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

Samantha Lawton

Governance and Commissioning

PO Box 1720

Huddersfield

HD1 9EL

Tel: 01484 221000

Please ask for: Nicola Sylvester

Email: nicola.sylvester@kirklees.gov.uk

Tuesday 15 April 2025

Notice of Meeting

Dear Member

Corporate Governance and Audit Committee

The **Corporate Governance and Audit Committee** will meet in the **Council Chamber - Town Hall, Huddersfield** at **10.30 am** on **Friday 25 April 2025**.

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 "S Lawton".

Samantha Lawton

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 John Taylor (Chair)
Councillor James Homewood
Councillor Angela Sewell
Councillor Caroline Holt
Councillor Kath Pinnock
Councillor Jane Rylah
Councillor Imran Safdar
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	Green	Labour	Liberal Democrat	Community Alliance	Kirklees Community Independents
D Bellamy	K Allison	M Sokhal	PA Davies	A Anwar	A Arshad
D Hall	A Cooper	M Ahmed	J Lawson	A Zaman	JD Lawson
M Thompson	S Lee- Richards	S Ullah	A Munro	C Scott	
		B Addy	A Marchington		
		M Crook	A Smith		
		E Firth	A Pinnock		
		H McCarthy	A Robinson		
			D Longstaff		

Ex Officio Members

Councillor Cahal Burke
Councillor Bill Armer
Councillor Tyler Hawkins

Agenda

Reports or Explanatory Notes Attached

Pages

1: Membership of the Committee

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

2: Minutes of Previous Meeting

1 - 6

To approve the Minutes of the meeting of the Committee held on the 7th March 2025.

3: Declaration of Interests

7 - 8

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

4: Admission of the Public

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

5: Deputations/Petitions

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

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

6: Public Question Time

To receive any public questions.

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

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

7: Council Meetings - 2025/26 Municipal Year

9 - 12

To consider dates and times for Meetings of Council for the 2025/26 Municipal Year.

Contact: Leigh Webb, Head of Governance.

8: Housing Tenancy Allocation Audit

13 - 20

To receive the Housing Tenancy Allocation Audit Report.

Contact: Janet Sharpe, Interim Service Director, Homes and Neighbourhoods.

9: Informing the Audit Risk Assessment for Kirklees Council

21 - 44

To receive the Informing the Audit Risk Assessment for Kirklees Council report.

Contact: James Anderson, Head of Accountancy.

10:	Minimum Revenue Provision Explanatory Note	45 - 56
	To receive the Minimum Revenue Provision Explanatory Note. Contact: Kevin Mulvaney, Service Director, Finance.	
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11:	Audit progress and sector updates	57 - 80
	To receive the Audit progress and sector updates report. Contact: Grant Thornton.	
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12:	Internal Audit Charter, Strategy & Plan for 2025/26	81 - 130
	To consider the Internal Audit Charter, Strategy & Plan for 2025/26. Contact: Martin Dearnley, Head of Risk.	
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13:	Agenda Plan 2024/25	131 - 132
	To review the Agenda Plan 2024/5.	
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Contact Officer: Nicola Sylvester

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 7th March 2025

Present: Councillor John Taylor (Chair)
Councillor James Homewood
Councillor Angela Sewell
Councillor Caroline Holt
Councillor Kath Pinnock
Councillor Imran Safdar

In attendance: Rachel Spencer-Henshall, Deputy Chief Executive and Executive Director for Public Health and Corporate Resources
Samantha Lawton, Service Director, Legal, Governance and Commissioning
Janet Sharpe, Interim Service Director, Homes and Neighbourhoods
Leigh Webb, Head of Governance
Caroline Myers, Senior Lawyer, Corporate Strategy
Scott Wise, Head of Assets and Development, Homes and Neighbourhood's
Martin Dearnley, Head of Risk (Virtual)
James Anderson, Head of Finance and Accountancy (Virtual)
Gareth Mills, Grant Thornton
Chris Schultz, Grant Thornton

Apologies: Chris Jones (Co-Optee)

1 Membership of the Committee

Apologies were received from Chris Jones (Co-Optee).

2 Minutes of Previous Meeting

3 RESOLVED- That the minutes of the meeting held on 21st February 2025 be approved as a correct record.

3 Declaration of Interests

No Interests were declared.

4 Admission of the Public

All items were considered in public session.

5 Deputations/Petitions

No Deputations or Petitions were received.

6 Public Question Time

No questions were asked.

7 District Heating Update

The Committee received an updated report on District Heating which reflected the findings of the internal audit in June 2024. An internal project group had been formed to create an action plan to address each area of concern and maintain oversight at a senior level. Progress made included:

- Boiler replacement programme across the district heating sites was ongoing,
- Process agreed to obtain monthly metering readings for finance to reconcile against invoices from gas suppliers was ongoing,
- All district heating expenditure and income was now accounted for directly within the Housing Revenue Account,
- A consultant had been commissioned to do a full survey of the heat networks, including an efficiency review of all boiler houses, advising on the new heat regulations and the impact for Kirklees, as well as working to complete the decarbonisation strategy,
- The recalculation of new tariff charges for residents was now complete,
- The Director of Homes and Neighbourhoods signed off Switch2 Extension for a period of 12 months.

During consideration of this item the Committee raised questions around the following:

- The pricing structure for residents who had extensive solar panels installed,
- Timers on boilers to improve efficiencies,
- The energy price cap increases/decreases and how that would impact residents,
- Confirmation that the Housing Revenue Account was not subsidising properties that were not council properties,
- Confirmation that legal obligations had been undertaken regarding subsidising leaseholders in the Housing Revenue Account and the costs being moved out to the General fund account,
- The current position of the Internal Audit actions that were presented to the service,

Janet Sharpe, Interim Service Director advised the Committee that a comprehensive review was required to understand the pricing structure regarding solar panels and to feedback to residents to provide assurance. It was also noted that for energy price cap increases/decreases, prices fluctuated, the service had a duty to demonstrate to residents when increases took place and what the impact would be. If small marginal increase/decreases took place, this would be address in the bill setting for the following year. If it was a dramatic and significant change, an in year change would take place.

Scott Wise, Head of Assets and Development advised that a specialist had been commissioned to do an analysis of costs, and that District Heating remained more efficient than running individual boilers.

RESOLVED-

- 1) That the District Heating report be approved.
- 2) That Officers provide the committee with details on the following:
 - (i) The pricing structure that included extensive solar panels installed,
 - (ii) Confirmation on the legal position regarding the Housing Revenue Account,
 - (iii) Information on how the energy price cap increase/decreases would impact residents,
- 3) That Officers provide a report at a future committee meeting providing full detail of actions against each area identified in the internal audit recommendations.
- 4) That Officers provide a report at a future committee meeting providing full details of the Housing Revenue Account,
- 5) That Officers provide a report at a future committee meeting providing an update on arrangements for management of the operational and financial aspects of the District Heating function.

8 Proposed Revisions to Financial Procedure Rules

The Committee considered a report which set out information on proposed changes to Financial Procedure Rules for the year 2025/26. Various changes included updates to titles and definitions, and detailed arrangements as set out in the appendix and track changed text.

During discussion, the Committee raised concerns over the capital plan potentially being extended to 10 years planning horizon as it was felt that funding could be changed prior to the 10-year period. It was noted that the Chief Finance Officer would recommend to council a Capital Plan for a planning period he considered appropriate, and that the Officer Code of Conduct would be amended to align to the values set out in the Financial Procedure Rules regarding officer gifts and hospitality.

The Committee fed back to officers that ward councillors were not always consulted on Cabinet decision and project changes as they should be. It was noted that Service Directors would be reminded that ward councillors were to be consulted in their draft report as this was part of the final Cabinet report that was taken into consideration.

RESOLVED-That the changes contained within the appendix and track changed document in the proposed revisions to Financial Procedure Rules be approved and recommended to Council.

9 Proposed Revisions to Contract Procedure Rules March 2025

The Committee considered a report providing information on proposed changes to the Contract Procedure Rules due to new procurement legislation effective from 24th February 2025 and to address some inconsistencies in terminology and definitions.

Corporate Governance and Audit Committee - 7 March 2025

The Committee noted that a more fundamental review of the Contract Procedure Rules would be undertaken at an appropriate time once all supporting legislation and guidance relating to the Procurement Act 2023 had been published by the Cabinet Office.

During consideration of this item, the Committee raised concerns regarding rule violations and how the Committee could be reassured that rules in place were checked. It was noted that a key piece of work on contract management was being undertaken and taken through the contract assurance board to set out and to be clear with services how they manage contracts, the principles and training required which was taken as an action from the Value for Money Report. It was noted that an example of the life cycle and process of a contract would be included in the contract management report that this Committee receives at a future meeting.

RESOLVED- That the proposed revisions to Contract Procedure rules March 2025 be recommended to Council for approval.

10 Constitution Updates

The Committee considered the Constitution Update report which included appendices of suggested amendments to update and modernise the Constitution. The Committee noted that it was essential that the Constitution was subject to regular review and amended to ensure that it followed any legal requirements place on the Council and was fit for purpose. The Monitoring Officer had set up a Constitution Working Group, comprised of Officers and Members to review the Constitution and to consider proposed amendments.

During consideration of the report, the Committee commented and made recommendations to the updates relating to attendance of the West Yorkshire Mayor at Council, the wording of motions, Gifts to officers, answers to questions at meetings of Council and Corporate Governance and Audit Committee Terms of Reference.

RESOLVED-

- 1) That the Constitution Update Report be approved with the following amends and recommended to Annual Council:
 - (i) That 5 (6) wording of “where practicable” be reworded
 - (ii) That at 14 (6) wording includes the word or
 - (iii) That gifts in appendix E be amended to less than £25
- 2) That 11 (6) be agreed at Annual Council
- 3) That Appendix B be amended as below:
 - (i) Point 5 to add “to assess the progress made by the council in implementing the recommendations made by the External Auditor
 - (ii) Point 7.1 to add “systems for risk management”
 - (iii) Point 9 to reword to include approval of the recommendation of payments
 - (iv) Removal of point 12
 - (v) Point 14 to include making charity and charitable trust decisions required of the council other than whereas corporate trustees those decisions are those of the Cabinet

11 Councillor and Officer Protocol Update

The Committee considered the Councillor and Officer Protocol Update report which was part of the Kirklees Constitution. Following a project to look at the protocol that involved Members and Officers that was facilitated by external consultant Bethan Evans in May 2023, the protocol had been updated. The general feedback on the existing protocol was that it was largely fit for purpose, but there were some areas that could be improved in terms of outlining more clearly, roles, responsibilities and expectations, as well as any areas of complaint and bringing the document up to date as to current practice.

During discussion of this item, the Committee commented on councillors working together for the people they serve and questioned the quick guide to the Distinct Roles regarding influencing recommendation of reports, and Councillors being friends or a relation to Officers. It was noted that Councillors could not change the recommendation of an Officer and that the wording in What Councillors can expect from Officers was to be looked at and reworded.

RESOLVED- That the Councillors and Officers Protocol be recommended to Council with the following amendments:

- (i) That the Distinct Roles of Councillors be amended to advise that Councillors cannot amend Officer recommendations,
- (ii) That What Councillors can expect from Officers be reworded to consider friendships/relationships between Councillors and Officers.

12 Proposal for the Review of Procurement Practices in accordance with the Council Motion resolved on 13 November 2024

The Committee received a report seeking approval for the scope of the review of procurement practices as resolved in the motion at Council on 13 November 2024. The motion requested that the Council committed to conducting a thorough review of its procurement practices to ensure that goods and consumables sourced from companies directly or indirectly involved in the Gaza conflict were not used. The motion also requested that the Council avoided purchases of goods from Israeli companies illegally occupying Palestinian Territories where it was lawful and practical to do so. It was noted that the Committee had an important role in ensuring the adequacy of the review to ensure that it had appropriate oversight and assurance that procurement practice was undertaken in accordance with applicable legislation.

During discussion, the Committee sought confirmation that the procurement practices referred to Israeli companies in occupied Palestinian territories.

RESOLVED- That the Committee agree to oversee the review of procurement practice to address the motion agreed at Cabinet on 13 November 2024.

13 Agenda Plan

The Committee received updated changes to the agenda plan for 2024/25.

RESOLVED- That the updated Agenda Plan be noted.

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

Signed: Dated:

NOTES

Disclosable Pecuniary Interests

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

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

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

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

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

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

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

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

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

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

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

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



Dates of Council Meetings – 2025/2026 Municipal Year (Reference to Council)

Meeting:	Corporate Governance and Audit Committee – 25 April 2025
Cabinet Member:	Not applicable (Non executive decision)
Key Decision: Eligible for Call In:	No No
Purpose of Report	
To determine dates and times for Meetings of Council for the 2025/2026 Municipal Year.	
Recommendation – That the schedule of Council Meetings for the 2025/2026 Municipal Year be submitted to Council with a recommendation of approval.	
Reasons for Recommendation – To enable the scheduling of forthcoming meetings of Council.	
Resource Implications: The overall cost of facilitating each meeting of Full Council is approximately £1500	
Date signed off by <u>Strategic Director</u> & name	Rachel Spencer Henshall 26.03.25
Is it also signed off by the Service Director for Finance?	Not applicable
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Samantha Lawton 26.03.25

Electoral wards affected: Not applicable

Ward councillors consulted: Not applicable

Public or private: Public

Has GDPR been considered? Not applicable

1. Executive Summary

Council Procedure Rule 2 (1) advises that the dates of ordinary Council Meetings in each Municipal Year will be determined by the Council following recommendations made by the Corporate Governance and Audit Committee.

Council Procedure Rule 5(1) states that there shall be two types of Ordinary meeting of the Council, one which focuses on Holding the Executive to Account, and the other for Key Discussions. No less than four ordinary meetings must be designated as Holding the Executive to Account. Council Procedure Rule 5(6) sets out the requirement that the Elected Mayor of West Yorkshire Combined Authority shall attend at least one meeting each municipal year.

Following the request from this committee to reduce the gap in ordinary meetings of the Council between February and July, dates have been scheduled taking into account the start of the pre-election period for the 2026 elections, which will commence on 12 March 2026. Having the budget meeting revert to February, allows an ordinary Council meeting to be held in March in advance of the pre-election period.

The following dates/times are proposed, all meetings to be held at 5.30pm.

The meeting of Annual Council, scheduled for 20 May 2026, will commence (with a civic ceremony) at 12.30pm.

Date	Council Meeting
2025	
Wednesday 16th July	Holding Executive to Account
Wednesday 17th September	Key Discussion
Wednesday 15th October	Holding Executive to Account
Wednesday 12th November	Key Discussion
Wednesday 10th December	Holding Executive to Account
2026	
Wednesday 21st January	Key Discussion
Wednesday 25th February	Budget Council
Wednesday 11th March	Holding Executive to Account
Wednesday 20th May	Annual Council

2. **Information required to take a decision**
Not applicable
3. **Implications for the Council**
 - 3.1 **Council Plan – Not applicable**
 - 3.2 **Financial implications** – The cost of facilitating each Council meeting is approximately £1500. Any additional meetings would need to factor in this extra cost.
 - 3.3 **Legal implications – Not applicable**
 - 3.4 **Other (eg Risk, Integrated Impact Assessment or Human Resources)**
4. **Consultation – Group Leaders have been advised of the proposed dates.**
5. **Engagement – Not applicable**
6. **Options**
 - 6.1 **Options considered – Not applicable**
 - 6.2 **Reasons for recommended option - Not applicable**
7. **Next steps and timelines** – Subject to approval the proposed dates will be submitted to the Annual Meeting of Council to be confirmed for the 2025/2026 Municipal Diary.
8. **Contact officer – Leigh Webb, Head of Governance**
9. **Background Papers and History of Decisions – Not applicable**
10. **Appendices – Not applicable**
11. **Service Director responsible – Samantha Lawton (Service Director – Legal, Governance and Commissioning)**

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REPORT TITLE: HOUSING TENANCY ALLOCATION AUDIT

Meeting	Corporate Governance and Audit Committee
Date	25 th April 2025
Cabinet Member	Cllr Moses Crook Deputy Leader and Transport and Housing
Key Decision - Eligible for Call In	No
Recommendations	
The Corporate Governance and Audit Committee is asked to note the content of the report and progress made against recommendations	
Resource Implications	
N/A	
Date signed off by <u>Executive Director</u> & name	Janet Sharpe – Interim Service Director Homes and Neighbourhoods.
Is it also signed off by the Service Director for Finance?	NA
Is it also signed off by the Service Director for Legal Governance and Commissioning?	9 th April 2025

Electoral wards affected: All
Ward councillors consulted: No
Public or private: Public
Has GDPR been considered? Yes

1. Executive Summary

- 1.1 A previous audit of Tenancy Allocations (report ref: IA/KNH/0621) was carried out in November 2020 and received a ‘Substantial Assurance’ audit opinion. It should be noted that the previous audit focused on the choose ‘n’ move allocations, and did not include the other areas of tenancy allocations that have been expanded on as part of this review.
- 1.2 The audit of Tenancy Allocations was undertaken as part of the Homes and Neighbourhoods (H&N) 2024/25 Audit Plan. The focus of the audit included:
- Compliance with the Allocations Policy in respect of successions, introductory tenancies, choice-based lettings, transfers, mutual exchanges and discretionary lets (e.g. management, hard to let, decants)
 - The efficiency and effectiveness of service performance and key controls
 - The reasons for any discretionary changes in banding if found during testing and
 - that a documented audit trail is in place for all lettings and investigate any disparities where this is not the case

The scope of the audit included:

- Review of service arrangements in place,
- Review systems and processes currently in place and are consistent, transparent, fair and timely,
- Ensure Council houses are allocated in line with the Council's Allocation Policy,
- Ensure a clear audit trail for all lettings,
- Assess overall internal control environment for any associated risks financial/non-financial,
- Review fraud risks and mitigations.

- 1.3 All audit work was undertaken through discussions with key officers, the review of procedures, training documentation, data reporting and relevant internal and external data.
- 1.4 The additional areas of tenancy allocation incorporated successions, introductory tenancies, choice-based lettings, transfers, mutual exchanges and discretionary lets (e.g. management, hard to let, decants).
- 1.5 This was requested by HN due to concerns from senior management relating to a lack of both management oversight and scrutiny of processes. It was shared by the service that these areas were open to control risks and were critical to this review.
- 1.6 The audit report made findings in four areas where a "Limited Assurance" opinion was given (Succession, introductory tenancies, Mutual exchange, Management lets) 'Substantial Assurance' opinion was given for Choice Based Lettings, giving an overall limited assurance opinion. Tenancy transfer was not subject to audit as a part of this assessment, and is being pursued as a part of the 2025/26 audit plan. (alongside an independent assessment of progress with these recommendations).
- 1.7 It was agreed that most areas of assessment would be completed by October 2024, a small number by December 2024, and several which would be addressed when the new computer system CX was implemented (at that time, June 2025, but now autumn 2025). The overall audit opinion was of '**Limited Assurance**' and 26 recommendations were made. The recommendations along with progress updates are listed below.

2. Current Position & Overall Progress

- 2.1 Recommendation 1 - The existing 'Succession' and 'Use and Occupation' Standard Operating Procedure (SOP) guides and other SOPs reviewed should be amended by the Service to reflect the detailed processes and procedures that need to be undertaken by HO and Managers. This would strengthen training resources, establish best practice and ensure measures in place are effective and efficient for service continuation whilst also minimising the risk of maladministration.

Response - As part of the implementation SOPs have been produced for the processes identified in this audit for Housing Management and to support the CX Training Programme. **This work was completed in December 2024.**

- 2.2 Recommendation 2.1 - A report should be provided by Income Management Team to Housing Management which would prompt regular reviews and increase transparency for a more effective audit trail. A focus should then be placed on all those accounts with arrears accumulating (beyond 5 weeks).

Response - A weekly balance report is provided to Housing Managers. A bi-weekly meeting has been established between Income and Housing Management to review and monitor accounts. A Housing Manager has been allocated to work through historic use and occupation accounts. This includes improving transparency of accounts through a T-Card system. **This action was completed in September 2024**

- 2.3 Recommendation 2.2 - Income Management officers should also be included as part of the Granicus (housing information system) process which would enable capturing any potential income losses at the earliest point prior to individuals being setup with a use and occupation account.

Response - Housing Managers have been briefed on the recommendations and are aware to of the importance of working with Income Officer and to ensure that referrals to the Money Advice Team are required in all Use & Occupation cases. Monitoring will be undertaken by Service managers in bi-weekly meetings. **This action was completed in September 2024.**

- 2.4 Recommendation 2.3 - Management must also ensure that arrears write off procedure are followed in accordance with Financial Procedure Rules (rule 11).

Response - This is already embedded within the Write Off Procedure. **This action was completed in September 2024**

- 2.5 Recommendation 3.1 - The Service should ensure succession approvals and important tenancy documentation are complete and signed by the Housing Management Officers and appropriate level of management and stored consistently on Contact Manager to maintain a complete and reliable audit trail.

Response - Housing Managers have been briefed on the recommendations and are aware that the checklists for use & occupation/succession/mutual exchanges need to be followed and updated within the Contact Manager system. The dip sample and audit of cases bi-weekly by the Service Managers will provide assurance that actions are being completed. **This action was completed in September 2024**

- 2.6 Recommendation 3.2 - Ensure key notes are maintained on Housing spreadsheets for Use and Occupation accounts should be cross referenced and considered as part of the final decision-making process for succession approvals.

Response - Bi-weekly review meetings ensure cases are progressing, and all information held is used to inform decision making. **This action was completed in September 2024.**

- 2.7 Recommendation 4 - Housing Management should create a log of all management let requests declined (subject to evidence required) which should be reviewed by HO's on a weekly basis for properties within their patch and serve as a reminder to ensure a timely account review and administration.

Response - The Succession and Use & Occupation process devised for the CX Housing Management system will track cases. All cases will be referred to the Housing Manager within the system and this will contain all information relating to the case. This will provide a clear audit trail. **This will be completed on in September 2025 when CX goes live.**

- 2.8 Recommendation 5.1 - Housing Management Officers should encourage occupants to bid more frequently (reiterate maximum bids per week entitlement) and consider private rental

accommodation or housing associations to ensure bidding actively in line with the Allocations Policy.

Recommendation 5.2 - A regular review of choose n move activity through a report monitoring all temporary use and occupation accounts and durations would provide more effective oversight and make the service more efficient in taking timely action on accounts with inactive bidders.

Response 5.1 & 5.2 The implementation of dip sampling cases bi-weekly by Service Managers will ensure that actions are taken in a timely way ahead of CX implementation. **This will be completed in September 2025 when CX goes live.**

- 2.9 Recommendation 6 - A post-implementation review of the new CX Housing Management system will need to be carried out by audit once embedded and established by the Service. This will enable key controls, processes and reporting functions to be tested and assess if the new system controls are fit for purpose.

Response - The service has requested that an audit is carried out in 2026 post CX implementation. The audit team have confirmed the audit has been included in their forward plan. **This action was completed in September 2024**

- 2.10 Recommendation 7 - A tenancy call and visit should be scheduled at least 3 months prior to the date of securing a tenancy to provide the Service with a last opportunity to review the tenancy and CM account details and determine whether to proceed with an ASB warning/notice or refer to the Officer Review Panel to extend the introductory tenancy period by 6 months. System-based calendar prompts should be explored (in CM and eventually CX) as reminders for regular reviews required by Housing Management Officers.

Response - This action has been completed as Housing Managers have been briefed on and now have access to a tenancy spreadsheet. This will enable them to filter out data for Introductory Tenancies and will support them to prioritise teams workloads and ensure tenancies within 8 months of tenure are fully scrutinised to ensure they do not turn secure when there are breaches of tenancy such as ASB and Rent Arrears. **This action was completed in October 2024**

- 2.11 Recommendation 8 - The Housing Management Spreadsheet and 'new tenancy visit' tab should be formatted to include RAG rating performance indicators and an end date for the introductory tenancy to prompt HOs and Management to prioritise more urgent reviews nearing the end of the introductory period and to review if an extension is required or not.

Response - Housing Managers have been briefed on and now have access to a Tenancy spreadsheet. This will enable them to filter out data for Introductory Tenancies and will support them to prioritise teams workloads and ensure tenancies within 8 months of tenure are fully scrutinised to ensure they do not turn secure when there are breaches of tenancy such as ASB, Rent Arrears. **This action was completed in September 2024.**

- 2.12 Recommendation 9 - The Income Management Team should produce a report for Housing Management to show the debts accumulating for introductory tenancies and any issues with tenants which would help the Service improve prioritisation of Housing visits and inspections on patches.

Response - Housing Managers now receive the weekly report. **This action was completed in September 2024**

- 2.13 Recommendation 10 - A training refresh should be provided to Housing Management Officers on accurate and consistent administering of the Housing Management spreadsheet which would lead to more effective management reporting and data insights.

Response - A training session has been held for Housing Managers who have been instructed to update staff in team meetings. The fortnightly checks by Service Managers will provide assurance that information is being logged correctly. All findings will be shared with Housing Managers in 1-1's. **This action was completed in October 2024**

- 2.14 Recommendation 11 - New tenancy visit timescales should be considered for three to four week scheduling following sign up to a new introductory tenancy. This may mitigate the delays presently experienced and reported on the Housing Management Spreadsheet. If agreed, this should also be reflected in the new tenancy agreement terms and SOP/guidance for tenancies.

Response - The performance spreadsheet includes new tenancy visits and a column has been added to ensure Housing Managers are satisfied of rationale for no access for new tenancy visits. **This action was completed in October 2024**

- 2.15 Recommendation 12 - Names of HOs and Management (printed and signed on key forms/ checklist and approval documentation e.g. Tenancy Agreements/decisions forms) should match on all agreements and forms requiring authorisation and date input accuracy as a key control.

Response - The forms used for housing management processes are under review and being updated to ensure they reflect the new processes devised for the CX system. Where possible names of individual officers will be printed on forms/ checklists, but as officers from different teams are responsible for various stages of the letting and sign-up process, having one officers name on each document is not possible. Where it is, officer's details will be populated on forms/letters to assist the tenant with contact and to provide a clear audit trail of who has been involved. Refresher training will be arranged for HMO's and HM's and key messages around the accuracy of recording information will be raised. **To be completed in September 2025 as part of CX implementation.**

- 2.16 Recommendation 13 - The new tenancy visit tab on the Housing Management spreadsheet should be updated to include the 'tenancy agreement reference' number and/or tenant's details to ensure transparency for a reliable and complete audit trail.

Response - The Housing management spreadsheet includes tenancy agreement reference, and a column has been added to ensure Housing Managers are satisfied of rationale for no access for new tenancy visits. **This action was completed in September 2024**

- 2.17 Recommendation 14 - The mutual exchange process should be reviewed with IT support to restore the email function and address any other system issues to better support Housing Management Officers.

Response - There has been a long-standing issue in the way Contact Manager integrates with email that cannot be resolved via the software as this is purely a compatibility issue

between Outlook, versions of Windows operating system and Contact Manager itself. **This will no longer be an issue when CX is implemented in September 2025.**

- 2.18 Recommendation 15 - The mutual exchange checklist should be reviewed for the home visit to ensure checks are relevant. The Service should confirm that a process is in place to review and initiate any improvements noted to prevent any potential delays to other HN team's actions.

Response - The Mutual Exchange checklist has been revised and update to align with the new process devised for the CX system. The new process will trigger actions for each of the HMO's managing the exchange. This will avoid delays and will be in view of the HM for monitoring purposes. Although CX will not be implemented until June September, the new Mutual Exchange checklist can be rolled out to staff to assist them in gathering information to support a request. **To be completed September 2025**

- 2.19 Recommendation 16 - Management should update the existing procedure to include key controls such as a quality assurance process e.g. random monthly sample review of checklists and a management review and authorisation of all mutual exchange requests and other relevant requests e.g. management lets and decants.

Response - Bi-weekly meeting established between Income and Housing Management to review and monitor actions. Allocated a Housing Manager to work through historic use and occupation accounts. This will also include the dip sample and audit of mutual exchange/succession/use and occupation cases. This includes improving transparency of accounts through a T-Card system. **This action was completed in September 2024**

- 2.20 Recommendation 17 - Management should reiterate to officers the mutual exchange process requirements and importance of applying notes on Contact Manager for a more efficient and reliable audit trail.

Response - The revised Mutual Exchange checklist will be rolled out to staff to support guidance through the process. **This action was completed in October 2024**

- 2.21 Recommendation 18 - Management should remove the tab for recording management lets on the Housing Management spreadsheet. The Decant and Management Let Panel spreadsheet should be administered accurately and consistently to mitigate the risks of human error or lack of data integrity.

Response - The recommendation made to remove the management let tab from the Housing Management spreadsheet was completed at the time of the audit. **This action was completed in September 2024**

- 2.22 Recommendation 19 - The Allocations Policy document should be updated to provide an overview of the Management Lets and Decants processes.

Response - This recommendation was shared with the Allocations Review Group in September. It has been logged as a proposed amendment and will be taken forward for consideration. **This action was completed in September 2024**

- 2.23 Recommendation 20 - The Service should create a record / register of decisions made which would enhance transparency and accountability on decisions and provide additional reporting insights for management.

Response - A spreadsheet is now in place and it provides details of all decisions made for management lets and decants on a secure teams site. This will enable the extraction of data for reporting purposes. **This action was completed in October 2024**

- 2.24 Recommendation 21 - The management let and decants panel attendance should be reviewed and reduced to one North or South representative from each area (on weekly rotation) which will generate a resource and time-saving efficiency.

Response - The housing manager for Empty Homes in the South was undertaking training and required support of the other manager in the meetings. The panel is now covered by one manager. **This action was completed in October 2024**

- 2.25 Recommendation 22 - The management let panel members should administer the decisions made, on Contact Manager accounts, instead of Housing Management Officers to ensure appropriate segregation of duties and effective management oversight. Decision outcome emails should still be sent by the panel to Housing Management Officers to be aware of outcomes.

Response - It has been agreed that management let decisions will be logged in Contact Manager, and Housing Managers /Housing Management Officers will continue to be emailed with the outcome of the referral of the decision made by the panel. **This action was completed in September 2024**

- 2.26 Recommendation 23 - The Service should consult with IT to review the access rights of all Housing staff including Management to ensure these are further restricted if necessary or prompt a management approval before changes can be made.

Response - Access rights to information within the Contact Manager system is strictly authorised by the member of staff's team manager. In addition to this all staff are required to complete mandatory data protection training and this provides advice about not accessing information unless they have good cause to do so. When staff move onto CX they will be set up within the system with access rights to only certain levels of data, dependent on their role. In the CX system, processes where decisions need to be made by the housing manager are allocated to them for authorisation prior any to changes being made. **This action was completed in October 2024**

- 2.27 The table below provides a summary of progress against recommendations made.

Status	26 Recommendations Made
Completed Actions	22
Outstanding/Partially Completed Actions	4 (Rec 4, 5.1, 5.2 & 12) All relating to the implementation of CX

3 Implications for the Council

3.1 Council Plan

Completion of the actions against the recommendations made supports the Council Plan and will ensure that we operate efficiently and effectively, and get the basics right with robust systems, processes, and governance.

3.2 Financial Implications

Kirklees Council must ensure that it is making the best use of its housing stock. If properties are not allocated in line with the Allocations Policy, there is a risk that those in the most need may need temporary accommodation at a significant cost to the Council.

3.3 Legal Implications

We are under a legal duty to only allocate housing to 'eligible persons' as set out in chapter three of the Governments 'Allocation of Accommodation – Guidance for Local Authorities.

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

N/A

4. Consultation

N/A

5. Engagement

N/A

6. Options

6.1 This report is to provide an update on the Tenancy Allocations Audit actions against the recommendations made.

7. Reasons for recommended option

7.1 No options recommended.

8. Next steps and timelines

8.1 Further audit to complete assessment of all areas and check the implementation. In due course to follow up recommendations that relate to the implementation of the CX IT system

9. Contact officer

Lisa Ramsden, Head of Housing Management and Partnerships. Tel: 07734435026 or Email: lisa.ramsden@kirklees.gov.uk

10. Background Papers and History of Decisions

10.1 Internal Audit Review: Tenancy Allocation KC/0825

11. Appendices

11.1 None

12. Interim Service Director responsible

Janet Sharpe for Homes & Neighbourhoods

Tel: 01484 221000 ext. 78709 - Email: janet.sharpe@kirklees.gov.uk



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

Meeting:	Corporate Governance and Audit Committee
Date:	25 April 2025
Cabinet Member (if applicable)	N/A
Key Decision Eligible for Call In	No – n/a
Purpose of Report The report updates Members on the final accounts and audit processes for 2024/25.	
Recommendations For Corporate Governance and Audit Committee to agree the risk assessment document, and for it to be formally submitted to Grant Thornton. Reasons for Recommendations To provide the requested information to the external auditors (Grant Thornton).	
Resource Implications: N/A	
Date signed off by <u>Executive Director</u> & name	N/A
Is it also signed off by the Service Director for Finance?	Kevin Mulvaney – 08/4/2025
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Sam Lawton – 08/04/2025

Electoral wards affected: N/A

Ward Councillors consulted: N/A

Public or private: Public

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

1. Executive Summary

- 1.1 The Council's external auditor Grant Thornton (GT) has asked that council officers complete the attached 'Inquiries of management and those charged with Governance' (Appendix A), which consists mainly of a schedule of questions (from GT) and management responses (from KMC officers).
- 1.2 These relate to the following topics:

General Enquiries of Management
Fraud
Laws and Regulations
Related Parties
Going Concern
Accounting Estimates
- 1.3 External Audit will use these assurance letters to support their overall opinion on the Audited Statement of Accounts and Annual Governance Statement which will be presented to this Committee for approval by 30 November 2025.
- 1.4 The auditors want this committee to affirm that they believe these assertions to be true (or have no reason to believe that they are untrue).
The documents are attached.
- 1.5 The structure of this report begins with an executive summary, followed by a range of Appendices. The reader will need to review these collectively in order to be informed of the overall consequences and implications.

2 Information required to take a decision

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

3 Implications for the Council

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

4 Consultation

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

5. Engagement

N/A

6. Options

6.1 Options considered

N/A

6.2 Reasons for recommended option

N/A

7. Next steps and timelines

The auditors will consider the responses and use this in providing their opinion on the Audited Statement of Accounts and Annual Governance Statement which will be presented to this Committee for approval by 30 November 2025.

8. Contact officer

James Anderson Head of Accountancy

9. Background Papers and History of Decisions

None

10. Appendices

Appendix A: Informing the audit risk assessment for Kirklees Council 2024/25

11. Service Directors responsible

Kevin Mulvaney

01484 221000

Sam Lawton

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Kirklees Council

Year ended: 31/03/2025

Inquiries of management and those charged with Governance

Purpose

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

Background

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

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

Communication

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

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

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

General inquiries

<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2024/25?</p>	<p>Demand led pressures within Children’s Services, Home to School Transport, Temporary accommodation and the High Needs block. Increased cost of borrowing, although mitigated by capital plan slippage and the delivery of budgeted savings.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Kirklees Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>Accounting Policies are reviewed annually for continuing appropriateness. Updates are made as necessary to bring into line with Code requirements</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>No complex financial instruments are used. See Stat Accounts disclosures</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No</p>
<p>5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?</p>	<p>No</p>
<p>6. Are you aware of any guarantee contracts? If so, please provide further details</p>	<p>See Contingent Liabilities working paper</p>
<p>7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details</p>	<p>See Contingent Liabilities working paper</p>
<p>8. Other than in house solicitors, can you provide details of those solicitors utilised by Kirklees Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?</p>	<p>Solicitors instructed are primarily selected from the WYLAW and other suitable framework panels of solicitors or through other PCR compliant procurement methods and a panel of insurance specialist lawyers chosen by or in agreement with our insurers. A small number of Council services instruct external solicitors directly in relation to debt recovery matters. See working papers for details as to those external solicitors used.</p> <p>There are ongoing matters that relate the previous financial years. See year-end working papers.</p>
<p>9. Have any of the Kirklees Council’s service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>No</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>Treasury Management (Arlingclose) and Tax advice (PWC for VAT). Ad hoc advice re KSDL and the PPP (Public Private Partnership) exit for Almondbury (PWC).</p>

11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Yes, detailed year end working papers will show any provisions.
Fraud inquiries	
12. Has Kirklees Council assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do The Council's risk management processes link to financial reporting?	There are limited areas where accounting judgements and estimates are used. These areas are identified and reviewed in conjunction with the external auditor, to mitigate the risk. The council has a routine internal audit plan designed to provide assurance a part of which is assessment of fraud risk. Fraud risk assessments exist for most activities. IA and its fraud team investigate customer fraud, internal and supplier fraud. Details reported through CGAC Risk management processes identify and look to mitigate risk. Corporate risk matrices are created by senior managers, approved by Cabinet and council and linked into the budget making process at Budget Council. In year activity risk monitoring is undertaken by executive leadership team, Cabinet (Executive Board) and Scrutiny, alongside discussion of performance and budget monitoring. Risk forms part of the annual budget process and the resulting annual Council budget report.
13. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	Treasury management –borrowing; (high risk high control) Customer fraud- means tested activity Cash fraud Mandate fraud (payment fraud subset) Housing Tenancy fraud- RtB, unauthorised occupancy Supplier fraud/(Collusion with officers)
14. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Kirklees Council as a whole, or within specific departments since 1 April 2024? If so, please provide details	None of a material basis (minor issues re petty cash and payroll). Issues would be investigated by IA and reported to CGAC if seen as “routine”. A very significant fraud would be reported through senior management, Cabinet and Council on an urgent as appropriate basis.
15. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Issues would be investigated by IA and reported to CGAC if seen as “routine”. A very significant fraud would be reported through senior management, Cabinet and Council on an urgent as appropriate basis Fraud risk panel recently established to ascertain and address fraud risk

<p>16. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Kirklees Council where fraud is more likely to occur?</p>	See above
<p>17. What processes do Kirklees Council have in place to identify and respond to risks of fraud?</p>	<p>The council has a routine internal audit plan designed to provide assurance a part of which is assessment of fraud risk. IA investigate internal and supplier fraud. There is a fraud team that investigates customer fraud.</p> <p>There are also Whistleblowing arrangements. All Whistleblowing is subject to assessment and as appropriate investigation</p>
<p>18. How do you assess the overall control environment for Kirklees Council, including:</p> <ul style="list-style-type: none"> • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Council has an internal audit function that reports to the Corporate Governance & Audit Committee (CGAC), & to management, which operates in compliance with Global Internal audit Standards (GIAS) and Public Sector Internal Audit Standards (PSIAS). There is an agreed, risk based audit plan, which is reported on quarterly and is subject on an annual opinion. Although there are anticipated to be some qualifications, the 2024/25 IA opinion is that (financial) internal control arrangements are sound. The annual governance statement & quarterly review of the action plan are reported through CGAC.</p> <p>The council has a routine internal audit plan designed to provide assurance a part of which is assessment of fraud risk. IA and its fraud specialists investigate suspected fraud and suspicions.</p> <p>This risk of override of controls is deemed minimal. Senior Management are not incentivised based on financial performance. Also senior management (the Executive Leadership Team) do not have direct access to input (journal) on to the financial ledger.</p> <p>During 2024/25 a weakness in part of the payroll ledger controls system was identified, and a system amendment introduced to increase the level of control.</p>
<p>19. Are there any areas where there is potential for misreporting? If so, please provide details</p>	See answer above (Q2), but the risk of material misstatements is deemed small
<p>20. How does Kirklees Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p>	<p>The Council's employee handbook sets out expectation on staff conduct and ethical behaviour (issued to all new staff on the council intranet). Employees are required to declare any real or potential conflicts of interest</p> <p>There are Whistleblowing arrangements that are (reasonably well) publicised and used.</p>

<p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>There are procedures intended to detect inappropriate actions, such as money laundering and terrorism (as required by legislation).</p> <p>Contractual documents, tenders etc, recognise the importance of fraud mitigation and control, and procurement staff have specific training regarding this matter.</p> <p>Whistleblowing Procedures. (Records are available for inspection).</p> <p>Customer complaints processes.</p> <p>Whistleblowing, subject to triage, assessment, investigation and reporting back.</p> <p>Annual reporting of Whistleblowing to CGAC.</p> <p>Nothing of material significance reported in year- other than as noted elsewhere</p>
<p>21. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Treasury management employees –borrowing; (high risk high control)</p> <p>Any roles handling cash</p> <p>Procurement roles/ contractor supervision</p> <p>Roles involving allocation or management of property (tenancies),</p> <p>Roles involving in management of right to buy (and other property disposals)</p> <p>Roles involving the awarding of means tested benefits, grants or assistances (individuals or corporate)</p> <p>Identification is by management/internal audit judgement, based also on the realistic level of internal control and the balance of cost to value of risk exposed. This impacts on the levels of internal controls put in place (by whom, seniority etc), other appropriate IT or process controls, oversight by management, and by internal audit checking, and by other mitigants, such as insurance.</p>
<p>22. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Related parties are recognised and assessments made. The nature of the related parties should not create any unusual risk of fraud as related party transactions are generally performed in accordance with normal council procedures.</p>
<p>23. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p>	<p>Reported as a matter of routine to CGAC (and in other government return). See earlier responses.</p> <p>The councils Fraud Strategy requires regular report to a member of Cabinet (circa 2x per year), and information on fraud management is brought to the CGAC. As noted above, CGAC are advised about all outcome from internal audit assurance work, and where this identifies breaches in internal control, or poor internal controls that can give rise to a risk of fraud, this outcome is highlighted. CGAC invite</p>

What has been the outcome of these arrangements so far this year?	management to explain the position/proposed actions where they believe that this is appropriate, in addition to routine follow up of work by IA.
24. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	The Council receives 10-12 Whistleblowing complaints each year (which includes those that are anonymous, or would, if raised by an employee, be of the nature of whistleblowing). All of these are reviewed and at least some investigation is carried out. These relate to many aspects of council operations, not just fraud. All are scheduled and reported annually to the CGAC, including the outcomes.
25. Have any reports been made under the Bribery Act? If so, please provide details	No
Laws and regulations	
1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does Kirklees Council have in place to prevent and detect non-compliance with laws and regulations? Are you aware of any changes to The Council's regulatory environment that may have a significant impact on the Council's financial statements?	The Monitoring Officer (Director of Legal, Governance and Commissioning), the Deputy Monitoring Officers and the Head of Legal services have procedures in place to monitor statutory compliance on all obligations, proposals and initiatives. There are a range of procedures and mechanisms - for example all Cabinet reports are signed off by the Monitoring officer via Legal Services (and the s151 officer), the MO and s151 officer attend ELT and there are other assurance boards attended by the MO or Legal Services officers – eg Information Governance Board The Monitoring Officer and colleagues in Legal Services and Insurance provide updates on ongoing and potential litigation and claims, see the year-end working papers. No.
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	By reporting from the above to the Council, Cabinet and Executive Team.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2024 with an on-going impact on the 2024/25 financial statements? If so, please provide details	Yes, relating to minor matters relating to failure to comply with FPRs; laws and regulations; these have been reported to Council/Cabinet/Executive Leadership Team/CGAC as appropriate. We are not aware that any of these will have any material ongoing impact on the financial statements for 2024/25 The Housing Regulator has raised some concerns about compliance.
4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	No items that would materially affect the 24/25 accounts.
5. What arrangements does Kirklees Council have in place to identify, evaluate and account for litigation or claims?	The Monitoring Officer and colleagues in Legal Services and Insurance provide updates on ongoing and potential litigation and claims.(including raising awareness with senior management). See year-end working paper for updates.

6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	Yes, the Housing Regulator has raised some concerns about matters related to fire safety, mould and damp.
Related parties	
1. Have there been any changes in the related parties including those disclosed in Kirklees Council's 2024/25 financial statements? If so please summarise: <ul style="list-style-type: none"> the nature of the relationship between these related parties and Kirklees Council whether Kirklees Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	See 2023/24 financial Statements. Work to re-confirm related parties and transactions to support disclosures in the 2024/25 Financial Statements is in progress.
2. What controls does Kirklees Council have in place to identify, account for and disclose related party transactions and relationships?	Forms to disclose Directorships. Letters to all councillors (or emails as appropriate) to remind them annually to update interests.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	As there are limited real associated parties- these controls arise through the normal course of business and by normal decision making- eg through Cabinet – in all other cases (eg KSDL)
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	The Council does not undertake transactions outside of the normal course of business
Going concern	
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Kirklees Council will no longer continue?	The Council has set a balanced budget for 2025/26. Overall reserves levels are considered adequate at this stage. Savings target will need to be achieved and progress against this will be monitored. Monthly financial monitoring will be produced, alongside KPI monitoring and specific monitoring on a rag rating basis for the delivery of savings.
2. Are management aware of any factors which may mean for Kirklees Council that either statutory services will no longer be	No. The Council's continued participation in the safety valve (SV) programme has been recently confirmed by the DfE

provided or that funding for statutory services will be discontinued? If so, what are they?	
3. With regard to the statutory services currently provided by Kirklees Council, does Kirklees Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Kirklees Council to cease to exist?	Yes, the Council expects to continue delivery of all statutory services
4. Are management satisfied that the financial reporting framework permits Kirklees Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes, management are satisfied that the Council continues to be a going concern. Please see detailed disclosures in the S151 Positive Assurance statement in the recent Council Budget report for 2025/26.
5. Are you aware of any Climate related matters, legislation or regulation that may impact the council?	None identified at this stage.
Accounting estimates	
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Valuation, depreciation and impairment of non-current assets (including PFI). Valuation of defined benefit net pension liability.
2. How does The Council's risk management process identify and address risks relating to accounting estimates?	Annual risk assessment, identifying and addressing risks as part of closedown processes
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Use of guidance materials: CIPFA Code of Practice, RICS.
4. How do management review the outcomes of previous accounting estimates?	Assessed as part of annual closedown procedures. Historic valuations assessed against subsequent sales proceeds as part of year-end assurance/valuation process
5. Were any changes made to the estimation processes in 2024/25 and, if so, what was the reason for these?	New valuer used for 24/25. Previous contract with existing valuer came to an end.
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Technical experts utilised where appropriate eg use of in-house (or external if required) experts for land/property valuations.
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	In discussion internally within the finance function and externally with regional technical accountants groups and audit.

8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Management review the output and the underlying assumptions underpinning them, challenging any discrepancies
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> • Management's process for making significant accounting estimates • The methods and models used The resultant accounting estimates included in the financial statements.	Accounting estimates are discussed at Corporate Governance & Audit Committee, as part of the approval of financial statements. External audit reports also provide a focus on the key areas (asset valuations and pensions liability). Financial Statements training sessions provided to members have also incorporated these areas.
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No new items for 2024-25 Financial Statements. Ongoing issues re non-current asset valuations.
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Accounting estimates are kept under review throughout the year by the central accountancy team and, formally reviewed each year by the Head of Accountancy and Service Director- Finance in preparation of the financial statements.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	Covered as part of the external audit work and reporting.

Update on recommendations

Issue and Risk	Recommendation	Updated Management response
<p>1. Outlier data used in the calculation of the annual leave accrual:</p> <p>The calculation of the year end accrued leave creditor is based on the number of days of annual leave accrued to carry forward multiplied by officers' pay per day.</p> <p>Our work highlighted a large range of days leave accrued with the lowest balance of accrued time at 60 days (negative & owed to Council) and the highest at 315 days accrued. The average is 11 days but the middle value (median) is almost half of that at just below 6 days. This has given rise to</p>	<p>For the year end annual leave accrual to be calculated with a greater degree of precision in 2024-25, we recommend that a data collection exercise takes place in the remaining months of the financial year and any outliers are appropriately challenged by management.</p> <p>We also note that there is a budgetary control & management aspect too in that we would expect the control environment to support the monitoring of annual leave being taken to ensure this aligns with the Council's business need. Whilst leave appears to be being taken in</p>	<p>No further update since the February report to CGAC.</p>

<p>some estimation uncertainty in the calculation of the accrual albeit not material. Using the median value rather than the mean would reduce the accrual from £12.9m to £6.7m (fall of £6.2m).</p>	<p>line with the Council's Employee Handbook, the high degree of freedom involved could give rise to resourcing challenges arising from an excessively unbalanced profiling of leave across financial years.</p>	
<p>2. Employee Handbook – Document Out of Date:</p> <p>To assess the arrangements for officers to carry forward untaken leave, we obtained a copy of the Employee Handbook, that sets out the terms and conditions of service. Our review highlighted that this was last updated October 2015. This is a key document and around 9 years since its last update, there may have been changes in the working environment, one of these may be the Council's protocols in respect of hybrid and remote working.</p>	<p>To satisfy proper governance protocols of maintaining an up-to-date suite of Council policies, we recommend that this Employee Handbook document should be updated to capture changes in the working environment and the Council's working practices and policies. We would suggest that this be completed within the next six months.</p>	<p>No further update since the February report to CGAC.</p>
<p>3. Adult Social Care – Client Contributions – accurate recording in general ledger:</p> <p>Our work on testing fees and charges – adult social care client contributions identified a sample with an annual contribution value in the general ledger of £72,500 but where the individual's financial assessment supported the Council to collect a total annual client contribution of £4,784. Whilst the client has been invoiced as per their financial assessment and this does not give rise to a material issue in the annual accounts, the Council should ensure that transactions are accurately reflected in its general ledger.</p>	<p>We understand from management that a direct interface is required between the Mosaic system (adult social care subsystem) and general ledger to prevent such errors from occurring. The Adults service confirmed to external audit that work has commenced to develop the interface, however, it was not part of the original Mosaic Go Live in February 2024 and it still needs further development and testing before it can be made live.</p> <p>Our recommendation is for this workstream to continue to be progressed with an implementation date set for the beginning of the 2025/26 financial year. We would also recommend that service accountants conduct an additional reconciliation/review procedure during 2025 closedown to identify any errors prior to draft accounts being produced.</p>	<p>No further update since the February report to CGAC.</p>
<p>4. Investment Property – Ensuring Code compliance in respect of the requirement for and annual revaluation of the whole asset class</p> <p>Investment properties are required to be revalued annually in accordance with the CIPFA Code. As at 31 March 2024, there were investment properties totalling £9.2m which have not been subject to annual revaluation, which is not compliant with Code requirements.</p> <p>Management asserts that investment properties below £250k are de minimis and trivial to the overall balance of investment property by the Authority.</p>	<p>Management should reconsider and adjust the threshold for investment properties subject to an annual valuation to ensure the accounting practices adopted by the Council remain compliant with Code requirements.</p>	<p>No further update since the February report to CGAC.</p>

<p>The value of this sub-£250k population currently excluded from the Code requirement for an annual valuation has risen in recent years towards our audit performance materiality threshold of £11.3m. With continued increases, there is a risk that the Council does not comply with CIPFA Code requirements, to a material extent, which could impact on the auditor's opinion in future periods.</p>		
<p>5. Use of recharges in the Council's financial statements without supporting data and a reconciliation process to verify the validity of these recharges:</p> <p>The Council currently uses a number of recharges in the financial statements. These are used to allocate costs to services to record the total cost of delivering each service which supports the Council's budget management and financial monitoring.</p> <p>There are also a number of instances when an internal service deliver services for another service – for example, repairs carried out on a Council-owned school by building services would result in an internal recharge to the school's budget. From a financial accounts perspective, this internal charges should be eliminated as they do not represent income and expenditure with third-parties. Leaving internal transactions in the accounts serves to gross up both income and expenditure but are not a true reflection of the quantum of the Council's transactions with third-parties in any given year.</p> <p>Currently, the procedures for recording and coding recharges in the general ledger are not sufficient to be able to match income and expenditure recharges and eliminate these out of the accounts. The current process is to record an amount for income recharged and designate this as Income - Internal Recharges at note 9 in the accounts, however, this cannot be matched against the expenditure to be recharged and therefore, the accuracy and validity of this value cannot be practicably demonstrated to external audit.</p> <p>The Council has made some progress already given it has removed some recharges being made in respect of the HRA – previously Homes and Neighbourhood officers' pay costs were being recharged to the HRA. These costs are now being charged directly to the HRA account. The impact of this change has been a £36m reduction in employee benefits expenditure disclosed at note 9, which is offset by the reduction in internal recharges (internal income).</p>	<p>As external auditors, our focus is to verify the accuracy and validity of transactions recorded in the financial statements and there may be several options open to the Council to respond to this recommendation.</p> <p>One option may be to pursue a similar course of action to that undertaken on HRA – Homes and Neighbourhood employee expenditure where the option for the recharge mechanism has been removed with all charges now made directly to the housing service (HRA account).</p> <p>Another option may be to improve the coding and transparency within the general ledger so that recharged transactions can be eliminated on preparation of the financial statements.</p> <p>Since we are now towards the later stages of the 2024-25 financial year, it may not be possible to implement a full response to this recommendation in advance of next year's accounts closedown and financial statement audit but we would encourage officers to progress this recommendation to the extent possible in the remaining months of the 2024-25 financial year.</p>	<p>No further update since the February report to CGAC.</p>

<p>This change in accounting has eliminated the need for an internal recharge and it is our view that this has brought about simplification in respect of both the accounts closedown and audit process. As external auditors, we would encourage the Council to continue with its endeavours to simplify its internal accounting processes.</p>		
<p>6. Maintaining up to date knowledge of the Council's buildings estate:</p> <p>Our audit work has identified examples where changes to the function, internal floors areas of buildings within the Council's buildings portfolio including one school that has been taken out of service, and these changes in estate have not been notified to the finance function or management's external expert valuer.</p> <p>In the cases identified, decisions appear to have been taken by the service but the relevant information and likely impact on the buildings portfolio, has not flowed to the capital finance team to be considered and reflected as appropriate in the annual accounts. The recommendation is not being made to suggest that proper governance procedures have not been followed in the decision making, but that the free flow of information and fluid communication between Council functions has not taken place as could be expected.</p> <p>This has resulted in additional challenge of Council officers during the external audit process and also two resulting audit misstatements have been identified:</p> <ul style="list-style-type: none"> i. Impairment of Almondbury Community School totaling £16.7m which closed 31 August 2020. Expectation that this is to be demolished for the site to accommodate a new SEN school – impaired down to land value. ii. Our valuation testing of floor areas to property records & AutoCAD drawings identified errors in source data provided to the value. This error has been extrapolated across the population of DRC assets and the extrapolated error totals £3.3m. 	<p>Our recommendation would be for management to build in additional communication between each relevant service, estates, the capital finance team and the external valuer. This would include identifying key changes to buildings such as closure / decommissioning, a significant change in opening hours, repurposing and marketing a building for sale.</p> <p>It is noted that building refurbishments and extensions appear to be captured at present and therefore, we do not consider that further enhancements to existing procedures are required.</p>	<p>No further update since the February report to CGAC.</p>
<p>7. Additions posted in quarter 4 (post valuation) for other land & buildings and council dwellings</p> <p>The Council currently uses a valuation reference date of 31 December each year, which it considers Code compliant and to be sufficiently close</p>	<p>The capital accounting function should consider how current processes can be enhanced to appropriately identify non value enhancing capital spend posted in quarter 4 of the financial year, and for this to be impaired so that the closing valuation of land & buildings</p>	<p>No further update since the February report to CGAC.</p>

<p>to the reporting date for the valuations to be reflective of the assets' current value as at the end of March.</p> <p>All capital spend posted as capital additions is currently accounted for by the Council as value enhancing, and therefore it does not give rise to any immediate impairment of the spend capitalised. For spend capitalised in quarters 1 through to 3 (pre-valuation), the current arrangements may be considered appropriate since the Council's valuers are able to undertake an assessment of whether capital spend is value enhancing or non-enhancing, and either support the new carrying value or impair the asset down to its pre-capital addition carrying value, as appropriate.</p> <p>However, for capital spend posted in quarter 4, current arrangements do not afford the expert land & buildings valuers an opportunity to assess whether amounts capitalised should increase the net book value or alternatively, be capitalised and impaired concurrently.</p> <p>Non-enhancing capital additions that are posted in quarter four of a financial year would be impaired, where appropriate, at the time of their subsequent valuation in the following financial year. The recommendation to enhance arrangements would enable the Council to further ensure that the year end carrying value of land & buildings is appropriate.</p>	<p>is not overstated. This may include additional working with the Council's external expert valuers, to build in additional process steps in order to address this matter.</p> <p>A robust approach to address this matter would be to move the valuation date to 31 March to align with the financial year end. This would enable the expert valuer to be presented with all relevant capital spend to make their assessment on a given asset's year end valuation.</p>	
<p>8. Appropriate challenge by management of the external valuer on the valuation approach – Mainstream schools & Energy from Waste Facility:</p> <p>Management response to the valuation challenge raised by external audit in relation to the valuation of schools and the energy from waste facility.</p> <p>i. Valuation of mainstream schools – in the Council's accounts, schools have been valued based on their 'as built' size. The CIPFA Code prescribes that operational land & buildings should be valued based on a modern equivalent that would deliver an equivalent level of service. For schools, the commonly observed approach to value mainstream schools is by using Building Bulletin 103: Area Guidelines for Mainstream Schools, which offers a calculation for the required gross internal area (m2) based on the actual number of pupils on roll. The Council's external valuer has not used this approach with the valuation based on the 'as built' size. The response to auditor challenge has been that current approach is considered appropriate. The audit team challenged our own auditor's expert to undertake additional work in respect of the valuation of schools since</p>	<p>For the two asset valuations identified, we recommend working with its internal surveyors to discuss and jointly understand the relevant factors around the valuations in question such as current usage, expected remaining service life, capital lifecycle and renewal costs expected in future accounting periods. Particularly for schools, it may also be appropriate to consider whether pupils on roll at a number of schools are broadly stable year-on-year and could therefore be used as a basis for an asset valuation.</p> <p>Management should ensure it is working constructively with its external valuation expert, including raising challenge where appropriate, to ensure that the assumptions and methods that underpin its asset valuations have a sound rationale tailored to local factors and conditions at Kirklees Council.</p>	<p>No further update since the February report to CGAC.</p>

<p>Kirklees Council is an outlier in terms of the valuation approach adopted for mainstream schools. Our expert reported to us that some schools would likely be of a similar value using the pupil numbers approach, a number would decrease in value and some were indicated to increase in value. They reported it would not be practicable to draw meaningful conclusions across the whole population of mainstream schools based on the sample checked of around 10 schools. We have therefore drawn our audit conclusion that our expert's work does not indicate any material misstatement exists in respect of this schools subpopulation, however, we are of the view that the Council should develop a clearer rationale as to whether BB103 pupil numbers would be an appropriate valuation methodology for the Council and whether this would give a more true and fair valuation of mainstream schools in the Council's accounts.</p> <p>ii) Valuation of the energy waste facility – in the Council's accounts, this asset has been valued at £12m based on its end life being 2028 giving a 4-year remaining useful economic life. It is understood that the Council is considering its options beyond the end of the current contract with Suez Recycling and Recovery in 2028. A Cabinet paper dated April 2024 suggests that £25m of capital investment would be required to maintain current operations beyond 2028. A new-build facility is estimated to cost north of £120m and so we have challenged whether the £12m is an appropriate valuation or whether the value should be higher than than based on the fact that the Council will obtain the operational capacity close to that of a new facility with only £25m of capital investment. Our challenge concluded this year on the basis that the Council engaged a RICS registered valuer to conduct the valuation but we note that it would be beneficial for Council officers to conduct additional stand-back reviews of the valuations provided, which in this case may include reviewing valuations against actual build costs or those publicly available from other authorities.</p>		
<p>9. IFRS 16 'Leases' implementation from 1 April 2024: IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant</p>	<p>We recommend the Council to accelerate the implementation of IFRS16 to ensure such leased assets are completely and accurately captured before 2024-25 accounts closedown.</p>	<p>No further update since the February report to CGAC.</p>

information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. This is a shadow year (23-24) for the implementation of IFRS 16.

IFRS 16 updates the definition of a lease to: “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

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

The implementation process is expected to be a time and resource consuming exercise, to identify such lease contracts and ensure they are complete and accurate. A Council of Kirklees' size (large metropolitan council) would potentially have many such contracts to be considered/identified, to ensure those are within the scope of IFRS16 standard.

The Council has reported on this Standard at Note 3 to the account, Accounting Standards that have been issued but have not yet been adopted. In that note, the Council has indicated that work on the implementation of the above Code change is ongoing and the full impact on the Council's single entity and group accounts has not been fully assessed yet.

On page 17 of this report, the volume and types of leases that may be captured by this Standard have been indicated to readers. In addition, there are other considerations when it comes to application of IFRS16 in the public sector. This includes assets with peppercorn rents which are within the scope of IFRS16. Also, exemptions for leases with low value assets and short-term leases.

In addition, the impact on the accounting for the Council's four PFI/PPP schemes also requires due consideration. Some accounting impact may arise due to the treatment of annual indexation under IFRS 16 requiring remeasurement of the liability as opposed to simply expensing to the CIES as 'contingent rents' under IAS 17.

Managements should ensure that there appropriate arrangements to be in place to support with the initial adoption of the IFRS 16 standard in 2024-25.

<p>Considering this is a time and resource consuming task and potentially high number of such contracts at the Council, the implementation of this exercise should be accelerated and the resource requirements to complete the work should be reviewed for sufficiency. We note that the 2024-25 financial statements year-end is circa four months from this report date. If this work is not completed satisfactorily to the accounts closedown timetable, there is a risk that the Council does not identify and properly account for all the contracts within the scope of IFRS16, which may give rise to the potential for misstatements in 2024-25 Statement of Accounts.</p>		
<p>10. Inclusion of appropriate detail in the Narrative Report to ensure compliance with CIPFA Code of Practice 2023-24:</p> <p>Our audit opinion expresses an opinion on whether the Other information, comprising the Annual Governance Statement and Narrative Report, is misleading in any way and highlights any inconsistencies with information presented in the financial statements.</p> <p>As such we are not required to conduct the full scope audit procedures on the Other information, nonetheless the Council is required to present an Annual Governance Statement and Narrative Report that are fully compliant with the CIPFA Code of Practice.</p> <p>Our review of these documents highlighted a number of areas where we consider additional detail could be added in order to more clearly satisfy the requirements of the CIPFA Code. We have listed the key additions that we consider to be necessary for full compliance.</p> <p><u>Narrative Report</u></p> <p>Our review of the Narrative Report identified a comprehensive finance commentary covering key metrics. Our principal challenge to officers was how the report covers off non-financial performance and operational performance - ultimately how well the Council is delivering on its non-financial objectives in the Council plan. The Code is clear that the Narrative Report should identify and present a range of the Council's non-financial performance indicators (e.g. KPIs) and provide an accompanying narrative commentary setting out an assessment of the Council's non financial performance during the year.</p> <p>The Code also states that the Narrative Report should contain appropriate detail for a user to evaluate future sustainability and the effect on service provision, including assessing future cash flows. We are</p>	<p>We recommend the Council refreshes its Narrative Report checklist to ensure all Code requirements are captured.</p> <p>Early work in this regard should enhance the quality and detail included in the draft reports and ensure that all Code requirements have been covered in the draft Narrative Report presented to CGAC and External audit.</p> <p>We note that this recommendation does not entail the Authority disclosing additional information that is highlighted as best practice in the Code but it is around ensuring the minimum disclosure requirements have been addressed so that the Authority is fully compliant with the CIPFA Code of Practice.</p>	<p>No further update since the February report to CGAC.</p>

of the view that additional detail would be beneficial in the report to properly address this requirement.

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Appendix A – Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	CIPFA Code of Practice and RICS valuation guidance	Valuations compared to net book values	Yes	No uncertainty or alternative estimate	No
Council dwelling valuations	CIPFA Code of Practice, Valuation of Housing Stock guidance and RICS valuation guidance	Valuations compared to net book values	Yes	No uncertainty or alternative estimate	No
Investment property valuations	CIPFA Code of Practice and RICS valuation guidance	Valuations compared to net book values	Yes	No uncertainty or alternative estimate	No
Depreciation	CIPFA Code of Practice component accounting	Comparatives each year	No	No uncertainty or alternative estimate	No
Valuation of defined benefit net pension fund asset/liabilities	The liability estimate is calculated by an actuarial expert, taking into account changes in retirement ages, mortality rates and discount rates.	The actuary selects the assumptions and management reviews the reasonableness of these assumptions. An actuary advises on the accounting estimates	Yes	The Pension Fund provides data on pension benefits and membership numbers, to enable the actuary to undertake their estimate. An actuary advises on the accounting estimates. Management review the assumptions and officers discuss these assumptions and underlying	No

				estimation techniques with the West Yorkshire Technical Accountants Group, to ensure a consistent view.	
Fair value disclosures of debt instruments	Fair values calculated using discounted rates for debt instruments	Officers review reasonableness of air values to book value	Yes, Arlingclose	Impact of 1% rise and fall considered and disclosed	No
Credit loss allowance	CIPFA Code of practice Expected credit loss using simplified approach	Officers review reasonableness of provision	No	Estimates based on assumptions of likely cashflows and probabilities of default. Degree of uncertainty limited to knowledge of current defaults.	No
Right of Use Asset	CIPFA Code of Practice	Lease software to calculate lease liability at year end and journals. Officers review reasonableness of liability	No	No uncertainty or alternative estimate	No
PFI Liabilities	CIPFA Code of Practice PFI model	The source information is the original contractor's model updated for current and known future changes, plus current information based on the annual unitary payment.	No	The accounting model and the basis on which all assumptions are made are reviewed on an annual basis. Changes to the Code of Practice are also reviewed for all relevant developments in relation to PFI accounting. In addition to this, specific changes to each of the individual contracts are monitored to ensure that their impact is reflected in the accounting model. All factors affecting the accounting model are monitored – Code of Practice, the original contractors' model and annual unitary payments. A point estimate is not used.	No



Report title: Minimum Revenue Provision Explanatory Note

Meeting:	Corporate Governance and Audit Committee
Date:	25 April 2025
Cabinet Member (if applicable)	Councillor Graham Turner
Key Decision Eligible for Call In	No No
<p>Purpose of Report At a previous Committee Meeting (31/01/2025) a request was made by members that an additional explanatory paper on the Minimum Revenue Provision (MRP) policy was submitted to a future meeting.</p>	
<p>Recommendations</p> <ul style="list-style-type: none"> That the report be noted by members. <p>Reasons for Recommendations</p> <ul style="list-style-type: none"> This report is for information only. 	
<p>Resource Implications: The revenue implications of the MRP strategy previously outlined and recommended by this committee were reflected in the Council’s annual budget report approved by Council in March 2024 and again in the March 2025 report.</p>	
<p>Date signed off by <u>Executive 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>N/A</p> <p>Kevin Mulvaney – 07/04/2025</p> <p>Sam Lawton –07/04/2025</p>

Electoral wards affected: All

Ward Councillors consulted: N/A

Public or private: Public

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

1 Background

- 1.1 Where the Council funds capital expenditure with debt (borrowing), it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as the Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008.
- 1.2 The Council's underlying need to borrow (and therefore the amount that must be repaid via MRP) is measured using the Capital Financing Requirement (CFR). As outlined in the previously presented strategy, this has various components and the MRP Policy outlines the repayment approach for each type of debt.
- 1.3 The majority of the General Fund's CFR (84% as of 31/03/2024) is made up of supported borrowing and unsupported borrowing and it was the calculation for this that has been revised and is therefore the focus of this report. Supported borrowing relates to capital expenditure incurred by the Council prior to 1 April 2008, and the name comes from the fact that borrowing was supported by grant income that has since been rolled into the revenue support grant. Unsupported borrowing refers to any borrowing taken since then, that is to be funded entirely by the Council.
- 1.4 Per the guidance, there are four permissible methods for calculating a prudent provision, these are outlined below:
 - Option 1 – Regulatory Method - MRP to be based on 4% of the adjusted CFR
 - Option 2 – CFR Method - A simplified version of Option 1, which provides for MRP to be calculated solely on the non-housing element of the CFR
 - Option 3 – Asset Life Method - MRP is aligned to the estimated life of the asset for which the underlying need to borrow is undertaken. The charge can be applied either on a straight-line basis or by using the annuity method. The Guidance states that such provision should be made “over a period bearing some relation to that over which the asset continues to provide a service.”
 - Option 4 – Depreciation Method - A more complex version of option 3. MRP is matched to the provision for depreciation, or appropriate proportion thereof, for the associated asset based on standard accounting practice.
- 1.5 Since 2017/18 the Council has adopted Option 3, specifically the annuity approach, as outlined in previous MRP policies presented to this committee. For context, within the annuity approach, MRP is the principal element for the year of the annuity required to repay over the asset's useful life the amount of capital expenditure financed by borrowing or credit arrangements.
- 1.6 It was noted in the 23/24 Treasury Management Outturn report, presented to Committee, that during the financial year an external review of the Council's MRP calculation was undertaken. This review led to a new annuity calculation that reprofiled the MRP repayments and created an in year saving versus the previous calculation.
- 1.7 The new calculation was compliant with the MRP policy approved by Council in March 2023 covering the 2023/24 period. External audit have now completed the 2023/24 Statement of Accounts audit process and have reported no issues with regard the accuracy of the calculation or it's compliance with the Council's agreed policy.

2 Change in Minimum Revenue Provision Calculation

Review of Calculation

- 2.1 In December 2023, at the request of the previous S151 Officer, the Council was presented with a report from Link Group, an external treasury advisor, that reviewed the Council's CFR and MRP approach and presented options for a revised calculation that would reprofile our provision. It is important to note that this is a revised calculation of the MRP figure within the framework of the approved policy. The policy itself did not change.
- 2.2 The report compared our existing calculation with six alternatives and showed the revised profile of each, along with the short-term savings they created.
- 2.3 The existing approach to the annuity method used by the Council was as follows:
- Supported Borrowing – MRP profile is based on an annuity calculation that assumed a 50-year asset life for all spend.
 - Unsupported Borrowing – MRP profile is based on each year's capital spend, whereby each asset the spend contributes to is attributed a life and an individual annuity calc is done for each group of assets (whereby the assets are grouped based on the assigned assets lives). The overall MRP profile is then reflective of the sum of each grouping.
- 2.4 All the alternatives presented by Link did not change the approach to supported borrowing, the only amendment was to update the discount rate used from 4.79% to 4.89%, to reflect the higher cost of borrowing at the point of calculation. All rates used are based on PWLB rates, as these reflect the cost of borrowing for the Council.
- 2.5 The six alternatives presented for the unsupported borrowing are shown below along with the short-term savings they created:

Option	Calculation Approach	Rates used	(Reduction) / Increase in MRP		
			2023/24	2024/25	2025/26
			£'000	£'000	£'000
1	Individual project grouping basis	PWLB at 3/4/23	(6,553)	(7,186)	(7,045)
2	Individual project grouping basis	PWLB 2022/23 average	(6,113)	(6,779)	(6,669)
3	Annual weighted average life basis*	PWLB at 3/4/23	(6,641)	(14,788)	(10,588)
4	Annual weighted average life basis*	PWLB 2022/23 average	(6,641)	(13,962)	(10,180)
5	Combined single weighted average life basis*	PWLB at 3/4/23	(6,641)	(15,195)	(10,804)
6	Combined single weighted average life basis*	PWLB 2022/23 average	(6,641)	(14,377)	(10,399)

*A weighted average is the average of values which are scaled by importance.

- 2.6 With respect to what the three approaches entail:
- Individual project grouping basis – This reflects the existing approach outlined above for unsupported borrowing. The short-term savings therefore come from the amendment in the rate used for the annuity calculation, with the updated rate reflecting the higher cost of borrowing the Council now faces.
 - Annual weighted average life basis – This combines all spend within a financial year into a single weighted average asset life and then a single annuity calculation for each year is performed. The MRP profile is then based on the sum of these calculations.
 - Combined single weighted average life basis – This combines all unsupported borrowing between 1 April 2008 and 31 March 2023 in a single weighted average asset life and then bases the MRP profile on an annuity calculation using this asset life.

- 2.7 As the table shows, all calculations presented provided short term savings versus the existing method. The Council ultimately opted for the 5th option listed. This meant MRP for unsupported borrowing to date would be charged based on a combined single weighted average (34 years) using the PWLB rate as at 03/04/2023 (4.89%).
- 2.8 The ultimate decision to amend the calculation and use the 5th option was made by the S151 Officer at the time.
- 2.9 The full impact on the supported & unsupported MRP profile of this option, is shown in Appendix C, along with the existing profile. The MRP profile of all other options lie between these two.

Prudence

- 2.10 Per the guidance, the Council is required “to calculate in each financial year an amount of MRP that it considers to be prudent”. It has previously been queried at this Committee what exactly is meant by prudent in this context.
- 2.11 Paragraphs 34 to 43 of the 5th edition of the guidance provide some narrative from the Government on what this means and while this has been expanded versus the 4th edition, it remains somewhat open to interpretation.
- 2.12 It is perhaps more useful to consider the Oxford Languages definition: “acting with or showing care and thought for the future.”
- 2.13 A fair challenge to the revised calculation is that the reprofiled MRP means larger charges in later years and therefore this does not fit within the above definition. However, on balance, officers believe this to still be a prudent approach for the following reasons:
- Retaining the original approach would mean finding sizeable savings elsewhere to cover the original MRP charge, for 23/24 alone this would have meant £6.6m. Given that the Council has already had to implement an ambitious savings programme, services are already at a level where reducing them further would have a significant impact on residents, both now and in the future.
 - As the name suggests, this is a minimum provision. The Council has the option to make provision beyond this, while maintaining the flexibility to ensure repayment is affordable in the short term. This is evidenced by the inclusion in the 25/26 budget of a Voluntary Revenue Provision reserve.
 - As the charge profile in Appendix C lays out, the revised calculation means the current debt is actually paid off earlier than under the existing method (2056/57 rather than 2072/73).
 - It is not until 2038/39 that the revised calculation becomes higher than the original calculation. In that time, it is expected that the Council will have built up significant MRP reserves.
 - While noting that it was towards the aggressive end of the acceptable range, our external auditors were clear that the MRP policy and calculation is compliant with all relevant requirements of DLUHC, MHCLG & the Prudential Code.

Previous Statements recommended by this Committee and Cabinet and approved by Council

- 2.14 When the 25/26 MRP Policy was presented to the Committee in January 2025, concerns were raised by members that they had recommended previous policies without realising that they were now recommending a different approach. Officers would like to make it clear that this was not the case. The impact of the work on MRP centres around a change to the calculation of MRP and not the policy itself.
- 2.15 The below extract from the 23/24 Policy (Appendix B), agreed by CGAC on 10th February and approved by Council on 8th March 2023, outlines what was recommended by members with respect to supported and unsupported borrowing:
- General Fund Borrowing (pre 1st April 2008) - Provision to be made over the estimated average life of the asset (as at 1 April 2008) for which borrowing was taken - deemed to be 50 years (annuity calculation).
 - General Fund Prudential Borrowing – Provision to be made over the estimated life of the asset for which borrowing is undertaken. Provision to commence in the year following when the asset is operational.
- 2.16 The above specifies that the Council will make provision based on Option 3, the Asset Life Method, outlined in section 1.4 of this report. Both the existing and revised calculation are based on the Asset Life Method and therefore fall within the policy that was recommended by members and ultimately approved by Council.
- 2.17 The 23/24 policy was produced in line with the 4th edition of the guidance. The 5th edition is far more prescriptive on what should be included in the annual statement, and this is why there is more detail within the 2025/26 policy (Appendix A), including the asset life approach and rates used. Should there be any change to this during 2025/26 (there won't be) then this would have to be presented to full Council.

3 Implications for the Council

- 3.1 Working with People: N/A
- 3.2 Working with Partners: N/A
- 3.3 Placed based working: N/A
- 3.4 Climate Change and Air Quality: N/A
- 3.5 Improving Outcomes for Children: N/A
- 3.6 Financial Implications:

The decision to use a revised calculation for MRP created significant short to medium term benefits for the Council. In 23/24 the saving of £6.7m helped reduce the in-year overspend to £7.3m.

In 24/25 the revised calculation provided a sum of £15.2m to be added to the Council's Earmarked Reserves and provides a valuable short-term resource to help the Council deal with any unforeseen in year budget pressures and fund slippage in savings targets. Members of CGAC will be aware the Council's projected overspend reported at Q3 was £9.9m. It is

likely that this reserve will be used to fund the in-year overspend.

Had the revised calculations not been applied, the Council may have had to utilise unallocated reserves which could have taken those to below minimum level and / or instigate further savings proposals at very short notice.

The overall impact of the revised MRP calculation over the period 2023/24 to 2072/73 on an NPV basis is a long-term benefit of £34.2m.

Members of CGAC should note that is only after 2038/39 that the new annual cost of MRP would become higher than the charge under the previous calculation.

3.7 Legal Implications: N/A

3.8 Other (e.g Risk, Integrated Impact Assessment or Human Resources:) N/A

4 **Consultation:** N/A

5 **Engagement:** N/A

6 Options

6.1 Options considered

It is recommended that the report be noted.

6.2 Reasons for recommended option

The report is an 'information-only' report.

7 Next steps and timelines

N/A

8 Contact officers

James Anderson	Head of Accountancy	01484 221000
Rachel Firth	Finance Manager	01484 221000

9 Background Papers and History of Decisions

[Capital finance: guidance on minimum revenue provision \(4th edition\)](#)

[Capital finance: guidance on minimum revenue provision \(5th edition\)](#)

[Treasury Management Strategy and Investment Strategy 2025/26](#)

[Annual Report on Treasury Management 2023/24](#)

CIPFA's Code of Practice on Treasury Management in the Public Services

CIPFA's Prudential Code for Capital Finance in Local Authorities

CIPFA's Treasury Management in the Public Services – guidance notes

Guidance on Local Government Investments (MHCLG 2018)

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (Amended 2008); Localism Act 2011.

10 Appendices

Appendix A: Minimum Revenue Policy 2025/26

Appendix B: Minimum Revenue Provision Policy 2023/24

Appendix C: Minimum Revenue Provision Options Profiles

11 Service Director responsible

Kevin Mulvaney 01484 221000

25/26 MINIMUM REVENUE PROVISION POLICY**1. Background**

- 2.18 Where the Authority funds capital expenditure with debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in April 2024.
- 2.19 The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods. The following statement incorporates options recommended in the Guidance.

3 MRP Policy

- 3.1 MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding. The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition. Detail of the Council's current capital financing requirement and future projections are provided in the treasury management strategy report 2025/26 to which this Policy is appended.
- 3.2 For capital expenditure incurred as below:
- General Fund Supported Borrowing – MRP will be determined by charging the expenditure with regard to the 50 year PWLB annuity rate in 2007/08, the year in which the annuity policy has been applied from and use a 34 year period from 1st April 2023, being the remainder of the 50 year life since 1st April 2007.
 - General Fund Unsupported Borrowing (for expenditure up to 31 March 2023) - MRP will be determined by charging the outstanding historic expenditure based on a single annuity calculation, which combines each historic year on a weighted average life basis.
 - General Fund Unsupported Borrowing (for expenditure from 1 April 2023) – MRP will be determined by charging the expenditure based on the expected average useful life of the relevant assets as the principal repayment on an annuity with an annual interest rate equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational.
 - HRA Borrowing – Provision to be made for debt repayments equal to its share of any scheduled external debt repayments.
 - PFI schemes - Provision to equal the part of the unitary payment that writes down the balance sheet liability, together with amounts relating to lifecycle costs incurred in the year.
 - Former Operating Leases (brought onto the balance sheet due to IFRS Leases adoption) - MRP charges will be adjusted so that the overall charge for MRP over

the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.

4 Capital Loans

4.1 For capital expenditure incurred on capital loans as below:

- On loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during in the year, with the capital receipts so arising applied to finance the expenditure instead.
- On loans to third parties which were made primarily for service purposes, the Authority will make nil MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.
- For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised. Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.
- For capital loans made before 7th May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

5 Capital Receipts

5.1 Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.

23/24 MINIMUM REVENUE PROVISION POLICY**1. Background**

- 1.1 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2008 requires authorities to make an amount of MRP which the authority considers “prudent”.
- 1.2 The regulation does not itself define “prudent provision”. However, guidance issued alongside the regulations makes recommendations on the interpretation of that term.

2. Policy for 2023/24 onwards

- 2.1 The Service Director - Finance recommends the following policy for making prudent provision for MRP:
 - (i) General Fund Borrowing (pre 1st April 2008) - Provision to be made over the estimated average life of the asset (as at 1 April 2008) for which borrowing was taken - deemed to be 50 years (annuity calculation).
 - (ii) Calculations to compare this to the previous MRP charge indicated that between 2007/08 and 2015/16 the Council provided an additional £91.2 million with which it will “un-wind” over 7 years from 2017/18.
 - (iii) General Fund Prudential Borrowing – Provision to be made over the estimated life of the asset for which borrowing is undertaken. Provision to commence in the year following when the asset is operational. Where large loans are made to other bodies for their capital expenditure, no MRP will be charged. However, the capital receipts generated by the annual repayments on those loans will be put aside to repay debt instead.
 - (iv) HRA Borrowing - Provision to be made for debt repayments equal to its share of any scheduled external debt repayments.
 - (v) PFI schemes - Provision to equal the part of the unitary payment that writes down the balance sheet liability, together with amounts relating to lifecycle costs incurred in the year.

Minimum Revenue Provision Options Profiles

MRP Charges per Existing Calculation				
Financial year	Total supported MRP Charge (£k)	Total unsupported MRP Charge (£k)	GF PFI MRP Charge (£k)	Total MRP Charge (£k)
2023/24	-9,781*	14,574	1,849	6,641
2024/25	4,044 *	14,646	2,367	21,058
2025/26	4,303	14,383	2,431	21,117
2026/27	4,509	14,422	2,463	21,394
2027/28	4,725	14,103	3,269	22,098
2028/29	4,952	13,194	3,368	21,514
2029/30	5,189	12,176	4,788	22,152
2030/31	5,437	9,992	4,863	20,292
2031/32	5,698	8,598	3,827	18,123
2032/33	5,971	7,730	4,968	18,668
2033/34	6,257	7,063	1,290	14,610
2034/35	6,556	6,794	-	13,350
2035/36	6,870	6,814	-	13,684
2036/37	7,199	6,817	-	14,016
2037/38	7,544	6,393	-	13,937
2038/39	7,906	6,147	-	14,052
2039/40	8,284	5,931	-	14,215
2040/41	8,681	5,176	-	13,857
2041/42	9,097	4,715	-	13,812
2042/43	9,533	4,023	-	13,556
2043/44	9,989	4,080	-	14,069
2044/45	10,468	4,166	-	14,633
2045/46	10,969	4,202	-	15,172
2046/47	11,495	4,238	-	15,733
2047/48	12,045	4,279	-	16,325
2048/49	12,622	3,091	-	15,713
2049/50	13,227	3,120	-	16,347
2050/51	13,860	3,178	-	17,038
2051/52	14,524	3,239	-	17,764
2052/53	15,220	3,212	-	18,432
2053/54	15,949	3,209	-	19,158
2054/55	16,713	3,181	-	19,894
2055/56	17,514	2,987	-	20,501
2056/57	18,352	2,877	-	21,229
2057/58	-	2,818	-	2,818
2058/59	-	2,720	-	2,720
2059/60	-	2,484	-	2,484
2060/61	-	2,391	-	2,391
2061/62	-	2,374	-	2,374
2062/63	-	2,430	-	2,430
2063/64	-	2,439	-	2,439
2064/65	-	2,482	-	2,482

2065/66	-	2,532	-	2,532
2066/67	-	2,597	-	2,597
2067/68	-	2,555	-	2,555
2068/69	-	2,576	-	2,576
2069/70	-	2,560	-	2,560
2070/71	-	2,345	-	2,345
2071/72	-	1,807	-	1,807
2072/73	-	1,104	-	1,104
Totals	305,922	270,965	35,483	612,369

MRP charges per Option 5 (now adopted)						
Financial year	Total supported MRP Charge (£k)	Total unsupported MRP Charge (£k)	GF PFI MRP Charge (£k)	Total MRP Charge (£k)	(Saving)/ Cost (£k)	NPV of (Saving)/ Cost (£k)
2023/24	-5,109*	3,260	1,849	0	-6,641	-6,417
2024/25	75*	3,420	2,367	5,863	-15,196	-14,185
2025/26	4,295	3,587	2,431	10,313	-10,804	-9,745
2026/27	4,500	3,762	2,463	10,725	-10,668	-9,297
2027/28	4,716	3,946	3,269	11,932	-10,166	-8,560
2028/29	4,942	4,139	3,368	12,449	-9,064	-7,374
2029/30	5,179	4,342	4,788	14,308	-7,844	-6,166
2030/31	5,427	4,554	4,863	14,843	-5,449	-4,138
2031/32	5,687	4,777	3,827	14,291	-3,832	-2,812
2032/33	5,959	5,010	4,968	15,937	-2,731	-1,936
2033/34	6,244	5,255	1,290	12,789	-1,820	-1,247
2034/35	6,543	5,512	-	12,056	-1,294	-857
2035/36	6,857	5,782	-	12,639	-1,046	-669
2036/37	7,185	6,065	-	13,250	-766	-473
2037/38	7,530	6,361	-	13,891	-47	-28
2038/39	7,890	6,672	-	14,562	510	294
2039/40	8,268	6,998	-	15,267	1,051	586
2040/41	8,664	7,341	-	16,005	2,147	1,156
2041/42	9,079	7,700	-	16,779	2,967	1,543
2042/43	9,514	8,076	-	17,590	4,034	2,028
2043/44	9,970	8,471	-	18,441	4,371	2,123
2044/45	10,447	8,885	-	19,333	4,699	2,205
2045/46	10,948	9,320	-	20,267	5,096	2,310
2046/47	11,472	9,775	-	21,248	5,515	2,415
2047/48	12,022	10,253	-	22,275	5,951	2,518
2048/49	12,598	10,755	-	23,352	7,639	3,123
2049/50	13,201	11,281	-	24,482	8,135	3,213
2050/51	13,833	11,832	-	25,666	8,628	3,293
2051/52	14,496	12,411	-	26,907	9,143	3,372
2052/53	15,190	13,018	-	28,208	9,776	3,483
2053/54	15,918	13,654	-	29,572	10,415	3,585
2054/55	16,680	14,322	-	31,003	11,109	3,695

2055/56	17,479	15,023	-	32,502	12,001	3,856
2056/57	18,317	15,757	-	34,074	12,844	3,988
2057/58	-	-	-	-	-2,818	-845
2058/59	-	-	-	-	-2,720	-788
2059/60	-	-	-	-	-2,484	-696
2060/61	-	-	-	-	-2,391	-647
2061/62	-	-	-	-	-2,374	-620
2062/63	-	-	-	-	-2,430	-614
2063/64	-	-	-	-	-2,439	-595
2064/65	-	-	-	-	-2,482	-585
2065/66	-	-	-	-	-2,532	-577
2066/67	-	-	-	-	-2,597	-572
2067/68	-	-	-	-	-2,555	-543
2068/69	-	-	-	-	-2,576	-529
2069/70	-	-	-	-	-2,560	-508
2070/71	-	-	-	-	-2,345	-450
2071/72	-	-	-	-	-1,807	-335
2072/73	-	-	-	-	-1,104	-198
Totals	306,016	271,317	35,483	612,816	447**	-34,220

*A previous review of MRP in 2017/18 identified an overprovision of £91m in relation to supported borrowing. This has been unwound since, with the final balance scheduled to be used in 23/24, hence the negative amount for the supported charge.

**The external review identified minor discrepancies in the CFR that required correction hence the slight overall increase in the charges.

Kirklees Council

Audit progress and sector updates

2 April 2025



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Audit Progress Update

Introduction

This paper provides the Corporate Governance and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider as wider knowledge and information..

Members of the Corporate Governance and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government](#) | [Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Greg.



Gareth Mills

Key Audit Partner and Engagement Lead

T: 0113 200 2535

E: Gareth.Mills@uk.gt.com



Greg Charnley

Senior Audit Manager

T: 0113 200 1589

E: Greg.F.Charnley@uk.gt.com

Financial Statements Audit

2023-24 audit

As reported in our 2023-24 Audit Findings (ISA260) Report and also explained to Members at the Corporate Governance and Audit Committee meeting on 31 January, we issued an unqualified 'clean' audit opinion on the Council's financial statements for the year ended 31 March 2024 on 7 February 2025. This ensured the Council continues to have fully audited accounts, avoiding any disclaimer or qualified opinions associated with the local government backstop regulations.

2024-25 audit planning:

Since we issued our 2023-24 audit opinion, we have continued to focus on our risk assessments for the 2024-25 audit cycle. Our continuing discussions with senior management is important to our risk assessment approach. We continue to meet with senior management including the Chief Executive, S151 Officer and the Monitoring Officer on a quarterly basis. We find these meetings very useful as part of our overall risk assessment process and to discharge our responsibilities as your external auditor. We also continue to have regular discussions with your key finance team members as part of our planning and audit risk assessment.

We have started our 2024-25 audit planning work. Having completed the 2023-24 audit only recently, we have a reasonable amount for information that can be rolled forward as part of 2024-25 audit planning which can then be validated. We intend to finalise our Audit Plan with management in April and present it to Members and the next meeting of the Corporate Governance and Audit Committee (expected to be in June).

Our 2024-25 audit planning will document our understanding of your key risks, your control environment which will inform our proposed testing strategy. Our Audit Plan will report any key findings from the planning and interim audit work as relevant and set out the key risk areas of focus for our 2024-25 audit work.

We will perform our final accounts audit testing in the Summer and Autumn (to be further discussed and confirmed with management), with the aim to be substantially complete in our audit work by December 2025. We aim to summarise our work in our Audit Findings (ISA260) Report which we will present to you by January 2026. This would be ahead of the 2024-25 backstop date of 27 February 2026.

Value for Money

Under the 2024 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Council "has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources." We will undertake our value for money (VFM) review in accordance with this Code of Audit Practice (2024).

Our initial risk assessment builds on our current understanding of your arrangements, and findings from our 2023-24 VFM work. Our initial VFM risk assessment for 2024-25 will be reported to you as part of Audit Plan in April 2025, against the following reporting criteria which has not changed from previous year:

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

We fully completed your VFM work and issued our Final 2023-24 Auditor's Annual Report (AAR) alongside the financial statements audit opinion on 7 February 2025. We also presented this AAR to the Corporate Governance and Audit Committee on 31 January 2025. As discussed, and reported to you in January 2025, we identified three significant weaknesses in the Council's arrangements in achieving value for money. We identified some further improvement recommendations. We will follow up on the recommendations as part of our 2024-25 VFM audit.

Our aim is to complete and report our 2024-25 VFM work to management by 30 November 2025, and to the Corporate Governance and Audit Committee thereafter.

Events

We provide a range of workshops and network events. Events include:

- Webinars covering 2024-25 financial audit, chief accountant's workshops, covering key areas for your senior finance team that would benefit an effective 2024-25 audit process. These were held on 6 and 12 March 2025. We understand your senior finance team colleagues attended this event
- A webinar providing updates on Local Government devolution, re-organisation, and lessons from our 2023-24 value for money audits, will take place on 4 June 2025. We will send the invites in due course to Committee members.

Audit Deliverables

Below are the key audit deliverables planned for 2024-25

2024-25 Deliverables	Planned Date (Corporate Governance and Audit Committee Dates)	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Corporate Governance and Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2024-25 financial statements.</p>	<p>April (with management)</p> <p>June Audit Committee</p>	<p>Not due yet</p>
<p>Audit Findings (ISA260) Report</p> <p>The Audit Findings Report will be reported to the Corporate Governance and Audit Committee.</p>	<p>December 2025 (with management)</p> <p>January 2026 Audit Committee</p>	<p>Not due yet</p>
<p>Auditor's Annual Report on VFM arrangements</p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	<p>November 2025 (with management)</p> <p>January 2026 Audit Committee</p>	<p>Not due yet</p>
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	<p>Target: January 2026 (prior to national backstop date of 27 February 2026)</p>	<p>Not due yet</p>

Sector Updates

Local audit reform

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that accountability and transparency can be maintained at local level. This looks likely to mean a complete overhaul of the current local audit system.

In December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) published a green paper around local audit reform. In the consultation, the government recognised that just 1% of accounts for 2022/23 were published on time, and that whilst there have been calls since 2018 for a separate, dedicated, specialist local audit body to be established, there has been no such body in place since the Audit Commission was disbanded in 2015.

The consultation has now closed, and primary legislation is likely to be introduced in May 2025. The ambition is to establish a new Local Audit Office in the Autumn of 2026 and for the Local Audit Office to begin contract management and other elements of a new oversight role by 2028.

MHCLG statement on the backlog:

1 % audited accounts published on time 2022/23

Source: MHCLG green paper, December 2024

The government has committed that when it arrives, the new Local Audit Office (“LAO”) will:

- Be statutory and independent, with a remit to streamline and simplify the system;
- Assume the functions of appointing and contracting auditors for local authorities (meaning that authorities would no longer have the power to appoint their own auditor);
- Adopt ownership of the Code of Audit Practice from the NAO and deliver relevant training;
- Hold responsibility for quality oversight of local audit, including overseeing an inspection programme, enforcement and some elements of supervision;
- Publish national insight reports on local audit health, which could include emerging trends, quality, market sustainability, VFM arrangements and statutory recommendations and public interest reports; and
- Oversee professional bodies with regard to their remit for the qualification, registration and conduct of local auditors.

MHCLG describes the current system as “complex and dysfunctional” and “broken” but states that it is “determined to get the house in order”. To a large degree, the future of local audit will depend on the extent to which the new body is given appropriate scope, powers and responsibilities. We are contributing actively to stakeholder groups and will work constructively with the new body as it comes into existence.

For a full copy of MHCLG’s intentions, see [Statement of intent and consultation](#).

Devolution and reorganisation

5 February 2025 saw two significant steps taken by the government in its devolution process: Successful bids for the Devolution Priority Programme were announced; and legislation came into force establishing new combined authorities.

The six successful areas joining the Devolution Priority Programme are picked from across the country: Cumbria; Cheshire and Warrington; Greater Essex; Hampshire and Solent; Norfolk and Suffolk; and Sussex and Brighton. Eight Councils in these areas had local elections due in May 2025 which have had to be cancelled.

At the same time, the three new combined county authorities and one new combined authority established on 5 February are also all from different parts of England: Devon and Torbay; Lancashire; Greater Lincolnshire; and Hull and East Yorkshire.

The shift towards greater local decision-making and governance looks likely to continue:

- The government has committed to support devolution business planning for the thirty-three other areas that applied to be in the Priority Programme but were not successful;
- In one area (Surrey), elections have been cancelled not to support devolution this year, but to enable the reorganisation needed for devolution in future; and
- All councils in two-tier areas and small neighbouring unitary authorities have been invited to make proposals for their own reorganisation – with initial proposals invited by March 2025.

Last year, our Learning from New Unitary Councils report set out key messages for local authorities facing reorganisation. Points to bear in mind now, for areas that want to submit initial proposals successfully are:

- Ensure **sufficient staff and other resources are allocated** to the planning process;
- Review business as usual activities to **create capacity**, and **develop key organisational enablers**;
- Be prepared to invest in significant **programme management capacity and capability**;
- Focus on **culture and communication and hearts and minds** alongside the technical analysis;
- **Tackle finances early**, for example seek clarity on social care allocation or balance sheet split;
- **Engage** with the community to identify meaningful aspirations; and
- **Collaborate** to avoid competing proposals.

Helpful resources:

[Learning from the new unitary councils, September 2024](#)

[English Devolution White Paper, 16th December 2024](#)

[Written statement on English devolution and local government, 5th February 2025](#)

[Invitation to local authorities in two-tier areas, 6th February 2025](#)

[MHCLG explainer – what happens next](#)

The future of financial reporting

The government's consultation on local audit reform also included consultation on the future of local government financial reporting and accounts. The government's December 2024 statement of intent and consultation committed to:

- Review the content and format of accounts;
- Determine an appropriate approach to consistency across the UK;
- Consider primary legislation to separate pension fund accounts from administering authority accounts;
- Guarantee a freely available Accounting Code; and
- Consider the introduction of standardised statements in the longer term.

Work is intended to include ensuring that the accounting code does not require more disclosures than are necessary and to consider the purposes and users of local authority accounts. The statement of intent highlighted that timeliness, comprehension (understandability) and professional capability (capacity) have all been issues in the past, culminating in just 1% of audited accounts being published on time for 2022/23.

Grant Thornton's track record is strong (84% of unqualified opinions signed in full for 2022/23 signed by the 13 December 2024 backstop date), but we welcome the government's new commitments. Better timeliness and more comprehensible reporting across the sector will strengthen accountability and transparency and lead to a firmer platform for decision-making and devolved delivery.

13th December 2024 backstop performance – Grant Thornton compared to sector pre-backstop performance

Sector: % audited accounts published on time (pre-backstop dates being set)	1%
Grant Thornton: % 2022/23 opinions signed in full by the 13 December 2024 backstop date	84%
Grant Thornton: % 2022/23 VFM Auditor Annual Reports published by the 13 December 2024 backstop date	99%

In the meantime, with the 28 February 2025 backstop date now passed for 2023/24 statements of accounts, many will now be turning their attention to getting ready for 2024/25 financial reporting. Unaudited accounts for 2024/25 need to be published by 30 June this year. The backstop publication date for the audited 2024/25 accounts is 27 February 2026. Early consideration of resourcing and timetabling will help.

For a full copy of the statement of intent and consultation, see [Statement of intent and consultation](#)

For the Accounts and Audit Regulations 2024, see [The Accounts and Audit \(Amendment\) Regulations 2024](#)

Standards and conduct

The Ministry of Housing, Communities and Local Government (MHCLG) recently ran an open consultation on [Strengthening the standards and conduct framework for local authorities in England](#).

Specific proposals consulted on for legislative change included:

- The introduction of a mandatory minimum code of conduct for local authorities in England;
- A requirement that all principal authorities convene formal standards committees to make decisions on code of conduct breaches, and publish the outcomes of all formal investigations;
- The introduction of the power for all local authorities (including combined authorities) to suspend councillors or mayors found in serious breach of their code of conduct and, as appropriate, interim suspension for the most serious and complex cases that may involve police investigations;
- A new category of disqualification for gross misconduct and those subject to a sanction of suspension more than once in a 5-year period; and

A role for a national body to deal with appeals.

In addition, the consultation asked for views on how to empower victims affected by councillor misconduct to come forward; and what additional support would be appropriate to consider for those victims.

With 2025 marking the thirtieth year since the [Nolan Principles](#) were first introduced, this seems a good time for local government to re-appraise the framework it relies on to underpin those Principles.

Since Standards for England was abolished in 2012, local authorities have been required to promote and maintain high standards through their own internal code of conduct arrangements, without any oversight at national level. There has been little in the way of sanction options for poor standards, other than for non-disclosure of pecuniary interests (which has criminal sanctions).

Whilst most councillors do embody the selflessness, integrity, objectivity, accountability, openness, honesty and leadership expected of them, beyond hoping for removal through the ballot box at the next election, there has been little mandatory power since 2012 for managing the minority that do not.

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that high standards can be maintained at local level. Revisiting and strengthening the framework so that it is fit for purpose and something to be proud of feels a logical step to be taking in this thirtieth anniversary year.

Finance settlement 2025/26

The final Local Government Finance Settlement was announced on 3rd February 2025, granting councils access to some £69 billion of funds. Although the government estimates that this was a 6.8% cash terms increase compared to 2024/2025, the settlement was not without severe criticism from across the sector – spanning both “town” and “country”.

London Councils, representing London boroughs, said at least seven councils in the capital will still require exceptional financial support from the government to balance their budgets in 2025/26 because of homelessness and temporary accommodation costs in the capital.

Meanwhile, the County Council’s Network highlighted that only 3% of the £600 million Recovery Grant will be targeted outside urban areas, whilst the removal of the Rural Services Delivery Grant is another blow for rural authorities.

For sufficiency of cost compensation, the Local Government Association (LGA) pointed out that the £515 million allocated to the sector for managing the increase in employer’s national insurance contributions (NIC) falls very far short of the compensation needed. The LGA estimated that directly employed staff costs alone will rise by £637 million. It estimated that the overall cost of increased NIC will be £1.1 billion once costs through commissioned providers are factored in.

For sufficiency of income, whilst six councils were given permission to set Council Tax increases above current referendum thresholds, everyone else was required to remain within the referendum limits that have been in place since 2012. The LGA noted that many Councils will need to go to this limit and still cut services.

We note that a recent consultation on [Local authority funding reform](#) started to pave the way for new funding allocations. There will probably be “losers” as well as “winners” in any re-allocations. However, the consultation also started to pave the way for increased local flexibility, and changes to fees and charges . These are expected to be helpful across the sector and perhaps will reduce some of the dependency on settlements that underpins the criticism we see now.

For a sample of press and other comment on the settlement for 2025/26, see

Local Government Association: [Debate on the Local Government Finance Settlement 2025/26, House of Commons, 5 February 2025 | Local Government Association](#)

Public Finance: [Councils still under strain as local government finance settlement published | Public Finance](#)

CCN News: [County Councils Network responds to final Local Government Finance Settlement - County Councils Network.](#)

Local Government Lawyer: [Unitary mulling legal action over “vindictive” decision to end rural services delivery grant](#)

New financial resilience index published by CIPFA

CIPFA published the Financial Resilience Index 2024 in January 2025. For Councils wanting to check how they compare with others and where their weak spots are, the Index can be found here: [Insights from the Financial Resilience Index](#).

Helpful for this year is that the Index includes an indicator on growth above baseline. This can be used to highlight the risk each council is likely to face when the business rates retention scheme changes.

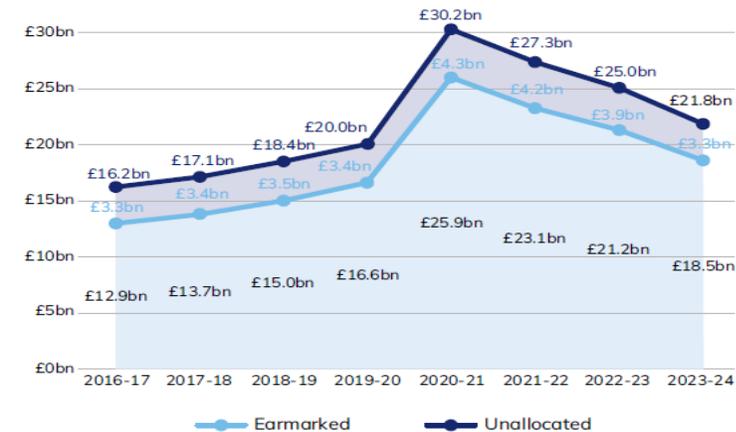
Taking the data for all councils together, the Index highlights that some ongoing national issues are getting rapidly worse rather than better, and that decline is speeding up. The data, when compared to Financial Resilience Index 2023, suggests that:

- Reserves are declining at an accelerated rate. This is the case for unallocated and earmarked reserves and, for the unallocated reserves, suggests that Councils are using reserves more rather than less than in the past to cover budget gaps.
- Other than for London boroughs, average spend for all councils increased sharply as a percentage of net revenue expenditure in 2024 compared to 2023. London boroughs had seen an equivalent sharp increase in 2023, so this seems to be a case of the rest of the country catching up with London's trend; and
- Average homelessness expenditure rose sharply as a proportion of net revenue expenditure for London boroughs and non-metropolitan districts.

Continued demand-led cost pressure, coupled with falling reserves to absorb the pressure is not a new trend – but the rate of increase across the country will be very worrying for many.

On a more positive note, the Index does show that external debt levels have stabilised for the sector, which suggests better understanding of the risks associated with debt. Many must be reading the index and hoping that reserves decline can arrest and stabilise as well now.

Total unallocated and earmarked reserves



CIPFA

Exceptional Financial Support

With so many commenting that the Finance Settlement for 2025/26 was inadequate for their council, it was perhaps no surprise to many that the government went on to approve exceptional financial support for thirty councils on 20th February 2025. This covered nearly ten percent of all English local authorities, rising from 19 approvals for 2024/25 and just eight approvals for 2023/24.

Fifteen of the thirty councils were the same councils that had support approved for 2024/25. For four of the thirty councils it was their third year running of “exceptional” support – they having also had approvals not only for 2024/25 but for 2023/24 as well (Croydon, Cumberland, Thurrock and Slough).

Support agreed in principle for 2025/26 ranges in size from £2 million each for Eastbourne Borough Council and Worthing Borough Council; to £180 million for Birmingham City Council. The total value is well over £1 billion.

Although this is the third year running, there are two important differences to exceptional financial support this year:

- for the first time since exceptional financial support was introduced in 2020, additional expectations have been set out to protect “treasured community assets, culture and identity.” Councils using capitalisation are instructed not to dispose of community and heritage assets; and
- the Government has removed the condition that made borrowing more expensive through a 1% premium.

The heritage asset and premium rate charging changes do seem to herald a new direction and a higher emphasis on the government helping the sector. When the recently consulted local authority funding reform materialises, then it will be clearer just how far in a new direction the government is going to go.

Councils approved support in principle

February 2025	30
February 2024	19
February 2023	8

For details of the support granted for 2025/26, see

[Exceptional Financial Support for local authorities for 2025-26 - GOV.UK](#)



House of Commons Committee inquiry

Looking more widely at whether the local government finance system in England is fit for purpose overall, the House of Commons Committee on Housing, Communities and Local Government took oral evidence as part of an inquiry into the system on 11th February 2025; and published 48 written evidence submissions as part of its inquiry on 19th February 2025.

Oral evidence was taken from a selection of academics, as well as representatives from the Local Government Information Unit; the Institute for Government; the Institute for Fiscal Studies; and the Reform think tank.

The written evidence submissions came from a wide range of organisations, including government and public bodies, councils, charities, and academic experts. Organisations submitting evidence to the Committee's inquiry included charities such as Mencap, Terrence Higgins Trust, and the National AIDS Trust; groups such as Libraries Connected and the Chartered Institute of Library and Information Professionals; the trade union UNISON; the Chartered Institute of Housing and the Royal Town Planning Institute; and the Local Government and Social Care Ombudsman.

Government and public bodies including the Ministry for Housing, Communities and Local Government, Food Standards Agency, and Historic England also submitted evidence; as did a number of councils and local authority groups.

Under the inquiry, cross-party MPs are asking questions about council tax, business rates, and the funding available from central government; cost and income pressures on the local government sector; and the likely effectiveness of the planned move to multi-year funding settlements.

The wide range of written evidence submissions gives excellent insight into what stakeholders from across the spectrum have to say about the sector today.

Details of oral evidence received by the inquiry can be found here: [11th February 2025 - The Funding and Sustainability of Local Government Finance - Oral evidence - Committees - UK Parliament](#)

A full copy of all 48 submissions can be found here: [The Funding and Sustainability of Local Government Finance - Written evidence - Committees - UK Parliament](#)



Adult Social Care

Government announcements on 3rd January 2025 paved the way for significant changes around adult social care provision – with immediate support and the start of deep reform both announced on the same day.

For immediate support, the government announced:

- An £86 million immediate uplift to the Disabled Facilities Grant (DFG) for 2024/25;
- An equivalent additional amount of £86 million to be added to the DFG allocation for 2025/26 (since confirmed in the final settlement);
- a shared digital platform to allow up-to-date medical information to be shared between the NHS and care staff, including when someone last took their medication; and
- Commitment to support care workers taking on further duties to deliver health interventions, such as blood pressure checks, at home.

This last two points are intended to reduce pressure on the NHS whilst upskilling the care sector. This would compare well with current arrangements. In February, the [National Audit Office 24](#) highlighted that local authorities aren't at present even given effective support to commission the health checks they have a statutory duty to provide.

For the start of deep reform, the government announced:

- Baroness Louise Casey of Blackstock to lead an independent commission, expected to start in April 2025 and to be run in two phases;
- Phase 1 to report in 2026, identifying the critical issues facing adult social care and setting out recommendations for improvement in the medium term; and
- Phase 2 to report in 2028, identifying a fair and affordable model of care for the ageing population and setting out longer-term transformation recommendations.

Shortly afterwards, on 6th February 2025, better accountability for current users of the system was introduced when the Local Government and Social Care Ombudsman launched a new guide for complaints about adult social care services. The guide sets out how local authorities in England should handle complaints about adult social care and includes a new model for complaints handling which allows councils to try to resolve complaints early, before moving on to having a closer look at issues raised where this is not possible.

Helpful resources:

[Government announcements](#)

[Adult Social Care Complaints, Reviews and Appeals: A good practice guide for local authorities - Local Government and Social Care Ombudsman](#)

Special Educational Needs (SEN)

The government confirmed in December 2024 that it will not enter any more safety valve agreements to support local authorities with dedicated schools grant (high needs block) deficits. The government states that it will instead provide additional capital investment for making classrooms more accessible for SEN children.

The Public Accounts Committee (PAC) reported on 15th January 2025 that the “system to support children and young people with special educational needs (SEN) in England is reaching, or, arguably, has already reached, crisis point”.

PAC highlighted that:

- The current system is inconsistent and not delivering in line with expectations;
- The Government does not fully understand why demand has risen over the last decade and cannot fully articulate what inclusive education is;
- There is no potential solution to the “critical and immediate” financial challenges facing local authorities; and
- Based on the Department’s current forecasts for the need for SEN support, the annual gap between funding and forecast costs across local authorities will grow to between £2.9 billion and £3.9 billion in 2027/28.

Citing a 140% increase over the last decade in the number of children with education, health and care plans; and 1.9 million children and young people aged 0 to 25 years having special educational needs (in January 2024), PAC’s “crisis” reporting will be surprising to few people. A deeper overhaul of the system seems likely to be needed in the next few years, rather than simply spending more on capital for classrooms. This PAC report is unlikely to be the last we hear on SEN.

For a full copy of the report, see [Support for children and young people with special educational needs](#).



Homelessness

The Public Accounts Committee (PAC) expressed their concern in January 2025 that homelessness levels are at their highest since records began. The Committee concluded that:

- Local authorities are insufficiently resourced to focus on preventing households from becoming homeless;
- It is unacceptable that bed and breakfast accommodation is being used routinely to house people rather than as a last resort;
- Too many people’s lives are disrupted by being placed in temporary accommodation outside of their local area;
- Local Housing Allowance rates may have been set without due consideration of their impact on homelessness;
- The absence of a joined up, cross-government approach makes it hard to tackle homelessness in England;

- The homelessness problem is exacerbated by a severe shortage in housing supply, and especially affordable housing; and
- There are weaknesses in oversight of the supported housing sector.

PAC recognised that multiple funding streams have been a challenge for local authorities; that the Home Office has competed against local authorities for access to much-needed accommodation in the past; that the national standards for support envisaged in the Supported Housing (Regulatory Oversight) Act 2023, have not been implemented by MHCLG; and that, faced with crisis levels of demand, local authorities are less and less able to spend money on prevention.

PAC notes that MHCLG states the Government is committed to producing a strategy and associated metrics in 2025; and that an inter-ministerial group on homelessness, chaired by MHCLG, has been created. However, PAC also questions “how this arrangement will achieve results that the existing cross-government boards with a remit relevant to homelessness have failed to achieve”. Citing a cost increase for temporary accommodation from £1.6 billion in 2022/23 to around £2.1 billion in 2023/24, PAC does not make the outlook for any future prevention seem positive.

For a full copy of the report, see [Tackling homelessness](#).

Sector Developments- have your say

With the important consultations around Local Audit Reform (including financial reporting), Funding Reform, and Standards and Conduct now closed, it is worth remembering that there are other important debates shaping the sector that your council can still have a say on:

- GOV UK: Funding arrangements for homelessness prevention grant – closes 11.45 pm on 11th March 2025

[Funding arrangements for the Homelessness Prevention Grant from 2026/27 onwards - GOV.UK](#)

- GOV UK: Land use in England – closes 11.59pm on 25th April 2025

[Land use in England - GOV.UK](#)

- GOV UK: Improving the way Ofsted inspects education – closes 11.59pm on 28 April 2025

[Improving the way Ofsted inspects education - GOV.UK](#)

- CIPFA: Updated guidance on the annual review and preparation of an annual governance statement – closes 25th April 2025

[Consultation on updated guidance on the annual review](#)

CIPFA



Preparing for 2024/25 financial audit

It is critical for authorities to plan for the financial audit process as early as possible. It's helpful to think ahead about how you can prepare for the independent audit process and to discuss this with your audit team.

Your audit team can provide these tools to ensure that key areas are considered before your audit is underway:

- Accounts consistency checker – to help authorities to check consistency of key accounting entries and disclosures within the financial statements; and identify any anomalies so that that you can address these before you publish draft statement of accounts; and
- Financial reporting issues checklist – this covers the most frequent issues arising from our reviews of local authority financial statements and sets out some questions to help you with your own quality checks as you prepare your financial statements.

Further, we hold annual local government accounts webinars to help preparers and auditors to work together effectively to meet their statutory deadlines and to rebuild assurance over time where authorities have received modified or disclaimed opinions for earlier years.

The webinars are presented by our technical team, who all have substantial experience with public sector audits and financial reporting in local government. At our annual webinars we set out those aspects of financial reporting that are complex or areas that may be challenging this year.

As part of these sessions, authorities can gain an insight into elements of our audit approach, why we ask certain questions, and tips to help finance teams prepare for the financial statements audit, including some practical aspects of working with your auditor and providing appropriate information for audit testing.

Specific aspects of the webinars will include:

- Practical aspects of audit after backstop, working with your auditors and reminders of what good supporting analysis and evidence looks;
- Reminders in areas such as grants, capital accounting and financing, cash and cash flow, and other common accounting and disclosure issues;
- Focus on the new accounting and audit requirements for IFRS 16 on leases; and
- Reminders and tips for those preparing group accounts.

In the meantime, when preparing for the 2024/25 audit – questions to ask are:

- Did your chief accountants/finance teams attend the Local Government Accounts Webinar?
- Have you considered areas which may be complex/challenging in 2024/25 and discussed these with your auditor?
- Have you discussed the impact of the new accounting requirements for IFRS 16 on leases with your auditor, where this is significant?
- Have you requested and completed the accounts consistency checker and the financial reporting issues checklist from your local audit team?

Value for money webinar for Audit Committee members

We plan to hold the second in a series of Value for Money (VFM) webinars for members of Audit Committees on 4th June 2025 from 4:00pm until 5.30pm. See page 5. Invitations will be available on the Grant Thornton website shortly. Alternatively, please speak to your audit Engagement Lead or Engagement Manager.

Delivered by Grant Thornton specialists and drawing on experience from across the sector, the webinar will cover:

How to prepare for devolution and reorganisation:

- Shared experience from other reorganisations, with a focus on:
- Setting up new strategic authorities;
- Preparing successful final November 2025 proposals;
- Programme management;
- Organisational enablement;
- Robust evidence for costs and benefits analysis;
- Setting out your vision; and
- Successful engagement with people and culture.

Lessons learnt from 2023/24 and how to get ready for 2024/25:

- Review of findings from more than 100 Auditor Annual Reports to identify common findings and what those tell us about areas where more scrutiny is needed;
 - Year on year trends across the sector; and
- How to prepare for VFM audit 2024/25.

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We look forward to welcoming you.



Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-on-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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REPORT TITLE: INTERNAL AUDIT: CHARTER, STRATEGY & PLAN FOR 2025/26

Meeting:	Corporate Governance & Audit Committee
Date:	25 April 2025
Cabinet Member (if applicable)	
Key Decision Eligible for Call In	No No – Information report
<p>Purpose of Report To request approval of the Internal Audit Charter and Strategy, and an Internal Audit Plan for 2025/26 (Formal for the first half year; informally for the second half), and to provide information about the Global Internal Audit Standards. (GIAS)</p>	
<p>Recommendations</p> <ul style="list-style-type: none"> • The Internal Audit Charter and Audit Strategy be approved (noting the areas where the council's arrangements might be assessed as not fully compliant). • The proposed audit plan for 2025/26 (April to September 2025/ draft October 2025 to March 2026) be approved. • The Committee notes the resourcing position and determines any further information that they require and actions that they may wish to take. • The Head of Risk & Internal Audit be delegated authority to make changes to the Audit Plan as he considers reasonable, reflecting the needs of the organisation, subject to this being reported back to this Committee. <p>Reasons for Recommendations</p> <ul style="list-style-type: none"> • The Internal Audit Charter and Strategy document is in fulfilment of the requirements of the Institute of Internal Auditors Global Internal Audit Standards and the UK Public Sector application note. • A risk-based audit plan is necessary to achieve maximum assurance from a limited level of resource. 	
<p>Resource Implications:</p> <ul style="list-style-type: none"> • It is anticipated that the proposed internal audit plan can be delivered within the envisaged resource availability (subject to successful recruitment). 	
<p>Date signed off by Strategic Director & 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>Not applicable</p>

Electoral wards affected: all

Ward councillors consulted: none

Public or private: public

Has GDPR been considered? yes

1. Executive Summary

The Council has an internal audit function led by the Head of Risk and Internal Audit, who reports for governance purposes to the Corporate Governance & Audit Committee. There are new Global Internal Audit Standards with some new obligations.

This regulator regime for internal audit, requires the approval of an Internal Audit Charter and Strategy which are included in this report.

Each year it is necessary to identify how internal audit resources will be deployed. It is now considered good practice to determine an audit plan for half a year, based on a risk assessment. The report sets out resource availability and how this may impact on the level of assurance that can be provided.

2. Information required to take a decision

2.1 Internal Audit is a statutory obligation for local authorities and exists to provide independent assurance about the business processes of the Council.

2.2 Internal Audit work is designed to provide assurance through following a programme of work designed to give coverage across the organisations areas of risk.

Internal Audit Charter and Strategy and the Global Internal Audit Standards

2.3 The Institute of Internal Auditors (IIA), an international- USA based organisation- has published standards for internal audit for some years. These standards were then adopted into United Kingdom Public Sector Internal Audit Standards (PSIAS) and further interpreted by CIPFA for use by local authorities. Early in 2024 the IIA published new Global Internal Audit Standards (GIAS), which are substantially more specific and complex (over one hundred pages of text) which took effect globally from January 2025, though there is little change in the actual objectives or intentions, but some obligations or expectations about governance, reporting and involvement are codified in more detail.

2.4 There are changes added by the UK government in some areas, by way of a UK public sector application note, but issues of quality, competence, ethics and most aspects of governance are unchanged. The date of applicability for UK public bodies is from 1 April 2025. Details of the new standards are summarised in appendix 1.

2.5 The bulk of the requirements do not change the approach in practice to work delivered, but there are some minor changes that could add small amounts of time in delivering work which at a time of limited resource already, will potentially reduce the amount of work that can be achieved (albeit the contra should be that the work is produced to a clearer and purer standard).

2.6 The new standards apply to the governance of the internal audit function- to the Audit Committee specifically, and the internal audit's interrelationship with management of the organisation. The expectations about what an Audit Committee should do are set out in detail. There are new "topical requirements". Where an audit area reviews an activity covered by a "topical requirement" the starting presumption is the audit scope will address all areas identified, although it is permissible to specifically determine not to cover items identified.

2.7 The GIAS standards set out a standard to which a very large directly provided internal audit function should aspire. The standards in practice are hard for outsourced providers of IA services to achieve, and IIA are accepting that some of the control arrangements set out in the GIAS standards are not proportionate for smaller IA functions.

- 2.8 The opportunity has been taken to redraft the Charter based on a standard template (although track changes do show that this has been amended quite substantially). A newly redrafted Strategy sets out how the objectives are intended to be achieved. (appendix 2 and 3)
- 2.9 The new standards are more explicit about a desire for the Head of Internal Audit to have a pure approach, and not to have their role fettered by other responsibilities, and specifically that where the Head of Internal Audit does have other roles, the internal audit assurance function is done by others. Our approach to this in the past has been to carry out internal audit assurance assignments in the areas where the Head of Audit is “manager”, but for the audit manager to report for compliance purposes to the service director. The purest solution would be to remove other responsibilities from the Head of Internal Audit, or in the absence of this, the GIAS suggest that this auditing should be carried out by “others”, presumably by outsourcing, or maybe by another individual/set of individuals who are council employees (e.g. accountancy staff with IA experience). As the Strategy sets out the highest risk financial area- insurance funds- is already subject to external review audit by the council’s insurer. It is suggested that this is the most practical arrangement to continue, though in purity this will be non-compliant. Similarly, the typical exempted areas of control.
- 2.10 In addition the UK application note recognises that areas such as the internal audit budget, and grading, role, recruitment, performance management and dismissal of the head of audit are not usually controlled by an audit committee in the UK public sector. (p2,5,7 & 14 of the track changed version of charter document are overshadowed in yellow where this applies

Audit Planning & Resourcing 2025/26

- 2.11 The resources available to internal audit are quite limited. Whilst authorisation has been given to undertake additional recruitment (to fill vacancies since mid-2024, and the very start of 2025), so far it has not been possible to identify suitable recruits. The council is also committed to providing audit work for West Yorkshire Fire & Rescue Authority and Kirklees Active Leisure. These clients pay for the work they receive and so it is important that resources are available for this requirement.
- 2.12 Current staffing means that availability of staff to carry out audit tasks for the council for the half a year is as shown below:
There is currently the equivalent of 3 full time staff available to carry out the routine risk-based assurance work in the KMC audit plan. Depending on the recruitment it should rise to 5 (or just under, if candidates request to work other than full hours) during the first half of the year.
- 2.13 In addition, the risk-based assurance work needs to be supplemented by time to review and authorise grant claims on behalf of government departments, West Yorkshire Mayoral Combined Authority (WYMCA) and other organisations, Time is also retained as a contingency for unexpected urgent work. There is also some time used for dealing with general advice (of an audit and assurance nature), other tasks such as contractor evaluation and contract advice and assistance. Whilst these do not fall within the definition of consultancy work, or other work, this does help the organisation to achieve a higher level of broad internal control and assurance.
- 2.14 This report sets out in appendix 4 the key areas of operational activity that are considered to be in scope for assurance activity. In addition, the organisations corporate risk matrices should identify areas of potential concern, which should be subject to review, but these alone cannot alone provide areas for internal audit review, as core systems require assessment of reliability in a way which may not be obvious from a strategic corporate risk assessment.
- 2.15 Internal Audit have identified areas of risk with an assessment between high, medium and low risks, that have not been reviewed for some time, from the schedule of risk areas

shown in appendix 4 and these have been included alongside a selection of areas of activity that management have indicated they consider would help meet the needs of the organisation. The combination of these items should produce a balanced programme that meets the needs for assurance, and also as a potential aid to management and decisions to be taken. It is important that every aspect of the council's operations remain in view of internal audit (otherwise this is suggesting that some areas are specifically "outside" of the view of internal audit, with governance consequence).

- 2.16 Traditionally audit plans were prepared annually. The changing needs of the organisation, and risk assessment, together with limited resources, mean that it is now considered more appropriate to plan over a shorter horizon.
- 2.17 Appendix 5 contains a proposed Audit Plan for the first half of 2025/26; and Appendix 5A contains an indicative Plan for the second half of 2025/26.
- 2.18 However, to retain some flexibility, there needs to be scope to move audit projects around, both to reflect urgent needs of the organisation and staffing and skill levels. Accordingly, some flexibility for the Head of Risk & Internal Audit to make changes to the plan need to be available.
- 2.19 The proposed audit plan- of 26 pieces in Spring /Summer 2025, and 40 pieces in Autumn/Winter 2025/26 includes a combination of assurance based around core financial systems, other important financial systems, other business control systems, and other operational arrangements,

Performance Standards & Quality Assessments

- 2.20 During 2024/25 internal audit has looked to enhance the clarity of its reporting arrangement, providing more detail. One report provided information about follow up on all audit work that should have had recommendations completed by September 2024. The planned resource includes enhancing the reporting of both the outcomes from audit work, and also follow up of implementation of recommendations from each audit (some by information provided by management, others by further IA work)
- 2.21 The new GIAS continues to expect that internal audit has established targets for and monitoring of its performance. The suggested monitoring targets are set out in Appendix 6. The standard also continues to require regular internal assessments of compliance and quality of operations (typically annually), and a 5 yearly external assessment to be carried out by a competent person. The previous KMC review was in 2022/3, so is next required in 2027/8; the new standard requires assessment of the competence and effectiveness of governance arrangement- i.e., this committee. An internal assessment is currently being carried out. This will assess the bridging position between the old and new requirements of the GIAS and will be reported as a part of the Annual Internal Audit Report for 2024/25, to the June 2025 meeting.

Fraud Work

- 2.23 There is an expectation under the PSIAS and new GIAS that internal auditors have an awareness of fraud risk, and test as a part of routine audit assurance work that fraud risk is identified, understood and addressed, with recommendations made as appropriate. Linked to this is a practice that suspected internal fraud, or that by contractors, is addressed through internal audit work. External fraud risk (from clients and customers) is executed through the councils dedicated fraud team. In the past this has been distinct and separate, and largely remains so, but the common management does now enable additional assurance-based learning about fraud risk and potential system changes. Depending on skill and capacity it may also be potentially possible to use some fraud specialist skills on internal or contractor fraud investigations.

- 3. Implications for the Council**
Having an effective internal audit function, as a part of a strong assurance and governance framework is important for the Council. As resources are limited it is important that the deployment of resources is effective.
- 3.1 Working with People**
No directly applicable.
- 3.2 Working with Partners**
No directly applicable.
- 3.3 Place Based Working**
No directly applicable.
- 3.4 Climate Change and Air Quality**
No directly applicable.
- 3.5 Improving outcomes for children**
No directly applicable.
- 3.6 Financial Implications**
Refers in part to improving strategic and operational financial controls. The current cost of internal audit services to the council is approximately £410,000 (including overheads).
- 3.7 Legal Implications**
No directly applicable.
- 3.8 Other (e.g. Risk, Integrated Impact Assessment or Human Resources)**
Implementation of recommendations should improve overall control arrangements and promote good governance. An absence of adequate resources for internal audit impacts on the degree of assurance that internal audit can provide.
- 4. Consultation**
There have been discussions with Executive Leadership Team (ELT) and Service directors in preparing the proposed audit plan.
- 5. Engagement**
ELT have seen and are aware of the content of this report
- 6. Options**
An Audit Plan is required; There are multiple options for the contents of the Plan. Some potential alternatives are described in the text to the report.
- 7. Next steps and timelines**
Delivery of the Audit Plan
- 8. Contact officer**
Martin Dearnley Head of Audit & Risk.
- 9. Background Papers and History of Decisions**
None.

10. Appendices

Appendix 1 Global Internal audit standards- changes summary

.

Appendix 2 Audit Charter & Mandate (clean and track change version)

Appendix 3 Audit Strategy

Appendix 4 Risk areas in scope for audit activity

Appendix 5 Audit Plan April to Sept 2025: October 2025 to March 2026 (Provisional)

Appendix 6 Proposed audit performance standards 2025/26

11. Service Director responsible

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

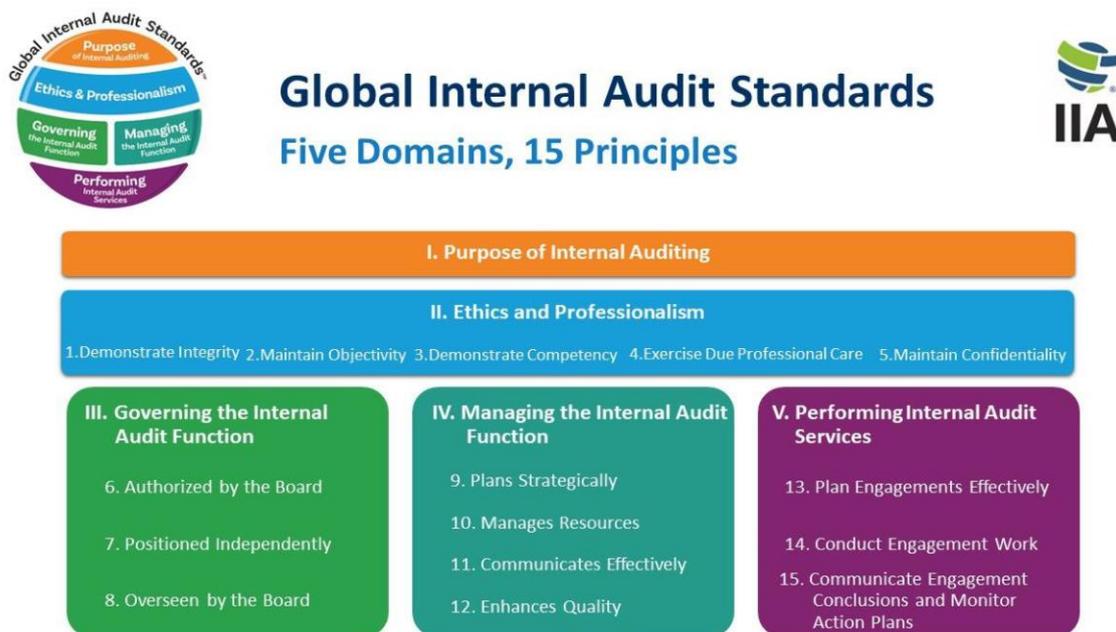
The statutory officers with a responsibility for overseeing the internal audit function are
Samantha Lawton Service Director of Legal Governances & Commissioning
Kevin Mulvaney Service Director of Finance

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**KIRKLEES MC apx1
RISK SERVICES
INFORMATION ABOUT GLOBAL INTERNAL AUDIT STANDARDS**

The new Global Internal Audit Standards (GIAS), produced by the Institute of Internal auditors (IIA) are based on the following structure, with five areas known as “domains.” The GIAS uses the titles in its narratives which have been changed in the summary below
Head of Audit is used instead of “chief audit executive”
Audit Committee is used instead of “Board.”

[globalinternalauditstandards_2024january9_editable.pdf](https://www.iaa.org.uk/globalinternalauditstandards_2024january9_editable.pdf)



The five domains – many of which have sub parts are

D	Title	Core issues
1	Purpose of Internal Auditing	Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight
2	Ethics & Professionalism	Includes all of the areas that might be expected of any professional – integrity, objectivity, care, competence, confidentiality Two specific areas are an expectation to have Professional scepticism Professional courage- (a newly emphasised area) a willingness to stand up for moral or ethical issues based on factual assessment, even if this leads to disagreement
3	Governing the Internal	This is about the (board) Audit Committee ensuring that

	Audit function	<p>all the essential conditions for audit activity (such as unrestricted access to all information, employees and premises) are provided enabling fulfilment of audits objectives and strategies, and that senior management supports the same approach, and ensures that the role of internal audit is recognised across the organisation.</p> <p>This is set out in the IA Charter, Mandate and Strategy (and also, in the Council in constitution, FPRs etc).</p> <p>It includes the Audit Committee approving an audit plan, and performance objectives, and assessing quality of operations. Five yearly external quality assessment (EQA) now also assess the governance processes of the organisation as well as the other domain areas.</p> <p>The GIAS requires involvement by the Audit Committee in establishing role, responsibilities, qualification, appointment, removal and performance management of the Head of Audit. (see section A, below)</p>
4	Managing the Internal Audit function	<p>This is about the role of the Head of Internal Audit specifically to:</p> <ul style="list-style-type: none"> -Plan strategically -Manage resources -Communicate effectively -Enhance quality <p>It also expects coordination of activity, ensuring that internal control arrangements are understood, using appropriate methodology.</p> <p>The resources apply to having sufficient financial budget, and staff resource, and other technology to enable fulfilment of the strategy (mandate and charter)</p> <p>In communicating the Head of Audit is also expected assess root causes of issues arising, and trends that may apply more generally as a cultural issue in the organization.</p>
5	Performing Internal Audit services	<p>This involves engagements (Individual audit projects)</p> <ul style="list-style-type: none"> -Planning engagements effectively, which includes setting the objectives for the audit. There is a n expectation that fraud risk is always considered -Conducting engagements (generally to assess if a system is achieving its objectives) which is gathering information and evidence, assessing and evaluating it, reaching conclusions and making recommendations. This also involves assessing if there are any root causes to issues that are identified. -Effectively communicating the outcomes, agreeing recommendations and an action plan (who, when) including an acknowledging where corrective action has been taken before the final report.

	Section A below is the UK public sector implementation information Sections B and C below are further IIA advice about implementing the GIAS
	Additional information related to the Global Internal Audit Standards
A	<p>An application note for the UK public sector makes minor changes to the GIAS:</p> <ul style="list-style-type: none"> -effective date 1/4/25 (not January 2025) -requirement to say that auditing is performed to GIAS but subject to the Global Internal Audit Standards in the UK Public Sector -CIPFA still has authority to adjust recommended requirements in local authorities -information management in the public sector can be subject to FoI, EPA and SAR -UK public bodies must assess value for money as a part of their obligations -although there is an expectation that IA coordinates its role with other assessors, this may not always be practical with UK regulators -the GIAS expects that the Audit Committee and Head of Audit agree a budget. in uk public sector organisations this is not usually the case, and the Head of audit must explain to the Audit Committee what the most effective audit strategy is within the resources available -the Head of Audit in a uk public body is required to make an annual statement about the effectiveness of arrangements for governance, risk management, and control. -a Head of Audit should be a qualified accountant or auditor with experience (CCAB or MIAA) -an annual internal assessment of quality is required -the five yearly external assessment must include someone who would qualify as a head of audit -Essential Governance conditions- these may not always be practical in uk public bodies, so non-conformance is permitted if it is explained to Audit Committee and appropriate alternative approaches are identified achieving the same principles. <p>Global Internal Audit Standards in the UK Public Sector CIPFA</p>
B	<p>Topical Requirements are meant to assist in the auditing of complicated areas. There is an expectation that any assurance audit covered by an IIA issued Topical Requirement will address the recommended areas for review (There is no obligation to follow the requirements, but the reason for not doing so needs to be recorded). The expectation applies one year after publication of these requirements, and none have yet been published. The schedule of these areas is not readily available, but it includes reliance of third parties (such as suppliers), cyber security, organisational resilience, organisational culture. There appears to be uncertainty about whether after making thee obligations mandatory, IIA will make them freely available.</p>
C	<p>Small Internal audit functions. The GIAS acknowledges that resource limitations mean that smaller organisations are not always able to fully comply with the expectations of the GIAS. The expectation in such cases is that” alternative actions should be implemented to meet the intentions of the related standard,” and the standards require that the Head of Audit is clear with the audit committee matters of non-conformance arise, and how these might be mitigated.</p>

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Kirklees Council

Internal Audit Charter

(and mandate)

April 2025

Internal Audit Charter for Kirklees Council

1. Purpose

The purpose of the internal audit function is to strengthen the Council's ability to create, protect, and sustain value by providing the Council, its Corporate Governance & Audit Committee (CGAC) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with stakeholders.
- Ability to serve the public interest.

An internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with accredited standards.
- The internal audit function is independently positioned with direct accountability to Board (in this case Corporate Governance & Audit Committee, and the Executive Leadership Team)
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the IIA Global Internal Audit Standards

Kirklees Council's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework. The Head of Audit & Risk will report annually to the CGAC and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

2. Mandate

The Accounts & Audit Regulations 2015 require that at (5(1)

"Every relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

Kirklees Internal Audit role is established in Financial Procedure Rule 5 (appendix 1)

Authority

Kirklees Council has given the internal audit function the mandate to provide the Corporate Governance & Audit Committee and senior management with objective assurance, advice, insight, and foresight.

The Council authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to fulfilling internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

The Corporate Governance & Audit Committee will:

- Allocate resources+, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish Internal Audit objectives.
(+ allocation of resources is a council responsibility)
- Obtain assistance and other specialised services from within or outside the Council to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The Head of Audit & Risk is positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without intervention from senior management, enabling independence of the internal audit function. The Head of Audit & Risk will report functionally to the Corporate Governance & Audit Committee (CGAC) and administratively (for example, day-to-day operations) to the Director of Legal Governance & Commissioning. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the CGAC, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The Head of Audit & Risk will confirm to CGAC, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Head of Audit & Risk will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of Audit & Risk will disclose to CGAC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Audit & Risk, CGAC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the IIA Global Internal Audit Standards.
- Significant changes in roles and responsibilities of the CGAC, and/or senior management.

- Significant changes to the organisation's strategies, objectives, reorganisations, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.
- Change in the role (or tenure) of the Head of Audit & Risk.

3. Corporate Governance & Audit Committee (CGAC) Oversight

To establish, maintain, and ensure that Kirklees Council's internal audit function has sufficient authority to fulfil its duties, the CGAC will:

- Discuss with the Head of Audit & Risk and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function. (+ is a shared council responsibility)
- Ensure the Head of Audit & Risk has unrestricted access to, communicates, and interacts directly with them, including in private meetings without senior management present.
- Discuss with the Head of Audit & Risk and senior management any other topics that should be included in the internal audit charter.
- Participate in discussions with the Head of Audit & Risk and senior management about the essential conditions, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review and approve the internal audit charter annually with the Head of Audit & Risk to consider any changes affecting the organisation, or changes in the type, severity, and interdependencies of risks to the organisation.
- Approve the risk-based internal audit plan.
- Collaborate with senior management to determine the qualifications and competencies the organisation expects in a Head of Audit & Risk,
- Review the Head of Audit & Risk's performance.
- Receive communications from the Head of Audit & Risk about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established and review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the Head of Audit & Risk to determine whether scope or resource limitations are inappropriate.

4. Head of Audit & Risk Roles and Responsibilities

Ethics and Professionalism

The Head of Audit & Risk will ensure that internal auditors:

- Conform with the IIA Global Internal Audit Standards and any other UK public sector obligations, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Head of Audit & Risk will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement, selection, scope, procedures, frequency, timing, and communication. If the Head of Audit & Risk determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Kirklees Council.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Kirklees employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Disclosure: The Head of Audit and Risk has a wider range of responsibilities than management and leadership of the internal audit function. This is set out in detail in Appendix 2, alongside the mitigation that apply. One member of internal audit staff routinely carries out accounting tasks as a part of professional development. The Senior Risk Officer also carries out some internal audit related tasks appropriate to her role.

Internal auditors will:

- Disclose general impairments of independence or objectivity, in fact or appearance, at least annually, and as arising, to the Head of Audit & Risk.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Head of Audit & Risk will:

- At least annually, submit a risk-based internal audit plan to the CGAC and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the CGAC and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.
- Communicate with the CGAC and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the IIA Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the CGAC and senior management quarterly for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the IIA Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact on the Council and communicate to the CGAC and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the IIA Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the CGAC and senior management.

- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Audit & Risk cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the CGAC.

Communication with the Board and Senior Management

The Head of Audit & Risk will report annually to the CGAC and senior management regarding:

- The internal audit function's mandate.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Resource availability
- The internal audit plan
- The internal audit performance relative to its plan.

And produce an Annual Report of Internal Audit setting out an assessment of the activities and outcomes from internal audit work, any issues around resourcing, performance, independence, trends and issues of wider significance identified in internal audit work, thus generating an assurance statement about the Council's arrangements for governance, risk, control, regularity and compliance, value, efficiency and effectiveness in the achievement of objectives.

The Head of Audit & Risk will report quarterly to the CGAC and senior management regarding:

- The (in quarter) internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan
- Potential impairments to independence, including relevant disclosures as applicable.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the board.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's normal risk appetite.

Quality Assurance and Improvement Program

The Head of Audit & Risk will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the IIA Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Head of Audit & Risk will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council.

5. Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all of Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the CGAC and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of the Council's officers, directors, management, employees, and contractors comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is dependable.

- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

NOTE

The IIA Global Internal Audit Standards requirements came into force from January 2025.

However, UK public sector bodies adopt the standard from 1st April 2025.

Reference in this document to IIA Global Internal Audit Standards includes also any requirements established by the UK Public Sector Internal Audit Standards, and the additional obligations identified by CIPFA for UK local authority bodies.

Approval/Signatures

Head of Audit & Risk

Date

CGAC Chair

Date

Chief Executive Officer

Date

APPENDIX 1 (extract of Financial Procedure Rules)

5. **INTERNAL AUDIT**

Responsibility & Authority

5.1 The Chief Executive, (in consultation with the Chief Finance Officer and Monitoring Officer) must arrange a continuous internal audit, which is an independent review of the accounting, financial and other operations of the Council.

5.2 The Head of Audit & Risk will report directly to the Chief Executive, the Chair of the Corporate Governance & Audit Committee, or the External Auditor in any circumstance where the functions and responsibilities of the Chief Finance Officer are being reviewed. (Other than routine reporting of work carried out)

5.3 The Head of Audit & Risk has authority to

Enter at all times any Council premises or land or location from which Council services are provided. Have access to all property, records, documents, and correspondence relating to all activities of the Council.

Require and receive explanations concerning any matter; and

Require any employee of the Council, without prior notice, to produce cash, stores, or any other property for which they are responsible.

Require any Director to ensure that within 5 working days' notice (or such other time as might be agreed by the Head of Audit & Risk)

(i) to ensure sufficient resource by way of time or otherwise, that an adequate response by employees of the service to any request for information,

and, or

(ii) any employee attends a meeting at any location (within the Kirklees area,) chosen by the Head of Audit & Risk

and or

(iii) the provision of any information, data, records, currently held in any media format be provided that that format, or in any other reasonable format chosen by the Head of Audit & Risk, and as appropriate delivered to a location chosen by the Head of Audit & Risk

and

(iv) to be accountable to the Corporate Governance & Audit Committee should they fail to act

The Chief Finance Officer has the same authority for any accounting or associated purpose.

For the purposes of FPR 5, the Head of Audit & Risk may delegate the rights of access to premises, information, explanation etc. to any employee or agent of the council (albeit this will normally be staff within the Internal Audit or Fraud team)

Planning & Reporting

5.4 The Head of Audit & Risk must plan and report (in accordance with the approved Audit Strategy and Charter, Public Sector Internal Audit Standards, and any instruction from the Councils Corporate Governance & Audit Committee) upon

The risks inherent in and associated with each system.

The soundness, adequacy and application of the financial and other management controls and systems within each Service

The extent of compliance with, and the financial effects of, established policies, plans and procedures.

The extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause.

The suitability, accuracy, and reliability of financial and other management data within the organisation; and

Value for money aspects of service provision.

5.5 In respect of any audit report or communication issued, the Director must reply within 4 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments, a reply must be made within 2 weeks of issue.

5.6 The Head of Audit & Risk will provide a written summary of the activities of the Internal Audit function to the Corporate Governance & Audit Committee at least four times per year and an Annual Report produced for consideration by, Cabinet and Corporate Governance & Audit Committee, including an audit opinion on the adequacy and effectiveness of the Council's risk management systems and internal control environment.

The Head of Audit & Risk will review the system of internal audit on an annual basis (and arrange for an external assessment once every 5 years) and report the outcome to the Corporate Governance & Audit Committee.

Investigations and Suspected Fraud, Corruption or Bribery.

5.7 The Chief Executive and Directors must ensure that all Members and employees are.

Aware of the Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy

Aware of the Whistleblowing Strategy; and

Operating in a way that maximises internal check against inappropriate behaviour.

The Head of Audit & Risk is responsible for the development and maintenance of the Anti-Fraud, Anti-Corruption and Anti Bribery Strategy and Whistleblowing Strategy and for directing the Council's efforts in fraud investigation.

5.8 It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the operations or exercise of the functions of the Council to immediately advise the Director. The Director concerned must immediately notify the Head of Audit & Risk who may take action by way of investigation and report.

5.9 Where, following investigation, the Head of Audit & Risk considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held with the Director on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service.

APPENDIX 2

Disclosure of Conflicts of Interest, and Arrangements to Ensure Objectivity

Section 4:

“The Head of Audit and Risk has a wide range of responsibilities than management and leadership of the internal audit function. This is set out in detail in Appendix 2, alongside the mitigation that apply. One member of internal audit staff routinely carries out accounting tasks as a part of professional development. The Senior Risk Officer also carries out some internal audit related tasks appropriate to her role.”

1. The Head of Audit and Risk has a wider range of responsibilities than acting solely as the head of internal audit, as the IIA Global Internal Audit Standard prefers as the default position. The Kirklees Head of Audit and Risk also:
 - (a) Act as the manager for the following:
 - i) The insurance function
 - ii) The corporate and children’s complaint’s function
 - iii) The risk management function
 - iv) Fraud prevention and investigation

The role in areas (i) and (ii) is that of leadership only; there is more active involvement in risk management, which is closely related to internal audit and assurance for the organisation.
 - (b) Provides advice for some complex projects (in relation to finance, risk etc.)
 - (c) Provides commercial advice for charities where the council is corporate trustee or otherwise involved.
2. These risks are mitigated by.
 - i. The councils’ insurers arrange independent auditing of the council’s insurance arrangements that impact on their exposure to risk (based on the council’s insurance having excesses, stop loss cover and delegated authority to process claims).
 - ii. Other aspects of auditing of insurance, corporate complaints, complex projects, or corporate risk management is reported directly by the audit manager through to the director of legal governance and commissioning.
3. Given the essential links between the risk management and audit functions, any auditing of operational and service risk management is conducted as routine audit activity. Any audit work conducted by the Senior Risk Officer is within this area of scope.
4. The audit employee who works routinely in the accounting function for professional development reasons does not carry out any audit work on areas where he has had active involvement.
5. The Internal Audit function also conducts routine work on processing Freedom of Information requests, and assessment of the financial status of potential contractors and other organisation. This work is not considered to conflict or require mitigation.

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Kirklees Council Internal Audit Charter

[\(and mandate\)](#)

April 2025

Internal Audit Charter for Kirklees Council

1. Purpose

The purpose of the internal audit function is to strengthen the Council's ability to create, protect, and sustain value by providing the Council, its Corporate Governance & Audit Committee ([CGAC](#)) and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with stakeholders.
- Ability to serve the public interest.

~~The Council's~~An internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with ~~the~~ [The IIA's Global Internal Audit Standards™, which are set in the public interest-accredited standards](#)
- The internal audit function is independently positioned with direct accountability to ~~the~~ [Board \(in this case Corporate Governance & Audit Committee, and the Executive Leadership Team\)](#)
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the [IIA Global Internal Audit Standards](#)

~~The [name of organization]~~[Kirklees Council](#)'s internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, ~~which are the Global Internal Audit Standards and Topical Requirements~~. The ~~chief audit executive~~[Head of Audit & Risk](#) will report ~~[periodically]~~[annually](#) to the ~~CGAC board~~ and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

2. Mandate

[The Accounts & Audit Regulations 2015](#) require that at (5(1)

“Every relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”

Kirklees Internal Audit role is established in Financial Procedure Rule 5 (appendix 1)~~[USER NOTE: In those jurisdictions and industries where the internal audit function’s mandate is prescribed wholly or partially in laws or regulations, the internal audit charter must include the legal requirements of the mandate. See introduction for more information.]~~

Authority

~~The [name of organization]’s board grants~~Kirklees Council has given the internal audit function the mandate to provide the ~~board~~Corporate Governance & Audit Committee and senior management with objective assurance, advice, insight, and foresight.

~~The internal audit function’s authority is created by its direct reporting relationship to the board. Such authority allows for unrestricted access to the board.~~

The ~~board~~Council authorizes the internal audit function to:

- ~~Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to~~ carrying out/fulfilling internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.

The Corporate Governance & Audit Committee will:

- Allocate resources~~+~~, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish ~~the function’s~~Internal Audit objectives.~~-~~ (+ allocation of resources is a council responsibility)
- Obtain assistance ~~from the necessary personnel of [name of organization]~~ and other specialized services from within or outside ~~the Council~~[name of organization] to complete internal audit services.

Independence, Organizational Position, and Reporting Relationships

The ~~chief audit executive~~Head of Audit & Risk will be positioned at a level in the organization that enables internal audit services and responsibilities to be performed without ~~inter~~vention~~ference~~ from ~~senior~~ management ~~(See “Mandate” section), thereby establishing~~ the enabling independence of the internal audit function. The ~~chief audit executive~~Head of Audit & Risk will report functionally to the ~~board~~Corporate Governance & Audit Committee (CGAC) and administratively (for example, day-to-day operations) to the ~~[chief executive officer or equivalent/senior officer]~~Director of Legal Governance & Commissioning. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the ~~board~~CGAC, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

The ~~chief audit executive~~Head of Audit & Risk will confirm to ~~the board~~CGAC, at least annually, the organizational independence of the internal audit function. If the governance structure does

not support organizational independence, the ~~chief audit executive~~Head of Audit & Risk will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The ~~chief audit executive~~Head of Audit & Risk will disclose to ~~the board~~CGAC any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the ~~chief audit executive~~Head of Audit & Risk, ~~board~~CGAC, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the IIA Global Internal Audit Standards.
- ~~A significant acquisition or reorganization within the organization.~~
- Significant changes in roles and responsibilities of the~~the chief audit executive,~~
CGAC~~board~~, and/or senior management.
- Significant changes to the organization's strategies, objectives, reorganizations, risk profile, or the environment in which the organization operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.
- Change in the role (or tenure) of the Head of Audit & Risk.

3. Board Corporate Governance & Audit Committee (CGAC) Oversight

~~[Due to the Global Internal Audit Standards' "essential conditions," board responsibilities should be included in the internal audit charter. However, if an audit committee charter that outlines its responsibilities is already in place, it is not necessary to repeat the information in this charter.]~~

To establish, maintain, and ensure that Kirklees Council~~[name of organization]~~'s internal audit function has sufficient authority to fulfill its duties, the board~~CGAC~~ will:

- Discuss with the ~~chief audit executive~~Head of Audit & Risk and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function. ~~(+ is a shared council responsibility)~~
- Ensure the ~~chief audit executive~~Head of Audit & Risk ~~has unrestricted access to and communicates~~has unrestricted access to, communicates, and interacts directly with the board~~m~~, including in private meetings without senior management present.
- Discuss with the ~~chief audit executive~~Head of Audit & Risk and senior management any other topics that should be included in the internal audit charter.
- Participate in discussions with the ~~chief audit executive~~Head of Audit & Risk and senior management about the "essential conditions," ~~described in the Global Internal Audit Standards,~~ which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review, and approve the internal audit charter ~~[periodically/annually]~~ with the ~~chief audit executive~~Head of Audit & Risk to consider any changes affecting the organization, ~~such as the employment of a new chief audit executive~~ or changes in the type, severity, and interdependencies of risks to the organization; ~~and approve the internal audit charter [periodically (typically annually)].~~
- Approve the risk-based internal audit plan.
- ~~Approve the internal audit function's human resources administration and budgets.~~
- ~~Approve the internal audit function's expenses.~~
- Collaborate with senior management to determine the qualifications and competencies the organization expects in a ~~chief audit executive~~Head of Audit & Risk, ~~as described in the Global Internal Audit Standards.~~
- ~~Authorize the appointment and removal of the chief audit executive.~~
- ~~Approve the remuneration of the chief audit executive.~~
- Review the ~~chief audit executive~~Head of Audit & Risk's performance.

- Receive communications from the ~~chief audit executive~~[Head of Audit & Risk](#) about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established [and r-](#)
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the ~~chief audit executive~~[Head of Audit & Risk](#) to determine whether scope or resource limitations are inappropriate.

3.4. Chief Audit Executive[Head of Audit & Risk](#) Roles and Responsibilities

Ethics and Professionalism

The ~~chief audit executive~~[Head of Audit & Risk](#) will ensure that internal auditors:

- Conform with the [IIA Global Internal Audit Standards](#) [and any other UK public sector obligations](#), including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organization.
- Report organizational behavior that is inconsistent with the organization's ethical expectations, as described in applicable policies and procedures.

Objectivity

The ~~chief audit executive~~[Head of Audit & Risk](#) will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement [, -selection, scope, procedures, frequency, timing, and communication](#). If the ~~chief audit executive~~[Head of Audit & Risk](#) determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for ~~[name of organization]~~[Kirklees Council or its affiliates](#).

- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any ~~[name of organization]~~Kirklees employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Disclosure: The Head of Audit and Risk has a wider range of responsibilities than management and leadership of the internal audit function. This is set out in detail in Appendix 2, alongside the mitigation that apply. One member of internal audit staff routinely carries out accounting tasks as a part of professional development. The Senior Risk Officer also carries out some internal audit related tasks appropriate to her role.

Internal auditors will:

- Disclose general impairments of independence or objectivity, in fact or appearance, ~~to appropriate parties and~~ at least annually, and as arising, such as to the ~~chief audit executive~~Head of Audit & Risk, ~~board, management, or others.~~
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The ~~chief audit executive~~Head of Audit & Risk ~~has the responsibility to:~~will:

- At least annually, submit a risk-based internal audit plan to the ~~board~~CGAC and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the ~~board~~CGAC and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes ~~in~~in the Council's~~name of organization's~~ business, risks, operations, programs, systems, and controls.
- Communicate with the ~~board~~CGAC and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the IIA Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the ~~board~~CGAC and senior management quarterly ~~periodically~~ and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the IIA Global Internal Audit Standards and fulfill the internal audit mandate.

- Identify and consider trends and emerging issues that could impact on the Council~~[name of organization]~~ and communicate to the the board~~CGAC~~ and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to [name of organization]Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the IIA Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the CGAC~~board~~ and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the ~~chief audit executive~~Head of Audit & Risk cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the CGAC~~board~~.

Communication with the Board and Senior Management

The ~~chief audit executive~~Head of Audit & Risk will report annually ~~[periodically]~~ to the board ~~CGAC~~ and senior management regarding:

- The internal audit function's mandate.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Resource requirements, availability
- The internal audit plan
- The internal audit performance relative to its plan.

And produce an Annual Report of Internal Audit setting out an assessment of the activities and outcomes from internal audit work, any issues around resourcing, performance, independence, trends and issues of wider significance identified in internal audit work, thus generating an assurance statement about the Council's arrangements for governance, risk, control, regularity and compliance, value, efficiency and effectiveness in the achievement of objectives.

- _____

The Head of Audit & Risk will report quarterly to the CGAC and senior management regarding:

- ~~• The internal audit function's mandate.~~
- The (in quarter) internal audit plan and performance relative to its plan.
- ~~• Internal audit budget.~~
- Significant revisions to the internal audit plan ~~and budget.~~
- Potential impairments to independence, including relevant disclosures as applicable.
- ~~• Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.~~
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the board.
- Results of assurance and advisory services.
- ~~• Resource requirements.~~
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond ~~[name of organization]~~the Council's normal risk appetite.

Quality Assurance and Improvement Program

The ~~chief audit executive~~Head of Audit & Risk will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the IIA Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the ~~chief audit executive~~Head of Audit & Risk will communicate with the board and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside ~~[name of organization];the Council. qualifications must include at least one assessor holding an active Certified Internal Auditor® credential.~~

4.5. Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organization, including all of [Council](#)~~[name of organization]~~'s activities, assets, and personnel. ~~[Note: if the internal audit function has an audit universe, it could be referenced here.]~~ The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the ~~board~~ [CGAC](#) and management on the adequacy and effectiveness of governance, risk management, and control processes for [the Council](#) ~~[name of organization]~~.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

~~[USER NOTE: the list of examples below should be customized to the scope of services agreed upon with the organization's board and senior management. See Guide to Customizing the Model Internal Audit Charter for more information.]~~

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of [the Council](#) ~~[name of organization]~~'s strategic objectives are appropriately identified and managed.
- The actions of [the Council](#) ~~[name of organization]~~'s officers, directors, management, employees, and contractors comply with ~~[name of organization]~~ [the Council](#)'s policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations. ~~that could significantly impact [name of organization]~~.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is ~~reliable~~ [dependable](#).
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

NOTE

[The IIA Global Internal Audit Standards requirements came into force from January 2025.](#)

[However, UK public sector bodies adopt the standard from 1st April 2025.](#)

[Reference in this document to IIA Global Internal Audit Standards includes also any requirements established by the UK Public Sector Internal Audit Standards, and the additional obligations identified by CIPFA for UK local authority bodies.](#)

Approval/Signatures

Chief Audit Executive Head of Audit & Risk

Date

Board CGAC Chair

Date

Chief Executive Officer

Date

APPENDIX 1 (extract of Financial Procedure Rules)

5. INTERNAL AUDIT

Responsibility & Authority

5.1 The Chief Executive, (in consultation with the Chief Finance Officer and Monitoring Officer) must arrange a continuous internal audit, which is an independent review of the accounting, financial and other operations of the Council.

5.2 The Head of Audit & Risk will report directly to the Chief Executive, the Chair of the Corporate Governance & Audit Committee, or the External Auditor in any circumstance where the functions and responsibilities of the Chief Finance Officer are being reviewed. (Other than routine reporting of work carried out)

5.3 The Head of Audit & Risk has authority to

Enter at all times any Council premises or land or location from which Council services are provided. Have access to all property, records, documents, and correspondence relating to all activities of the Council.

Require and receive explanations concerning any matter; and

Require any employee of the Council, without prior notice, to produce cash, stores, or any other property for which they are responsible.

Require any Director to ensure that within 5 working days' notice (or such other time as might be agreed by the Head of Audit & Risk)

(i) to ensure sufficient resource by way of time or otherwise, that an adequate response by employees of the service to any request for information,

and, or

(ii) any employee attends a meeting at any location (within the Kirklees area,) chosen by the Head of Audit & Risk

and or

(iii) the provision of any information, data, records, currently held in any media format be provided that that format, or in any other reasonable format chosen by the Head of Audit & Risk, and as appropriate delivered to a location chosen by the Head of Audit & Risk

and

(iv) to be accountable to the Corporate Governance & Audit Committee should they fail to act

The Chief Finance Officer has the same authority for any accounting or associated purpose.

For the purposes of FPR 5, the Head of Audit & Risk may delegate the rights of access to premises, information, explanation etc. to any employee or agent of the council (albeit this will normally be staff within the Internal Audit or Fraud team)

Planning & Reporting

5.4 The Head of Audit & Risk must plan and report (in accordance with the approved Audit Strategy and Charter, Public Sector Internal Audit Standards, and any instruction from the Councils Corporate Governance & Audit Committee) upon

The risks inherent in and associated with each system.

The soundness, adequacy and application of the financial and other management controls and systems within each Service

The extent of compliance with, and the financial effects of, established policies, plans and procedures.

The extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause.

The suitability, accuracy, and reliability of financial and other management data within the organisation; and

Value for money aspects of service provision.

5.5 In respect of any audit report or communication issued, the Director must reply within 4 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments, a reply must be made within 2 weeks of issue.

5.6 The Head of Audit & Risk will provide a written summary of the activities of the Internal Audit function to the Corporate Governance & Audit Committee at least four times per year and an Annual Report produced for consideration by, Cabinet and Corporate Governance & Audit Committee, including an audit opinion on the adequacy and effectiveness of the Council's risk management systems and internal control environment.

The Head of Audit & Risk will review the system of internal audit on an annual basis (and arrange for an external assessment once every 5 years) and report the outcome to the Corporate Governance & Audit Committee.

Investigations and Suspected Fraud, Corruption or Bribery.

5.7 The Chief Executive and Directors must ensure that all Members and employees are.

Aware of the Council's Anti-Fraud, Anti-Corruption and Anti-Bribery Strategy

Aware of the Whistleblowing Strategy; and

Operating in a way that maximises internal check against inappropriate behaviour.

The Head of Audit & Risk is responsible for the development and maintenance of the Anti-Fraud, Anti-Corruption and Anti Bribery Strategy and Whistleblowing Strategy and for directing the Council's efforts in fraud investigation.

5.8 It is the duty of any officer who suspects or becomes aware of any matter which may involve loss or irregularity concerning cash, stores or other property of the Council or any suspected irregularity in the operations or exercise of the functions of the Council to immediately advise the Director. The Director concerned must immediately notify the Head of Audit & Risk who may take action by way of investigation and report.

5.9 Where, following investigation, the Head of Audit & Risk considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held with the Director on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service.

APPENDIX 2

Disclosure of Conflicts of Interest, and Arrangements to Ensure Objectivity

Section 4:

“The Head of Audit and Risk has a wide range of responsibilities than management and leadership of the internal audit function. This is set out in detail in Appendix 2, alongside the mitigation that apply. One member of internal audit staff routinely carries out accounting tasks as a part of professional development. The Senior Risk Officer also carries out some internal audit related tasks appropriate to her role.”

1. The Head of Audit and Risk has a wider range of responsibilities than acting solely as the chief audit executive/head of internal audit, as the IIA Global Internal Audit Standard prefers as the default position. The Kirklees Head of Audit and Risk also:
 - (a) Act as the manager for the following:
 - i) The insurance function
 - ii) The corporate and children’s complaint’s function
 - iii) The risk management function
 - iv) Fraud prevention and investigation

The role in areas (i) and (ii) is that of leadership only; there is more active involvement in risk management, which is closely related to internal audit and assurance for the organisation.
 - (b) Provides advice for some complex projects (in relation to finance, risk etc.)
 - (c) Provides commercial advice for charities where the council is corporate trustee or otherwise involved.
2. These risks are mitigated by.
 - i. The councils’ insurers arrange independent auditing of the council’s insurance arrangements that impact on their exposure to risk (based on the council’s insurance having excesses, stop loss cover and delegated authority to process claims).
 - ii. Other aspects of auditing of insurance, corporate complaints, complex projects, or corporate risk management is reported directly by the audit manager through to the director of legal governance and commissioning.
3. Given the essential links between the risk management and audit functions, any auditing of operational and service risk management is conducted as routine audit activity. Any audit work conducted by the Senior Risk Officer is within this area of scope.
4. The audit employee who works routinely in the accounting function for professional development reasons does not carry out any audit work on areas where he has had active involvement.
5. The Internal Audit function also conducts routine work on processing Freedom of Information requests, and assessment of the financial status of potential contractors and other organisation. This work is not considered to conflict or require mitigation.

KIRKLEES COUNCIL INTERNAL AUDIT STRATEGY APX3

Strategy

1. The objectives of the Council are set out in the Council Plan.
2. Internal Audit function will provide independent objective assurance to the Council about its systems and procedures, both financial and non-financial, and their adequacy to meet the councils objectives, and to also provide advisory and investigation services to the Council, with a view to ensuring probity, efficiency, effectiveness and value for money in the organisations operations. Whilst maintaining independence, it will collaborate with the councils wider assurance framework.
3. To achieve this mission/vision the Internal Audit function will strive to achieve continuous improvement in their work, being insightful, challenging, and courageous, with a view to helping the council achieve its objectives consistently, efficiently and effectively.

Assurance

4. The Strategy related to assurance is that
 - a. All areas of Council activity are within scope for the purposes of internal audit work
 - b. Limited resources mean that there needs to be a prioritisation
 - c. This prioritisation will be based on risk with a presumption toward core financial systems, core governance and control arrangements, followed by supporting financial and other control systems, and then individual unit operations.
 - d. There will also be higher weighting placed on assessments of those activities that on past evaluation, or through risk assessments, may not be being operated in a way likely to provide sound assurance.
 - e. Plan development and activity is informed by the robustness and performance of first line controls and findings from second line assurance activity.
5. From this risk-based assessment a proposed Audit Plan will be prepared annually, and approved by the Corporate Governance & Audit Committee, with at least biannual review of the plan based on progress, resourcing, revised organisational priorities and other relevant issues.

Advisory Services

6. The Strategy related to advisory services is that
 - a. The Council client identifies advisory services with which Internal Audit may be able to assist
 - b. Internal Audit identify areas that may benefit from advisory service and agree these with the Council as client
7. All this within an assessment of ability to provide the advisory service, that the advisory service will not conflict otherwise with an internal audit objective, and resource availability will not compromise the delivery of the assurance service.

Investigations

8. The Strategy related to investigation services is that the investigation is necessary and appropriate to assess fraud or other inappropriate behaviour, with an assessment of alternative approaches where appropriate.

General

9. All categories of work will involve an assessment of skill and competence to undertake any assignment.
10. This Internal Audit Strategy is prepared as required by the Global Internal Audit Standards (GIAS).
11. This Strategy has been considered by the Councils Executive Leadership Team, Chief Finance Officer and Director of Legal, Governance & Monitoring, and approved by the Corporate Governance & Audit Committee.
12. The GIAS expects that an Audit Strategy considers the existing arrangements against a 3–5-year time horizon. The existing internal audit arrangements are based on a team that can still bring substantial experience of the organisation. A weakness is that it is small, and experience has been lost at the practitioner level, which is being addressed through both training and recruitment.
13. The Audit Committee also involves members who bring longstanding knowledge and skill, but turnover of members in a typical municipal year can represent a threat to continuity and knowledge. This too needs to be mitigated by training, and the recruitment of an additional independent member.
14. Internal Audit will strive to achieve continuous improvement and seek to use appropriate technology to deliver an effective service. The staff team will be trained to widen skills and competence to achieve its mission and vision.
15. Each year the Audit Committee will establish targets for the internal audit function and for the council about assurance improvements as a measure of success of the activity.

KIRKLEES COUNCIL(APX4)

AREAS OF RISK THAT ARE CONSIDERED TO BE WITHIN SCOPE OF AUDIT ACTIVITY

Listed below are areas of risk that are considered to be in scope for internal audit activity

These set out the principal areas of risk.

In addition, any location or operation centre should be considered in scope for an occasional visit or review.

KEY CORPORATE SYSTEMS 2025/26

Financial Systems & Controls

Payroll (SAP) Debtors (SAP) Procurement / Creditors (SAP) Council Tax Business Rates Housing Rents
Part or whole of this activity should be subject to internal audit review each year

Council Tax Reduction Scheme (residual Benefits) Treasury Management Payments for Social Care School Payments Capital Investment
Part or whole of this activity should be subject to internal audit review every 2 – 3 years

Key Organisation & Business Controls

Code of Corporate Governance Contract Procedure Rules Financial Procedure Rules Contract Management HR Operations

<p>Risk Management IT Controls Performance Management Systems Partnership Governance Emergency & Business Continuity Planning Information Security Health & Safety Fraud, Bribery & Corruption Risk Corporate Complaints Whistleblowing</p>
<p>These areas would typically be subject to review-as corporate oversight, or at Directorate /Service level- every 2 or 3 years</p>

Schools

<p>Applies to all community schools.</p>
<p>These areas would typically be subject to review every 3 years-although the current frequency is less to enable limited resource to be allocated elsewhere. Those with a deficit budget or other governance issues will be given priority</p>

KIRKLEES COUNCIL PROPOSED AUDIT PLAN 2025/26 APRIL TO SEPTEMBER 2025 APX5

<u>Service</u>	<u>Audit</u>	<u>Notes/ Scope</u>
Corporate		
People Services	SAP Ordering & Category Management	Confirm current extent of compliance with approved / framework suppliers / CPRs
People Services	Direct Debit Income #	Probity and maximisation
Public Health	Wellness Model	Delivery, payment, effectiveness of contract performance
Culture & Visitor Economy	Conservatory Café	Management Request. Probity
Culture & Visitor Economy	School Meals Income Collection #	Probity. Internal and external
Finance	25/26 Budget Viabilities #	CFO request- achievability of proposals – arrangements for identification, assessments and delivery
Strategy & Innovation	IT Network Access Controls	Probity - current employees and roles, exceptions
Strategy & Innovation	Project Management	Is corporate or other methodology being used, is it evidenced and effective
Legal and Governance	Information Governance (toolkit) #	Annual requirement
Legal and Governance	Contract Management + #	Development of self-assessment approach - Procurement are custodian.
Corporate	Review of Capital assurance arrangements	Management request: to identify if proposed alignment meet good governance requirements
Regeneration		
Homes & Neighbourhoods	Tenancy Allocation #	Further work as requested by ELT & Head of Technology and follow up of previous work
Homes & Neighbourhoods	District Heating	Further work and follow up of previous work
Highways & Streetscene	Winter Maintenance - Internal & Contracts #	Probity to evidence route completion, payments, salt procurement & usage.
Skills & Regeneration	Planning Consent &	Legal & constitutional compliance and evidencing of decision

	Enforcement including fee collection #	making.
Skills & Regeneration	Building Control Approvals & Fee Recovery	Legal compliance and evidencing of decision making.
Development	Housing Register #	Applicant determination accurate, and maintained
Childrens		
Learning & Early Support	School Absence #	Management request to test that the controls and systems that are currently in place and sufficient to mitigate risk
Learning & Early Support	SEND	Data integrity and information management (provisional) (Exact scope to be agreed)
Learning & Early Support	Schools X6 (high deficit) #	Routine- test of DfE programme re school finance
Child Protection & Family Support	SGO Payments and Review	Management request to test that the controls and systems that are currently in place and sufficient to mitigate risk
Child Protection & Family Support	External Placements	Test of processes and controls
Adult & Communities		
Adult Social Care	Brokerage (external placements) #	Review the controls and processes in place for the brokering of care packages
Adult Social Care	Quality of Care Provision	Ascertain assurance of on the quality-of-care provision.
Mental Health & Learning Disabilities	Placements	Review of current processes and controls in relation to placing individuals in external accommodation
General		
WYCA & other grants	As necessary #	As specified by regime
Investigations	As necessary	Case specific

+Contract management was identified as a priority by the external auditor: Other review work into contract management has been commissioned. Before starting audit assurance assessment, IA will ascertain nature of the other review to determine an appropriate course of action.

Audits scheduled to be executed during the first quarter (April-June2025)

KIRKLEES COUNCIL AUDIT PLAN 2025/26 OCTOBER 2025 TO MARCH 2026 (draft) APX 5A

<u>Service</u>	<u>Audit</u>	<u>Notes/ Scope</u>
Corporate		
People Services	Workforce Planning	Progress on delivery of this aspect of the People Strategy
People Services	Attendance Management	HR is custodian. Management compliance and record keeping. Impact of hybrid / home working.
Strategy & Innovation	Integrated Impact Assessments	Legal compliance and record keeping
Strategy & Innovation	IT Disaster Recovery Plan	Clarity, completeness, testing and review arrangements
Strategy & Innovation	Performance Management (to achieve objectives)	Monitoring / reporting of progress, remedial action if not
Public Health	Corporate Business Continuity	Extent of preparedness
Public Health	Corporate Health & Safety	Development of management self-assessment approach
Finance	CT Liability	Correctness and completeness, validation of entitlement to discounts, exemptions and relief
Finance	HB Claims Processing	Extent and correctness of non-UC cases and resources to deliver
Finance	SAP Ledger and Journals	Module access and administration, accountability, scope for misuse
Finance	NDR Liability including Relief	Correctness and completeness, validation of entitlement to discounts, exemptions and relief
Finance	Revenues Fraud Risk	Assess various fraud risks and options for improvement
Finance	Web Capture operation in Revenues	Fraud & error prevention controls are adequate & effective
Regeneration		
Highways & Streetscene	Parking Income including permits	Probity, verification and reconciliation of income due and collected.
Development	Commercial Rents & Charges	Probity - debit and income management, and cost effectiveness
Development	Housing Register / Waiting List	Probity - application and review of points and band entitlement
Development	PPP Schools Contract	Risk, contract management and delivery

Development	Corporate Estate Building Defects E.g. Adults	Risk, legal and regulatory compliance. User feedback.
Development	Capital Plan Delivery	CFO request - including a review of forecasting
Homes & Neighbourhoods	Void Management	Risk - Performance management and budgetary control, sign off process, review of process improvements
Homes & Neighbourhoods	Anti-Social Behaviour Management	Delivered through Communities? Review of policy compliance and effectiveness as approved by Cabinet in March
Homes & Neighbourhoods	DMC & FRA Inspection & Remedial Work Assurance	Management request
Environmental Strategy & Climate Change	Home to School Transport Financial Data	Management request
Regeneration Directorate	Risk Management	To test risk governance arrangements
Childrens		
Learning & Early Support	Schools X6 (high deficit)	Routine- test of DfE programme re school finance
Learning & Early Support	Schools Finance	Test of processes and controls
Child Protection & Family Support	Short Break and Respite	Management request Objectives to be determined
Childrens Improvement team	Commissioning	Contract management arrangements
Childrens Directorate	Transition to Adults	Transitioning arrangements, processes and controls
Adults & Communities		
Mental Health & Learning Disabilities	Child to Adult transition	Risk assess - Also in Children & Families
Mental Health & Learning Disabilities	Mental Health Partnership Working	Review Current Mental Healthcare Partnership Working Arrangements
Communities	ASB Contract Management	Review the contract arrangements and performance between Housing and Communities
Adult Social Care	Hospital pathways	Review of current processes and controls in relation to Hospital

		Pathways.
Adult Social Care	Skills Gap	controls in place to mitigate the risk of the increasing skill gap
Adult Social Care	Safeguarding	Review current processes and controls
Other		
WYCA & other grants	As necessary	As specified by regime
Investigations	As necessary	Case specific

PROPOSED INTERNAL AUDIT PERFORMANCE STANDARDS 2025/26 APX6

<u>Objectives</u>	<u>Performance Measures</u>
IA performance	
Achieve planned audit work as adjusted	80% of planned audits achieved
Achieve each planned audit within budgeted time allowed.	80% of planned work achieved within initial time budget
Achieve high level of work quality and customer satisfaction.	90% good or better responses to customer questionnaires
Delivery of completed audit work	85% of draft reports issued within 10 days of completion of site work
Assurance performance	
Assurance target	Less than 30% of audits as limited assurance
Implementation of Recommendations	More than 90% of fundamental assurance recommendations implemented by agreed date. More than 75% of significant assurance recommendations implemented by agreed date.

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Corporate Governance and Audit Committee – Outline Agenda Plan – 2024/25

MEETING DATE	ITEMS FOR CONSIDERATION
28 June 2024	<ol style="list-style-type: none"> 1. Customer Complaints 2. Treasury Outturn Report (Reference to Council) 3. Annual Governance Statement (draft) 4. Amendment to Risk Management Statement (Reference to Council)
26 July 2024	<ol style="list-style-type: none"> 1. Annual Corporate Emergency Planning & Business Continuity 2. Annual Report of the Committee 3. External Auditors Recommendations 4. Appointment of a second Independent Person 5. Q1 of IA
27 September 2024	<ol style="list-style-type: none"> 1. Health & Safety Report 2. Information Governance Annual Report 3. Members Allowances 4. Internal Audit update plan Oct 24 – March 25 5. District Heating request for officer attendance
06 December 2024	<ol style="list-style-type: none"> 1. Notification of a Second Independent Member 2. Bad Debt Write Off Report 3. Treasury 6-month Outturn Report 4. Q2 of IA
31 January 2025	<ol style="list-style-type: none"> 1. Dates of Council Meetings (Reference to Council) 2. Members Allowances 3. Audit Finding Report 4. Annual Governance Statement 5. Final Accounts 6. Treasury Strategy Report 7. 2023-24 Auditors Annual Report (Value for Money)
21 February 2025	<ol style="list-style-type: none"> 1. Annual Customer Standards Report 2. Risk Management Update 3. Q3 of IA 4. Cyber Security Update 5. Dates of Council Meetings 6. Code of Corporate Governance 7. Outside Bodies Update
07 March 2025	<ol style="list-style-type: none"> 1. Proposed amendments to Financial Procedure Rules (Reference to Council) 2. Proposed amendments to Contract Procedure Rules (Reference to Council) 3. Proposed changes to the Constitution (Reference to Council) 4. District Heating Update

	<ol style="list-style-type: none"> 5. Proposed Amendment to Councillor and Officer Protocol 6. Procurement Review (Motion)
25 April 2025	<ol style="list-style-type: none"> 1. Informing the Audit Risk Assessment 2. Internal Audit Plans 2025-26 (Q1-Q2) 3. Housing Tenant Allocation Update 4. Dates of Council Meetings (reference to Council) 5. Minimum Revenue Provision Briefing 6. Progress Report 7. District Heating verbal update

Items to be considered at the next meeting of the municipal year

- 2024-25 Audit Plan
- Annual Report of Internal Audit
- Q4 of IA
- District Heating Update