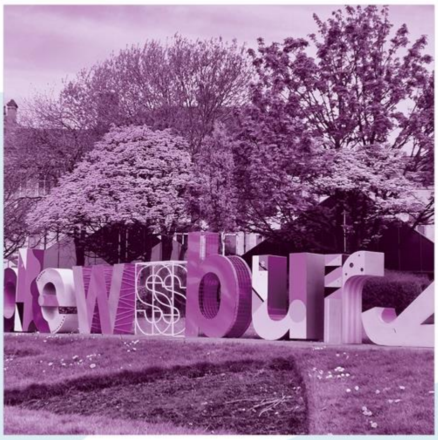
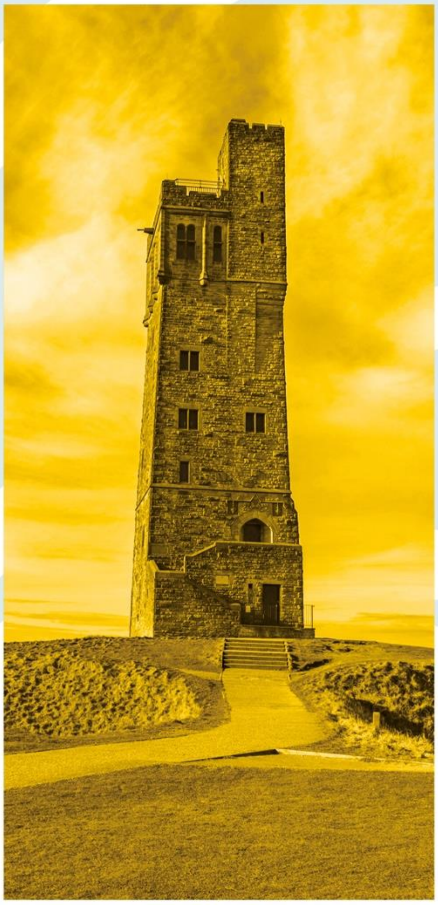
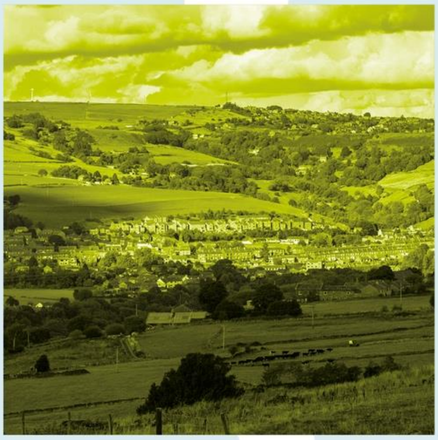
Annual Report 2025/26

Corporate Governance & Audit Committee







ACHIEVING INCLUSION

Kirklees COUNCIL

Annual Report of the Corporate Governance and Audit Committee 2025/26

Foreword by Councillor John Taylor – Chair

I am delighted to introduce the annual report of Corporate Governance and Audit Committee, summarising the contribution we have made during the 2025/26 Municipal Year to support good governance and effective internal control within the Council.

This report charts our progress in providing independence, challenge and scrutiny across a wide range of control and corporate governance matters, and I thank all Members for the contributions they have made, especially our two Independent Members, Nick Booth and Andy North, who have established themselves as invaluable members of the Committee

We have:

- Overseen the production of the Annual Governance Statement for 2024/25.
- Approved the Council's accounts for 2024/25.
- Worked with Grant Thornton, our external auditors, in their assessment of the accounts.
- Overseen the work of Internal Audit, established a risk-based audit plan, and reviewed the quarterly and annual report from the Council's Internal Audit team.
- Reviewed the Constitution, Financial Procedure Rules and Contract Procedure Rules.
- Ensured that assurance reports were reviewed in detail on the key aspects of the Council's internal control arrangements, including:
    - Risk Management
    - Business Continuity
    - Financial Management (including Treasury management arrangements)
    - Customer Access and Complaints Handling
    - Information Governance
- Provided robust challenge to our arrangements and monitoring for areas identified as requiring improvement.

The Committee is supported by a number of Officers who attend regularly and bring with them considerable expertise in governance, internal audit and finance. Without the support of Officers, the Committee would not be as highly effective as it is, and I would therefore like to thank everyone who has contribute to our extensive work programme during the year.

Sadly, following my acceptance of the leadership of my Group after the recent elections, my time on the Committee has come to an end in accordance with the Council's constitutional arrangements. I wish my successor, together with all Members of the Committee, every success and trust they will continue the Committee's important work in providing strong governance, accountability and assurance across the authority.

1. INTRODUCTION

Governance in, and of the public sector, continues to be high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. The Local Government Association also produces substantial useful material on how a successful Local Authority should be governed. Being well managed and well governed are important attributes in helping to improve performance and reducing the risk of failing to achieve our objectives, as well as providing a good service to our community.

This Annual Report to Council captures the importance Kirklees Council places on the authority's governance arrangements, and demonstrates:

- How the Corporate Governance and Audit Committee has fulfilled its Terms of Reference.
- The extent to which arrangements comply with national guidance relating to Audit Committees.

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

- 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, the Council's VFM arrangements, the Annual Governance Statement, Quarterly Reports from Internal Audit and the Annual Report from the Head of Audit.
- Undertaking specific reviews on behalf of the Council of specialist accounting policy and practice, such as Treasury Management and processes supporting write off of Council debt.
- Enabling the co-ordination of sources of assurance and, in doing so, 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.
- Contributing to strengthen risk management, internal control, and governance arrangements.

This report provides additional assurance and links to the Annual Governance Statement, which is approved by the Committee.

2. COMMITTEE INFORMATION

Audit Committee Membership

Seven elected Members and two independent Members served on the Committee in 2025/26:

- Councillor John Taylor (Chair)
- Councillor James Homewood
- Councillor Kath Pinnock
- Councillor Angela Sewell
- Councillor Caroline Holt
- Councillor Harry McCarthy
- Councillor Adam Zaman

- Nick Booth (Independent Person)
- Andrew North (Independent Person)

Substitutes can attend and contribute to meetings and training.

The Chair of the Standards Committee, The Chair of Overview and Management Committee and the Cabinet Member with responsibility for Corporate Governance (Ex-Officio's) were invited to attend and contribute to all meetings and training. The Committee would welcome and encourage their attendance at all meetings scheduled in the 2026/27 municipal year, as the Committee feels that their attendance and input greatly benefits debates and decision making.

Training

The Committee continues to undertake relevant training, and during the year have received training in relation to:

- Treasury Management, provided by Arlingclose (independent treasury advisers)
- Governance, provided by the Head of Governance
- Internal Audit and External Audit, provided by the Head of Risk
- Leading Good Governance and Assurance, provided by the Local Government Association
- Audit Committee updates for 2025, provided by Grant Thornton.

3. COMMITTEE BUSINESS

The Committee met on seven occasions during the year with meeting dates structured around the regular receipt of Annual Assurance reports, External and Internal Audit reporting cycles, and the statutory requirements in relation to the production of the Accounts and Annual Governance Statement. The Committee seeks to add value through its questioning and challenge, whilst receiving additional information as requested at meetings. Meetings are open to the public, so they can witness in person, or via webcast, the challenge the Committee brings.

The frequency of meetings ensures the Committee can fulfil its responsibilities in an efficient and effective way and has been benchmarked against the CIPFA recommended practice and arrangements in other Local Authorities.

A list of the reports considered by the Corporate Governance and Audit Committee can be found in **Appendix A.**

OUR YEAR IN SUMMARY

The committee met 7 times.

At these meetings we reviewed

Governance general							
Corporate accounting							
Treasury management							
External audit							
Internal audit							
Risk management							
Financial governance							

Member attendance was

Clllr John Taylor (chair) 7/7	Cllr Harry McCarthy 5/7
Cllr James Holmewood 5/7	Cllr Adam Zaman 0/4
Cllr Kath Pinnock 5/7	Green Vacancy 0/1
Cllr Angela Sewell 6/7	Nick Booth (independent Member) 5/6
Cllr Caroline Holt 5/7	Andrew North (independent Member 4/6

The Council received a full assurance statement on its accounts from the external auditor for the financial year 2024/25. The accounts were signed on 11th February 2026

Overall findings from internal audit reviews was that more than 75% of arrangements provided positive assurance (over 80% including schools)

The main outcomes of the Committees work in relation to its core functions are summarised below:

Accounts &Treasury Management

Council had delegated to the Committee authority to approve the Statement of Accounts, including whether appropriate accounting policies had been followed and whether there were any concerns arising from the financial statements or from the audit.

The Committee also considered matters relating to Treasury Management prior to recommending these to Council, who then formally determine the Treasury Management Strategy.

The Committee has:

Annual Accounts Approval

Received and considered the Council's Statement of Accounts 2024/2025, which incorporated the Annual Governance Statement. There was delegated authority for the Chair of the Corporate Governance and Audit Committee and the Service Director for Finance to sign the final accounts once the external auditor had issued the audit option. The Accounts were signed off with an unqualifies opinion.

It was noted during discussion that the pension scheme position remained highly volatile. But the position on the West Yorkshire Pension Fund surplus meant Member authorities would see reductions in contributions for the next 3 years.

Treasury Management

- Received the annual report on Treasury Management 2024/25, incorporating Treasury Management activities for the previous financial year, which reviewed borrowing and investment performance.

- Received the mid-year Treasury Management Report for 2025/26 which provided assurance that the Council's treasury management function was being managed prudently and pro-actively and that the Council had complied with its treasury management prudential indicators, the principles in the Treasury Management Code and Council's approved Treasury Management strategy.

- Received the Treasury Management Strategy and Investment Strategy for 2026-27. The Council's investment strategy was governed by the regulations and the CIPFA Prudential Code, which required decisions to be based on security, liquidity and yield, in that order.

Other Financial Management

- Received the Annual Report on Bad Debt Write-Offs 2024/25 which identified the key areas and overall debt write offs for 2024/25. The Committee acknowledged the challenges with development-related write-offs, particularly, tracking occupancy triggers and missed business rate collections due to developer insolvency or lack of notification.

External Audit

Grant Thornton were Kirklees Councils external auditors who were appointed by Public Sector Audit Appointments Ltd (PSAA) (a subsidiary of the Local Government Association) who manage the appointment of external auditors for the vast majority of English Local Authorities.

The Committee played a significant role in overseeing the Council's relationship with its appointed external auditors, Grant Thornton, and took an active role in reviewing the external audit plan and updates, alongside the findings of the value for money review.

The Committee has:

- Received the External Auditors Recommendations Report which advised on the progress against recommendation made by the External Auditors, Grant Thornton, in the financial year 2023/24. It was noted that a number of recommendations were in progress, complete or impossible to fully complete. Information within the report also detailed the three key recommendations identified from the previous year's Value for Money (VFM) report and improvements were noted in areas one and three but area two remained a challenge due to national factors.

- Received the External Audit Plan 2024/25 & 2025/26 which provided a summary of the work of the Auditors with specific regard to key developments impacting their audit approach, identified risks, their approach on materiality, progress against the prior year's recommendations, IT audit strategy, value for money arrangements, logistics, fees and related matters, independence considerations, communication of audit matters with those charged with governance, and delivering the audit quality. The Committee sought assurance that the external auditors were able to meet the brought forward date for the accounts to November 2026.

- Received External Audit Updates which outlined the Audit progress regarding the 2024/25 audit, as well as Audit Deliverables and Sector updates The Committee noted that the audit was progressing well and that enquiries from a technical "hot review" related to long-term debtors and loans to external bodies and would be included in the ISA260 Report.

- Received the External Audit Findings (ISA260) 2024-25 report. The January 2026 meeting approved the accounts in their draft final form and authorised the chair of the committee to approve them when finally completed. This was achieved on the 11th February 2026.

- Received the External Auditor's Annual Report 2024-25 which set out the work the external auditors had undertaken and included a commentary on the Value for Money (VFM) arrangements, the responsibilities of the Council and the VFM auditor's responsibilities. The VFM assessment saw three key recommendations being retained from the previous year, even though progress had been made and there had been improvements to the Councils overall financial position.

- Assurance was sought from the External Auditors in relation to the oversight of major Capital Projects through Cabinet and Scrutiny processes, better alignment between decisions and updates needed to be more visible to the auditors.

- Received a report on Informing the Audit Risk Assessment that Grant Thornton had requested council officers complete an Inquiries of management and those charged with governance document and submit to Grant Thornton. The Committee ascertained that Grant Thornton used the document for consistency and checking for red flags of further work required.

Internal Control

The Council had delegated to the Committee, authority to approve the Annual Governance Statement. The Statement was a statutory requirement and accompanied the statement of accounts. The Committee worked closely with the internal audit functions, overseeing the independence and effectiveness of the service, and receiving assurance on the adequacy and effectiveness of the Council's governance and internal control environment.

The Committee has:

- Noted information relating to the internal audit work which took place in Quarter 4 of 2024/25, which confirmed that all the fundamental recommendations had been implemented. Two thirds of the significant recommendations had been implemented fully with partial implementation of 30% and no action on 4%. The Committee highlighted disproportionate data sharing in Youth Justice and requested an explanation around this. It was noted that this was due to sharing data without the appropriate consent of parents/carers.

- Received the Internal Audit Annual Report which included the activity in 2024/25 and assurance opinion from the Head of Internal Audit & Risk. The council had to have an internal audit function, operated in accordance with the Public Sector Internal Audit Standards (and Global Internal Audit Standards) The report concluded that there was just sufficient evidence to demonstrate that the council's systems were largely effective through the system of governance and risk management and internal control.

- Received the Internal Audit Plan for 2025/26 – Quarters 3 and 4. Each year it was necessary to identify how internal audit resources were to be deployed. The Audit Plan was set for half a year, based on a risk assessment. During discussion, the Committee acknowledged the resource challenges and the need to defer or remove certain audits from the original schedule.

- Noted and received the draft and completed Annual Governance Statement 2024/25, prior to it being signed off by the Chief Executive and Leader of the Council, which concluded that overall, the governance arrangements remained fit for purpose.

- Received the Audit Quarterly Report 1, 2 & 3 2025/26 which set out the work completed. Discussion took place around data sharing, blue badge fraud and requested clear timescales against each recommendation to track progress. The Committee sought confirmation that recommendations prior to 2024/25 had been fully implemented and noted that 77% of completed audits (excluding schools) had received positive assurance.

- Received an update on District Heating which included actions and lessons learnt from the Internal Audit report, Switch2metering and billing contract. During discussion the procurement process, communal boiler scheme and housing revenue account was challenged. It was noted that there was a consultant in place to look at the process, efficiency of boilers and to look for a new contract. It was also noted that subsidising leaseholders through the Housing Revenue Account was legitimate.

- Received the Mandatory Training Review report which provided an update on the revised approach to compliance training for Kirklees Staff. Many frontline services did not complete the e-learning, instead they used toolbox talks and other mechanisms. During discussion the Committee acknowledged the improvement plans to centralise training data to improve reporting but raised concern over the low compliance rates and lack of consequence to ensure completion and highlighted the need for clearer processes to ensure compliance.

- Received an update on the Housing Tenancy Allocation Audit which advised that all outstanding recommendations from the Tenancy Allocation internal audit undertaken in July 2024 were now complete. The committee requested confirmation of phase 2 being complete. It was noted that phase 2 had just begun with new systems being put in place and manual spot checks were being undertaken.

- Received the Risk Management Update Report, which provided information on the Council's delivery of its risk management strategy and areas of focus for the following year. The Committee acknowledged the continued work to embed risk management processes.

- Considered two case studies in relation to Risk Assurance on selected services, which provided assurance on the effective and organisation of risk management processes throughout the Council. The Committee welcomed the approach as a way of providing deeper assurance and suggested extending similar reviews to long-standing risks.

- Received the Internal Audit Charter, Strategy and Plan for 2026/27. This was a risk-based audit plan that was necessary to achieve maximum assurance from a limited level of resources. During discussion, the Committee questioned the target for fundamental recommendations and asked that the target be set at 100% completed within the promised timescale. A report showing implementation of fundamental actions and valid reasons for not being complete was requested to be considered a future meeting.

Corporate & Other Organisational Assurance

The Committee played a significant role in reviewing assurance reporting from other areas of the Council.

The Committee has:

- Received the Emergency Planning and Business Continuity Annual Report which provided an overview of the work of the Emergency Planning Team and gave assurance to the Committee that the Council was compliant with the core duties in the Civil Contingencies Act (2004) and core competencies relating to Emergency Preparedness, Resilience and Response under the Health and Social Care Act (2014). The Committee discussed the council's IT recovery plan, the approval or high-risk-off-site educational visits and the channels of communication for sharing information with assurance received that all staff were qualified and competent to undertake the role in approving high risk educational visits and that systems were in place to ensure communication with communities took place in both emergency and non-emergency situations.

- Received the Information Governance Annual Report 2024/25 which outlined the Council's performance in relation to compliance, the continued growth of FOI/EIR's and SAR's year on year, challenges, successes, and next steps. The Committee acknowledged the need for greater public access to information and suggested a further update on FOI trends and service responsiveness.

- Considered the annual report on Corporate Customer Standards 2024/25, which highlighted performance had remained consistent and that Kirklees were in the upper half when compared to neighbouring Authorities. No formal reports had been issued against the Council in 2024/25. The report also detailed the Councils approach to adopting the Local Government Ombudsman Complaint Handling Code which the Committee agreed was important in terms of having a consistent approach.

The Committee played a significant role in overseeing the work of those areas of the council designed to ensure strong corporate governance.

The Committee has:

- Received a report on the Representations to Outside Bodies 2025/26 which detailed the appointments made to Outside Bodies by the Services Director, Legal, Governance and Commissioning (Monitoring Officer) in consultation with Group Business Managers.

- Received a presentation on Our Council – Improving finance focused culture including a finance culture assessment from the S151 officer, issues identified by the External Auditor and what the Council was doing to address issues. During discussion the budget over spend and managers responsibilities was questioned along with a lack of a budget book, borrowing funds for the capital plan and identifying ways to support debt and reward good practice. It was noted that a budget was provided in November 2025 and would be updated annually.

- Received a report on the outcome of a review of Procurement Practices in accordance with the Council Motion resolved on 13th November 2024. The Committee acknowledged the ongoing conflict was appalling, however the council must act within the law and noted that officers had checked all their contracts.

- Considered the Interim Polling District and Places Review 2025, which outlined the Local Government Boundary Commission for England changes, and the ward boundaries affected in Kirklees. The Committee agreed the new polling district boundaries, expressed their appreciation for the work undertaken and noted that polling station arrangements would remain under review.

- Received the Contract Management Arrangements Update Report, which highlighted the work undertaken in relation to the recommendations in the External Auditor's annual report 2023/24. During discussions, the Committee queried the timescale for roll out and suggested mapping higher level contracts to risk registers to ensure the right level of categorisation.

- Received the Community Governance Review Report that had been agreed by Council to undertake a Community Governance Review and delegate to the Committee to agree the terms of reference and oversee delivery, along with the stage 1 consultation and stage 2 recommendation report. The terms of reference were agreed by the Committee who raised concerns regarding the visibility of the consultation, with the Committee noting that public engagement had been low in stage 1 and that there was a need for more publicity in stage 2.

- Received and approved a report which set out a schedule of Council meeting dates for the 2026-27 municipal year. The dates included two types of ordinary meetings of the Council: 'Holding the Executive to Account' and 'Key Discussions', as required by Council Procedure Rule 5 (1).

- Received the proposed changes to Contract Procedure Rules (CPR's) from 1st April 2026. The changes included, minor updates to terminology to ensure consistency and clarification of the process to be followed if a breach of the CPR's was identified, revisions to Data Sharing and Processing to align with current practice, inviting suppliers from within the Kirklees (and/or West Yorkshire) area to bid for lower-value contracts and updates to reinforce the requirement that all contracts were actively managed.

- Received the proposed changes to Financial Procedure Rules for the municipal year 2026/27, which identified the majority of the changes were incremental, with a slightly more significant change in how projects and programmes were included in the Capital Plan. This would be determined by Council with Cabinet oversight and business case approval. The Committee noted that a peer challenge had recommended a Capital Governance Review which was being undertaken, and its early finding had contributed to some of the proposed changes. It was suggested that more detail be provided to the Committee on how projects identified for inclusion in the Capital Plan, were then considered by Council.

- Received the suggested amendments to the Council's Constitution, particularly, a comprehensive rewrite of the Councillor Safeguarding Protocol, amendments to Council Procedure Rules, minor changes to the Protocol for public speaking at Planning Committee, the Corporate Governance and Aduit Committee Terms of Reference and the Appeals Panel Terms of Reference. It was noted that amendments had been made to the removal of the Committee's oversight of Local Government Ombudsman matters which would now be reported to Cabinet and Scrutiny instead, although matters could be referred back to the Corporate Governance and Audit Committee where appropriate.

Matters identified during consideration of items at the meetings were:

- Follow up and receive additional information improved statistics and assurance measures for mandatory training.
- A further update on FOI trends and service responsiveness.
- A further update on the Culture of Financial Challenges
- A further update on Mandatory training to include statistics of compliance
- An update on debt recovery transformation programme
- Further information on FOI/SAR's including benchmarking data from other Local Authorities
- An update on final improvements made to the Housing Tenancy Allocation Audit along with improvements made by CX

Knowledge and Skills Framework

Members brought with them a range of knowledge and skills from their working life and elected representative roles which supported the work of the Committee. The Committee's skills and knowledge was further complemented by the non-voting co-opted independent members, who were able to bring professional knowledge, skills, and experience to assist the Committee with its work in seeking assurance and actions from management.

CIPFA's Position Statement

CIPFA expects all local government bodies to make their best efforts to adopt the principles in their position statement, aiming for effective Audit Committee arrangements to meet their statutory responsibilities for governance and internal control arrangements, as well as financial management, financial reporting and internal audit.

In ensuring all principles were adopted, the Committee carried out a self-evaluation which assessed how closely the Committee met the position statement expectations which was good practice. This can be found at Appendix B.

Councillor John Taylor