

**KIRKLEES COUNCIL
EXTERNAL AUDITORS RECOMMENDATIONS
PROGRESS UPDATE**

PROGRESS SUMMARY

	Agreed	Not Agreed	Noted	Completed	In Progress	No Action
GENERAL & VFM 23-24	15	0	0	6	9	0
GENERAL & VFM PRIOR YEARS	5	0	0	3	2	0
FINANCIAL STATEMENTS 23-24	3	5	2	2	1	0
IT SYSTEMS 23-24	4	0	0	4	0	0

In the following narrative the Grant Thornton recommendations have been edited and summarised to identify the key recommended action. There is a note, in some cases to provide context especially where actions are rejected or in progress.

GENERAL & VFM 23-24					
NUMBER	ISSUE RAISED	RESPONSE Noted Agreed Not agreed	PROGRESS Completed In progress None	ACTIONS & NOTES	RESPONSIBLE & COMPLETION DATE
KR1	Strengthen its financial position and mitigate risk to deliver spend as close as possible to budget in 2024/25, review pressures, assumptions, savings and reserves in the MTFS	Agreed	Completed		Director of Finance
KR2	Return its spend on DSG back in line with its renegotiated Safety Valve (SV) management plan with the DfE	Agreed In principle	In progress	Ongoing - deficit is rising due to ongoing demand and rising costs .It is now considered unlikely a Government” Free School” will be forthcoming (was in SV agreement); This impacts on deficit position over the medium term.The Cluster approach is in operation and appears to be working. Council committed to the funding (primarily borrowing) for 2 new special schools & Kirklees general fund providing £2.15m pa from 25/6 as agreed from its revenue budget. Deficit increased £20m to £63m. DfE made aware of carry cost of deficit, and this has also been reported to Cabinet.	Exec D of Children (review Autumn 25)
KR3	Address issues raised by the Social Housing Regulator re Fire remedial actions from fire assessments Repairs to address damp and mould Water quality testing	Agreed	In progress	Hope to address all matters of concern to regulator this calendar year	Exec D of Regeneration (Winter 25)

IR1	Progress and enhance transformation work and feed the outcomes into its MTFS plans.	Agreed	In progress	SEND and Adult Social Care transformation as priorities linked to 25/26 budget	Exec D of PH & Corporate (for Budget 26/27)
IR2	Carry out benchmarking work to compare its services and performance with other local authorities	Agreed	In progress	In 24/25, the Council further embedded its approach to benchmarking within both its management and reporting of performance and in its significant transformation programmes. The Quarterly Council Plan and Performance Reports have included comparative benchmarking information for each of the performance indicators within since the start of 24/25. The measures and the comparators are the subject of regular review and adjustment to ensure that they are the right measures to provide assurance for the council. Benchmarking of different types, such as research through contact with different public bodies, good practice networks and comparisons of performance data have been a part of the Council's approach to scoping the shape and delivery of our significant transformation programmes since 23/24. Throughout 24/25 and into 25/26, the good practice approaches have been, and continue to be, captured and shared to enable learning for the shaping of future programmes. This will develop further in 25/26 and 26/27. In addition, the Council's Budget process for 26/27 is	Exec D of PH & Corporate (Autumn25)

				building in an expectation of the utilization of benchmarking information through the submission of proposals for consideration. The results will be available in February 2026.	
IR3	High value regeneration schemes business cases to be under continuous review, especially where this involves risk transfer to third parties	Agreed	In progress	Our Cultural Heart (OCH) phases are regularly reassessed to reflect delivery timescales. Budgets have been realigned. All reported through to Cabinet; Note - budget amendment removed capital money from phase 5 to fund other priorities. Phase 5 is subject to separate review by consultants (in progress); MTFS reflects expected revenue costs of phase 1 and phase 2 over the next 5 years including the borrowing	Exec D of Regeneration (For OCH ongoing)
IR4	Review internal budgeting control information to ensure that cost centres are appropriate to enable the identification of adverse variations from budget to enable management action.	Agreed	Completed		Director of Finance
IR5 i	Ensure any potential conflicts of interest by members are declared	Agreed	Completed		Director of Legal, G etc
IR5 ii	Ensure that all key decision reports include full relevant financial information	Agreed	Completed		Director of Finance
IR5 iii	MRP calculation methodology, assumptions and profiling impact over the medium to long term are documented and understood	Agreed	Completed	Reported to CGAC	Director of Finance
IR6	Strengthen the governance arrangements within the HRA, progress medium term plans for the HRA including assessing the costs of work and changes	Agreed	In progress	Capital Plan realignment and assessment, Business Plan partially refreshed each year	Exec D of Regeneration (for 26/27 budget)

	needed to the HRA cost base to update its 30-year business plan.				
IR7	The Council should introduce corporate performance monitoring in formal Cabinet meetings	Agreed	Completed		Exec D of PH & Corporate
IR8	The Council should develop its data management strategy and ensure it addresses the principles of data quality	Agreed	In progress	'Digital Strategy' and implementation programme including data management requirements to be agreed and implementation to commence later in 2025/26	Exec D of PH & Corporate (Q3Q4 25/26)
IR9	Review and update its procurement strategy following the Procurement Act 2023, ensure all training on the act is completed prior to it coming into effect, and review contract waivers by senior officer group and members (public meeting) to identify any trends.	Agreed	In progress	Procurement Strategy formal document going through governance process. Other aspects of training completed, and contract compliance reporting being prepared.	Exec D of PH & Corporate (During 25/26)
IR10	Address weaknesses within contract management arrangements and ensure that the actions are delivered consistently and at pace, including the lack of contract management for (HRA) District Heating.	Agreed	In progress	Review/assessment of methods of consistently managing contracts, including training underway. Specific actions agreed re District Heating	Exec D of PH & Corporate (Autumn 2025)

GENERAL & VFM 22-23					
NUMBER	ISSUE RAISED	RESPONSE Noted Agreed Not agreed	PROGRESS Completed In progress None	ACTIONS & NOTES	RESPONSIBLE & COMPLETION DATE
4	Appointing an additional appropriately qualified “independent person”) to the Corporate Governance & Audit Committee	Agreed	Completed		Director of Legal G&C
5	Review the arrangements for implementation and follow up of recommendations	Agreed	Completed		Director of Legal G&C

GENERAL & VFM 21-22					
NUMBER	ISSUE RAISED	RESPONSE Noted Agreed Not agreed	PROGRESS Completed In progress None	ACTIONS & NOTES	RESPONSIBLE & COMPLETION DATE
3	The Council reviews its group company and investment governance arrangements	Agreed	In progress	Group accounts no longer required. Resolution of issues re KSDL in progress. Other company governance to be address by further work during autumn 2025	CFO & Head of Risk Autumn 2025
4	Quarterly performance reporting is reinstated	Agreed	Completed		Director of Strategy & I
6	A centralised version of the declarations of interest required	Agreed	In Progress	Fully completed for members; system available for officers	Head of HR (2025/26)

FINANCIAL STATEMENTS 2023/24 RECOMMENDATIONS					
NUMBER	ISSUE RAISED	RESPONSE Noted Agreed Not agreed	PROGRESS Completed In progress None	ACTIONS & NOTES	RESPONSIBLE & COMPLETION DATE
1 med	The year end annual leave accrual to be calculated with a greater degree of precision in 24-25 (requiring a data collection exercise, with outliers are appropriately challenged by management)	Not agreed	n/a	Methodology based on data collected every 3 years. At the next review median data will be considered as this may improve accuracy	n/a
2 low	To satisfy proper governance protocols the Employee Handbook document should be updated to capture changes in the working environment and the Councils working practices and policies.	Noted		Updating of key areas -such as pay scales- is carried out regularly.	Director of Finance
3 low	Ensure accurate Adult Social Care Contributions recording in general ledger by reconciliation during 2025 closedown to identify any errors	Agreed	In progress	Interface Mosaic/general ledger implementation for the beginning of 2025/26 financial year.	Director of Finance
4 med	Adjust the threshold for investment properties subject to an annual valuation to ensure the accounting practices adopted by the council remain compliant with code requirements for annual valuation of this asset class.	Not agreed	n/a	Assets not valued in 23/24= HRA £5.6m and GF £3.6m, which is de minimis, linked to impracticality and cost of revaluing every asset annually- and recognising likely future simplification of code	
5 med	Ensure supporting data and a reconciliation process to verify the validity of recharges that feature in financial statements. Options include (1) charges now made directly (as with HRA) or (2) improve the coding and transparency so that	Noted		Council is reducing the amount of recharging as a part of ongoing accounting arrangements reducing this risk	Director of Finance

	recharged transactions can be eliminated in the financial statements				
6 med	Maintain up to date knowledge of the councils building estate, for purposes of asset management and valuation.	Not agreed	n/a	Accepted there were some issues in this area during 23/24, but council consider that these now resolved.	
7 med	Enhance current processes, so that non-value enhancing capital spend posted in Q4 of the financial year, can be impaired so that the closing valuation of land & buildings is not overstated. (Or to move the valuation date to 31 March to align with the financial year end.)	Not agreed	n/a	The valuation date cannot be moved to 31 March as this would not allow sufficient time to complete the accounts by the statutory deadline date. The current approach is pragmatic to ensure that the balances are materially correct	
8	Ensure constructive working with its external valuation expert including raising challenge (on issues such as asset life), to ensure that the assumptions and methods that underpin its asset valuations (for Schools, EfW plant) have a sound rationale tailored to local factors and conditions	Agreed	Completed	Current methods considered appropriate. Will continue to assess the impact of methodological differences and ask the new valuer their opinion and approach to valuing these assets alongside the internal surveyor and asset managers.	Director of Finance
9 med	Management should ensure that there are appropriate arrangements to be in place to support with the adoption of IFRS16 standard in 2024-25 to ensure such leased assets are completely and accurately captured before 2024-25 accounts closedown	Agreed	Completed	The council is ongoing with its implementation to adopt the standard during 2024-25	Director of Finance
10 med	Ensuring the minimum disclosure requirements have been addressed so that the Authority is fully compliant with the CIPFA code of practice.	Not agreed	n/a	The Narrative report satisfies the statutory requirements laid out in the Code and, the contents and style of the report is at the discretion of the Council and is in line with LA neighbours.	

2023/24 IT SYSTEMS RECOMMENDATIONS & ACTIONS					
NUMBER	ISSUE RAISED	RESPONSE Noted Agreed Not agreed	PROGRESS Completed In progress None	ACTIONS & NOTES	RESPONSIBLE & COMPLETION DATE
1 low green	To limit risks of Inappropriate access, configure and deletion, management should segregate a user's ability to configure (SM19) and delete (SM18 user security event logs within production and review the assignment of this access to System Support and related teams, with users that do not require these privileges having access removed	Agreed	Completed	Access cannot be separated without a detrimental effect on the functions performed by the admin teams. It was agreed with GT that adequate controls are in place to manage the risk. Only the BASIS team and HDOne Support team have retained this access.	Head of IT
2 low green	Segregation of duties conflicts between Management should review access assignment (SAP change develop and implementer) to ensure developers do not also have access to transport utilities in the production environment that would allow changes to be implemented.	Agreed	Completed	Separate accounts have been created for SAPSUPPORT functions in the production and test systems.	Head of IT
3 low green	Management should consider the appropriateness and necessity of the generic accounts, which should include consideration of whether activity could be performed through individually named users accounts with generic accounts reduced and only used for specific pre-approved activity; and within the SAP application could be made into 'SYSTEM' user type, to allow them to run background jobs but not be directly accessible for login, and obsolete or not-in-use accounts could be disabled or deleted. External	Agreed	Completed	There is an established and secure process for 3rd party supplier accounts. Access is only provided for short periods of time and the names of engineers connecting are known; application owners manage the MFA access at the time of access. Site-to-site encrypted VPN channels are limited to SAP as per contractual requirements.	Head of IT

	organisations should only enable access when needed. Activities performed by the third parties should be monitored				
4 low green	Where possible, privileged generic accounts should be removed, and individuals should have their own uniquely identifiable user accounts created to ensure accountability. Alternately, management should implement suitable controls to limit access and monitor the usage of these accounts (e.g. by using a password vault tool). Monitoring undertaken should be formally documented and recorded	Agreed	Completed	Access to this file highly restricted and activity is monitored in Sharepoint.	Head of IT