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## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Friday 29th September 2023**

Present: Councillor James Homewood (Chair)  
Councillor Yusra Hussain  
Councillor Naheed Mather  
Councillor Melanie Stephen  
Councillor John Taylor  
Councillor Kath Pinnock

Co-optees Chris Jones

In attendance: Martin Dearnley – Head of Internal Audit  
Rachel Firth – Finance Manager (Virtual)  
Chris Read – Corporate Customer Standards Officer  
Clare Armitage – L & OD Partner  
Sarah Simpson – Assistant Corporate Customer Standards Manager  
Rachel Qureshi – Audit Manager  
Simon Straker – Audit Manager  
Sarah Brown – Acting Head of Welfare and Exchequer

Apologies: Councillor Harry McCarthy  
Councillor Elizabeth Smaje (ex-Officio)

#### **1 Membership of the Committee**

Apologies for absence were received from Councillor McCarthy and Councillor Smaje (ex-officio)

The Committee noted the changed to the membership of Corporate Governance and audit and welcomed Councillor Mather.

#### **2 Minutes of Previous Meeting**

##### **RESOLVED:**

- 1) That the minutes of the meeting of 14<sup>th</sup> July 2023 be approved as a correct record.
- 2) That the minutes of the meeting of 12 September 2023 be approved as a correct record with the amendment that Councillor Paul Davies was in attendance.

#### **3 Declarations of Interest**

There were no declarations of interest.

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### **4 Admission of the Public**

It was noted that Agenda item 14 would be considered in private session.

### **5 Deputations/Petitions**

There were no deputations or petitions received.

### **6 Public Question Time**

There were no public questions.

### **7 Corporate Governance and Audit Committee Annual Report**

The Committee receive the Corporate Governance and Audit Committee Annual Report which summarised the contributions the committee made during 2022/23 to the achievement of good governance and internal control within the Council.

All Members brought an independent and open mind to the business of the committee and were thanked for the contributions they had made.

The benefits to the Council of operating an effective Audit Committee were:

- Maintaining public confidence in the objectivity and fairness of financial and other reporting.
- Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement, and the Quarterly Reports from Internal Audit and the Annual Report from the Head of Audit.
- Providing sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process, including specific review on behalf of the Council of specialist parts of budgeting and accounting policy and practice – such as Treasury Management.
- Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.
- Providing additional assurance through a process of independent and objective review.
- Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
- Monitoring of related areas such as the Council's approach to threats from fraud, bribery and corruption.
- How the Corporate Governance and Audit Committee has contributed to strengthening risk management, internal control, and governance arrangements.

The report provided additional assurance and underpinned the Annual Governance Statement, which was approved by the Committee.

### **RESOLVED:**

- 1) That the Committee noted the assurances set out in the report that the Committee complied with CIPFA's Position Statement: Audit Committees in Local Authorities and Police

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- 2) That the draft annual report at Appendix A be approved and considered at Council.

### 8 **Corporate Customer Standards Annual Report 2022/23**

The Committee received a report on Corporate Customer Standards 2022/23. The report provided a commentary on ongoing performance and covered other areas of interest.

The report included statistical information from across West Yorkshire relating to the number of Ombudsman complaints received, which highlighted that Kirklees had not received any formal reports in 2022/23. The report set out detail of complaints by service area and provided a breakdown of third stage and pre-third stage complaints. In 2022/23 the number of complaints considered at third stage dropped significantly in year and followed the trend of non-covid complaints considered in 2021/22, it was reported that the factors in the decline may include that the Customer Standards section provided more complaint handling advice to services for pre-third stage complaints, and the council was more proactive in seeking to resolve a complaint by thinking how the Ombudsman may remedy the complaint at an earlier stage.

During discussion, the committee raised a concern regarding Homes and Neighbourhoods regarding oversight of the complaints whilst there was a cross over of staff, Chris Read, Corporate Customer Standards Officer advised that the senior manager of Homes and Neighbourhoods dealt with the complaints, and that there was now more oversight since Homes and Neighbourhoods were brought back into the Council as there were all in one area.

**RESOLVED:** That the report be noted.

### 9 **Annual Report on bad debt write-offs 2022/23**

The Committee received a report on Bad Debt write-offs 2022-23.

Overall write-offs for 2022-23 were higher than 2020-21. The overall percentage written off had reduced each year for the previous two years but increased in 2022/23 due to the current financial situation and the accrued uncollectable debts that had built up through the last few years. It was noted that there was a likelihood of more suppressed bad debt, which could be reflected in future years write offs, alongside some continued economic volatility depending on the pace of global, national and local recovery from the pandemic and cost of the ongoing living crisis.

The figures for write offs of Adult Social Care debt, Housing Benefit Overpayments recovery, Housing Revenue Account (HRA), Business Rates and Council Tax made up the top 5 areas for write offs and demonstrated how important it was for everyone to pay their share of the charges to help fund essential Council Services. The recover action highlighted was to ensure that all collectable debts outstanding were to be pursued through appropriate recovery action and support for the customer. Additional resources were to be deployed to recover unpaid Council Tax or Business Rates quicker and more effectively once older debts that had been through the recovery process had been removed. Tighter processes and

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procedures continued to be put in place to maximise recovery of collectable debts earlier in the process.

During discussion the committee raised concerns regarding council tax arrears increasing and business rate write offs. Sarah Brown, Acting Head of Welfare of and Exchequer advised that business rates were down compared to the previous year and that support was in place to help businesses. With regards to council tax, the service was carrying out a single person discount review which could highlight people who should have been paying full council tax but would also help those who could be entitled to the single person discount who had not put in a claim.

**RESOLVED:** That the report be noted.

### **Grant Thornton: External Audit Findings Report 2021/22**

The Committee received the 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 between July and November 2022 and the findings were summarised within the report. 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 material changes to the financial statement subject to the outstanding matters in the report.

It was anticipated that the audit report opinion to be agreed very soon would be unqualified.

During discussion of this item, Councillor Pinnock raised concerns around the audit findings for Kirklees Stadium Development Ltd and requested that the Head of Internal Audit and Risk arrange for a report to be provided to this committee at a future meeting. Members also discussed the issue of consistency and context between the wording in the report and the wording set out in the 2021/22 Value for Money Report submitted at the July meeting, The Committee requested a future discussion in respect of the processes in place with regard to budget planning and forecasting.

**RESOLVED:** That the report be noted.

## **11 Annual Governance Statement 2022/23**

The Committee received a report noting the 2022/23 Annual Governance Statement prior to it being signed off by the Chief Executive and Leader, and to consider whether the issues raised reflected the state of the governance and control framework during 2022/23.

The Statement covered the period up until the Annual Accounts 2022/23 are approved and concluded that overall the governance arrangements were fit for purpose. The Statement was a statutory requirement and accompanied the Statement of Accounts in order to provide readers with assurance about the

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governance and internal control environment in which they had been complied and to which they related.

The Statement highlighted a number of Significant Governance Issues. Several of the issues from the 2021/22 statement that had been brought forward reflected the nature of the issues and action required. Consideration had been given to a number of potential new issues with the serious financial position of the Council. The actions and controls that the Council were taking were contained within a recommended Action Plan, and progress so far was detailed in the report.

### **RESOLVED:**

- 1) That approval be given to the Annual Governance Statement 2022/23,
- 2) That authority be delegated to the Chief Executive in consultation with the Leader of the Council to make necessary minor amendments to the statement.

## **12 Internal Audit Update 2023/24**

The Committee received a report from the Head of Internal Audit which set out a proposed audit plan for the second half of 2023/24. The report also proposed a new format for the quarterly reporting, on which the Committee was invited to make comment and note other issues.

It was noted that reasonable progress had been made on the first half plan, which included 48 audits although there had been minor variations. This reflected an ability to deliver based on minor changes to staff capability and should enable slightly stronger assurance opinion on operating financial systems. The revised plan would provide for delivery of 56 audits, providing 100 audits in total by the end of the year.

At a previous meeting the Committee had agreed to amending the format which increase the amount of information that was in the public domain. The propose main features were the dashboard style set of charts and a schedule of activity during the audit period. There was also a proposal of minor changes to the rating methodology for internal audits of individual schools.

During discussion, the committee raised concerns regarding assurance on budget management and forecasting processes and requested that the Chair of this Committee and Head of Internal Audit & Risk liaised with a view to identifying arrangements to bring a report at a future meeting of this committee.

### **RESOLVED:**

- 1) That the Audit plan for the second half of 2023/24 be approved,
- 2) That authority be given for the Head of Internal Audit to vary the proposed audit plan as is considered necessary in line with ensuring Internal Audit can effectively provide corporate assurance and to meet the needs of the organisation,
- 3) That the new Internal Audit Quarterly Report format be noted,
- 4) That the assessment of individual school audits be noted,

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- 5) That the Chair of the Committee liaises with the Head or Risk regarding assurances around budget management to enable a report to be considered by the Committee at a future meeting.

### 13 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.

### 14 Internal Audit Update 2023/24

**RESOLVED:** That the Committee noted the exempt information, which was an appendix to Agenda item 12.