

Contact Officer: Leigh Webb

## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Friday 10th February 2023**

Present: Councillor Yusra Hussain (Chair)  
Councillor Kath Pinnock  
Councillor Harry McCarthy  
Councillor Elizabeth Reynolds  
Councillor John Taylor

In attendance: Peter Jackson – Head of Internal Audit, City of Doncaster Council  
Aaron Gouldman – Grant Thornton  
Stephen Nixon – Grant Thornton  
Eamonn Croston – Service Director, Finance  
James Anderson – Head of Accountancy  
Rachel Firth – Finance Manager  
Martin Dearnley – Head of Internal Audit  
Simon Straker – Audit Manager  
Terence Hudson – Head of Technology

Ex-officio Members: Councillor Paul Davies (Virtual)

Apologies: Councillor Ammar Anwar  
Councillor Joshua Sheard

**1 Membership of the Committee**

Apologies for absence were received on behalf of Councillors Ammar Anwar, Joshua Sheard, Jo Lawson (Ex-Officio) and Elizabeth Smaje (Ex-Officio).

**2 Minutes of Previous Meetings**

**RESOLVED** – That the minutes of the meetings held on 25 November and 2 December 2022 be approved as a correct record.

**3 Declarations of Interest**

No interests were declared.

**4 Admission of the Public**

The committee noted the submission of exempt information, as set out at Agenda Items 16 and 17.

**5 Deputations/Petitions**

No deputations or petitions were received.

**6 Public Question Time**

## **Corporate Governance and Audit Committee - 10 February 2023**

No questions were asked.

### **7 Public Sector Internal Audit Standards Five Yearly External Review**

The Committee received the Public Sector Internal Audit Standards Five Yearly External Review.

The Committee was advised that the Council's internal audit are required to be provided in accordance with a set of arrangements called the Public Sector Internal Audit Standards. An obligation of these standards was that every 5 years an external review of the operation takes place to determine if the requirements of the standard are being met.

The Committee noted that this external review was undertaken by Peter Jackson, Head of Internal Audit, City of Doncaster Council. Mr Jackson presented his Assessors report and the action plan appended to it.

The Committee was advised that the review had concluded with a rating of 'generally compliant' which was the highest standard, but there were some opportunities for improvement set out in an Action Plan. The Committee determined that it would like to review progress against the Action Plan and requested quarterly monitoring reports to be provided.

#### **RESOLVED –**

- 1) That the Assessors report be noted.
- 2) That the Action Plan be approved.
- 3) That monitoring reports be received by this committee on a quarterly basis.

### **8 Treasury Management Strategy and Investment Strategy 2023/24**

The Committee received the Treasury Management Strategy 2023/2024 and associated appendices, in accordance with the CIPFA Code of Practice on treasury management. The report provided information regarding (i) the outlook for interest rates and credit risk, and a recommended investment strategy (ii) the current and estimated future levels of Council borrowing (internal and external) and a recommended borrowing strategy (iii) methodologies adopted for providing for the repayment of debt and a recommended policy for calculating minimum revenue provision (iv) other treasury management matters including the policy on the use of financial derivatives, prudential indicators, the use of consultants and the policy on charging interest to the housing revenue account and (v) a recommended an annual investment strategy in line with Department for Levelling Up Housing & Communities (DLUHC) guidance.

The Committee was advised that the report would be submitted to the meeting of Council (Budget) on 8 March 2023.

**RESOLVED -** That the Treasury Management Strategy 2023/24 incorporating (i) the borrowing strategy, (ii) the investment strategy, (iii) the policy for provision of repayment of debt (Minimum Revenue Provision) (iv) the treasury management prudential indicators and (v) the investment strategy (non-treasury investments) be referred to the meeting of council on 8 March 2023.

**9 Annual Governance Statement 2021/22**

The Committee received a report seeking the approval of the 2021/22 Annual Governance Statement. The Statement covered 2021/22 and up to the date at which the Annual Statement of Accounts was approved. The Statement concluded that overall, the governance arrangements remained fit for purpose. Since last September, the Council's financial position had come under sharp focus, and the Service Director of Finance had revised the draft to reflect this significant change of circumstance.

It was explained that the statement had been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements and was based on a number of forms of assurance which had been presented to various parts of the Council during the year. The report highlighted a number of 'Significant Governance Issues'. Several of the Issues from the 2020/21 Statement were brought forward, which reflected the wide-ranging nature of the issues and action required. Consideration had also been given to a number of potential new Issues and one, the impact of the Cost of Living Crisis had been incorporated, coupled with the serious financial position of the Council.

The actions and controls the Council was taking were contained within an Action Plan that accompanied the statement. It was reported that the Action Plan would be the subject of internal monitoring, with reporting back to Executive Team and this Committee during 2023/24.

**RESOLVED –**

- 1) That approval be given to the Annual Governance Statement 2021/22, subject to amendment of Section 1 of the Action Plan to note the publication date of the next revision of 'Our Council Plan'.
- 2) That authority be delegated to the Leader of the Council and the Chief Executive to make necessary minor amendments to the statement.

**10 Audit Findings**

The Committee received the External Audit Findings Report (Year Ending 31 March 2023) from Grant Thornton, the councils External Auditor.

The report presented the findings and observations arising from the auditors work that they wished to draw to the attention of those charged with governance, as a part of the financial reporting process. It was noted that the external auditors had substantially completed the audit of the Council's financial statements and subject to outstanding tasks being resolved, Grant Thornton anticipated issuing an unqualified audit opinion. The outstanding tasks included (i) completion of the quality review procedures including final Engagement Lead review, (ii) review of the final set of financial statements; and (iii) receipt of the management letter of representation.

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

**11 Approval of the Council's final accounts for 2021/22**

## **Corporate Governance and Audit Committee - 10 February 2023**

The Committee received a report on the final accounts and audit processes for 2021/22 which sought Committee approval of the Council's Statement of Accounts for 2021/22 and a final version of the Annual Governance Statement.

The preparation of the Statement of Accounts was a statutory requirement and local authorities were normally required to have them signed by the section 151 Officer by 31 May and published with an Audit Certificate by 31 July, following the end of the financial year. However, the DLUHC extended the statutory deadlines for local authorities to approve and publish their accounts for the 2020/21 and 2021/22 financial years. The revised deadlines applicable to local authorities were to have them signed by the section 151 Officer by 31 July and published with an Audit Certificate by 30 September. The 2021/22 deadline for the published Audit Certificate was then further extended to 30 November.

The draft accounts were completed and signed by the Council's Service Director - Finance on 29 July 2022. There were no queries or objections raised in the six week public inspection period. Grant Thornton advised that almost all issues were now completed, but the audit could not be finalised until confirmation of the position by the external auditor of the West Yorkshire Pension Fund (WYPF). When this was received, they would formally complete their audit, which could then be approved on behalf of the Council.

The Committee discussed the delay in completing the accounts but acknowledged that this was an issue with a third party, and not a reflection of the council's officers, or its auditor.

### **RESOLVED –**

- 1) That the Statement of Accounts 2021/22 incorporating the Annual Governance Statement be approved.
- 2) That authority be delegated to the Chair of Corporate Governance and Audit Committee and the Service Director - Finance to sign the final accounts and letter of representation upon completion of the audit.
- 3) That enquiries be made of Bradford MBC/WYPF and their external auditors as to what actions were being taken to prevent the repeat of delays experienced in finalising the accounts.

## **12 Dates of Council Meetings - 2023 to 2024 Municipal Year (Reference to Council)**

The Committee received a report which set out a provisional schedule of Council meeting dates for the 2023-2024 municipal year. The report sought endorsement of the schedule for submission to the meeting of Annual Council on 24 May 2023.

The Committee voiced some concerns that a date had yet to be confirmed for the West Yorkshire Mayor to attend Council and that there would be no planned meetings between February 2024 and July 2024 apart from the meetings solely for consideration of the Budget and the AGM.

### **RESOLVED –**

## **Corporate Governance and Audit Committee - 10 February 2023**

- 1) That the schedule of Council meetings for the 2023-24 municipal year be submitted to the meeting of Council on 22 February 2023 with a recommendation of approval.
- 2) That the requirements of Council Procedure Rule 5(6) will be complied with either by adding an additional meeting date or being included within one of the meetings listed.

Under the provision of Council Procedure Rule 24(5) Councillor Kath Pinnock and Councillor John Taylor asked that their vote against the motion be recorded.

### **13 Risk Management Update**

The Committee received a report which provided information on the Council's Risk Management Statement and its arrangements for Corporate Risk Management.

It was noted that the Corporate Risk Matrix which was appended to the report, identified the ongoing risks and issues, many of which were common to many large local authorities and many types of corporate organisation. The Corporate Risk Matrix remained largely stable in terms of its content but had recently been restructured by grouping risks into 10 Key Corporate Risks, with trend analysis and responsibility holders along with some symbolic information.

The report explained the Emerging Risks and Challenges Report listed items of note or concern that did not feature in the Corporate Risk Matrix but currently could present a threat to achievement of the council's objectives. Actions in place to monitor and / or address these emerging risks were detailed. These risks are aligned to the 10 Key Corporate Risks and were appended as a private appendix to the report.

**RESOLVED** – That the risk management report be received and noted.

### **14 IT Audit Controls Update**

The Committee received a report which provided an update on IT audit controls, following the external auditors expressing some concerns as part of their audit review. The Committee was advised that internal audit had reviewed arrangements and found that with the exception of one minor issue, strong progress had been made.

**RESOLVED** –

- 1) That the report be received and noted.
- 2) That the committee was satisfied with the IT controls.

### **15 Primary Care Networks**

Councillor John Taylor expressed concern that a report on Primary Care Networks had not been considered by this Committee, despite being previously agreed that it would be submitted 6 months from the setting up of the PCN's in May 2022. The Chair acknowledged that the update had slipped and reported that it would be considered at the next meeting of the Committee.

## **Corporate Governance and Audit Committee - 10 February 2023**

**RESOLVED** - That following an informal scoping session to outline the required content, a report on Primary Care Networks be considered at the next meeting of this Committee.

(Note: This item, which did not appear on the agenda for the meeting, was allowed by the Chair to be considered as a matter of urgency in order to ensure the delayed report could be submitted to the Committee at the earliest opportunity).

**16 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 stated in the undermentioned minutes.

**17 Risk Management Update**

The committee noted the exempt information, which was an appendix to Agenda Item 13.

**18 IT Audit Controls Update**

The committee noted the exempt information, which was an appendix to Agenda Item 14.