

**KIRKLEES COUNCIL.**  
**EXTERNAL AUDITORS RECOMMENDATIONS**  
**PROGRESS MONITORING**

This report contains information about the general Improvement Recommendations made by Grant Thornton in the year 2022/23, and those noted by them as not completed from 2021/22. It also contains, separately, those recommendations made about accounting and systems performance.

Year & No.	Recommendation	Management comments.	Agreed ?	Responsible & date	Actions	Link to other policy or process	Further follow up required
2223 1	A formal savings challenge process should be developed, documented and implemented to properly test and challenge the savings proposals to ensure that the timing of delivery and true financial impact can be properly assessed, and project managed	The development of savings for 2024/25 were worked on throughout 2023/24. Following agreement of the MTFS in September 2023 the council began early delivery in some cases such as leisure centres, care homes and parking charges. The council has a Budget Delivery Group which is also regularly discussed at Cabinet	Yes	Strategic Director and Director of Dev'lopment	Formal and informal processes have been developed and are embedded at officer and member level to ensure sound challenge. Future year budget proposals are likely to involve earlier and more open public engagement.	Yes  All Budget processes	No
2223 2	The council should develop an enhanced savings development tracker that uses RAG ratings or similar means to capture the level of risk associated with the delivery of savings	The council already reports on savings to cabinet. This can be reviewed to consider how this can be enhanced with quarterly monitoring reports	Yes	Director of Finance & Director of Strategy & Innovation	Executive Leadership Team (ELT) have a monthly conversation about budget delivery which has RAG-rated updates for savings delivery areas included within. It is prepared between the finance and corporate planning team using information from Directorate leadership teams.	Yes  All Budget processes	No
2223 3	The council should ensure that the ongoing Transformation programme is	The council has kept track of both short term and long-term savings	Yes	Director of	Throughout 2023/24, longer-term transformation priorities were	Yes	No

	properly integrated and supports the short-term budget savings development process	and will need to make sure all savings and mitigations are considered		Strategy & Innovation	addressed through discussions at Executive Leadership Team every 8 weeks. Where transformation priorities relate to more specific budget delivery activities they were considered at ELT on a monthly basis as a part of discussions set out in 2223/2 above. This focus is being retained in 2024/25, with simpler, but further tightened assurance of transformation activities in development.	All Budget processes	
2223 4	The Council should consider the merits of appointing an additional appropriately qualified councillor* to the Corporate Governance & Audit Committee (*assume this means “independent person”)	We will consider the merits and work with the committee	Yes	Chair & CGAC support officers	Chair to discuss with existing independent member and then alongside officers report back with proposals – to be addressed linked to annual report of CGAC for 23/24	No	CGAC to determine what is next appropriate action
2223 5	The council should review the arrangements for implementation and follow up of recommendations	Regular monitoring of audit recommendations is considered crucial	Yes	Head of Risk	Implementation of Internal Audit recommendations will be subject to specific reporting with action where there is a lack of progress. External Audit recommendations are scheduled and monitored through a reporting process to Executive management, and CGAC	IA reporting process	CGAC to determine if actions are appropriate
2223 6	Performance management could be improved with more effective use of data and insights	This will be considered but needs to be balanced with other improvement priorities across the council	No				
<b>PREVIOUS RECOMMENDATIONS FOLLOW UP</b>							
2122 1	Optimise outcomes for the Council in the current round of Department for	The position with regard to the DSG deficit has deteriorated and	Yes	Strategic director of	A revised long-term plan to address and eliminate the DSG deficit has been		Yes – long

	Education (DfE) Safety Valve Group discussions, including approval for the Special education needs (SEND) transformation plan in order to seek a long-term solution to the Dedicated Schools Grants (DSG) overspend	the council is in discussion with the DfE to develop a revised recovery plan. We have therefore raised a significant weakness in the areas for 2223 - See key recommendation 2		Childrens Services & Director of Finance	agreed with the DfE following negotiations with their officials and advisers. The size of the challenge has been noted and the agreement extended until 2030.Includes new provision under development.		term project
2122 2	Consider publishing the members and senior officers register of interests and gifts and hospitality more clearly on the councils website	Agreed actions completed					No
2122 3	We recommend that the Council reviews its group company and investment governance arrangements	Whilst some reporting produced, and progress has been made further work is needed to ensure governance arrangements are effective and risk are reduced	Partly	Chief Exec and Head of Risk	To consider further actions in next few months (to involve CFO)		Yes
2122 4	We recommend that quarterly performance reporting is reinstated	Corporate reporting supplied to cabinet during 2223, but council should consider if current bi-annual reporting is sufficient for updating councillors and mitigating poor performance in a timely manner	Partly	Director of Strategy & Innovation Head of Performance	Additional integrated reporting (finance/performance/risk) was undertaken during 2023/24 and reported through cabinet and scrutiny. Quarterly performance monitoring and reporting will be reintroduced for 2024/25 to provide a greater level of visibility of directorate performance and assurance.	Q'ly Monitg of finance risk & perfm.	Yes to start from Q1 24/25
2122 5	The council should take a more proactive and committed approach to improving risk management with a particular focus on improving directorate and project-based risk management. The council should enhance the current level of training and use better practice to aid the organisations knowledge and practise.	Whilst there was an improvement to risk management through the year it is not yet fully embed across all areas of the organisation particularly at strategic level the council uses spreadsheets that are not always well kept or updated	No	Head of Risk	Substantial progress has been made. Now integrated for reporting with finance and risk, but also addressed at activity level through scrutiny. Risk processes beings further amended, with work also on improving culture. No intention to use any bespoke software as this would be a distraction.	Q'ly Monitg of finance risk & perfm.	Yes; Revised processes being developed to start from

							Q1 24/25	
2122 6	The council should focus on updating a centralised version of the declarations of interest/ this will aid transparency within the council and improve ability for public inspections and accountability	There is not yet a centralized register of declarations of interest	No	Director of Legal Govrn & M, Head of Risk, Head of People	Councillor declarations are already available online. Progress has been made on an officer declaration system, with recent system updates, with an intention to launch within Corporate & PH early summer 2024., and the rest of the organisation following on soon afterwards	no	Yes Should be achieved during 2024	
2122 7	The Council should focus on creating a revised Fraud Strategy” that helps to rebuild the processes and policies in place at the Council, alongside a clear Fraud Work plan to focus their work This should include improved training for fraud awareness and prevention	Responsibility transferred in Internal Audit 2223. Fraud strategy and action plan will require further development	Partly	Head of Risk	Fraud Strategy was approved by cabinet January 2023, with additional reporting. A fraud panel now operates, with activity-based fraud risk assessments being prepared, and fraud training, general and bespoke to risk areas being developed	Yes; CGAC oversight by QR	Yes by IA, and Exec Member for Finance	
2122 8	The council has in place a Procurement Action Plan. To ensure that this is achieved this needs to be developed further	Agreed actions completed					No	
2122 9	The council should ensure that procurement and contract management training s rolled out across the council and all contact managers are aware of their responsibilities with regular reporting to directorate management teams	Agreed actions completed					No	
<b>FINANCIAL STATEMENT &amp; SYSTEMS RECOMMENDATIONS</b>								
2223 Financial Statement A	Related Party Disclosures. Management should review its processes for gathering all relevant information that may need including in the related party disclosure note. Where member declarations are not received, management should		Noted	Director of Finance Head of Accountancy	Management will be reviewing this process and disclosure note for the 23/24 accounts.	Fin’cl Acc’nts	No	

	consider investigating any possible financial interests by Members using publicly available information						
2223 Financial Statement B	Management should have regard to nationally set publication deadline and consider working toward revising its account production timetable accordingly		Noted	Director of Finance Head of Accountancy	The closedown timetable for the 23/24 accounts has been updated to reflect the national deadline of 31st May 2024 for production of draft accounts.	Fin'cl Acc'nts	No
2223 Information technology C	SAP. Management should ensure that all access requests are formally documented and approved. Where feasible logging and monitoring should be extended beyond debug access	The process was implemented in January 2023, following receipt of the previous year's findings in September 2022. There were a total of 5 instances during the year 2022-23, 4 of which occurred prior to the implementation of the process.	Accepted	Head of IT	Management instruction issued (September 2023 ) that no self-assigned changes should be made. In addition, the DEBUG review process will be extended to check for any self-assigned roles: Completed	No	No
2223 Information technology D	Management should review this access assignment to ensure developers do not also have access to transport utilities in the production environment that would allow changes to be implemented. Where management believes for operational reasons, this access cannot be fully segregated a risk assessment should be undertaken and other mitigating controls considered (i.e. periodic monitoring of changes to identify those with the same developer and implementer and verify appropriateness).		Accepted	Head of IT	The developer key for SAPSUPPORT will be removed Target date: end September 2023. Completed	No	No
2223 Information	Vendor accounts; SAP Implement formal policies and procedures for all vendor access	These (additional) vendor accounts were created as tools to investigate a problem	Noted	Head of IT	Both accounts were deleted when they were no longer required for investigation	No	No

n techn ology E	<p>requests including retention of documentation, such as details of user access rights required, approver authorisation and the effective date the access needed, to be changed or removed.</p> <ul style="list-style-type: none"> <li>• For access that is no longer required, this must be disabled on their effective move/ leave date. Where this is not possible, access should be disabled no later than the next working day. This will help prevent unauthorised access to the applications and underlying data.</li> <li>• Monitor vendor access and review the audit log to identify any abnormal activities performed during third-party access.</li> </ul>	<p>SAP were having in our systems, while working to resolve an issue we had logged with them.</p> <p>There is a contractual obligation to allow open access during issue investigations which can take several weeks to resolve.</p> <p>SAPSUPPORT1 was created during a SAP investigation for diagnosis during the audited period. Similarly, SAPSUPPORT2 was created in the development environment for diagnosis and testing of an issue.</p> <p>Neither account has ever logged into our SAP systems.</p>			Purposes. Completed		
2223 Infor matio n techn ology F	<p>Management should consider performing an evaluation of the appropriateness and necessity of the generic accounts identified. This should include consideration of whether:</p> <ul style="list-style-type: none"> <li>• Activity could be performed through individually named users accounts with generic accounts reduced and only used for specific pre-approved activity; and</li> <li>• Accounts within the SAP application could be made into 'SYSTEM' user type, to allow them to run background</li> </ul>	<p>Absoft and SAP are trusted partners, and the vendor accounts are disabled when not required.</p> <p>Because of the number of potential support staff in the vendors' teams, it is impractical to provide individual named accounts and would have significant implications for licensing and costs</p>	Noted	Head of IT	<p>A review process will be implemented to monitor use of the accounts: Portal admin has not logged in since 2020 and an investigation is underway to determine whether it can be set to a system user account</p> <p>Target date: end November 2023.</p> <p>Completed</p>	No	No

	<p>jobs but not be directly accessible for login.</p> <ul style="list-style-type: none"> <li>• If accounts are obsolete or not-in-use and if they could be disabled or deleted.</li> </ul> <p>Where these controls will be owned / operated by external organisations management should consider disabling the accounts and only enable these accounts on need.</p> <p>Activities performed by the third parties should be monitored</p>						
2223 Information technology G	<p>SAP</p> <p>Management should segregate a users ability to configure user security event logs within production. We also recommend that also review the assignment of this access. Where possible limit users with these privileges assigned to members of the systems support and related service teams. Users not requiring the role to perform duties should have these accesses removed. Where this cannot be achieved, an alternative might be "Firefighter" accounts with set validity periods</p>		Yes	Head of IT	<p>Will investigate whether these permissions can be segregated without users losing permissions to run other tasks as part of their daily duties. If this is not possible, the risk will be noted, and mitigations put in place. Target date: end November 2023.</p> <p>Investigated but not able to segregate; logging and monitoring is in place for audit of activities.</p>	No	No
2223 Information technology H	<p>New systems (asset management)</p> <p>Management should establish comprehensive segregation of duties policy that outlines the principles and rules governing access control within the Council and implement the rules in design and creating user access roles for new systems. The user access assignment configured in the systems</p>	<p>Segregation of duties was not considered in detail (or possible) until the system was fully implemented and understood (neither was the issue ignored or overlooked). Only three members of staff were given access to the system who had knowledge of asset</p>	Noted	Head of Accountancy	<p>Segregation of duties for the three current users will be implemented. Duties/access rights now separated. (Oct 23).</p> <p>Stronger project management standards applied during software upgrade for leasing accounting.</p>	No	No

	need to be reviewed and updated on regularly basis	accounting (and only two of whom were involved in using, maintaining and updating the system)					
2223 Information technology I	<p>User Testing (asset management) Management should review and update the approach for large scale IT projects so that key documents and conclusions supporting the functional testing of the upgraded system are retained.</p> <p>In particular, the following documents should be part of a successful project:</p> <ul style="list-style-type: none"> <li>• test strategy</li> <li>• test plans with detailed use cases / scenarios</li> <li>• central issues log to record the defects from testing procedures</li> <li>• test closure report to summarise and conclude on the outcome of the testing phase</li> </ul>	The implementation of the system was not considered to be a large-scale IT project. The system was a well-established software package used for asset accounting acquired following a procurement process. There is no interface between the software and the Council's ledger. In addition to the annual licence fee for use of the system, additional support for implementation and training were purchased. Data migration and validation were completed by the software provider.	No			No	No
<b>PREVIOUS RECOMMENDATIONS FOLLOW UP</b>							
2122 A	Annual Governance statement (AGS) The AGS is required to be published on the councils website for inspection and comment. The draft AGS was not included in 2122	The draft AGS was published in July 2023	Completed			Fin'cl Acc'ts	No
2122 B	LGPS In future years Management request from the LGPS to be alerted of any changes to draft asset figures, so that an informed decision can be made as to whether to request revised actuarial reports	No material changes identified in 2223	n/a			No	No



2122 C	Valuation of Buildings Management communicates with the general fund valuer to ensure that they are following the national RICS guidance for valuations	Management and its expert consider that the Councils methodology is appropriate. Not material	closed			No	No
2122 D	Economic life of infrastructure Management should carefully adhere to the CIPFA guidance in terms of reviewing useful asset lives and consider how these might differ for different types of infrastructure asset	Agreed that for 2223 Useful asset lives for highways infrastructure would follow CIPFA guidance	closed			No	No