

# **AUDIT AND MEMBER STANDARDS COMMITTEE**

**9 MAY 2018**

## **PRESENT:**

Councillors Tittley (Chairman), Awty (Vice-Chair), Mrs Boyle, Marshall, Rayner, Strachan, Mrs Tranter and Mrs Woodward

Observer:

Officers In Attendance: Miss W Johnson, Ms B Nahal, Mr A Thomas, Hughes, Irving and Turner

Also Present: Mr John Gregory (Grant Thornton UK LLP) (External Auditor) and Ms Laurelin Griffiths (Grant Thornton UK LLP) (External Auditor)

## **18 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Spruce and Mrs A Struthers.

## **19 DECLARATIONS OF INTEREST**

There were no declarations of interest.

## **20 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the Meeting held on 22 March 2018, as printed and previously circulated, were taken as read and approved as a correct record.

## **21 ANNUAL GOVERNANCE STATEMENT**

Consideration was given to the Annual Governance Statement 2017/18. The Head of Finance & Procurement (Mr A Thomas) did a Presentation on the key points and explained the importance of governance. He said there were lessons to be learnt from Northamptonshire who had recently been highlighted for following a Government Review for significant failures in Governance. Discussions took place around the problems they had incurred and it was agreed to distribute a copy of the report for information as there was obviously some underlying governance issues which everyone should bear in mind. Mr Thomas advised that the Accounts and Audit (England) Regulations require an annual review of the effectiveness of the system of internal control through an Annual Governance Statement and best practice is that the Audit and Member Standards Committee review and endorse this. This is based on the Local Code of Corporate Governance for 2017/18 that was approved by the Committee in May 2017 which is based on the seven principles of best practice. These were summarised and discussed.

The safeguarding concerns were queried as it was believed these should be raised with Staffordshire County Council and more explanation of the 19 concerns stated in the Presentation was requested. Discussions also took place around the published gender pay gap report which showed the difference between the average and median earnings of men

and women expressed as a percentage. Mr Thomas explained that many local authorities would find themselves in the same position due to the amount of men working at the joint waste service and reiterated that this referred to gender pay not equal pay.

The new Peer Review was questioned as the report stated a review was due in the near future and the Director of Transformation & Resources - Mr Turner was in attendance and able to confirm that there had been one scoping meeting with the LGA so far and advised that a Peer Review was pencilled in for October this year but details would be communicated to all members in due course when arrangements finalised.

- RESOLVED:** (1) The Northamptonshire Report be circulated to all committee members;
- (2) Details of the safeguarding referrals quoted in the report be circulated to all committee members;
- (3) That the Annual Governance Statement that will form part of the 2017/18 Statement of Accounts be approved subject to one typo highlighted at the meeting and it be a stand alone document and circulated to all members;
- (4) That the updated Local Code of Corporate Governance for 2018/19 be approved.

## **22 HOUSING BENEFITS CERTIFICATION WORK**

As there was no provision in legislation for Public Sector Audit Appointments (PSAA) to make arrangements for Housing Benefit Subsidy Certification work on behalf of the Department of Work and Pensions from 2018/19 onwards, Grant Thornton had been asked to present their proposal to undertake this work for Lichfield District Council via a Presentation to the Audit and Member Standards Committee.

The Committee were advised that Local Authorities are required to notify the Department of Work and Pensions for the 2018/19 year by 2 July 2018 who they had appointed as External Auditors for the Certification of Housing Benefit Subsidy Grant Claims and it is recommended that the Audit and Member Standards Committee either:-

- Appoint Grant Thornton as its External Auditor for the Certification of Housing Benefit Subsidy Grant claims for a five year period from 2018/19 to match the PSAA appointment for the main accounts or;
- Appoint Grant Thornton as its External Auditor for the Certification of Housing Benefit Subsidy Grant Claims for 2018/19 only or;
- Elects to procure an alternative External Auditor for the Certification of Housing Benefit Subsidy Grant Claims for 2018/19 onwards.

Mr John Gregory and Miss Laurelin Griffiths from Grant Thornton explained that in the past they had made a loss in providing this work to Lichfield District Council and yes, it was a significant increase in fees to deliver this work, but they felt it was a fair price considering the loss made previously and the amount of work which has to be undertaken. They presented the overall procedures and explained the work required i.e. the drafting and agreement of the qualification letter as well as the discovery samples required – 20 per benefit type and one sample of 40 for each type of error. The proposed fee and assumptions were highlighted and they reassured the committee that if less work is needed in any particular year, they would reduce the fee accordingly. It was explained that there would be synergy around the work done on the housing benefit claims for the main audit also.

The work at Lichfield District Council was highlighted and there was also a comparison chart with other Staffordshire District Councils in the Presentation showing Lichfield at the lower end of the scale.

The benefits of staying with Grant Thornton were highlighted as Officers and Members know them, it avoids potential confusion of having two separate sets of Auditors for different purposes, there would be synergy around the work done on the housing benefits claims for the main audit, they have a high level of knowledge of both Lichfield District Council and of housing benefits and the requirements of the grant regime and they have a very strong quality assurance and consistency arrangements in place with a process of hot reviews and grade specific training.

Mr Gregory also stated that to his knowledge there were a limited number of firms that could undertake this work.

Members felt that Grant Thornton had always done a comprehensive job and agreed that having two audit relationships to manage could be problematic. They agreed that the costs of going through a competitive exercise could be more than the increased fee as well as the costs could be higher from another firm in any case.

**RESOLVED:** It is recommended that the Audit and Member Standards Committee appoints Grant Thornton as its External Auditor for the Certification of Housing Benefit Subsidy Grant Claims for a five year period from 2018/19 to match the Public Sector Audit Appointments (PSAA) appointment for the main accounts.

## **23 ANNUAL REPORT OF THE MONITORING OFFICER RE: COMPLAINTS**

Consideration was given to the Annual Report of the Monitoring Officer which informed the Committee of the number of complaints received by Lichfield District Council since the last Annual Report tabled on 15 March 2017. Two complaints had been received and discussions took place. Mr Ray Betteridge, the independent person, commended the Monitoring Officer on such a good report and stated Lichfield District Council has an excellent record with very few member complaints being received.

It had been noted that there were incomplete Declarations of Members Interests forms on the Lichfield District Council website omitting addresses as well as areas of hospitality not being declared. A request for these to be updated and completed was received but Ms Nahal (Head of Property, Democratic and Legal Services and Monitoring Officer) said a lot of this is on trust as members when they stand for election are asked to abide by the Council's Code of Conduct and complete the forms fully and at the appropriate time when gifts or hospitality are received exceeding £25. She confirmed that this is also reiterated at member training. It was known that County Councillors were asked to support local events hosted by the local community fund and offered a VIP table there if they accepted. Should this not be declared as hospitality? The Chairman assured the committee that this is no longer going to happen. It was accepted that in most cases Councillors are ethical and responsible.

**RESOLVED:** That the Audit and Member Standards Committee note the contents of the Annual Report of the Monitoring Officer.

## **24 DATA PROTECTION/GDPR**

Members considered the report of the Head of Legal, Property and Democratic Services (Monitoring Officer – Ms B Nahal) which attached a recent Cabinet Report where a decision had been made to appoint the Assistant Director Democratic & Regulatory Services at South Staffordshire Council as the Council's Data Protection Officer for two years effective from 2 May 2018 and attached an amended Data Protection Policy and Individual GDPR Rights – Response Procedures also.

Discussions took place around the new General Data Protection Regulations and it was queried whether it would be so closely monitored within the first 12 months and enforced as a lot of people were going to find it difficult to become fully compliant by 25 May 2018. Ms Nahal highlighted page 5 where the Commissioner had described GDPR as an “evolution” not a “revolution” – the Commissioner’s office approach was to encourage organisations to comply and she felt as long as we have an action plan in place which we have would be acceptable; it would (in her opinion) be those companies who have no action plan who the ICO will look to first.

One member stated that he knew a lot of big companies were taking out a lot of insurance for this as the fines were likely to be very high for some, he asked if Lichfield District Council should be doing this? Ms Nahal agreed that a lot of marketing companies were facing hefty penalties for non-compliance but it would be very difficult to get this type of insurance for Local Authorities as we should be seen to be already compliant with the Data Protection Act 1998. Mr Gregory from Grant Thornton said it was not necessarily about the size of the fine it was more about the Authority’s reputation and the example made to others.

Members complimented the recent GDPR Member training and as a result some members had said they would be deleting everything which was the key message. Ms Nahal confirmed - if you no longer need the data; delete it and if you need it then you must get written implicit consent from the person to keep this data as all members were data processors. All data has got to be kept up to date and valid and kept for legitimate purposes only. Ms Nahal confirmed that all Lichfield District Council members are registered as data processors with the ICO, however, there was a question at the moment relating to Parish Councils and as to whether they need a Data Protection Officer and updated advice from the ICO on this was awaited.

- RESOLVED:** (1) That the Audit and Member Standards Committee  
note the actions to date and the planned measures  
to ensure compliance with the legislative  
requirements;
- (2) That the Audit and Member Standards Committee  
approve the amended Data Protection Policy and Individual  
GDPR Rights – Response Procedures.

## **25 WORK PROGRAMME**

Members noted the Work Programme which would be updated for the next municipal year.

## **26 VOTE OF THANKS**

It was proposed, duly seconded and

**RESOLVED:** That the sincere thanks of the Committee be recorded to the Chairman and Vice-Chairman for their work throughout the year.

(The Meeting closed at 7.25 pm)

CHAIRMAN