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## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Thursday 22nd April 2021**

Present: Councillor Will Simpson (Chair)  
Councillor Steve Hall  
Councillor John Taylor  
Councillor Paola Antonia Davies

Observers: Councillor Eric Firth (Ex Officio) – Chair of Standards Committee  
Councillor Elizabeth Smaje (Ex Officio) – Chair of Overview and Scrutiny Committee

Apologies: Councillor Susan Lee-Richards  
Councillor Donald Firth

**1 Membership of the Committee**

Apologies for absence were received from Councillor Donald Firth.

**2 Minutes of Previous Meeting**

**RESOLVED** – That the minutes of the Meeting held on 9 March 2021 be approved as a correct record.

**3 Declarations of Interest**

There were no declarations of interest.

**4 Admission of the Public**

It was noted that Agenda Item 17 would be considered in private session.

**5 Deputations/Petitions**

No deputations or petitions were received.

**6 Proposed Revisions to Contract Procedure Rules (Reference to Annual Council)**

The Committee received a report on the proposed changes to Contract Procedure Rules (CPR) for the municipal year 2021/22. The areas proposed for amendment related to; decision making, clarity around when bonds were required, a new appendix in relation to grants, considering and encouraging social value in procurement, encouraging local suppliers to bid for contracts, an updated section on use of presentations and interviews, demonstrating value for money when undertaking a direct award, and updated procurement thresholds.

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The report outlined that the main change to the CPR's was the amendment to reflect the changes to procurement following the UK's departure from the EU. The Committee noted that there would be a more fundamental review of the CPR's in line with legislative requirements arising from the Government Green Paper - Transforming Public Procurement.

The Committee were advised that there were several smaller changes and additions to simplify and improve clarity of existing arrangements. The other main change was the addition of a new section relating to the recording of decisions.

### **RESOLVED –**

1. That the proposed amendments to Contract Procedure Rules, as summarised in Appendix 1, be endorsed and referred to the meeting of Annual Council on 19 May 2021 with a recommendation of approval.
2. That the Committee receive a further report to a future meeting to outline what constitutes a significant officer decision, and confirmation as to whether the standing lists were reviewed on a regular basis.

### **7 Proposed Revisions to Financial Procedure Rules (Reference to Annual Council)**

The Committee received a report regarding proposed changes to Financial Procedure Rules (FPR) for the municipal year 2021/22. The areas proposed for amendment related principally to a consolidation of the currently separate parts (in the 2019 version of FPRs) that related to grants receivable and payable, into a new combined section, and other changes regarding capital budget management, internal audit, and debt collection.

The report advised the Committee that the Director of Finance and Head of Risk were reviewing the concepts of controls required and achieved through FPR 2 (Revenue Budget Preparation and Management) and FPR 3 (Capital Investment Plan Preparation and Management) and a further report would be provided to the Committee later in the next municipal year.

The Committee noted that there were some other wording changes to clarify responsibilities and requirements, in relation to matters such as internal audit, payments and debt collection.

**RESOLVED –** That the proposed changes to Financial Procedure Rules be endorsed and referred to the meeting of Council on 19 May 2021 with a recommendation of approval, subject to further clarification being included within the FPR's regarding 'financial betterment'.

### **8 Proposed revisions to the Terms of Reference for the Health & Wellbeing Board (Reference to Annual Council)**

The Committee received a report to consider and agree a proposed revision to the Terms of Reference for 2021-22. The Committee noted that the changes to membership reflected the shift to a much more collaborative culture which was at the core of both the Kirklees Health and Wellbeing Plan and the NHS Long Term Plan. The recommended changes were:

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- Amending the membership of the Board to (i) reflect the creation of a single CCG for Kirklees. The 3 representatives in 2021/22 will be the Clinical Chair, Accountable Officer, and the Lay Member: Patient & Public Involvement (ii) include a nominated representative of the Kirklees Integrated Health and Care Leadership Board to replace the representative from the now defunct Integrated Provider Board
- Include representation of the Primary Care Networks in recognition of their role in establishing the new model of integrated care and as system and clinical leaders
- Reflecting the Board's role in providing oversight of the Children and Young People's Partnership and the Children and Young People's Plan and recognising the Director of Children's Services role as including representing the Children & Young Peoples Partnership.

The report highlighted that the Government had published the White Paper 'Working Together to Improve Health and Social Care for all' which would legislate to create a statutory basis for the Integrated Care System (ICS), including an ICS Health and Care Partnership and an ICS NHS Body. The Health and Wellbeing Board would remain in place and would continue to have an important responsibility at a local/place-based level to bring local partners together.

**RESOLVED** – That the revised Terms of Reference for Health and Wellbeing Board be endorsed and referred to the meeting of Annual Council on 19 May 2021 with a recommendation of approval.

### 9 Letter to and response from WYCA

The Committee received a letter sent to the West Yorkshire Combined Authority (WYCA) outlining the impact of the new Mayoral Combined Authority (MCA) arrangement on various governance matters, including scrutiny and the Concurrent Powers Protocol. A response to the letter was received on 31 March 2021.

The Committee acknowledged that WYCA would be able to provide clearer guidance on the arrangements once a Mayor had been appointed to the role and felt that engagement with them following the appointment would be more appropriate.

**RESOLVED** – That the Committee note the letter and response from WYCA, and that further dialogue should continue with the Mayor and other LA's within the combined authority area once the Mayor was appointed.

### 10 Changes to the Council's Constitution (Reference to Annual Council)

The Committee received a report setting out proposed changes to the Council's constitution as detailed in the Appendices. The report also provided a summary of changes to the Constitution made by the Monitoring Officer using delegated powers.

The Committee noted that it was essential the Council's Constitution be regularly reviewed and updated to ensure that it remained fit for purpose and enabled Council meetings to be conducted in a fair, business like and effective manner. It was also essential that the Constitution complied with current legislation. Failure to do so could lead to challenges, unnecessary procedural delays, and less transparency in the Council's democratic process.

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The report advised the Committee that there were several pieces of work ongoing which when concluded may impact upon parts of the Constitution. The outcome of those would be the subject of a further report(s) to this Committee and Council as appropriate.

### **RESOLVED –**

1. That the Committee notes the changes made to the Constitution in 2019-2021 listed in Appendix 1.
2. That the Committee approve the proposed changes to the Councils constitution as set out in paragraphs 2.11, 2.12, 2.13, 2.14 and 2.16 and the accompanying relevant Appendices.
3. That the proposed changes, as considered at (1 and 2) above, be endorsed and referred to the meeting of Annual Council on 19 May 2021 with a recommendation of approval subject to further clarification being included regarding West Yorkshire Mayoral attendance at Council meetings.

### **11 Informing the Audit Risk Assessment for Kirklees Metropolitan Council**

The Committee considered a report which updated members on the final accounts and audit processes for 202/21. The Council's external auditor, Grant Thornton, had asked that council officers complete 'Informing the Audit Risk Assessment for Kirklees Council 2020/21' which was attached to the report at Appendix A. Grant Thornton had also requested that officers complete the 'Accounting Estimate Management Summary Letter' (Appendix B). This covered the use of accounting estimates across key accounting areas.

The Committee noted that the external auditor External Audit would use the assurance letters to support their overall opinion on the Audited Statement of Accounts and Annual Governance Statement which would be presented to a later meeting of this Committee for approval.

**RESOLVED –** That the Committee received and noted the report and appendices, was satisfied the assertions to be true (or had no reason to believe they were untrue) and agree to submit the risk assessment document to the external auditors.

### **12 Quarterly Report of Internal Audit Q4 2020/21 January 2021 to March 2021**

The Committee received a report which set out the activities of the Internal Audit in the final quarter of 2020/21. This included work in both Kirklees Council and its controlled subsidiary Kirklees Neighbourhood Housing Ltd.

The Committee noted that Internal Audit staff had continued to work throughout the pandemic, but much of the work undertaken had been unplanned rather than routine, planned work. In quarter 4 a large amount of time was spent in supporting the implementation of the statutory and local discretionary business grant schemes - which included an obligation to carry out additional checking prior to payment. The investigation of suspected fraud in respect of the original scheme continued. The Committee acknowledged that there had been no Regulation of Investigatory Powers Act activity during the period quarter 4 2020/21.

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

**13 Annual Report of Internal Audit 2020/21 and Issues for 2021/22**

The Committee received a report which provided information about Internal Audit activity and the effectiveness of the system of internal control, and conclusions on the control environment and assurance provided in 2020/21, and on matters that relate to Internal Audit activity in 2021/22. The panel noted that the extent of “routine” internal audit assurance work was significantly curtailed during the pandemic.

The Committee acknowledged that audit activity in 2021/22 would need to concentrate on major areas of risk and control, based on a prioritised risk assessment. Resources would remain available to investigate significant areas of concern on a reactive basis.

**RESOLVED –**

1. That the 2021/22 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.
3. That the internal audit plan for 2021/22 be approved and that the Committee give authority to the Head of Internal Audit to vary the proposed audit plan as considered necessary, subject to reporting back as part of the quarterly review process.

**14 External Audit Letter 2019-20**

The Committee received a report (Letter) which summarised the key findings which arose from the work that the external auditors carried out for the year ended 31 March 2020. The key responsibilities were to give an opinion on the Council and group's financial statements and assess the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources (the value for money conclusion).

The Committee noted that the external auditors were satisfied that the Council had put in place proper arrangements to ensure economy, efficiency, and effectiveness in its use of resources.

**RESOLVED** - That the External Audit Letter 2019-20 be noted.

**15 External Progress Report - April 2021**

The Committee received the Audit Progress report for Year ending 31 March 2021 from the External Auditors. The report included a summary of emerging national issues and developments that may be relevant to the council and included several ‘challenge questions’ in respect of these emerging issues.

The Committee noted that the detailed 2020/21 Audit plan, setting out the proposed approach to the audit of the Council 2020/21 financial statements would be brought to a further meeting of this Committee.

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**RESOLVED** – That the External Progress Report April 2021 be noted.

**16 Exclusion of the Public**

**RESOLVED** – That under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting during the consideration of 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.

**17 Quarterly Report of Internal Audit Q4 2020/21 January 2021 to March 2021**

(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 Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Committee noted the exempt information, which was an appendix to Agenda Item 12 (Minute No 12 refers).