

Contact Officer: Andrea Woodside

KIRKLEES COUNCIL

CORPORATE GOVERNANCE AND AUDIT COMMITTEE

Friday 17th November 2017

Present: Councillor Hilary Richards (Chair)
Councillor Julie Stewart-Turner
Councillor Kath Pinnock
Councillor Linda Wilkinson
Councillor Ken Sims
Councillor Nigel Patrick

Apologies: Councillor Carole Pattison

1 Membership of the Committee

Apologies for absence were received on behalf of Councillor Pattison.

2 Minutes of Previous Meeting

Approved as a correct record.

3 Interests

Cllr Marchington declared that he was a Member of KNH Board, in relation to Agenda Item 10.

4 Admission of the Public

It was noted that Agenda Item 16 would be considered in private session.

5 Deputations/Petitions

None received.

6 Public Question Time

No questions were asked.

7 Changes to the Procedures for the Dismissal of Statutory Officers

(Julie Muscroft and Debbie Hogg, by virtue of their posts as Service Directors, declared and interest in this item).

The Committee gave consideration to a report which recommended changes to the Council's Constitution to reflect changes to legislation relating to the dismissal of statutory officers. It was noted that the Committee had previously received a reports regarding changes to legislation in June 2016, and September 2017, which were attached at Appendix A to the considered report.

The report proposed that, further to discussions at the meeting of 15 September 2017, Option A as detailed in the considered report be supported and that a new Statutory Officer Disciplinary Committee be established. The report advised that the

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Committee would hear all matters relating to 'disciplinary action' and would comprise of two independent persons and five elected members with at least one being a Member of the Cabinet, whom must be included within a quorum of three.

It was noted that the report would be submitted to the meeting of Council on 13 December 2017 for determination.

RESOLVED - That a report be submitted to the meeting of Council on 13 December 2017 recommending the approval of the establishment of a 'Statutory Officer Disciplinary Committee', in accordance with the terms of reference as attached at Appendix B of the considered report.

8 Code of Corporate Governance (Reference to Council)

The Committee gave consideration to a report which advised of the need to review and update the local Code of Corporate Governance. It was noted that the Committee had previously considered an updated Code on 15 September 2017, a copy of which was attached at Appendix 1 of the considered report, and that the draft Code had now been amended as a result of the comments made, which was attached at Appendix 2.

The Committee were asked to adopt the revised Code of Corporate Governance.

RESOLVED - That approval be given to the Council's Code of Corporate Governance as attached at the appendix to the considered report.

9 Amendment to Councillor Allowances Scheme (Reference to Council)

The Committee received a report which sought approval of an amendment to the Councillors Allowances Scheme to incorporate provisions regarding maternity, paternity and adoption leave. A copy of the revised scheme, incorporating the proposed changes, was attached at Appendix 1 (part 7) of the considered report.

Paragraph 2 of the report set out details of the entitlement for (i) maternity and adoption leave, which would be 52 weeks including 6 weeks at 90% of basic allowance/special responsibility allowance and (ii) paternity leave, which would be up to two weeks.

It was noted that the report would be submitted to the meeting of Council on 13 December 2017 for determination.

RESOLVED - That the report be submitted to the meeting of Council on 13 December 2017 with a recommendation that the proposed changes to the Members' Allowances Scheme, as attached at Appendix 1 of the considered report, be approved.

10 Treasury Management Activities - Half Yearly Monitoring 2017/2018

The Committee received a report which set out details of half yearly treasury activity monitoring, covering the period 1 April to 30 September 2017.

The report provided assurance that the Council's treasury management function was being managed prudently and pro-actively. It advised that external investments

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averaged £41.3m during the period at an average rate of 0.20% and that investments ranged from a peak of £59.8m to a low of £23.2m.

The Committee noted that the treasury management budget was forecast to marginally underspend by £100k in 2017/2018 against an annual budget provision of £22.2m.

The report explained that a new regulatory update was to be effective from 3 January 2018 which meant that the Council would be required to formally apply to renew its status as a 'professional client' for the purposes of continuing to invest with or borrow from regulated financial services firms, such as money market funds, and the report therefore recommended that the Council formally applies on this basis.

The report also advised that CIPFA were currently consulting on a number of changes to the current Treasury Management and Prudential Codes of practice, to be implemented from April 2018 onwards, and Cabinet noted the summary of the key proposals and implications.

It was also noted that the report recommended the formal adoption of a proactive cashflow management approach between the Council and Kirklees Neighbourhood Housing as an integral to an effective treasury management strategy.

Section 2 of the considered report provided an overview of economic context, investment performance, borrowing performance, prudential indicators and risk and compliance issues.

RESOLVED - That the report be received and submitted to the meeting of Cabinet on 21 November 2017 and Council 13 December 2017.

11 Risk Management Statement

The Committee received the draft updated Risk Management Statement, which reflected changes to a new approach to risk management. It was noted that the document had been completely rewritten to reflect an approach appropriate to fit the culture and expectations of the Council and that work had been undertaken to change the emphasis of the current arrangements from a process focussed upon reporting to one that actively promotes an understanding of risk, and drives the management of risks.

Appendix A to the report set of a schedule of issues that the Committee may wish to consider.

RESOLVED - That the report be received and submitted to a meeting of Cabinet and Council.

12 Annual Governance Statement 2016/2017

The Committee were asked to receive and approve the draft Annual Governance Statement 2016/2017. It was noted that the Statement was a statutory requirement to accompany the accounts and provide assurance regarding the governance and internal control environment in which they have been compiled.

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The report advised that the draft Statement had been compiled following the annual review of the effectiveness of the overall internal control and governance arrangements and drew upon a number of forms of assurance which had been presented during 2016/2017, including matters to this Committee.

The Committee were advised that the draft Statement highlighted a number of 'significant governance issues', some of which had been brought forward from the 2015/2016 Statement, as well as new issues identified during the last year. It was noted that the controls the Council was taking to address the issues raised had been formulated into an action plan for the Committee to monitor on a quarterly basis.

The report advised that the finalised version of the Statement would be published as an addendum to the Annual Accounts.

RESOLVED - That the approval be given to the draft Annual Governance Statement 2016/2017.

13 External Audit Report 2016/2017

The Committee received the KPMG External Audit Report 2016/2017.

John Prentice provided an overview of the report which included matters relating to significant audit risks, proposed opinion and audit differences, the control environment, a LOBO objection, a PFI objection, financial resilience and the overall conclusion.

The Committee noted the verbal overview and the content of the report.

In recognition that this would be the final Committee that John Prentice and Alastair Newall would attend on behalf of KPMG, the Committee asked that their thanks for their contributions be placed on record.

RESOLVED - That the 2016/2017 External Audit Report be received and noted.

14 Approval of Council's Final Accounts

The Committee received a report which provided an update on the final accounts and audit processes for 2016/2017 and sought approval of the Council's Statement of Accounts.

The report advised that the draft accounts had been signed on 26 May 2017 and that a public inspection period had taken place from 5 June to 14 July 2017. During this time, two objections were raised by local electors and had been formally accepted by the Council's auditors. It was noted that work was ongoing to resolve the objections and that the audit would be completed following their resolution. However, sufficient evidence had been obtained to conclude that the accounts are not materially misstated and so KPMG expected to give an unqualified audit opinion on the financial statements. KPMG also noted that the Council was making progress in implementing the improvements required by the November 2016 Ofsted report.

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The Committee were advised that, in summary, KPMG intended to issue an 'except for' qualified value for money conclusion in relation to the Council's use of resources in 2016/2017, highlighting the 2016 Ofsted report.

RESOLVED -

1) That approval be given to the Statement of Accounts 2016/2017.

2) That approval be given to the Chair of the Committee certifying the Statement of Responsibilities as set out on page 16 of the considered report.

3) That approval be given to the Letter of Representation, as attached at Appendix B of the considered report, and that the Chair of the Committee be authorised to sign the document on behalf of the Committee.

15 Exclusion of the Public

RESOLVED - That acting under Section 100(A)(4) of the Local Government Act, 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act, as specifically stated in the undermentioned Minute.

16 Quarterly Report of Internal Audit 2017/2018 (Quarter 2)

(Exempt information within Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information)(Variation) Order 2006, namely that the report contains information relating to the financial or business affairs of any particular person (including the authority holding that information). The public interest in maintaining the exemption, which would protect the interests of the Council and the company concerned, outweighs the public interest in disclosing the information and providing greater openness in the Council's decision making.)

RESOLVED - That the Internal Audit Quarterly Report (Quarter 2) be received and noted.