

Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 26th April 2019

Present: Councillor Hilary Richards (Chair)
Councillor Carole Pattison
Councillor Kath Pinnock
Councillor John Taylor

Apologies: Councillor Julie Stewart-Turner

1 Membership of the Committee

Apologies for absence were received on behalf of Councillor Stewart-Turner.

2 Minutes of Previous Meeting

RESOLVED - That the Minutes of the meeting held on 8 March 2019 be approved as a correct record.

3 Interests

No interests were declared.

4 Admission of the Public

It was noted that Agenda Item 16 would be considered in private session.

5 Deputations/Petitions

None received.

6 Proposed Amendments to the Constitution

The Committee gave consideration to a report, prior to its submission to Annual Council on 22 May 2019, which set out proposed changes to the Council's constitution. The Committee were advised that the Constitution had been reviewed throughout the year and that minor changes had been made in line with authority delegated to the Monitoring Officer. It was noted that the amendments made by the Monitoring Officer under delegated powers were set out at Appendix 1 to the report.

Paragraph 2 of the report provided a breakdown of the proposed constitutional changes, along with a rationale for the proposed amendments. The Committee gave consideration to all of the proposed changes and were supportive of the proposals with the exception of the suggested re-wording of CPR 18(17), regarding the closure of debate. It was agreed that further discussion was needed in regards to this and it was determined that the matter be referred for the consideration of the Kirklees Democracy Commission Members.

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The Committee were also provided with a copy of Access to Information Procedure Rules, and were advised that changes had been made to the document in accordance with the delegation agreement.

RESOLVED –

- (1) That the proposed changes to the Constitution, as set out at paragraphs 2.03, 2.04, 2.07, 2.08, 2.11 and 2.12, and Appendices 2 to 4 be noted.
- (2) That the amendments to (i) the Constitution and (ii) Access to Information Procedure Rules, as set out in Appendices 1A and 1B, as permitted under delegated authority, be noted.
- (3) That the proposed changes, as considered at (1) above, be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval, subject to the removal of the proposed amendment to Council Procedure Rule 18(17)(a).

7 Proposed Changes to the Code of Conduct

The Committee received a report which set out proposed changes to the Code of Conduct, resulting from the publication of the 'Local Government Ethical Standards' report, which was attached at Appendix 1 of the considered report, and set out a number of recommendations and best practice suggestions. It was noted that previous consideration had been given to the recommendations by Standards Committee, and the views of the Committee were summarised at Appendix 2, and paragraphs 2.14 to 2.23 of the report.

The Committee noted the recommendation that Town and Parish Councils adopt the Kirklees Code of Conduct, and welcomed this proposal. Other recommendations related to having a named point of contact within the Council for whistleblowing, induction training for Councillors, availability of the Code of Conduct and the complaints process within Council buildings, and the appointment of Independent Persons.

In regards to gifts and hospitality, the report recommended that aggregate gifts totalling over £100 from a single source should be declared. The Committee agreed that a time period should be applied to this and that it therefore be amended to reflect that the declaration should refer to gifts in an accumulative 12 month period.

RESOLVED - That the proposed changes to the Code of Conduct and Standards Process as set out at paragraphs 2.03, 2.07, 2.08, 2.09, 2.14, 2.15, 2.16, 2.17, 2.19 – 2.23, and Appendices 3 to 4 be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval, subject to an amendment at paragraph 2.08 to clarify that the £100 applies over a 12 month accumulative period.

8 Proposed Amendments to Health and Wellbeing Board - Terms of Reference

The Committee received a report which set out proposals for amendments to the terms of reference of Health and Wellbeing Board. The proposed revisions, which were illustrated within the report, set out a change to the membership of the Board

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to include (i) a nominated representative from the Kirklees Integrated Health Provider Board and (ii) a representative of the Council's Overview and Scrutiny Committee as an invited observer. It was advised that the membership had not been updated since 2013 and the proposed changes were reflective of a shift to a more collaborative approach to working.

The Committee noted the proposed changes, and endorsed the submission of the report to Annual Council for approval.

RESOLVED - That the revised Terms of Reference for Health and Wellbeing Board be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.

9 Proposed Dates Of Council - Municipal Year 2019/2020

The Committee gave consideration to the proposed schedule of Council meetings for the 2019-2020 municipal year.

The report proposed that meetings be held on 17 July 2019, 18 September 2019, 16 October 2019, 13 November 2019, 11 December 2019, 15 January 2020, 12 February 2020, 18 March 2020 and 20 May 2020.

The Committee noted the proposed dates and endorsed the submission of the report to Annual Council for approval.

RESOLVED - That the proposed dates of Council meetings 2019-2020 be endorsed and submitted to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.

10 Proposed Amendments to Contract Procedure Rules

The Committee gave consideration to a report which set out proposed revisions to the Council's Contract Procedure Rules. The revised Contract Procedure Rule document was appended to the considered report and a summary of the changes were set out at Appendix A, which highlighted the proposals in a comparative format. It was noted that the main proposed area as for amendment related to values and aligned most actions to thresholds of £25k to £100k, and that other changes included the need for electronic tendering with the electronic portal system providing appropriate control, and to entitle the Head of Procurement to make supplier selections to submit tenders below a £100k threshold.

The Committee were asked to refer the proposals to Annual Council and were also asked to note that EU procurement values may change from 1 January 2020, which would necessitate a revision to these rules.

RESOLVED –

- (1) That the proposed amendments to Contract Procedure Rules, as summarised at Appendix A, be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.

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- (2) That, pursuant to (1) above, it be noted that EU Procurement Values may change from 1 January 2020, which would necessitate further revisions.

11 Proposed Amendments to Financial Procedure Rules

The Committee gave consideration to a report, prior to its submission to Annual Council on 22 May 2019, which set out proposed changes to Financial Procedure Rules, mainly in regards to procedures relating to capital and income management.

Paragraph 2 of the considered report provided an overview of the rationale for the changes and the proposed changes were illustrated by track changes in the appendix to the considered report.

The Committee were asked to approve the submission of the document to Annual Council for endorsement. Discussion took place in regards to paragraphs 3.16 and 3.17, whereby the delegations to KNH and other subsidiary organisations were removed and decisions were to be taken by Cabinet or through delegation to officers. The Committee considered that it was important to have an understanding of how this change in responsibility would impact upon KNH and it was agreed that a report be submitted to a future meeting setting out the implications in terms of governance and risk.

RESOLVED –

- (1) That the proposed changes to Financial Procedure Rules be endorsed and referred to the meeting of Annual Council on 22 May 2019 with a recommendation of approval.
- (2) That a report be submitted to a future meeting regarding risk and governance at Kirklees Neighbourhood Housing.

12 Annual Report of Internal Audit 2018/2019

The Committee received the 2018-2019 Annual Report of Internal Audit, which provided an overview of internal audit activity and conclusions on the control environment and assurance.

The report set out (i) information on internal audit activity in the year ending 31 March 2010 (ii) an opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control (iii) information regarding compliance with the requirements of Public Sector Internal Audit Standards and Code of Ethics and (iv) an Audit Plan for 2019-2020, indicating the priorities for the year.

The report advised that, based upon an objective assessment of the Council's framework of governance, risk management and control, it had been concluded that overall arrangements to operate Council business effectively were sound. In discussing the report, the Committee noted the significant areas of operation which provided limited assurance, including matters relating to SAP security, safeguarding, mandatory training and corporate performance information.

RESOLVED –

- (1) That the 2019 Internal Audit Strategy and Charter be approved.

- (2) That the Committee notes that it is content with (i) the effectiveness of the internal audit function and its conformance with Public Sector Internal Audit Standards and Code of Ethics (ii) the effectiveness of the Council's overall system of internal control (iii) the effectiveness of the broader control environment, risk management and governance arrangements of the Council and (iv) proposed audit plans.

13 Annual Governance Statement 2018/2019

The Committee received the draft Annual Governance Statement, which covered the period up until the Annual Statement of Accounts is considered at the meeting of the Committee in July 2019. It was noted that the Statement was a statutory requirement to accompany the Statement of Accounts relating to assurance in regards to governance and the internal control environment. The report advised that the draft Statement had been complied following the annual review of effectiveness of the overall internal control and governance arrangements, and highlighted a number of 'significant governance issues', several of which were ongoing from the previous year. It was noted that the actions and controls which were being taken to address the issues raised were being formulated into an action plan which the Committee would be able to monitor during the forthcoming year.

The Committee were advised that a finalised version of the Statement would be submitted to Committee prior to the submission of the Annual Accounts in July 2019.

Discussion took place which focussed upon the progress of issues in last year's statement and actions to be developed during 2019/20, specifically the strengthening of the corporate plan and risk management, the implementation of the Children's Services Improvement Plan and managing transformation activities. It was agreed that, in terms of strengthening partnership governance, it was important that the relationship with KNH is strengthened and it was noted that new governance control and management arrangements had been implemented, which would be subject to review in 12-18 months.

It was noted that the Committee would continue to monitor the progress of the action plan throughout the year on a quarterly basis.

RESOLVED –

- (1) That the draft Annual Governance Statement be received and noted.
- (2) That it be noted that new governance control at Kirklees Neighbourhood Housing will be monitored and that partnership governance be strengthened.

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

The Committee received the Internal Audit Quarterly Report, Quarter 4, which set out an overview of internal audit activity in the third quarter of 2018/2019.

The report provided feedback on 2 investigations, 16 formal opinion based pieces of work and 8 other tasks. The Committee were advised that the investigations related

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to the management of blue badges and gritting route completion. The report also included a summary of progress against the actions contained as a consequence of the 2017/2018 Annual Governance Statement.

RESOLVED - That the Q4 Internal Audit Report 2019/20 be noted.

15 **Exclusion of the Public**

RESOLVED – That acting under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following 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.

16 **Quarterly Report Of Internal Audit 2019/2020 (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 2018/2019.

RESOLVED –

(1) That the Q4 Internal Audit Report 2019/20 be noted.

(2) That, in relation to the follow up audit of Commercial, Operational and Regulatory Services, a management representative be asked to attend a future meeting.