

Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 27th July 2018

Present: Councillor Hilary Richards (Chair)
Councillor Carole Pattison
Councillor Kath Pinnock
Councillor Ken Sims
Councillor Julie Stewart-Turner

Apologies: Councillor John Taylor
Councillor Gemma Wilson

1 Membership of the Committee

Apologies for absence were received on behalf of Councillors J Taylor and Wilson.

2 Minutes of Previous Meetings

RESOLVED - That the Minutes of the meetings held on 20 April and 11 May 2018 be approved as a correct record.

3 Interests

No interests were declared.

4 Admission of the Public

It was noted that Agenda Item 12 would be considered in private session.

5 Deputations/Petitions

None received.

6 Annual Governance Statement 2017/2018

The Committee received a report which sought the approval of the draft 2018/2018 Annual Governance Statement. It was noted that the Statement was a statutory requirement which accompanied the Statement of Accounts in order to provide assurance regarding governance and the internal control environment.

The report advised that the Statement had been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements, and reflected upon a number of assurance documents which had been presented during the year. It was noted that the document was essentially unchanged from that which was submitted to the earlier Committee held on 20 April 2018, and concluded that the overall arrangements continued to be regarded as fit for purpose in accordance with the governance framework.

The Committee noted that many of the 'significant governance issues' highlighted within the draft Statement had been brought forward from 2016/2017, and that three

Corporate Governance and Audit Committee - 27 July 2018

further issues had been identified during the year. Discussion took place with regards to the actions and controls that had been identified to address these issues, which had been formulated into an Action Plan appended to the report.

The Committee agreed that, in respect of Action Plan Issue No.12 'enhancing organisational governance systems and procedures', the managed actions be amended to include the role of the Corporate Governance and Audit Committee, and the scrutiny function, and also improve communication links with Councillors.

It was requested that the Committee be kept informed of progress of the action plan throughout the year.

RESOLVED - That approval be given to the draft Annual Governance Statement 2017/2018, subject to amendment of Section 12 of the Action Plan to include (i) agree the role of both the Corporate Governance and Audit Committee, and the Scrutiny function, and (ii) improve communications links with Councillors within the 'Managed Actions'.

7 External Audit Report (KPMG) - 2017/2018

The Committee received the External Audit ISA260 Report 2017/2018 as submitted by KPMG External Audit. The document summarised the key findings of the 2017-2018 external audit and advised that, whilst the work had not identified any issues leading to new recommendations, a recommendation had been identified through the work undertaken on the objection raised in regards to Lender Option Borrower Option loans, which was set out within Appendix 1 of the considered report.

Rashpal Khangura, KPMG, provided a verbal overview of the report, in particular, highlighting (i) the issues that had been identified within the IT control environment (as set out in appendix 2 of the report) (ii) value for money arrangements, in particularly in relation to Children's Services arrangements.

The Committee noted the content of appendix 2 to the report which included information on key issues and recommendations, and also follow up of recommendations from the previous year's audit.

RESOLVED - That the 2017/2018 External Audit Report be received and noted.

8 Approval of the Council's Final Accounts - 2017/2018

The Committee received a report which provided an update on the final accounts and audit processes for 2017/2018, and sought approval of the Council's Statement of Accounts for 2017/2018 and the final version of the Annual Governance Statement. It was noted that the draft accounts had been signed on 31 May 2018 in accordance with the revised early closedown requirements and it was requested that thanks to Officers for meeting the deadlines be placed on record. The report advised that no queries or objections had been raised during the six week public inspection period and that the audit of the accounts was substantially complete. The Committee were asked to consider the approval of the final Statement, further to the approval of the draft Statement in April.

Corporate Governance and Audit Committee - 27 July 2018

The final version of accounts and Letter of Representation were attached at appendices A and B of the report, respectively. Appendix C set out an overview narrative to assist in the consideration of the reports. The Committee were also advised that, in terms of the West Yorkshire Pension Fund, an updated Actuarial Return was still awaited, and that, once received, KPMG would audit the amendments prior to approving the financial accounts.

The Committee requested that thanks be conveyed to Rashpal Khangura and Emma Kirkby of KPMG, for the work that they had undertaken.

RESOLVED -

- 1) That approval be given for the amended 2017/2018 Statement of Accounts, reflecting the further technical pension adjustments, and incorporating the Annual Governance Statement, to be delegated to the Chair of the Committee to sign-off; and
- 2) That the Letter of Representation, as attached at Appendix B to the considered report, be signed by the Chair, on behalf of the Committee.

9 Annual Report - Bad Debt Write-Offs - 2017/2018

The Committee received a report which provided an annual update on debts written off during the financial year, 2017-2018, in accordance with Financial Procedure Rules.

The report included a summary of the Council's approach to debt recovery and a schedule of debts that had been written off during the previous 12 month period. The report indicated that, overall, the debts written-off in 2017-2018 totalled £5.5m, which equated to 1.3% of the debt raised during the year and was a reduction in comparison to the previous year. The report advised that the top five areas for write-offs were Adult Social Care debt, Housing Benefit Overpayments Recovery, Council Tax and Business Rates. Appendix A to the report set out a comparison of debts written off, compared to the previous year, and also an analysis of reasons for debt write-off in 2017-2018. The Committee noted that, although the debts had been formally written off, they would still be pursued if new information became available which provided the opportunity for recovery.

The Committee noted the content of the report and discussion look place with regards to the processes that are followed in terms of providing early intervention assistance for those struggling to make payments. It was suggested that in future it may be helpful to receive statistics that would compare the overall performance of the Council with other regional Local Authorities.

RESOLVED - That the Annual Report on Bad Debt Write Offs (2017/2018) be received and noted.

10 Quarterly Report Of Internal Audit 2018/2019 (Quarter 1)

The Committee received a report which set out the activities of internal audit during the first quarter of 2018/2019. The report contained information regarding 18 formal opinion based pieces of work, 5 projects and 2 completed audits. It was noted that, overall, 83% of the work had reflected a positive outcome, which was above target.

Corporate Governance and Audit Committee - 27 July 2018

The Committee were advised that, in order to improve the overall visibility of assurance work, further information will be appended to future reports regarding other control environment reporting matters which would include a summary of progress against the actions contained as a consequence of the annual governance statement.

(The Committee gave consideration to the exempt information at Agenda Item 12 (Minute 12 refers) prior to the determination of this item).

RESOLVED - That the Internal Audit Quarterly Report (Quarter 1) be received and noted.

11 **Exclusion of the Public**

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 **Quarterly Report Of Internal Audit 2018/2019 (Quarter 4)**

(Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006, namely 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, which would protect the interests of the Council and the company concerned, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.)

The Committee received the Internal Audit Quarterly Report, Quarter 4, which set out an overview of internal audit activity in the third quarter of 2017/2018.

(The Committee gave consideration to the exempt information prior to the determination of Agenda Item 10 (Minute 10 refers) prior to the determination of this item).

RESOLVED - That the Internal Audit Quarterly Report (Quarter 4) be received and noted.