

Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 4th August 2017

Present: Councillor Hilary Richards (Chair)
Councillor Carole Pattison
Councillor Linda Wilkinson
Councillor Ken Sims
Councillor Nigel Patrick

Apologies: Councillor Julie Stewart-Turner
Councillor Kath Pinnock

1 Membership of the Committee

Apologies for absence were received on behalf of Councillors K Pinnock and Stewart-Turner.

2 Minutes of Previous Meetings

RESOLVED – That the Minutes of the Meetings held on 21 April and 12 May 2017 be approved as a correct record.

3 Interests

Councillor Pattison declared an 'other' interest in Agenda Item 12 on the grounds that she is a Governor at Royds Hall Community School.

Councillor Richards declared an 'other' interest in Agenda Item 12 on the grounds that she is a Governor at Crow Lane Primary School.

4 Admission of the Public

It was noted that Agenda Item 12 (Minute No. 12 refers) would be considered in private session.

5 Deputations/Petitions

None received.

6 Public Question Time

No questions were asked.

7 Appointment of Independent Person

The Committee gave consideration to a report which sought approval for the appointment of an Independent Person to assist the Monitoring Officer in the application of the Code of Conduct and Standards Regime, following a review of the role which had been endorsed by Council on 26 April 2017. The report advised that, following the review, the role had been developed and expanded and now included becoming a consultee as to whether an investigation should take place, in addition to taking decisions with the Monitoring Officer in regards to (i) whether a complaint should proceed for early dismissal and whether it is valid and (ii) whether there has been a breach of the Code of Conduct at the informal resolution stage.

The Committee were advised that due to the changes to the standards process, the position of Independent Person was advertised in June 2017, and following a recruitment exercise, Michael Stow was selected as the successful applicant by both the Monitoring Officer and the Chair of Standards Committee, subject to the approval of Council. The Committee were asked to endorse the recommendation of the appointment of Michael Stow to the meeting of Council on 13 September 2017.

In discussing the report, the Committee were advised that the advertisement of the role had indicated that there would be remuneration of a £500 annual allowance, plus expenses. It was requested that the submitted report be amended to provide some detail on the proposed Independent Person, providing a summary of his background experience.

RESOLVED – That that report be submitted to the meeting of Council on 13 September 2017, with the recommendation that Mr Michael Stow be appointed as the Independent Person for a period of two years.

8 External Assessment of Internal Audit, as required by Public sector Internal Audit Standards

The Committee gave consideration to a report which set out details of the process for the external assessment of internal audit. The report indicated that it was necessary for an assessment of the Council's compliance with Public Sector Internal Audit Standards to be carried out every five years, by an independent person or organisation. It advised that the West and South Yorkshire Audit Group had committed to providing the assessment, on a mutual basis, and that it was proposed that the Head of Internal Audit at Wakefield Council be asked to carry out the assessment, in accordance with the mutually agreed scheme. The Committee were informed that, whilst securing the assessment was the responsibility of the Head of Internal Audit, there was also a requirement to agree the scope with a sponsoring person, which it was noted would be the Chair of the Committee.

The Committee noted that the assessment needed to be undertaken by the end of the financial year in order to comply with the timeframe requirements. The report advised that, in anticipation of an agreement to join the mutual arrangement, Kirklees had already provided an assessment for Doncaster Council. It was also noted that Internal Assessor would attend a future meeting of the Committee to provide a report on the outcome of the assessment.

RESOLVED – That approval be given to the use of the South West Yorkshire Audit Group mutual scheme as provider of the 5 years audit assessment, on the grounds of known quality and cost.

9 Council- Final Accounts Update - 2016/17

The Committee received a report which provided an update on the final accounts and audit processes for 2016/2017. The report explained that the draft accounts had been signed on 26 May 2017 and that subsequently the financial statements audit work had been undertaken and was substantially complete. The six week public inspection period ran until mid July, during which time two objections were raised by local electors. The Committee were informed that the first objection, which was accepted by KPMG on 17 July 2017, related to the lawfulness of the Council's Lender Option Borrower Option loans on the Council's balance sheet. The second objection, which was yet to be formally accepted, related to the lawfulness of the three of the Council's Private Finance Initiative Schemes. The report advised that, due to the amount of time it was likely to take KPMG to investigate, conclude and report on the objections, it was not expected that they would be in a position to complete the 2016/2017 audit, and provide an audit opinion, before the statutory deadline of 30 September 2017.

A letter from KPMG Audit, which was appended to the considered report, set out the current position with regard to the anticipated timeline for completion, and highlighted key matters arising to date, including a position statement on (i) the objections to the accounts in accordance with the Local Audit and Accountability Act 2014 (ii) Financial Statements and audit work and (iii) Value for Money conclusion work.

The Committee discussed and noted the content of the report, particularly in regards to the implications of the objections and the impact upon the closure of the accounts. It was noted that once the matter had been concluded, a further report would be submitted to a future meeting of the Committee.

RESOLVED –

- 1) That it be noted that the audit work on the 2016/17 Financial Statements is substantively complete.
- 2) That it be noted that two objections were raised within the public inspection period, one of which still has to be formally accepted by KPMG, subject to completion of their initial review.

- 3) That, pursuant to (2) above, the information provided regarding KPMG's timeline for the likely completion of the audit and provision of audit opinion be noted.

10 Annual report on bad debt write-offs, 2016-17

The Committee received a report which set out details of debts that had been written off during the 2016-2017 financial year, in accordance with the requirement for the submission of an annual consolidated report of all written off debts. A summary schedule of the debts that had been written-off over the past twelve months was submitted at Appendix A of the considered report.

The Committee noted that, overall, debts written off in 2016-2017 totalled £5.8m which, as a percentage of debt raised in the year, equated to 1.4%, which compared to 1.7% in the previous year. It was noted that Council Tax arrears were falling and that collection was rising year on year, with arrears falling by 25.8% since 2014/15. The report explained that the Council would use all available powers to recover any outstanding amounts, and ensured that debts were pursued to maximise recovery.

The Committee welcomed the reduction in the debts, but asked that information be provided which would reflect the position over the past five years, and also a comparison with other similarly sized Local Authorities.

RESOLVED - That the report be received and noted.

11 Exclusion of Public

RESOLVED – That acting under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically stated in the undermentioned Minute.

12 Internal Audit - Quarterly Report (Quarter 1)

(Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making).

The Committee received a report which set out information on internal audit activity, including details of investigations that had been undertaken, in the first quarter of 2017/2018. The Committee noted the outcomes of the investigations, and discussed in detail the [report](#) relating to Children's Services. It was agreed that if progress in relation to this [matter](#) was not identified within the next quarterly report, which was

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due for submission on 17 November 2017, an Officer representing the service should be asked to attend the meeting for further discussion.

RESOLVED –

- 1) That the Internal Audit Quarterly Report (Quarter 1) be received and noted.
- 2) That, in regards to the details of the investigation relating to Children's Services, it be requested that in the event that the Head of Audit and Risk is not satisfied with the changes and progress made, a relevant Officer be asked to attend the meeting of the Committee at the reporting of Quarter 2.