

Contact Officer: Leigh Webb

## **KIRKLEES COUNCIL**

### **CORPORATE GOVERNANCE AND AUDIT COMMITTEE**

**Friday 25th November 2022**

Present: Councillor Yusra Hussain (Chair)  
Councillor Harry McCarthy  
Councillor Elizabeth Reynolds  
Councillor John Taylor  
Councillor Paolo Davies

In attendance: Julie Muscroft – Service Director, Legal, Governance and Commissioning  
David Stickley – Senior Legal Officer  
Martin Dearnley – Head of Internal Audit  
James Anderson – Head of Accountancy  
Rachel Firth – Finance Manager  
Stephen Nixon – Grant Thornton  
Aaron Gouldman – Grant Thornton  
Peter Jackson – Head of Internal Audit, Doncaster Council  
Councillor Paul Davies (Ex-Officio)  
Councillor Elizabeth Smaje (Ex-Officio)  
Councillor Jo Lawson (Ex-Officio)

Apologies: Councillor Ammar Anwar  
Councillor Joshua Sheard

**1 Membership of the Committee**

Apologies for absence were received on behalf of Councillor Ammar Anwar and Councillor Joshua Sheard. Councillor Paolo Davies substituted for Councillor Kath Pinnock.

**2 Minutes of Previous Meeting**

**RESOLVED** – That the Minutes of the meeting held on 30<sup>th</sup> September 2022 be approved as a correct record.

**3 Declarations of Interest**

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**

There were no deputations or petitions received.

**6 Public Question Time**

No questions were asked.

**7 Half Yearly Monitoring Report on Treasury Management Activities 2022/23**

The Committee received a report providing assurance that the Council's treasury management function was being managed prudently and pro-actively. External investments, including £10.0 million invested in the Local Authorities Pooled Investment Fund (LAPF), averaged £69.7 million during the period at an average rate of 0.66%. Investments had ranged from a peak of £111.1 million in August and a low of £34.7 million in June. The high investment balance was due to receiving a Council Tax Energy Rebate grant of £25.6 million at the end of March which was paid out over a few months, along with taking advantage of medium-term Local Authority loans and arranging a £20.0 million Public Works Loan Board in August from HM Treasury.

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 was £26.7 million. The change in Minimum Revenue Provision (MRP) policy allowed for a planned release of £9.1 million MRP budget over-provision in 2022/23. The budget strategy update report 2023/24 re-affirmed the decision taken in the annual budget report in February 2022 to forward profile the release of the MRP over-provision with an additional £4.6 million, in light of the estimated medium term COVID impacted pressures on the Council finances. The MRP policy was to provide for MRP based on the asset life to which external borrowing was incurred. The MRP calculation was used to determine the amount of revenue resources that needed to be set aside annual by the Council to meet its debt obligations.

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

During discussion, the Committee highlighted Revenue Budget Monitoring and sought clarification of the title for this item. It was noted that the Revenue Budget Monitoring included interest from set loans and that the heading would be amended accordingly.

**RESOLVED –**

- (i) That the Committee noted the half-year treasury management performance in 2022/23 as set out in the report,
- (ii) That the Revenue Budget Monitoring title be amended in future reports.

**8 Audit Findings**

The Committee received the draft External Audit Finding Report, for year end 31 March 2022, as submitted by Grant Thornton.

It was reported that Grant Thornton's audit work was completed both onsite and remotely July to November and the findings were summarised within the report.

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The Committee was advised that the report was a draft, and the final report would be shared with the Committee at a later meeting. At this stage Grant Thornton had not identified any adjustments to the financial statements that resulted in amending the draft outturn in the Council's Comprehensive Income and Expenditure Statement. Grant Thorntons work was substantially complete and there were no matters that required modification to their audit opinion or financial statement shown in the report.

It was anticipated that the audit report opinion would be unqualified.

During discussion the Committee raised concerns around SAP controls and thanked the finance team for all their hard work that had been undertaken.

### **RESOLVED –**

- (i) That the External Audit Findings Report be received and noted,
- (ii) That the finance team are thanked for the hard work they undertake,
- (iii) That the Committee considers a report on proposals of improvement and an action plan regarding SAP control concerns in January 2023.

## **9 Update on Representation on Outside Bodies**

The Committee received a report seeking the approval of King James's Foundation Charity be added to the schedule of outside bodies.

The Committee was advised that the Council had a right to nominate one of eight trustees to the King James's School Foundation Charity. A Trustee was nominated for 4 years.

Whilst the Council was corporate trustee in the past, it was currently governed by independent trustees, under a scheme approved by the Charity Commission in 2001, which established the objectives as:

- The ownership of the King James's School site, in Almondbury,
- Assistance with the provision of facilities for the school,
- Assistance to pupils at the school and assistance to education for anyone under 25 who were residents in the ancient parish of Almondbury.

It was noted that the ancient parish of Almondbury was an extensive area and included large parts of the Colne Valley, Holme Valley and Meltham.

### **RESOLVED –**

- (i) That the King James's Foundation Charity be added to the schedule of outside bodies,
- (ii) That Group Business Managers were asked to nominate a member to take up the council's position on the King James's Foundation Charity.

## **10 Quarterly Report of Internal Audit Q2 2022/23 - July 2022 to September 2022**

The Committee received a report which set out the activities of the Internal Audit in quarter 2 of 2022/23.

The report provided information regarding eleven audits completed during the period. The routine audits were for four schools, five other financial systems and

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two follow up audits. Internal Audit continued to support several governance areas and had reviewed certain grants and payment regimes, as well as data submissions related to the national fraud initiative and government data collection (Covid related) business grant funds. Internal Audit now looked after the Council's Fraud Investigation Team where three right to buy applications had been denied during the quarter with one property recovered. A further twelve investigations were ongoing. Progress with routine audit work had been below expectations, the plan for 2022/23 was that 85 audits should be completed with work still progressing on determining an appropriate work plan for the Fraud Team.

The Committee acknowledged that there had been no Regulation of Investigatory Powers Act activity during the period quarter 2 2022/23.

**RESOLVED** – That the Q2 Internal Audit Report 2022/23 be noted.

### **11 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 items 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 state in the undermentioned minute.

### **12 Quarterly Report of Internal Audit Q2 2022/23 - July 2022 to September 2022**

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 10.