

Contact Officer: Andrea Woodside

## KIRKLEES COUNCIL

### CORPORATE GOVERNANCE AND AUDIT COMMITTEE

**Tuesday 30th January 2018**

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

Apologies: Councillor Kath Pinnock

**1 Membership of the Committee**

Apologies for absence were received on behalf of Councillor K Pinnock.

**2 Minutes of Previous Meeting**

**RESOLVED** - That the Minutes of the meeting held on 17 November 2017 be approved as a correct record.

**3 Declaration of Interests**

No interests were declared.

**4 Admission of the Public**

It was noted that Agenda Item 15 would be considered in private session (Minute No. 15 refers).

**5 Deputations/Petitions**

None received.

**6 Public Question Time**

No questions were asked.

**7 Corporate Customer Standards - Interim Update Report**

The Committee received the Corporate Customer Standards Officer Interim Report 2017/2018, which provided an update on complaints performance between the period April to October 2017 and set out details of complaints in which fault had been identified by the Local Government Ombudsman. The report also highlighted examples of learning that had arisen from complaints and provided an update on the whistleblowing procedure.

The Committee noted that, during the six month period, a total of 18 Ombudsman complaints had been considered, of which 4 had been upheld. An overview of the upheld cases was set out at Paragraph 2 of the considered report.

Discussion took place regarding the information in the report relating to concerns with the timeliness and accuracy of responses submitted to the Ombudsman and the action that was being taken to address the standard and timeliness of responses.

**RESOLVED** - That the Corporate Customer Standards Officer Interim Report (2017-2018) be received and noted.

**8 Constitution Amendment - Proposed Changes to Terms of Reference (Corporate Governance and Audit Committee)**

The Committee received a report which set out proposed changes to the Council's constitution to amend the terms of reference of Corporate Governance and Audit Committee, following a decision by Cabinet in December 2017 for this Committee to receive regular updates on RIPA compliance. Consequently, the terms of reference of the Committee required amendment in order to incorporate a reference that the Committee will 'receive updates and monitor compliance of the Council's Regulation of Investigatory Powers Act (RIPA) Policy.'

It was noted that the matter would be submitted to Council on 21 March 2018.

**RESOLVED** - That the report be submitted to the meeting of Council on 21 March 2018 with the recommendation that;

- (i) the Terms of Reference of Corporate Governance and Audit Committee be amended in order to provide the Committee with authority to monitor the Council's use of RIPA Policy through the process of the submission of update reports to the Committee and;
- (ii) pursuant to (i), authority being delegated to the Service Director (Legal, Governance and Commissioning) to make the appropriate, and any consequential, amendments to the Constitution.

**9 Treasury Management Strategy 2018/2019**

The Committee received the Treasury Management Strategy 2018/2019. It was noted that the strategy had been prepared based upon current CIPFA Codes and DCLG guidance and that, in preparation for the 2019/20 financial year, the Council's Treasury Management Strategy would formally adopt the 2017 CIPFA Code revisions and any relevant updated DCLG guidance on local authority investments.

The report set out (i) an outline of interest rates and credit risk, and recommend an investment strategy for Council in 2018/2019 (ii) an outline of the current and estimated future levels of Council borrowing and a recommended borrowing strategy for 2018/2019 (iii) a review of the methodologies adopted for providing for the repayment of debt and a recommended policy for calculating the minimum revenue provision for 2017/18 onwards and (iv) a review of other treasury management matters, including the policy on the use of financial derivatives, prudential indicators, use of consultants and the policy for charging interest to the Housing Revenue Account.

**RESOLVED** - That the report be submitted to the meeting of Council on 14 February 2018 for decision, with a recommendation that consideration be given to;

- (i) the borrowing strategy as outlined in paragraphs 2.12 to 2.18
- (ii) the investment strategy as outlined in paragraphs 2.19-2.33 and appendix A
- (iii) the policy for provision of repayment of debt (MPR) as outlined in appendix C, which reflects the changes in policy outlined in paragraphs 2.34-2.66), effective from 2017-2018
- (iv) the treasury management indicators as set out at appendix C
- (v) noting officer proposals to re-refresh the treasury management strategy for financial year 2019-2020 to reflect revised 2017 CIPFA Treasury Management and Prudential Codes, and updated DCLG Investment Strategy and MRP guidance to Local Authorities (guidance pending)

**10 External Audit Plan 2017/2018**

The Committee received the KPMG External Audit Plan 2017/2018. The report set out an update on financial statements and planning, value for money arrangements work, key elements of financial statements audit planning, including pension liabilities, and independence and objectivity requirements.

With regard to 'value for money arrangements' work, discussion took place with replace with regards to the Council's current Children's Services arrangements and it was noted that the issue had impacted upon the VFM conclusion, whereby a qualified 'except for' conclusion had been issued in 2016/2017. It was advised that consideration would be given to the extent to which changes had been made in the Council's arrangements to impact upon the VFM conclusion for 2017/2018.

**RESOLVED** - That the External Audit Plan 2017/2018 be received and noted.

**11 External Audit Progress Report - Technical Update (Draft)**

The Committee received and noted the KPMG External Audit Progress report which set out an overview on progress and an update on deliverables, along with a breakdown of technical developments.

**RESOLVED** - That the External Audit Progress report – Technical Update (draft) be received and noted.

**12 Annual Report - Grants and Returns 2016/2017**

The Committee received the Annual Report of Grants and Returns, submitted by KPMG, which summarised the work that had been undertaken on the Council's grant claims and returns during the 2016/2017 period. The work undertaken included that completed under the Public Sector Audit Appointment certification arrangements, as well as other grants/returns under separate engagement terms.

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The report advised that completed work included certification of the Council's 2016/2017 Housing Benefit Subsidy claim, Teachers' Pensions return, Pooling of Capital Receipts return, NCTL Initial Teacher Training return and Skills Funding Agency sub-contracting arrangements, and provided a summary of observations.

**RESOLVED** - That the External Audit Annual Report on Grants and Returns 2016/2017 be received and noted.

### **13 Appointment of External Auditor**

The Committee received a report which advised of the appointment of Grant Thornton (UK) LLP as the Council's auditors, following a tendering exercise carried out by Public Sector Audit Appointments Ltd (PSAA). The report advised that, at its board meeting on 14 December 2017, PSAA had confirmed the appointment of Grant Thornton (UK) LLP to audit the Council's accounts for a five year period from 2018/2019 to 2022/23, under regulation 13 of the Local Audit (Appointing Person) Regulations 2015.

The Committee noted that the appointment would be effective from 1 April 2018 and that the current auditors, KPMG, would continue for the current financial year, with expected completion during summer 2018.

**RESOLVED** - That the appointment of Grant Thornton (UK) LLP to audit the accounts of Kirklees Metropolitan Council, for a period of five financial years, from 2018/2019 to 2022/2023, be received and noted.

### **14 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 item of business on the grounds 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.

### **15 Quarterly Report of Internal Audit 2017/2018 (Quarter 3)**

(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.)

The Committee received the Internal Audit Quarterly Report, Quarter 3, which set out an overview of internal audit activity in the third quarter of 2017/2018, including the Annual Governance Statement 2016/2017 Action Plan.

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