

Contact Officer: Leigh Webb

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Tuesday 24 November 2020

Present: Councillor Will Simpson (Chair)
Councillor Donald Firth
Councillor Kath Pinnock
Councillor Steve Hall
Councillor John Taylor
Councillor Susan Lee-Richards
Councillor Paola Davies

Observers: Councillor Graham Turner
Councillor Paul Davies

Apologies: Councillor Elizabeth Smaje

1 Membership of the Committee

Apologies for absence were received on behalf of Councillor Elizabeth Smaje.

2 Minutes of Previous Meeting

That the Minutes of the previous meeting, held on 2 2020, be approved as a correct record.

3 Interests

No interests were declared.

4 Admission of the Public

It was noted that Agenda Items 15 would be considered in private session. (Minute No. 15 refers).

5 Deputations/Petitions

None received.

6 Public Question Time

No questions were asked.

7 Half Yearly Monitoring on Treasury Management Activities

The Committee received a report providing assurance the Council's treasury management function is being managed prudently and pro-actively. External investments, including £10.0 million invested in the Local Authorities Pooled

Corporate Governance and Audit Committee – 5 July 2019

Investment Fund (LAPF), averaged £53.4 million during the period at an average rate of 0.41%. Investments have ranged from a peak of £144.1 million in April and a low of £15.0 million in June. The high investment balance in April was due to receiving Covid19 support grant of £12.2 million and Business Rates relief grant for 2020/21 of £11.7 million from Central Government on 27 March 2020 and Business grants on 1 April 2020 of £113.7 million. The Business grants did not start to be paid out to local businesses until mid-April.

It was reported that balances were invested in line with the approved treasury management strategy, details of which were appended to the report, in instant access accounts or short-term deposits.

The treasury management revenue budget is £22.1 million. The change in Minimum Revenue Provision (MRP) policy allowed for a planned release of £9.1 million MRP budget over-provision in 2020/21. As part of the Council approved budget strategy update report 2021/22, it now due to increase to £13.7 million with the additional £4.6 million to move to reserves to support 2021/22 year's budget gap. The revised MRP policy is to provide for MRP on the basis of the asset life to which external borrowing is incurred rather than the older version of a 4% reducing balance of the Capital Financing Requirement (CFR).

It was reported that in-year treasury management performance is in line with the treasury management prudential indicators set for the year and details were appended to the report.

RESOLVED – That the Committee notes the half-year treasury management performance in 2020/21 as set out in the report.

8 Information Governance Annual Report 2019/20

The Committee received a report providing an update on the main information governance events and activities to the year 2019/20, which included details of the following:

- Information Governance matters, particularly the implementation and impact
- of the new General Data Protection Regulation
- Information access requests under the Freedom of Information Act 2000,
- Environmental Information Regulations 2004 and Data Protection Act 2018 confirmation of the council's compliance with the NHS Data Security and
- Protection Toolkit Accreditation
- The Information Security and Cyber Security improvements and activities
- An outline of the improvements and developments planned for 2020/21

RESOLVED –

1. That the Information Governance Annual report for 2019/20 be noted.
2. That a 6 monthly report be submitted to a future meeting of this committee setting out an update of progress of the Information Governance response to the pandemic.

9 Annual Governance Statement 2019/20

The Committee received a report seeking the approval of the 2019/20 Annual Governance Statement prior to it being signed off by the Chief Executive and

Corporate Governance and Audit Committee – 5 July 2019

Leader of the Council. The Statement covers 2019/20 and up to the date at which the Annual Statement of Accounts is approved. The Statement concluded that overall the governance arrangements remain fit for purpose. It was reported that the draft Statement had been noted at the July meeting of this Committee and had remained largely unchanged, as Executive Team are of the view that it is still too soon to determine the full impact and consequences of the coronavirus pandemic on the Council and its key objectives.

It was explained that the Statement has been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements. The Statement highlighted a number of what are termed 'Significant Governance Issues, some of which were brought forward from the 2018/19 Statement. It was reported that a number of new issues had been identified and that half of the issues identified in the 2018/19 Statement had been addressed entirely or sufficiently so as not to merit inclusion again.

The actions and controls the Council is taking are contained within an Action Plan that underpins the Statement. It was reported that the Action Plan will be the subject of internal monitoring, with reporting back to Executive Team and this Committee covering quarters 3 and 4 for 2020/21.

RESOLVED - That the Annual Governance Statement 2019/20 be approved.

10 External Audit Update

The Committee received the External Audit Finding Report, for year end 31 March 2020, as submitted by Grant Thornton.

It was reported that Grant Thornton's audit work was completed remotely during September to November 2020 and the findings were summarised within the report. It was stated that it is anticipated that the extended audit report opinion will be unqualified, although highlighting the material uncertainty that exists regarding the valuation of land, building and investment property, and the material uncertainty regarding the valuation of underlying pension fund assets that make up the pension fund net liability. These uncertainties reflect the market uncertainty arising from the Covid-19 pandemic.

It was reported that work is substantially complete and there are no matters that would require modification of the audit opinion.

RESOLVED - That the External Audit Findings Report be received and noted.

11 Approval of the Council's Final Accounts for 2019/20

The Committee received a report on the final accounts and audit processes for 2019/20 which sought Committee approval of the Council's Statement of Accounts for 2019/20 and a final version of the Annual Governance Statement.

The preparation of the Statement of Accounts is a statutory requirement and local authorities are normally required to have them signed by the section 151 Officer by 31 May and published with an Audit Certificate by 31 July, following

Corporate Governance and Audit Committee – 5 July 2019

the end of the financial year. However, following a sector-wide response to the consequences of the COVID-19 pandemic, CIPFA amended the statutory deadline for the production of the Unaudited Statement of Accounts for 2019-20. For the Council the revised deadline was 31 August 2020. The accompanying deadline for the completion of the audit was also amended to 30 November 2020.

It was reported that there were no queries or objections raised in the six week public inspection period and that the audit of the 2019/20 Statement of Accounts is substantially complete.

RESOLVED – That the Committee approves:

(i) The Statement of Accounts 2019/20 incorporating the Annual Governance Statement (Appendix A), with the Chair certifying the Statement of Responsibilities on page 20 upon completion of the audit.

(ii) The Letter of Representation (Appendix B), with the Chair signing it on behalf of the Committee upon completion of the audit.

12 Appointment of a Trustee for Joshua Wood Charity

The Committee received a report seeking the Corporate Governance and Audit Committee's endorsement of the nomination of the Council's Trustee of the Joshua Wood Charity.

RESOLVED – That the Corporate Governance & Audit Committee are asked to note and endorse the nomination of Councillor Steve Hall as Trustee of the Joshua Wood Trust for the duration of the nomination.

13 Quarterly Report of Internal Audit 2020/21 - Quarter 2

The Committee received the Internal Audit Quarterly Report, Quarter 1, which set out an overview of internal audit activity for the period July 2020 - September 2020.

The report highlighted that as a result of the coronavirus a reduced level of routine work has been completed during the period. The work has included an investigation into issues raised at a housing provider, and assessment of coronavirus arrangements in a part of the council's operations, a review of direct debit arrangements, the arrangements relating to "deprivation of liberty", rent debt write offs, and the council's emergency duty arrangements in children's services.

RESOLVED - That the Internal Audit Quarterly Report 2020/2021 (Quarter 1) be received and noted.

14 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 they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically stated in the undermentioned Minute.

Corporate Governance and Audit Committee – 5 July 2019

- 15 **Quarterly Report of Internal Audit 2020/21 - Quarter 2**
(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 2, which set out an overview of internal audit activity in the second quarter of 2020/2021.

RESOLVED - That the Internal Audit Quarterly Report 2020/2021 (Quarter 2) be received and noted.