-use and if they could be disabled or deleted.</p> <p>Management should also consider whether compensating controls could be implemented to mitigate the risk created (i.e. passwords held within a password safe tool with logging of access or proactive monitoring of access with periodic review to validate an appropriate requirement).</p> <p>Where these controls will be owned / operated by external organisations management should consider disabling the accounts and only enable these accounts on need. Activities performed by the third parties should be monitored.</p> <p>Management response</p> <ul style="list-style-type: none"> • This refers to accounts named: SAPSupport & PortalAdmin (service account), DDIC, Absoft (x2) • All these accounts will be kept locked unless required.

A. Action plan – IT controls findings - SAP

Assessment	Issue and risk	Recommendations
<p>6.</p> 	<p>Inadequate restrictions on the production client settings</p> <p>During our audit, we observed the following weaknesses in SAP system configuration related to direct modification in production:</p> <ul style="list-style-type: none"> - The parameter Protection: Client Copier and Comparison Tool was set to “Protection level 0: No restriction”. This allows production data to be overwritten by a client copy from other clients. - The parameter CATT and eCATT Restrictions was set to “eCATT and CATT only Allowed for 'Trusted RFC’”. This allows automated test scripts to be run in the production client via an RFC procedure. <p>Risk</p> <p>Limited or no restriction in direct modification of data in production client and corruption of data if unsafe test scripts are run.</p>	<p>Management should consider reviewing the production client settings and configure them as follows:</p> <ul style="list-style-type: none"> • The parameter “Protection: Client Copier and Comparison Tool ” should be set to “Protection level 1: No overwriting”. • The parameter “CATT and eCATT Restrictions” should be set to “eCATT and CATT Not Allowed” <p>Management response</p> <ul style="list-style-type: none"> • These settings have been implemented (September 2022)
<p>7.</p> 	<p>No formal process for changes in SAP batch jobs</p> <p>During our audit, we noted that there was no formal process to manage the changes in relation to SAP batch changes (via SM36).</p> <p>Risk:</p> <p>A lack of consistent change management processes and controls regarding batch jobs could lead to a loss of data integrity, processing integrity and/or system down-time.</p>	<p>Management should establish a change management policy and associated procedures for changes in relation to SAP batch jobs, to ensure changes are consistently logged, tested, approved and monitored throughout the change lifecycle.</p> <p>Management response</p> <ul style="list-style-type: none"> • Batch jobs are BAU tasks and risks are accepted as normal operating procedures. All access is audited within the system. • A separate process for recording any changes will be reviewed (target December 2022)

A. Action plan – IT controls findings - Northgate

Assessment	Issue and risk	Recommendations
8.	<p data-bbox="212 363 987 419">● Lack of proactive review on appropriateness of activities performed by generic accounts</p> <p data-bbox="349 432 1050 517">We noted that there was no proactive periodic access monitoring, for activities performed by generic administrative accounts in Northgate.</p> <p data-bbox="349 529 1077 614">Although a monthly activity report of account “RB” is produced, and an access log of using this ID is maintained, there was no review on both files to detect any abnormal or improper activities happened.</p> <p data-bbox="349 627 1050 683">In addition, there was no proactive review performed for account “FRC”, another generic administrative account used in Northgate.</p> <p data-bbox="349 735 405 759">Risk:</p> <p data-bbox="349 772 1032 857">Without formal and routine reviews of security event logs, inappropriate and anomalous activity may not be detected and resolved in a timely manner.</p> <p data-bbox="349 869 1066 927">Additionally, unauthorised system configuration and data changes made using privileged accounts may not be detected.</p>	<p data-bbox="1137 363 2145 448">Management should ensure that security event logs are reviewed on a regular basis, ideally by a personnel/ team who are independent of those administrating Northgate and its underlying database.</p> <p data-bbox="1137 461 2040 517">Any issues identified within these logs should be investigated and mitigating controls implemented to reduce the risk of reoccurrence.</p> <p data-bbox="1137 569 1397 593">Management response</p> <ul data-bbox="1137 606 2145 663" style="list-style-type: none"> • Monthly reviews have been scheduled (starting September 2022) and will be carried out by the Team Manager

B. Follow up of prior year recommendations

We identified the following issues in the audit of Kirklees Council's 2020/21 financial statements, which resulted in 5 recommendations being reported in our 2020/21 Audit Findings report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Note 4 Critical Judgements</p> <p>The disclosure note includes items which are not considered material and critical to the compilation of the financial statements and does not fully explain what the judgement itself is. The note should not be a description of the accounting policy.</p>	From our audit work performed, we consider this recommendation to have been substantially addressed in 2021/22.
x	<p>Note 17 Investment Property</p> <p>Investment properties are required to be revalued annually in accordance with the CIPFA Code. At 31 March 2021 there were investment properties totalling £4.7m which had not been subject to revaluation.</p>	Management have not revalued investment properties at 31 March 2022 which fall below their de-minimus value. At 31 March 2022 there were investment properties totalling £3.7m which had not been subject to revaluation.
✓	<p>Note 36 Related Party Transactions</p> <p>We have identified weaknesses in management's arrangements for capturing related party transactions within the Council and for carrying out a full assessment of whether control exists between bodies. The process for capturing Member's interests also requires revisiting, including to obtain confirmation if there is no change from the prior year.</p>	From our audit work performed, we consider this recommendation to have been substantially addressed in 2021/22.
✓	<p>GRNI accruals (Repeat recommendation from 2019/20 – see Appendix B)</p> <p>Audit testing of GRNI accruals identified items that should have been cleared out as paid and should not be reported as creditors.</p>	From our audit work performed, we consider this recommendation to have been substantially addressed in 2021/22.
x	<p>IT General controls</p> <p>A separate IT Audit Findings Report has been produced containing eleven recommendations to improve the design effectiveness of the IT General Controls as they affect the financial statements for the year ended 31 March 2021. Each of the eleven recommendations were agreed with management with actions.</p>	Five of the eleven 2020/21 recommendations were not fully addressed and these matters are repeated at Appendix A.

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Balance Sheet A material adjustment to the Council's share of the West Yorkshire Pension Fund's assets was required following a significant restatement of pension fund assets during the audit of WYPF.	Cr Other Comprehensive Income (£21m)	Dr Pension Liability 21.1m	0
Total	0	£21.1m	0

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit and confirms whether these have been adjusted in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
Note 5 Sources of Major Estimation Uncertainty	The disclosure note inappropriately includes two areas where the estimation uncertainty is not material, in relation to the impairment of receivables and the provision for business rates appeals. Removal of these areas is recommended in order to ensure that material information is not obscured.	X
Note 15 Property, Plant and Equipment	A £19m buildings asset (leisure centre) was transferred at historical cost from Assets under Construction to Other Land and Buildings in March 2022 upon completion of the building. Under the Code this is required to be held at current value, rather than historical cost. Following discussions we are satisfied that the difference in valuation is not material.	X
Note 15 Property, Plant and Equipment	As part of our PPE additions testing we identified an item of expenditure from Q1 2021 that was incorrectly accounted for in 2021/22 and not accrued to 2020/21. This error was extrapolated to an estimated £1.287m understatement in the PPE opening balance as at 1 April 2021. The balance sheet position at 31 March 2022 remains correct in respect of this item.	X
Note 17 Investment Property	Investment properties are required to be revalued annually in accordance with the CIPFA Code. At 31 March 2022 there were investment properties totalling £3.7m which have not been revalued. Management assert that investment properties below £250m are de-minimus and therefore not revalued.	X
Note 32 External Audit Costs	Note amended to reflect the forecast total cost of the external audit £213k (being scale fee of £132k and additional charges of £81k)	✓
Note 36 Related Party Transactions	Locala is to be removed from the table since it has been confirmed that the Council holds no control over the entity.	✓
Note 36 Related Party Transactions	The balance with KSDL should be mentioned in the single entity accounts, as well as the fact that the balance may be credit impaired as at 31/3/22.	✓
Going Concern	We consider it good practice to include an explanatory going concern note in the financial statements.	X
Other information	Some presentational amendments to the Narrative Report and Annual Governance Statement were agreed with management.	✓
Infrastructure assets	Following an update to the Code in November 2022 and Statutory Instrument in December 2022, disclosures have been amended throughout the accounts including Narrative Report, accounting policies and PPE note.	✓

C. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Corporate Governance and Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £m	Statement of Financial Position £m	Impact on total net expenditure £m	Reason for not adjusting
Balance Sheet Bank overdraft should be identified separately on the balance as a liability rather than netted off the cash balance.	0	Dr Cash 3.9m Cr Bank Overdraft (3.9m)	0	Not material and classification only with no overall impact
IFRS 9 adjustment An 'expected credit loss' assessment wasn't made in relation to the KSDL long-term loan. We consider this would be appropriate considering the material uncertainty of going concern reported in the company's accounts to July 2021.	Dr Expense £3.8m	Cr Receivables (long term) (£3.8m)	£3.8m	Not material
Pension Liability A non-material movement was identified following the outcome of the LGPS 2022 triennial revaluation	Cr Other Comprehensive Income (£11.0m)	Dr Pension Liability 11.0m		Not material, estimated
Total	(£7.2m)	£7.2m	£3.8m	Not material

C. Audit Adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2020/21 financial statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting	Impact on 2021/22 financial statements
Balance Sheet Bank overdraft should be identified separately on the balance as a liability rather than netted off the cash balance.	0	Dr Cash 1,059 Cr Bank Overdraft (1,059)	0	Not material and no overall impact	Disclosure matter – not actioned for 2021/22 as £3.935m overdraft reported within note 32 Cash and Cash Equivalents
Note 15 Property Plant Equipment Incorrect accounting entries for surplus assets reclassified from investment properties.	Dr Cost of Services 3,050 Cr Surplus on revaluation of PPE (3,050)	0	0	Not material	No impact as specific to 2020/21
Note 41 Pensions Disclosures An extrapolated error relating to private equity holdings was reported by the WYPF auditor, 12% of which is attributable to Kirklees Council.	Dr Actuarial movement 2,229	Cr Pension Liability (2,229)	0 (Statutory override in place)	Based upon an extrapolation from an error raised in the WYPF accounts and not material	No impact as specific to 2020/21

D. Fees

We confirm below our final fees charged for the audit. We confirm there were no fees for the provision of non audit or audit related services.

Audit fees	Proposed fee	Final fee*
Council Audit	£222,971	£199,471
Total audit fees (excluding VAT)	£222,971	£199,471

*Final fee is subject to PSAA approval. Note there is a reduction in planned fee due to efficiencies of on-site working £5k and reduced Group audit procedures £5k with the demise of KNH Ltd .

The external audit fee agrees to Note 32 of the Financial Statements.

The variation from the PSAA Ltd scale fee is set out overleaf.

D. Fees

Detailed Analysis:

PSAA published scale fee 2021/22	£131,721
Audit of Public Interest Entities	£1,500
Audit of Group Accounts	£5,000
Additional audit procedures arising from regulator challenge	£1,500
Additional audit procedures arising from a lower materiality	£5,000
Enhanced audit procedures for Property, Plant and Equipment	£9,500
Enhanced audit procedures for Pension Liabilities (IAS19)	£4,750
Enhanced audit procedures for Journal Entries	£3,000
Additional work on Value for Money (VfM) under new NAO Code	£20,000
Increased audit requirements of revised ISAs 540 / 240 / 700	£6,000
Additional work required on housing benefit related expenditure	£3,000
Additional work required on infrastructure assets	£2,500
Additional work required on the 2022 LGPS triennial valuation	£6,000
Total audit fees 2021/22 (excluding VAT)	£199,471

E. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the group with an unmodified audit report

Independent auditor's report to the members of Kirklees Council

Report on the Audit of the Financial Statements

Opinion on financial statements

Our opinion on the financial statements is unmodified

We have audited the financial statements of Kirklees Council (the 'Authority') and its joint venture (the 'group') for the year ended 31 March 2022 which comprise the Comprehensive Income and Expenditure Statement, the Statement of Movement in Reserves, the Balance Sheet, the Authority and Group Cash Flow Statement, the Group Comprehensive Income and Expenditure Statement, the Group Statement of Movement in Reserves, the Group Balance Sheet, the Housing Revenue Account Income and Expenditure Statement, the Movement on the HRA Balance, the Collection Fund Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2022 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

E. Audit opinion (cont.)

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Service Director Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority or group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

Our evaluation of the Service Director Finance's assessment of the Authority's and the group's ability to continue to adopt the going concern basis of accounting included a review of the reasons and evidence provided to support the Service Director – Finance's assessment regarding the future continuation of services.



In our evaluation of the Service Director Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Service Director Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Service Director Finance with respect to going concern are described in the 'Responsibilities of the Authority, the Service Director Finance and Those Charged with Governance for the financial statements' section of this report.

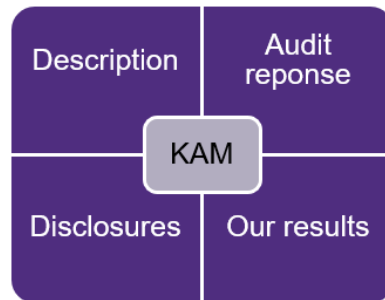
Our approach to the audit

 	Overview of our audit approach
	Financial statements audit
	<p>Overall materiality</p> <p>Group: £15,700,000, which represents 1.25% of the group's gross expenditure on cost of <u>services</u>;</p> <p>Authority: £15,600,000, which represents 1.24% of the Authority's gross expenditure on cost of services;</p> <p>Key audit matters were identified as:</p> <ul style="list-style-type: none"> Valuation of land, buildings, council dwellings and investment property (Authority, same as prior year) Valuation of the net liability related to the defined benefit pension scheme (Authority, same as prior year) <p>Our auditor's report for the year ended 31 March 2021 included two key audit matters for the group that have not been reported as key audit matters in our current year's report. These were valuation of land, buildings, council dwellings and investment property and valuation of the net liability related to the defined benefit pension scheme, which we have deemed to only be key audit matters for the Authority for the year ended 31 March 2022.</p>
Value for money arrangements	
	<p>We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, <u>efficiency</u> and effectiveness in its use of resources for the year ended 31 March 2022. Our approach to this work is set out in the 'Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, <u>efficiency</u> and effectiveness in its use of resources' section of this report.</p>

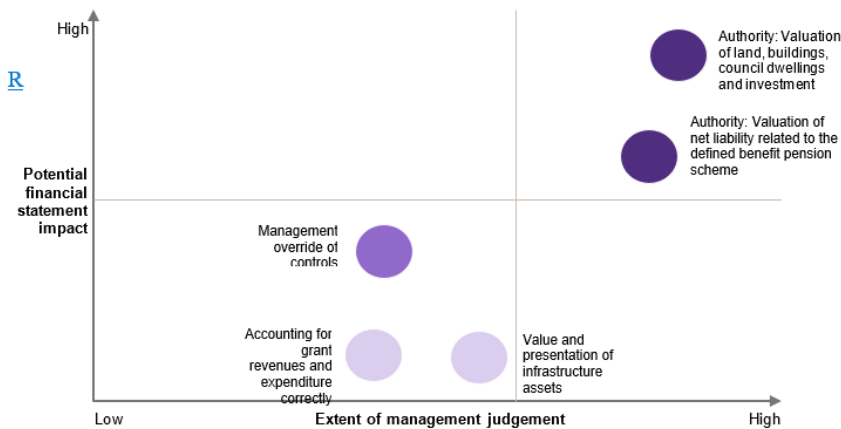
E. Audit opinion (cont.)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the group and Authority's financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.



Key Audit Matter - Authority

Valuation of land, buildings, council dwellings and investment property

We identified valuation of land, buildings, council dwellings and investment property as one of the most significant assessed risks of material misstatement due to error. This is due to the value of the assets and the extent of estimation involved in valuing them.

The Authority re-values its land and buildings on a rolling three-yearly basis to ensure that the

carrying value is not materially different from the current value. The Authority values its council dwellings annually. Investment property is revalued annually at fair value by the Authority's external valuer.

These valuations represent a significant estimate by management in the financial statements due to:

- The size of the numbers involved (£545 million for the Authority's other land and buildings, £784 million for the Authority's council dwellings and £104 million for the Authority's investment property); and
- The sensitivity of these estimates to changes in key assumptions.

Additionally, council dwelling valuations are based on Existing Use Value, discounted by a factor to reflect that the assets are used for social housing. The social housing adjustment factor is prescribed in Government guidance. There is a risk that the Authority's application of the valuer's assumptions is not in line with the statutory requirements and that the valuation is not supported by detailed evidence indicating that the standard social housing factor is not appropriate to use.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2022

- Accounting Policies, Note 1.121, (Property, Plant and Equipment (PPE) Excluding Highways Network Infrastructure Assets
- Note 15, Property, Plant & Equipment.
- Accounting Policies, Note 1.15 Investment Property
- Note 17, Investment Property
- The Narrative Report.

How our scope addressed the matter - Authority

In responding to the key audit matter, we have performed the following audit procedures:

- assessed the design and implementation of controls management has in place to ensure the estimate is accurate and underlying data is complete;
- evaluated management's processes and assumptions for the calculation of the estimate,

the instructions issued to the valuation experts and the scope of their work;

- evaluated the competence, capabilities and objectivity of the Authority's valuation experts;
- challenged the information and assumptions used by the valuers to assess completeness and consistency with our understanding;
- engaged an independent auditor's expert valuer to provide an evaluation of the reasonableness of the assumptions and approach taken by the Authority's valuers;
- confirmed that revaluations made during the year were input correctly into the Authority's asset register; and
- performed indexation on properties not revalued in the year to establish that there was no risk of material movement.

Our results

We obtained sufficient audit assurance to conclude that:

- the basis of the valuation of land, buildings, council dwellings and investment property was acceptable; and
- the assumptions and processes used by management in determining the estimate of valuation of land, buildings, council dwellings and investment property were balanced and reasonable.

E. Audit opinion (cont.)

Valuation of the net liability related to the defined benefit pension scheme

We identified the valuation of the net liability related to the defined benefit pension scheme as one of the most significant assessed risks of material misstatement due to error.

This is due to the value of the liability, which amounts to £760 million for the Authority, and the sensitivity of the estimate to changes in key assumptions.

Relevant disclosures in the Statement of Accounts for the year ended 31 March 2022

- Accounting Policies, Note 1.6 Employee Benefits
- Note 41, Pensions Disclosures
- The Narrative Report

In responding to the key audit matter, we have performed the following audit procedures:

- understood the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluated the design and implementation of the relevant controls;
- assessed the competence, capabilities and objectivity of the actuary who carried out the share of the pension fund valuation;
- assessed the accuracy and completeness of the information provided to the actuary to estimate the liability;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing additional procedures suggested within the report to determine whether estimates are reasonable and consistent with the ranges set by the auditor's expert;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the financial statements with the actuarial report from the actuary; and
- obtained 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 fund assets valuation in the pension fund financial statements.

Our results

We obtained sufficient audit assurance to conclude that:

- the basis of the valuation of the net pension fund liability was acceptable; and
- the assumptions and processes used by management in determining the estimate were balanced and reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality Measure	Group	Authority
Materiality threshold	Overall materiality has been set at £15.7 million which represents 1.25% of the group's gross expenditure on cost of services.	Overall materiality has been set at £15.6 million which represents 1.24% of the Authority's gross expenditure on cost of services.
Significant judgements made by auditor in determining the materiality	<p>The determination of materiality involves the exercise of professional judgement. In determining materiality, we made the following significant judgements:</p> <p>Gross expenditure on cost of services is seen to be the most appropriate benchmark because stakeholders and residents are interested in the level of service expenditure incurred as this is considered public money largely arising from taxation, together with determining the provision of public services to <u>local residents</u>.</p>	<p>The determination of materiality involves the exercise of professional judgement. In determining materiality, we made the following significant judgements:</p> <p>Gross expenditure on cost of services is seen to be the most appropriate benchmark because stakeholders and residents are interested in the level of expenditure incurred as this is considered public money largely arising from taxation, together with determining the provision of public services to <u>local residents</u>.</p>

E. Audit opinion (cont.)

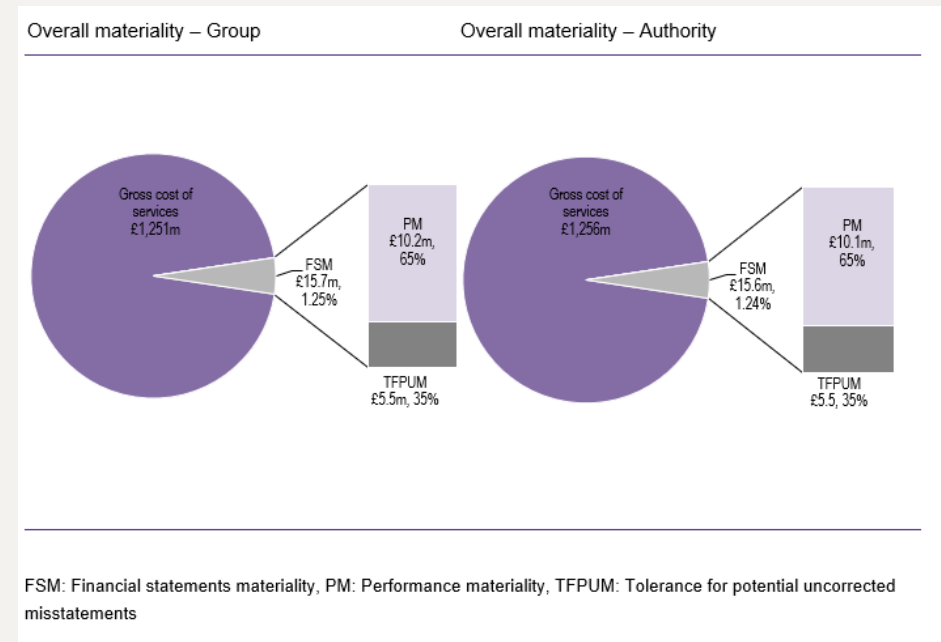
Materiality Measure	Group	Authority
Significant judgements made by auditor in determining the materiality (cont.)	<p>A percentage of 1.25% was selected to apply to the benchmark based upon our risk assessment and the level we considered would be relevant to the users of the financial statements</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 31 March 2021 to reflect the increased expenditure largely relating to the effects of the pandemic on the group's operations.</p>	<p>A percentage of 1.24% was selected to apply to the benchmark based upon our risk assessment and the level we considered would be relevant to the users of the financial statements.</p> <p>Materiality for the current year is higher than the level that we determined for the year ended 31 March 2021 to reflect the increased expenditure largely relating to the effects of the pandemic on the Authority's operations.</p>
Significant revision of materiality threshold that was made as the audit progressed	We calculated materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial materiality based on actual expenditure for the year ended 31 March 2022 and adjusted our audit procedures accordingly.	We calculated materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial materiality based on actual expenditure for the year ended 31 March 2022 and adjusted our audit procedures accordingly.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	

Materiality Measure	Group	Authority
Performance materiality threshold	Performance materiality for the year has been set at £10.1million which is 65% of financial statement materiality.	Performance materiality for the year has been set at £10 million which is 65% of financial statement materiality.
Significant judgements made by auditor in determining the performance materiality	<p>The determination of performance materiality involves the exercise of professional judgement. In determining performance materiality, we made the following significant judgements:</p> <p>Based upon or risk assessment and experience of auditing the financial statements of the group we have determined performance materiality to be 65% of our headline materiality figure. This is an increase from the prior year. This change is largely due to the reduction in the number and value of misstatements identified in prior periods, which we consider reduces the likelihood of errors occurring in the current period.</p>	<p>The determination of performance materiality involves the exercise of professional judgement. In determining performance materiality, we made the following significant judgements:</p> <p>Based upon or risk assessment and experience of auditing the financial statements of the group we have determined performance materiality to be 65% of our headline materiality figure. This is an increase from the prior year. This change is largely due to the reduction in the number and value of misstatements identified in prior periods, which we consider reduces the likelihood of errors occurring in the current period.</p>

E. Audit opinion (cont.)

Materiality Measure	Group	Authority
Significant revision of performance materiality threshold that was made as the audit progressed	We calculated performance materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial headline materiality based on actual expenditure for the year ended 31 March 2022 and adjusted our performance materiality and audit procedures accordingly.	We calculated performance materiality during the planning stage of the audit and then during the course of our audit, we re-assessed initial headline materiality based on actual expenditure for the year ended 31 March 2022 and adjusted our performance materiality and audit procedures accordingly.
Communication of misstatements to the Corporate Governance and Audit Committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£800,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£800,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.



E. Audit opinion (cont.)

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the Authority's business and in particular matters related to:

Evaluating the reasonableness of the valuation of Investment Properties, Council Dwellings and Other Land and Buildings

- The engagement team obtained an understanding of the Authority's property portfolio holding at the reporting date, and the timing and extent of the valuation exercises to be performed by management's experts;
- The Authority's valuation programme did not significantly influence the scope of the audit procedures for Council Dwellings and Investment Property since the Authority followed its stated policy of revaluing its full Council Dwelling stock (£784m at the reporting date) and Investment Property holding (£104m at the reporting date).
- The Authority's rolling triennial valuation programme for other land and buildings did however influence the scope of audit procedures. While a significant proportion of the Authority's other land and buildings were revalued (£216m out of £545m at the reporting date), this left a balance of £329m of assets at the reporting date that had not been valued for at least a year prior to the reporting date. Auditor challenge was therefore required to gain assurance that these assets were reasonably stated in the financial statements;
- The Authority's choice of valuation date of 31 December 2021 meant that specific audit procedures were necessary to evaluate whether the stated valuations were reasonable as at 31 March 2022. Given the level of materiality at £15.6m, against the value of assets subject to revaluation at the reporting date of £1,433m, auditor challenge was required to gain assurance that the valuations were reasonably stated.

Evaluating the reasonableness of the valuation of the net defined benefit pension liability

- The engagement team obtained an understanding of the Authority's approach to obtaining actuarial reports which would allow for a reasonable estimate of the Authority's LGPS net liability at the reporting date.
- The Authority's approach involved the use of estimated pension fund asset returns. This influenced the scope of the audit work since the engagement team was aware that updated information on pension fund asset performance could likely have a material impact on the Authority's net liability. Given the level of materiality at £15.6m against the value of assets subject to market fluctuation of £1,941m (at the start of the year), it was considered a significant source of estimation uncertainty.
- Within the scope of our audit procedures is the evaluation of the work of the pension fund auditor, in respect of the pension fund's reported asset performance; the work of the nationally appointed auditor's expert, in respect of assessing the appropriateness of actuarial assumptions used by the scheme actuary; and the work of the scheme actuary in preparing the IAS 19 calculations and disclosures to be included in the Authority's financial statements.

Understanding the group, the Authority, and its other components, and their environments, including group-wide controls

- The engagement team obtained an understanding of the Authority, the group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group and Authority level;
- The group organisational structure did not significantly influence the scope of the audit as the Authority's finance team was in control of the production of the financial statements, which was not a complex process.

E. Audit opinion (cont.)

Work to be performed on financial information of the Authority and other components (including how it addressed the key audit matters)

- Full scope audit procedures were performed at the Authority..
- Analytical procedures at group level were performed on the joint venture, Kirklees Stadium Development Limited.

Performance of our audit

- Full scope audit procedures were undertaken at the Authority, which represents 99% of the group's total expenditure.
- Obtaining an understanding of and evaluating the Authority's internal control environment, including its financial and IT systems and controls;
- Obtaining an understanding of the consolidation process and testing the consolidation, including the alignment of accounting policies, and the significant consolidation adjustments.

Changes in approach from previous period

- No work was performed on KNH Ltd as it is no longer consolidated into the Group. Specified audit procedures were performed on this entity in the prior year.

Other information

The Service Director Finance is responsible for the other information. The other information comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinion on other matters required by the Code of Audit Practice is unmodified

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

E. Audit opinion (cont.)

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Service Director Finance and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities and Certificate [set out on page xx], the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Service Director Finance. The Service Director Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Service Director Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Service Director Finance is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Corporate Governance and Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

E. Audit opinion (cont.)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972, the Local Government Act 2003, the Local Government and Housing Act 1989, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.
- We enquired of senior officers and the Corporate Governance and Audit Committee concerning the group and Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers and the Corporate Governance and Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the group and Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:

E. Audit opinion (cont.)

- Material year end journals posted by senior and other central finance staff to potentially manipulate the deficit position; and
- Journals posted by users subject to segregation of duties deficiencies as identified in our assessment of the IT environment, and
- Potential management bias in accounting estimates.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that the Service Director - Finance has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material entries posted by senior and other central finance staff around and after the year end;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, council dwellings, investment property and defined benefit pension scheme liability valuations;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA, LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework .

E. Audit opinion (cont.)

Other matters which we are required to address

Public Sector Audit Appointments Limited in December 2017 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ending 31 March 2019 to 31 March 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Authority and we remain independent of the Authority in conducting our audit.

Our audit opinion is consistent with the additional report to the Corporate Governance and Audit Committee.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter except on 14 July 2023 we identified a significant weakness in how the Authority plans and manages its resources to ensure it can continue to deliver its services. This was in relation to the Authority's medium term financial planning arrangements, which risked depleting the Authority's reserves and were not supported by fully developed savings schemes. We recommended that the Authority:

- review the process of setting savings schemes and monitoring these throughout the financial year to build a greater element of contingency and allowance for slippage
- ensure corporate and member oversight and challenge of proposed savings is robust, with responsible managers held to account
- Demonstrate a realistic plan for replenishment of reserves where one-off use is expected to cover budget gaps, to demonstrate a realistic prospect of financial sustainability
- Focus financial planning on reducing reliance on one-off measures over the medium term and consider opportunities to review service delivery
- Ensure that savings plans for future years of the MTFP are developed and discussed with members as soon as possible .

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

E. Audit opinion (cont.)

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit Certificate

We certify that we have completed the audit of Kirklees Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [\[and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited\]](#). Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Jon Roberts, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date:

F. Management Letter of Representation

Grant Thornton UK LLP

2 Glass Wharf

Temple Quay

Bristol

BS2 0EL

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}

Dear Sirs

Kirklees Council

Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Kirklees Metropolitan Council and its subsidiary undertaking Kirklees Stadium Development Ltd for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land, buildings & investment property valuation and pension liability valuation. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the group and Council financial statements:

- a. there are no unrecorded liabilities, actual or contingent
- b. none of the assets of the group and Council has been assigned, pledged or mortgaged
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

F. Management Letter of Representation

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached below. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end and are disclosure misclassifications only. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements.

xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvi. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

xvii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.

xviii. We have communicated to you all deficiencies in internal control of which management is aware.

xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiv. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

F. Management Letter of Representation

Annual Governance Statement

xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxviii The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Corporate Governance and Audit Committee at its meeting on 29 September 2023.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

Appendix – Schedule of unadjusted errors

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Corporate Governance and Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £m	Statement of Financial Position £m	Impact on total net expenditure £m	Reason for not adjusting
Balance Sheet Bank overdraft should be identified separately on the balance as a liability rather than netted off the cash balance.	0	Dr Cash 3.9m Cr Bank Overdraft (3.9m)	0	Not material and classification only with no overall impact
IFRS 9 adjustment An 'expected credit loss' assessment wasn't made in relation to the KSDL long-term loan. We consider this would be appropriate considering the material uncertainty of going concern reported in the company's accounts to July 2021.	Dr Expense £3.8m	Cr Receivables (long term) (£3.8m)	£3.8m	Not material
Pension Liability A non-material movement was identified following the outcome of the LGPS 2022 triennial revaluation	Cr Other Comprehensive Income (£11.0m)	Dr Pension Liability 11.0m		Not material, estimated
Total	(£7.2m)	£7.2m	£3.8m	Not material





Name of meeting: Corporate Governance & Audit Committee
Date: 29 September 2023

Title of report: Annual Governance Statement 2022/23

Purpose of report: To seek approval from the Committee to finalise the draft version of the Statement noted at the 14 July 2023 meeting to accompany the Annual Accounts once approved.

Key Decision - Is it likely to result in spending or saving £500k 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 Director & name Is it also signed off by the Service Director for Finance?	Yes
Is it also signed off by the Service Director for Legal, Governance & Commissioning?	Yes
Cabinet member portfolio	Cllr Catherine Scott

Electoral wards affected: All
Ward councillors consulted: Not applicable
Have you considered GDPR; Yes
Public

1. Summary

- 1.1 The Committee is asked to approve the 2022/23 Annual Governance Statement, which concludes that overall, the governance arrangements remain fit for purpose and in doing so, consider whether the issues raised reflect the state of the governance and control framework during 2022/23 and to date.
- 1.2 The Statement covers the period up until the Annual Accounts 2022/23 are approved. In order to avoid potential timing issues in the compilation of the 2023/24 Draft Statement and to provide a clearer focus with which to monitor management of the Significant Governance Issues identified in the 2022/23 Statement, it is recommended that this be approved and finalised at this meeting. Should the Statement require further revision and update before the Accounts are approved, it is recommended that delegated authority is given to the Chief Executive, in consultation with the Leader of the Council, to do so.
- 1.3 The Statement is a statutory requirement and accompanies the Statement of Accounts in order to provide readers with assurance about the governance

and internal control environment in which they have been compiled and to which they relate.

- 1.4 The Statement has been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements and draws on a number of forms of assurance which have been presented to various parts of the Council during the year, including many to this Committee (e.g. annual activity reports), being principally the Annual Report of Internal Audit, reports by the external auditor, Monitoring Officer and from the performance management framework.
- 1.5 The Statement highlights a number of what are termed 'Significant Governance Issues'. Several of the Issues from the 2021/22 Statement are brought forward in one guise or another, reflecting the wide-ranging nature of the issues and action required. Consideration has been given to a number of potential new issues with the serious financial position of the Council predominating.
- 1.6 The actions and controls the Council is taking are contained within a recommended Action Plan and progress so far is reported later on the agenda, and this will continue via the Executive Team and this Committee during the remainder of 2023/24.

2. Information required to take a decision

- 2.1 The detail was contained within the draft Statement.

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 review of the effectiveness of the internal control and governance arrangements covers all aspects of the Council's operations, including elements of the above, either specifically, indirectly or on a commissioned basis.

4. Consultees and their opinions

- 4.1 The Chief Executive, Strategic Directors, Service Director Legal, Governance & Commissioning, Service Director Finance, Interim Service Director of Finance, Service Director Strategy & Innovation, Head of (Audit &) Risk have commented on the Statement. The Leader has also received the Statement.

5. Next steps & Timelines

- 5.1 The Statement will be incorporated into the published Annual Accounts once approved and progress with implementing the Action Plan will be monitored and reported accordingly.

6. Officer recommendations and reasons

Members are asked to approve the final Statement, and delegate authority to the Chief Executive, in consultation with the Leader of the Council, to make any minor amendments, for example, as requested by the external auditor.

7. Cabinet portfolio holder recommendation

Not applicable.

8. Contact officer

Simon Straker, Audit Manager 01484 221000 (73726)

9. Background Papers and History of Decisions

The 2022/23 Statement is attached.

Draft 2022/23 Statement

2021/22 Statement (as updated in September 2023, under delegated authority granted at its' approval in February 2023, at the suggestion of the external auditor)

Action Plan 2022/23.

10. Service Director responsible

Chief Executive.

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Kirklees Council

Annual Governance Statement 2022/23

September 2023

Overall Conclusion & Opinion

We have considered carefully the effectiveness of the Council's governance framework and have been advised by the Corporate Governance and Audit Committee. We are satisfied that the Council's overall governance arrangements are in accordance with our governance framework and Code of Corporate Governance.

We will continue to enhance our governance arrangements as recommended in the Action Plan that underpins this Statement. We are satisfied that these steps will address the need for improvements that were identified in our review and will monitor their implementation during 2023/24 and beyond in conjunction with the Corporate Governance & Audit Committee.



Signed:

Cllr. Catherine Scott, Leader of the Council



Jacqui Gedman, Chief Executive

Significant Governance Issues during 2022/23

The annual corporate review process has identified and evaluated both progress with addressing ongoing issues from the 2021/22 Statement and some new areas of potential concern. Any of these that meets one or more of the following criteria (suggested by CIPFA / SOLACE) has been regarded as *significant* and included in this Statement:

- A) It undermines / threatens the achievement of organisational objectives.
- B) It is a significant failure to meet the principles of good governance.
- C) It is an area of significant concern to an inspector, external audit, or regulator.
- D) The head of internal audit, one of the statutory officers or the Corporate Governance & Audit Committee (CGAC) has recommended it be included.
- E) It is an issue of public or stakeholder concern.
- F) It is an issue that cuts across the organisation and requires cooperation to address it.

Progress with the Significant Governance Issues in last year's Statement

Our previous Statements recognise that many issues are complex, and sometimes not solely under the Council's direct control. These often take longer than one year to address and some of these have featured in a similar form for a number of years, though some aspects can be resolved during the year. Good governance is about taking actions and making continuous improvement.

It should be noted that due to an unexpected and prolonged delay in the external auditing of the Statement of Accounts for 2021/22, reflecting national issues and performance, the applicability of last Year's Statement overlaps almost the entirety of this one, (April 2022 to September 2023). Where possible each Statement endeavours to delineate between the two financial years, both as regards the governance arrangements that applied and the Issues arising and management response.

Progress has been made since the 2021/22 Statement in addressing several of the issues highlighted last year, and consequently these have been omitted from the current Statement. There has also been a change of focus or circumstance this has resulted in several being combined and revised in this year's Statement.

No.	Governance Issue / Theme	Reason for Inclusion	Direction of Travel / Progress in 2022/23	Further Action Taken and Planned in 2023/24
1	<p>The Corporate Planning process needs further strengthening with improved linkages to both revenue and capital resource allocation and performance measures to ensure delivery of key Council objectives.</p> <p>(A, B, F)</p>	<p>Delivery of key Council objectives could be undermined.</p>	<p>Although work was conducted to ascertain the Administration's priorities, and this was reflected in the budget for 2023/24 approved by Council in March 2023, the challenging financial position meant that it was not possible to create a more robust arrangement that established a Corporate (Council) Plan first, and then developed a budget that expressed the priorities contained therein.</p>	<p>Recognising the challenging financial circumstances, the Council Plan approved by Council in July 2023, focused on the most significant priorities for the Council up to January 2024. A full, robust process to create a new Council Plan, for approval in January 2024 has already commenced. This will work to the principles of a strategic priority-led approach to planning and budgeting. The medium-term financial plan that expresses those priorities and objectives in cost terms, utilising intelligence to establish an operational plan was approved by Council in September 2023.</p>
2	<p>Strengthen and develop Partnership Governance and new relationships.</p> <p>(A, E, F)</p>	<p>Key outcomes require significant input from partners and others.</p>	<p>Although some areas of partnership working have continued to be strengthened, and areas such as the relationships with the West Yorkshire Mayoral Combined Authority, and Integrated Care Boards have been progressing well, there remain some concerns with associated parties at a more local level.</p>	<p>Work closely with the local partnership bodies to ensure that effective service delivery meets prioritised community needs, does not involve cost shifting or shunting, and does not, wherever possible, distort the Council's own policy priorities.</p>
3.	<p>Continue to develop and strengthen the</p>	<p>Having the right structures and</p>	<p>Consideration of proposals to review options around committee structures was completed and</p>	<p>Continue to implement our current governance model with a focus on pre-</p>

No.	Governance Issue / Theme	Reason for Inclusion	Direction of Travel / Progress in 2022/23	Further Action Taken and Planned in 2023/24
	<p>governance arrangements for decision-making and place-based working, including greater clarity to the roles and responsibilities of Members and officers.</p> <p>(B, C, F)</p>	<p>mechanisms in place is key to achieving delivery of the Council's priorities.</p>	<p>approved by Council. The Cabinet and Leader governance model was approved, and a number of recommendations were agreed and are to be implemented throughout 2023/24.</p> <p>Action has been taken to seek to improve member-officer relationships, through a Protocol exercise and various training and awareness sessions.</p> <p>In relation to members working together, there have been changes in the scrutiny process, and at an administrative level, steps taken to ensure that officer delegated decisions are appropriately recorded.</p>	<p>decision scrutiny and improved communication and training.</p> <p>Implementation of Council recommendations from the Democracy Commission.</p> <p>Determine the next steps in the process suggested in the report following the Protocol exercise, so as to continue to promote effective working together between officers and members and indeed all members together too.</p>
4.	<p>Address the health and safety issues raised in connection with housing properties and the complete buildings portfolio, ensuring that management and operational arrangements provide for the health and safety</p>	<p>Work is ongoing to embed innovation and change but it has not yet reached a <i>business-as-usual</i> state.</p>	<p>In respect of the governance of housing services generally a Board has been established, independently chaired, and reporting directly to the cabinet committee, that is meant to address all areas of activity subject to oversight by the government regulator. Steps have also been taken to improve the governance oversight, and operational management of property related matters within the housing function.</p>	<p>Areas of high risk, such as fire safety in high and higher rise residences, and concerns about being sure that damp is addressed remain concerns, though this may be an issue of challenge operationally rather than governance. The uncertainty about the extent of the Government's regulatory regime means that continued flexibility with regard to</p>

No.	Governance Issue / Theme	Reason for Inclusion	Direction of Travel / Progress in 2022/23	Further Action Taken and Planned in 2023/24
	of all Council tenants, employees and residents. (A, C, E)			governance oversight reflecting the regulator expectations may be required.

The previous entries re transformational activity have been subsumed into the existing need to improve corporate planning, and the newly expressed need to strengthen changes in activity and operations to achieve financial savings. Additional effort has made substantial changes to risk management processes; the organisation now needs to learn how to use this to make choices. Governance of employment related areas and the cost-of-living crisis have become a matter for ongoing business, reported through the council's risk management process and general business activity, and new revised policy arrangements look to address counter fraud, bribery and corruption, including new operational arrangements, and improved governance and reporting.

New Issues

The annual review of the effectiveness of our governance arrangements has identified areas of heightened concern, risk, or significant uncertainty that require a corporate response. Where appropriate, these matters have been incorporated into exiting or slightly refocussed Issues brought forward from last year's Statement.

Governance Issue / Theme	Reason for Inclusion	Action Required in 2023/24
<p>1A The Medium-Term Financial Plan shows a significant (minimum) funding deficit of £30m in 2024/25 after assuming £11m savings proposals are delivered in full. Given the significant overspend on the General Fund Budget in 2022/23, with the consequent use of £27m from unallocated reserves, combined with the significant use of unallocated reserves (c£25m) to balance the Council's budget in 2023/24 in addition to a savings requirement of c£19m, the Council has no choice but to identify measures to reduce its net expenditure significantly to maintain a balance budget (and to avoid external intervention). The delivery of c£60m+ of savings in a 2-year period after 13 years of austerity will present a significant challenge for the Council inevitably impacting on its ability to deliver on its strategic objectives. (A, B, C, D, E, F)</p>	<p>Could prevent achievement of any objectives.</p>	<p>Given the structure of the Council's General Fund Revenue Budget in 2023/24, including the use of unallocated reserves totalling £25m (which has reduced reserves to the lower end of what is considered to be an acceptable Minimum Working Balance) and requirement to save c£19m, there are two key objectives - it is vital that all cost/income pressures are contained (which may require additional savings to be identified) so there is no overspend and all savings must be delivered in full. This will require detailed and timely financial and activity monitoring so that, if necessary, early remedial action can be taken if it is considered that either objective will not be achieved. Where such remedial action does not prove effective, consideration may need to be given to implementing some form of spending controls.</p> <p>At the same time, and looking ahead to 2024/25, there will need to be:</p> <ul style="list-style-type: none"> A review of all reserves, earmarked or otherwise, to determine how much of any of those reserves can be moved to unallocated reserves to bolster the Minimum Working Balance (a review of the methodology for the Minimum Working Balance will be undertaken so that is founded on a risk-based analysis (as per CIPFA guidance) of what is needed and not a simple %age of Net Revenue

		<p>Expenditure) and Unallocated Reserves in the event of an overspend in 2023/24;</p> <ul style="list-style-type: none"> • A review of the strength of the Council's Balance Sheet to determine the extent of any assets/liabilities that may have a bearing on the Council's overall financial position bearing in mind the acute financial position of the Council • A review of the Council's Capital Programme with a view to reducing the amount of the Council's Prudential Borrowing given its impact on the General Fund Revenue Budget. In turn, this will necessitate a review of the Treasury Management Strategy not least because the Council, at a time of rising interest rates, is significantly (c£160m) under borrowed with any new borrowing likely to test the viability of projects previously agreed. • A review of the Medium-Term Financial Plan to ensure that it fully reflects both the anticipated income and expenditure of the Council in the period 2024/25 to 2028/29 and is based on a range of sound assumptions. • The early identification of a package of savings proposals totalling a minimum of £30m (this amount may change subject to the matters above) that can be delivered in full in 2024/25 (and indeed, identifying any that can be delivered in 2023/24). This will include assessing the robustness of any such savings proposals to make sure they are deliverable, agreed through the appropriate governance mechanism and implemented as early as possible.
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<p>1B The effective implementation of the “Safety Valve” programme – to address overspending and historic deficit on special education needs (SEND) budgets as part of the Dedicated Schools Grant</p> <p>(A, C, D, F)</p>	<p>Affects the ability to achieve a balanced budget.</p>	<p>The Government has awarded additional grant (both capital and revenue) as part of a ‘Safety Valve’ agreement (over a 5-year period) to seek to address a historical deficit and in year overspending on support for children with additional needs. This activity is focused on increasing sufficiency of provision for children with Additional and Special Educational Needs and Disabilities and therefore involves both significant capital investment in creating a range of additional educational provision to enable children to be educated locally, as well as system-wide transformational changes in how SEND provision is delivered. Given the complexities of the programme and the complexity of need for our children, progress against the expectations that were set in the Safety Value Agreement with the DfE has been slower than anticipated. This has resulted in additional enhanced monitoring taking place with a revised plan to be submitted back to the Department for Education (DfE).</p> <p>Given the continuing dialogue with DfE, there is a clearer understanding of the Council’s plans and a robust plan both in the Childrens and Families Directorate, and, corporately of the need to work with the local area to deliver the plans necessary to reduce the deficit on the High Needs budget and more importantly to provide a service that is financially sustainable within the Dedicated Schools Grant funding provided by the DfE. The programme of work is being overseen by the SEND Programme Board and ultimately by the Executive Team.</p> <p>If the DfE do not allow the Council to continue participating in the Safety Valve Programme, once the statutory override that allows Councils to carry DSG deficits expires (currently planned to be March 2026), the Council would be required to fund any remaining deficit</p>
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		from its own resources at that time. A requirement to charge this to the Council's general fund would create an overspend, impacting on viability of the whole Council which may instigate a s114 report by the Service Director of Finance as Chief Finance Officer.
<p>2A During 2023/24 a number of senior managers have retired or taken up new employment elsewhere, including the Chief Executive, two strategic directors and the Service Director of Finance.</p> <p>(A, C, F)</p>	<p>This may present a significant risk to the Council's ability to respond rapidly to the issues.</p>	<p>The changes referenced here have, in the main, been planned (and therefore known about) for some time. A new Chief Executive starts at the beginning of October. An acting role will replace one of the Strategic Directors, whilst the other strategic director post is expected to be unfilled. Following the unplanned resignation of her short term predecessor, an Interim Service Director of Finance (Section 151 Officer) is now in place, pending the start of the new Chief Executive and a review of the role. The serious financial position does create a particular tension, which needs to be addressed by a positive handover to the new post holders wherever possible.</p>
<p>2B The Council's usage of data and intelligence is not always effective, meaning that it does not always support decisions about efficiency, economy and value for money, as well as creating unintended risks.</p> <p>(A, F)</p>	<p>Strategic decision making should be supported by valid intelligence</p>	<p>Ensuring that there is a structured approach to collecting, handling, processing and disposing of data to ensure that this is not duplicated, delayed or misinterpreted. This relates to all kinds of information; not just the areas that are subject to governance and oversight by the Information Commissioner.</p> <p>In response to this, the Council has in place an agreed Data and Insight Strategy which seeks to address how the Council's collects, stores, uses and deletes data so that there is an organisation-wide consistency in this area. The implementation of the Strategy is at its early stages and is being overseen by the Modern Organisation Board.</p> <p>This Strategy works alongside and in tandem with the Council's Technology and Information Governance Strategies.</p>

A detailed Action Plan sits behind this summary and the Executive Team and Corporate Governance & Audit Committee will monitor progress during 2023/24 and beyond.

Statement Scope

Kirklees Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

Kirklees Council has a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE framework *Delivering Good Governance in Local Government 2016*. A copy of the Code is available from the Monitoring Officer. The current version following annual review can be found at

<https://www.kirklees.gov.uk/beta/council-and-democracy.aspx#your-council>

This Statement explains how the Council has complied with the Code during 2022/23 and up to the date that the Statement of Accounts is approved (September 2023) and thus meets the requirements of the Accounts and Audit Regulations 2015, and the Accounts and Audit (Amendment) Regulations 2020. It provides assurance about the Council's governance framework, including the other entity in the Group Accounts, a joint venture, Kirklees Stadium Development Limited, to enable readers of the consolidated Accounts to be satisfied that arrangements are in place to govern spending and safeguard assets. Where specific improvements and/ actions are ongoing or needed, brief information is provided about the key issues and the main areas of work that have been progressed during 2022/23 and those which are planned or ongoing in 2023/24.

The purpose of the governance framework

Corporate governance is a phrase used to describe how organisations direct and control what they do. For local authorities this also includes how a Council relates to the communities that it serves. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and through which it engages with, leads and accounts to its communities. Effective governance

should enable the Council to monitor the achievement of its strategic objectives and to assess if this has led to the delivery of appropriate services and value for money.

System of internal control are a significant part of any organisations governance framework, designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and provide reasonable, but not absolute, assurance of effectiveness.

The key parts of the governance framework

- A Local Code of Corporate Governance overseen by the Service Director Legal, Governance & Commissioning and the Corporate Governance and Audit Committee, to assess operational practice and behaviour, and prepare this Statement.
- A Council Constitution.
- A Corporate Plan that outlines how officers will seek to run the Council to meet our community commitments and objectives.
- A Leader and Cabinet model of governance.
- A corporate governance, audit and scrutiny process as set out in the Constitution.
- Oversight and delivery of the Council Programme, including several officer boards as described in the Constitution, notably the Children's Board.
- Statutory officer roles performed by the Chief Executive as Head of Paid Service, the Service Director Legal, Governance & Commissioning as Monitoring Officer and the Service Director Finance as Section 151 Officer. The S151 Officer is a professionally qualified accountant and reports directly on financial matters to the Chief Executive as a member of the Executive Team (ET).
- The Monitoring Officer who has responsibility for the Constitution and ensuring the legality of Council actions and decision making.
- The S151 Officer who has responsibility for ensuring that the financial management arrangements conform with all of the governance requirements of the five principles that define the core activities and behaviours that belong to the role in the CIPFA *Statement on The Role of the Chief Financial Officer in Local Authorities (2014)*.
- Codes of conduct defining the standards of behaviour for Members and employees.
- A Counter Fraud, Bribery and Corruption Policy and arrangements that endeavour to comply with the CIPFA Code and best practice.
- A Risk Management Strategy.
- Systems of financial and business internal control.
- An internal audit section, which is compliant with the Public Sector Internal Audit Standards and Code of Ethics.

- Whistle blowing arrangements.
- A complaints system for residents and service users.
- Business continuity arrangements.
- A senior manager to act as the Caldicott Guardian to protect the confidentiality of patient and service-user information.
- A Data Protection Officer reporting directly to the Chief Executive and a Senior Information Risk Officer (Monitoring Officer).
- Arrangements to manage other parts of the Council's (financial) Group. The S151 Officer monitors and reports on the financial effectiveness of the subsidiary and joint venture companies, whose accounts are subject to external audit.

2022/23 Review of effectiveness

Kirklees Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review is informed by several sources including the work of the executive managers, the Head of Audit & Risk's annual report, the external auditor and other review agencies and inspectorates and Member Committees. The Council has four bodies / committees jointly responsible for monitoring and reviewing governance. These are:

- The Executive (Cabinet)
- The Corporate Governance & Audit Committee (CGAC)
- The Overview & Scrutiny Committee; and
- The Standards Committee.

The main parts of the review process are described below:

1. Annual Review of effectiveness of the system of internal control

In accordance with the requirements of the Accounts and Audit Regulations 2015 and Public Sector Internal Audit Standards (PSIAS), the CGAC approved the annual review of the effectiveness of its system of internal control and internal audit. The Head of Audit & Risk's self-assessment of current compliance with the Public Sector Internal Audit Standards & Code of Ethics and revised CIPFA Local Government Application Note 2019, concluded that overall Internal Audit does conform to these Standards and in December 2022, an external assessment

as part of a regional peer review process concluded that Internal Audit “Generally Conforms” to PSIAS, this being the highest level of compliance opinion.

2. Head of Audit and Risk’s Annual Assurance Opinion

Other than in respect of a small number of control issues that have arisen during the year, the Head of Audit and Risk has provided assurance that overall, the Council’s systems of governance, risk management and internal control are generally sound and operate reasonably consistently across Services.

3. External Auditor’s Review

The audit of the Council's 2022/23 financial statements is ongoing and it is hoped these will be complete in time for approval from the November 2023 meeting of the Corporate Governance & Audit Committee.

4. Corporate Governance & Audit Committee (CGAC)

During 2022/23 the CGAC reviewed a number of aspects of the Council’s governance arrangements and noted or approved revisions or made recommendations to Council as appropriate.

CGAC also received assurance from various 2022/23 annual reports such as health and safety, emergency planning and business continuity, information governance and customer corporate standards on complaint handling, and a review of the Ombudsman and Third Stage Complaints received, together with details of the Whistleblowing concerns that have been received.

Recognising the need to ensure that both new and existing members of the Committee have the appropriate support and skills to conduct their role, training sessions are provided at various intervals, and this includes treasury management, over which the Committee has corporate oversight.

The Democracy Commission undertook a piece of work on behalf of the Committee in relation to the committee system proposal motion submitted to Annual Council May 2021. The Commission’s recommendations were approved by the Committee (December 2022) and subsequently Council in January 2023. The recommendations are to be implemented throughout 2023 with a review of the recommendations

set for March 2024. The recommendations continue to retain the Cabinet and Leader model, with some improvements to recognise the key role of the scrutiny function within key strategy formation and in engaging non-cabinet members in the decision-making process.

5 Overview & Scrutiny Management Committee

During 2022/23 the Committee and its four Panels were themselves reviewed following a review of the Council's governance arrangements and key issues faced and strategies and responses to manage these. Revised panels were agreed at Council in May 2023, retaining the same number but changing some of the areas of focus and making one of the ad hoc panels permanent.

6. Standards Committee

During the year the Committee reviewed various aspects of Member conduct and supported the work reviewing the Member Officer protocol.

7 Role of the Chief Financial Officer

The role of the Service Director of Finance (SDF) continues to reflect the governance arrangements set out in the CIPFA Statement, which are required to ensure she is able to operate effectively and perform her core duties as part of the review of the Constitution. The Council's financial management arrangements continue to fully conform to those set out in the Statement.

The SDF and an Internal Audit assessment have confirmed that the Council is compliant with the CIPFA Financial Management Code, although there are some aspects of operations that can be strengthened further in line with recommendations made in the report.

8 External Inspections & Peer Reviews

A central repository of the outcome and future timetable of all external inspections, audits, accreditations and reviews has been established during the year by colleagues in the Policy Team from information provided by Service Directors. Areas for improvement and recommendations to be implemented can be identified quickly and progress monitored accordingly to ensure complete corporate oversight, including any areas that may represent significant governance issues for inclusion herein. All Strategic Directors are set an annual objective of participating in LGA Peer Reviews to ensure organisation learning from best in class.

9 Officer Governance

Officer Boards as prescribed in the Constitution have continued to drive forward the Transformation Programme with strategic oversight from the Executive Team and escalation of appropriate issues, with particular emphasis on revenue budget and capital plan management. These arrangements are subject to both Cabinet and Scrutiny oversight.

10 Significant Partnerships

Partnerships range from joint venture partnerships, thematic partnerships and their subsidiaries to key contractual agreements managing substantial amounts of public money. The main contact officer for each Partnership is responsible for assessment of the governance arrangements and providing details of any significant changes to the membership and circumstances of the partnership. This information is used by senior officers of the Council to assess the potential risk that the partnership presents to the reputation or financial standing of the Council. The Council is continuing to work on a number of areas where arrangements need to be revised to strengthen and embed the governance framework, as identified in the Action Plan for this Statement.

11 Monitoring Officer / Senior Information Risk Owner

Reviewed information governance and security matters as Chair of the Information Governance Board within the context of an internal review of the Board's terms of reference and increasing focus on an enabling and supportive role, as well as wider assurance concerning organisational governance and compliance with the Constitution. A review of the effectiveness of the Member Officer Protocol in the Council's Constitution has commenced.



Name of meeting: CORPORATE GOVERNANCE & AUDIT COMMITTEE
Date: 29th SEPTEMBER 2023
Title of report: UPDATE REPORT OF INTERNAL AUDIT 2023/24

Purpose of report.

To recommend to the Committee, as Audit Committee, a second quarter audit plan, to propose a new format quarterly report, and other changes to the approach re internal audit

Key Decision - Is it likely to result in spending or saving £500k 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?	Yes 19/09/23
Cabinet member portfolio	not applicable

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public with a private appendix

The appendix Ca 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 a proposed audit plan for the second half of 2023/24. It also proposes a new format for the quarterly reporting, on which the Committee is invited to make comments, and notes some other issues.
2. **Information required to take a decision.**
 - 2.1 **Proposed Audit Plan for October 2023 to March 2024**
 - 2.1.1 Traditionally Kirklees internal Audit (and most other internal audit teams within other organisations) have established an annual audit plan at the beginning of each year, based on a long-term risk assessment. This approach is now seen to provide insufficient flexibility for an internal audit team to flexibly respond to the needs of the organisation. Accordingly last April Corporate Governance & Audit Committee approved a half year plan, and a provisional plan for the second half of the year.
 - 2.1.2 Reasonable progress has been made on the first half plan, which included 48 audits (Appendix A) although there have been minor variations, and a slightly revised second half plan is attached at Appendix B for approval. This reflects an ability to deliver based on minor changes to staff capability and also should enable slightly stronger assurance opinion on operating financial systems. The proposed variation to the plan is shown in Appendix Ba. The revised plan would provide for the delivery of 56 audits, providing 100 audits in total by the end of the year. What can actually be delivered depends on staffing availability, progress on work -e.g., not encountering significant problems or delays- and other priority issues that might arise.
 - 2.2 **Proposed new format for the Quarterly Report of Internal Audit**
 - 2.2.1 At the last meeting Internal Audit presented a quarter 1 2023/24 report in the traditional format. The Committee was advised that it was proposed to recommend amendments to the format to modernise it somewhat, slightly increasing the amount of information that was in the public domain.
 - 2.2.2 The revised draft format is included as Appendix C. The proposed main features are a dashboard style set of charts about progress with the audit plan and findings assessments in the period and cumulatively for the year, and a schedule of activity during the period, with the rating outcomes applicable to each planned or substitute audit. Some details- for example- about areas of concerns, will appear in a much shorter private appendix (appendix Ca to this report).
 - 2.3 **Proposed minor change to the rating methodology for internal audits of individual schools.**
 - 2.3.1 Community schools are responsible for their own finances and governance, and these still feature as an important part of the councils audit plan. Historically, the assessment of a school was based on compliance with good practice over a number of areas of governance and financial process. This could mean that school could be rated highly, even if it has a significant or recurrent deficit position but was preparing appropriate reports to inform the governing body about this.
 - 2.3.2 There are concerns (as expressed by Learning Service and Finance) that increasing financial costs and pressures on school could have a wider impact on the council, and that schools that do not have adequate arrangement to address a deficit are at risk.
 - 2.3.3 Accordingly it is proposed to adjust the control assessment arrangements such that notwithstanding how good its other arrangements are, a school that has a current deficit -even if it has a plan to address that deficit- cannot be reported as anything higher than having *adequate assurance*, and a school that has a significant or

persistent deficit, or no plan to address a one off small deficit will be rated as having arrangements that provide only *limited assurance*. A school with no viable plan to address a significant deficit is likely to attract a *no assurance* rating.

- 2.3.4 It is also proposed that the programming of school audit visits will recognise the budget position, albeit all schools will remain subject a review on a 3–5-year basis.
- 2.3.5 The Committee is also asked to note that the annual report relating to RIPA (Regulation of Investigatory Powers Act 2000) was considered by Cabinet on 26th September 2023.

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 (but see 2.3)
- 3.5 **Climate change and air quality**- None directly
- 3.6 **Impact on the finances of local residents**- None directly
- 3.7 **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.

4. **Consultees and their opinions**

There was consultation with Learning and Finance colleagues in relation to rating of school audits.

5. **Next steps and timelines**

- 5.1 To execute the new audit plan and prepare the further 3 quarterly reports consistently with the new format.

6. **Officer recommendations and reasons**

- 6.1 Members are asked to approve the Audit Plan for the second half of the year.
- 6.2 Members are asked to authorise the Head of Internal Audit to make such additions to the plan as are considered necessary in line with ensuring Internal Audit is able to effectively provide corporate assurance and to meet the needs of the organisation.
- 6.3 Members are asked to note the new Internal Audit Quarterly Report format and determine if they would like the format amended or adjusted.
- 6.4 Members are asked to note the adjustment to assessment of individual school audits.

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**

Annual Report of Internal Audit 2022/23 and plans for 2023/24

10. **Service Director responsible**

Not applicable

- Appendix A Approved Audit Plan April 2023 to September 2023
- Appendix B Proposed Audit Plan October 2023 to March 2024
- Appendix Ba Adjustments to the previous draft plan for October 2023 to March 2024
- Appendix C Revised Format Quarterly Report Q1 2023/24 restated
- Appendix Ca A private appendix containing some additional appendix C information.

Appendix A Approved Audit Plan October 2023 to March 2024

Audits 2023/24 April to September

Children

2 x High Schools
10 x Primary Schools
*Residential Care Homes
*Fostering Allowance
SEND IF follow-up
Troubled Families Claims
Capital Grant
RAA Value for Money

Corporate

* Cybersecurity
Third Sector Support
SAP Category Management
NHS Toolkit
*Legal Disbursements
Income Management
NDR Billing
Revenue Write- Offs
Blue Badge Assessment
*CT & NDR Data Validation Follow-Up
** Health and Safety
Healthy Child Follow-Up

All

Service Complaints

Environment

Taxi Licensing Follow-Up
School Transport Follow-Up
Memorial Safety
Cliffe House
School Catering Procurement Follow-up
Meadow Green Catering Income Foll/Up
WYCA Grants

Growth & Regen

Energy Supply Contracts
Rent Setting
HRA Responsive Repairs
HRA Mould/Damp
HRA write-offs

Adults

*EDS Follow-Up
*Care Phones
Domiciliary Care Payments
DOLs
Registration Service
Modern Slavery Follow-Up
**Domestic Abuse Part 2
#Shared Lives
#KICES

Unplanned Audits

Audits b/f from October to March plan

* Moved to October - March plan

** Proposed to be removed from Annual Audit Plan

Appendix B Proposed Audit Plan October 2023 to March 2024

INTERNAL AUDIT PLAN 2023/24	October 2023 to March 2024
<p>Children <u>23</u> 16 x Primary Schools Regional Adoption Agency Follow up. Leaving Care School Exclusion Follow up. School Admissions Troubled Families Claims Fostering Placements In-House Residential Accommodation</p> <p>Corporate <u>14</u> Network Access Performance Management Data Security & Sharing Accounts Receivable Recovery CT Refunds Bank Reconciliation VAT NDR Reliefs & Exemptions Follow up. Payroll Direct Debit Expenditure Revenues Collection & Reconciliation CT Valuation Legal Disbursements Cybersecurity</p> <p>All <u>1</u> Project Management</p>	<p>Environment <u>3</u> Bereavement Income Parks Highways Materials</p> <p>Growth & Regeneration <u>10</u> Temporary Accom 2nd Follow up. Asbestos Management HRA Regulatory Compliance BS Plant & Equipment Follow up. BS Van Stock Follow up. HRA Rent Income HRA Current Arrears Domestic Disabled Adaptations District Heating Local Land Charges</p> <p>Adults <u>5</u> Client Finances Follow up. Gateway to Care Community Languages Follow up. Prevent Personalised Care</p>

Appendix Ba Adjustments to the previous draft plan for April 2023 to September 2023, and October 2023 to March 2024

Audits Proposed for Omission from the Approved Plan April 2023- September 2023

Health & Safety
Domestic Abuse Pt2

Audits Proposed for Omission from the from Draft Plan October 2023-March 2024

Members' Code
Attendance Management Follow up
Mandatory Staff Training Follow up
Lone Working Follow up
Highways Plant & Machinery Procurement
Live Well Kirklees
CQC assurance space (providing a critical friend perspective about the plans)

Additional Planned audits included in the Plan April 2023-September 2024

Childrens- Capital Grants

Audits Proposed for Inclusion additional to those included in the Draft Plan October 2023-March 2024

Direct Debit Expenditure
Domestic Disabled Adaptations
District Heating
Local Land Charges
Revenues Collection & Reconciliation
CT Valuation

Internal Audit & Counter Fraud Quarterly Report

2023/24

Quarter 1 April to June 2023

1. Introduction

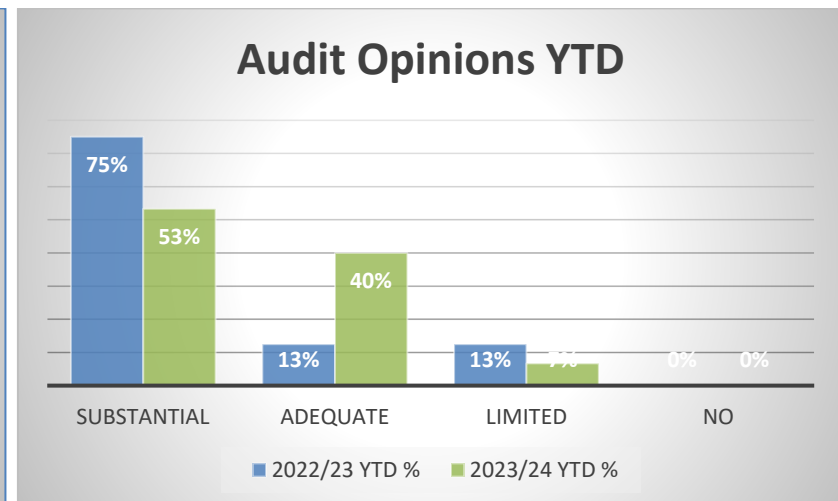
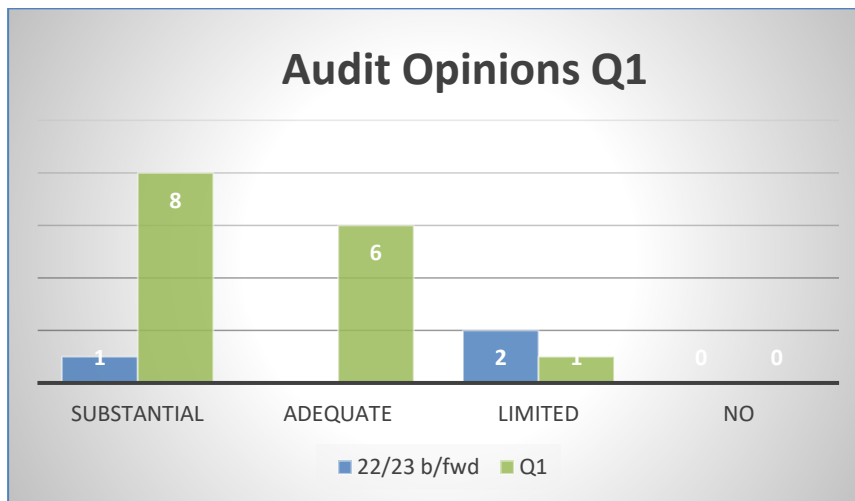
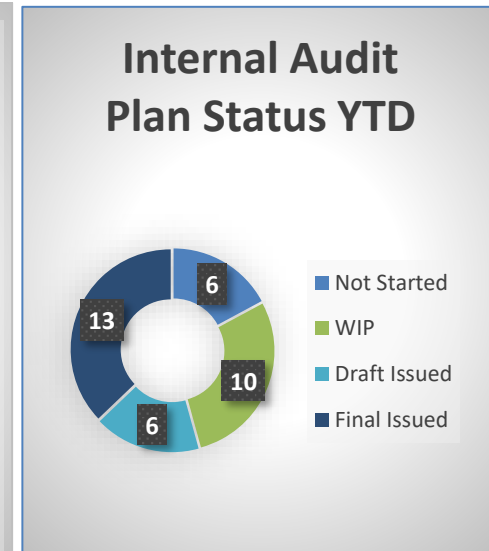
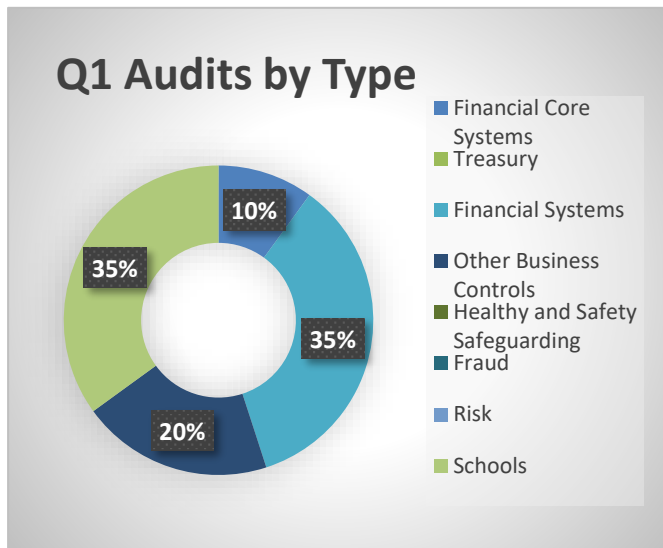
This report sets out the work of Internal Audit completed in the period shown above, including the remainder of work relating to last year's Plan plus that for the current one approved at the April meeting. All work included has reached a finalised state and, except where shown otherwise, management 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.

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 Internal Audit Quarterly Dashboard



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>Financial Systems</u>				
101	Rent Setting	Substantial Assurance		1	
102	Income Management Systems	Adequate Assurance		2	1
	<u>Other Financial System and Process Audits</u>				
103	22/23 Adult Clients' Finances	Limited Assurance – See details below		8	6
	<u>Adult Social Care Operations</u>				
104	Domiciliary Care	Adequate Assurance - Overall contract management of this large area of expenditure was operating well, although arrangements re the use of spot suppliers and seeking more proactive assurance from suppliers about aspects of their processes were two areas of development.		4	3
	<u>Customer and Communities</u>				
105	Registration Services	Adequate Assurance		4	4
	<u>Finance</u>				
106	Non-Domestic Rate Billing	Substantial Assurance		1	
107	Revenues Debt Write-offs	Substantial Assurance		1	2

108	Blue (Parking) Badge Assessment	Adequate Assurance – arrangements for the recover the badges from deceased persons were a concern, albeit they are cancelled on the system which would be noted by civil enforcement officers if they queried a badge's validity.		4	
	Highways & Streetscene				
109	22/23 - Winter Maintenance	Limited Assurance			
	Adult				
110	22/23 - Adult Clients' Finances	Limited Assurance			

NB. There were no major or special investigations to report for this period.

3.2 Business Risk Audits

	<u>Audit</u>	<u>Opinion</u>	<u>Recommendations</u>		
			Fundamental	Significant	Merits Attention
	<u>Legal, Governance & Commissioning</u>				
111	NHS Toolkit Self-Assessment	Substantial Assurance			2

3.3 Follow - Up Audit Work Completed in the Period

	<u>Follow Up Audit</u>	<u>Opinion</u>	<u>Outstanding Recommendations</u>		
			Fundamental	Significant	Merits Attention
112	Environmental Strategy & Climate Change - Taxi Licencing Enforcement	Adequate Assurance			
113	Homes & Neighbourhoods - 22/23 Building Services Procurement of Works	Substantial Assurance			

THE FOLLOWING IS POTENTIAL CONTENT FOR A FUTURE REPORT

	<u>Service</u>	<u>Outstanding Recommendations</u>		
		Fundamental	Significant	Merits Attention

3.4 School Audits

<u>114-120</u>	<u>Substantial Assurance 3</u>	<u>Adequate Assurance 3</u>	<u>Limited Assurance 1</u>
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4 Unplanned and Other Audit Requirements

4.1 Family Support & Child Protection

Stronger Families Programme

The latest Payment by Results quarterly claim has been audited prior to certification by the Director of Finance. Minor adjustment was required to ensure each family's circumstances met the required criteria and was evidenced fully in the claim.

4.2 Finance

Financial Systems Reconciliation

Review of the key financial systems reconciliation with reference to accountability and timeliness at the request of the new Service Director of Finance.

4.3 Legal & Governance

Information Governance Board

Ongoing support to the Board and relevant task and finish groups.

4.4 Corporate

Draft Annual Governance Statement 2022/23

Compilation of the Draft Statement following the annual review of the effectiveness of governance and control arrangements.

POTENTIAL FUTURE CONTENTS: Business Risks and Themes Identified through Audit

<u>Audit:</u>			
<u>Risk</u>	<u>RAG</u>	<u>Identification</u>	<u>Action and Progress</u>
ie. Data sharing error by external partner			

<u>Theme</u>	<u>RAG</u>	<u>Audits where theme was identified</u>	<u>Action</u>
ie. Data integrity			

5 Counter Fraud Work

5.1 Housing and Blue Badge Fraud - FIGURES BEING SOURCED

Investigation Type	Referrals	Ongoing	Closed Prosecutions	Closed No Fraud Proven or Warning Issued	Properties Returned
Right To Buy	35	26		6	3
Tenancy Fraud	4				
Blue Badge	44		12	26	
Other	6				

5.2 Revenue and Benefits Fraud - FIGURES BEING SOURCED

Investigation Type	Referrals	Ongoing	Closed Prosecutions	Closed No Fraud Proven or Warning Issued	
LWP					
Council Tax (SPD)					
Business Rates					
Other					

5.3 Adult Social Care – FIGURES BEING SOURCED

Quarter 1

Referrals Received	Investigations	Pre-Investigations	Safeguarding Only	Yet to be designated	Value Recovered





YTD

Referrals Received	Investigations	Pre-Investigations	Safeguarding Only	Yet to be designated	Value Recovered

6 Assurance Map

This Tableau presents a summary of third line assurance that relates to this year.

	Internal Audit						
Financial Core Systems	101	102					
Treasury							
Financial Systems	113	104	105	103	106	107	110
Other Business Controls	111	112	108	109			
Healthy and Safety Safeguarding							
Fraud							
Risk							
Schools	114	115	116	117	118	119	120

Substantial Assurance	
Adequate Assurance	
Limited Assurance	
No Assurance	

7 Surveillance activities under the Regulation of Investigatory Powers Act 2000

There are none this quarter.

8 Annual Governance Statement Progress with Action Plan

This report will appear as a summary of progress against action plan in the AGS

Proposed Action	Progress So Far

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