

AUDIT AND MEMBER STANDARDS COMMITTEE

22 January 2018

PRESENT

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

Observers – Councillor Mrs Baker and Councillor Spruce (Cabinet Member for Finance and Democracy)

Officers in attendance: Ms B Nahal, Mrs A Struthers, Mr A Thomas, Mr G Davies, Ms C Tims, Ms D Tilley, Mr N Turner and Ms W Johnson

Also Present: Mr J Gregory and Ms L Griffiths from Grant Thornton (External Auditors)

176. APOLOGIES FOR ABSENCE

There were no apologies for absence.

177. DECLARATIONS OF INTEREST

There were no declarations of interest.

178. MINUTES

The Minutes of the Meeting held on 26 September 2017, as printed and previously circulated, were taken as read and approved as a correct record.

179. LOCAL AUDIT UPDATE

Members considered the Local Audit Update from Mr Thomas (Head of Finance & Procurement). Mr Thomas advised that following the PSAA decision to appoint Grant Thornton as Lichfield District Council's External Auditors, the audit procurement had now indicated the scale of fees for 2018/19 which were 23% lower to the 2017/18 fees. However, Lichfield District Council needed to make arrangements for the housing benefit subsidy certification work which had not been included in the audit legislation. Discussions were currently taking place and members were asked to note the extra Audit and Member Standards Committee meeting on Wednesday 9 May at 6pm where Grant Thornton would be delivering a Presentation for this additional piece of work. The appointment was favoured by the committee as there was already a good working relationship with Grant Thornton.

RESOLVED: That the Committee note the appointment of Grant Thornton as the Council's External Auditors for the next 5 years from 2018/19 and note the scale of fees for 2018/19.

180. MID-YEAR TREASURY MANAGEMENT REPORT

Members considered the Mid-Year Treasury Management Report as at 30 September 2017 from Mr Thomas and he explained the report in more detail verbally. (Mr Thomas explained that the report excluded changes related to the Leisure Facilities Outsource project recommended

for approval to Full Council on 19 December 2017 and the Property Investment Strategy). Discussions took place around the main elements of the report including affordable housing projects and the capital receipts relating to Friarsgate. The liquidity of our investments were explained and the yield. Mr Thomas confirmed that Lichfield District Council had recently reappointed Arlingclose as its Treasury Management advisors after a tender process and advised that this contract was due to run from June 2017 – June 2020 with an option of two further one year extensions. Mr Thomas said there were a number of regulatory changes coming in to force and explained them in more detail. He confirmed that it was the Council's intention to be classed as a "professional" client under MiFID II (the differences were illustrated in the report).

RESOLVED: The Committee:

- (1) Note the report and issues within;
- (2) Note the reappointment of Arlingclose as the Council's Treasury Management Advisors and the forthcoming Regulatory changes;
- (3) Note the projected 2017/18 Prudential Indicators in the report.

181. TREASURY MANAGEMENT STRATEGY

Members considered the Treasury Management Strategy Statement from Mr Thomas and members were asked to highlight any changes for recommendations to Cabinet. Mr Thomas said the bold text on page 1 of the report highlighted some changes which may mean a revised TMSS will need to be adopted during 2018/19 to take into account of the new guidance and revised codes. Discussions took place around the implications of fluidity/Friarsgate/Brexit/Capital Programme and Property Investments. Mr Thomas stated that to deliver the Property Investment Strategy we will need to engage External Advisors to undertake more robust financial modelling.

RESOLVED: The Committee:

- (1) Noted the Capital Strategy and Capital Programme outlined in Appendices A & B;
- (2) Noted the Balance Sheet Projections and Borrowing Requirement and Strategy 2017-22, contained within Appendix C;
- (3) Noted the Minimum Revenue Provision Statement 2018/19, contained within Appendix D, which sets out the Council's policy of using the asset life method as the basis for making prudent provision for debt redemption;
- (4) Noted the Treasury Management Policy Statement and The Annual Investment Strategy 2018/19 and the detailed criteria – Appendix E;
- (5) Noted the use of Specified and Non-Specified Investments – Appendix F;
- (6) Noted the Prudential Indicators and limits for 2017-22 contained within Appendix G of the report;
- (7) Noted the Authorised Limit Prudential Indicator shown within Appendix G.

182. INTERNAL AUDIT PROGRESS REPORT – AUGUST – NOVEMBER 2017

Members considered the Internal Audit Progress Report August 2017 - November 2017 from Mrs Struthers (Audit Manager). Mrs Struthers advised that a total of 41 recommendations were made with 39 of the recommendations being accepted by management. Only 2 recommendations that were not accepted relating to Building Control and the limited assurance levels were discussed. Gareth Davies, Head of Regulatory Services, Housing & Wellbeing attended to explain why the Health & Safety Enforcement service had received limited assurance and gave some background. He explained that the Health and Safety rules are complicated as some Inspections are carried out by the HSE yet some are to be carried out by the Council. Mr Davies said one of the main issues was the lack of a computer database in Regulatory Services; the service has relied entirely to date upon its own spreadsheets/database

records which is not satisfactory. Mr Davies therefore said he intended to procure a Regulatory Services database and a paper was going to the next Cabinet meeting for approval. This, however, would take 18 months to implement. Mr Davies stated that all other high priorities on their Internal Audit Report had now been met. Members were concerned especially as public safety was at stake and wondered how long it was going to take to rectify this situation. It was questioned if the Committee should write to the MP. The Chairman agreed in the first instance to write to the Portfolio Holder on Cabinet and express concern and see if enough resources were available to address this issue. This was agreed.

Ms Tims, Head of Corporate Services attended to explain to the committee what was being done about the Customer Promise/Complaints Process which had also been reported as only having limited assurance. She explained that the majority of the recommendations had now been addressed and implemented however, she was still looking at our performance management systems - as to how we can embed the learning from the complaints received and translate it into service improvement. The two stage complaints process is being launched and work is progressing on developing a mechanism to undertake lessons learned reporting, which is the final recommendation relevant to complaints. There are still some issues to be resolved in relation to Customer Promise and Ms Tims is working with Mrs Leybourne to identify how these can be measured corporately. An update to our telephony system is due to be completed by the end of January and this, in conjunction with the roll-out of our customer forms package, will enable us to assess the delivery of our customer promises. Ms Tims is also responsible for the mobile computing item which also had limited assurance in the report. She was able to confirm that there is a facility to block memory sticks and other removable media, however, these are having to be addressed on a case by case basis in a roll out programme that will take until April 2018. She assured members that we had improved our level of awareness and protection for mobile computing with the majority of actions completed and only 2 issues remaining outstanding, which were linked to our plans for GDPR and will be resolved by May 2018 at the latest.

The Chairman thanked both Officers for their attendance and explanations.

RESOLVED: The Committee considered the Internal Audit Progress Report August 2017 to November 2017 and the Chairman agreed to write to the Cabinet Member for Regulatory Services, Housing & Wellbeing with regard to Health & Safety Enforcement.

183. RISK MANAGEMENT UPDATE

Members considered the Risk Management Update from Mrs Struthers (Audit Manager). The corporate risk register and the significant risk on the project risk register were presented to the members of the Committee. The updated Risk Management Policy was presented to the Committee, which detailed the required changes – which were minor changes.

RESOLVED: That Members:

- (1) Note the work being undertaken to ensure the Risk Management Policy is adhered to and the actions taking place to manage the Council's most significant risks;
- (2) Consider the updated corporate risk register and project risk register.
- (3) Approve the updated Risk Management Policy.

184. MEMBERS CODE OF CONDUCT/EQUALITIES TRAINING FEED BACK – VERBAL REPORT

Ms Nahal (Head of Legal, Property & Democratic Services) advised the Committee that 4 sessions of Member Code of Conduct/Equalities Training had been hosted at Lichfield District Council offices on different days to capture all and there had been a positive member attendance rate – 80%. She confirmed that the Members who had not attended had either done Equalities training elsewhere or at Staffordshire County Council or they had had other

health and/or caring responsibilities which meant they could not attend. Only 3 members had not had valid reasons for non-attendance. Discussions took place around member training generally and if penalties for non-attendance should be a way forward.

RESOLVED:

Ms Nahal is to meet with the Leader, the Leader of the Minority Group and the Chairman of Employment Committee about Member attendance at Members Code of Conduct/Equalities Training and Training generally.

185. THE ANNUAL AUDIT LETTER FOR LICHFIELD DISTRICT COUNCIL

Members were asked to consider the Annual Audit Letter for Lichfield District Council year ended 31 March 2017 which had to be provided by the External Auditors, Grant Thornton, following the Audit Opinion being issued. The findings had already been reported to September's meeting in the Audit Findings Report so the letter was just for sign-off.

RESOLVED: That the report be noted.

186. CERTIFICATION WORK FOR LICHFIELD DISTRICT COUNCIL FOR YEAR ENDED 31 MARCH 2017

Members were asked to consider the Certification work for Lichfield District Council for year ended 31 March 2017 which reports the outcome of the External Auditor's work for this year. It was noted that the fees charged included an additional fee for additional work delivered as a higher error rate than expected was received.

RESOLVED: That the report be noted.

187. INFORMING THE AUDIT RISK ASSESSMENT, LICHFIELD DISTRICT COUNCIL

Members considered the Informing the Audit Risk Assessment Lichfield District Council 2017/18 Report from the External Auditors - Grant Thornton which was a report sharing questions and the responses received from management. The Committee were asked to consider the responses and comment. Page 12 quoted a question about whether there was sufficient staff in post and this was queried by the members as the Planning Department seemed to be under increasing pressure. Mr Thomas highlighted that the Government had recently confirmed that Councils will be able to increase planning fees by 20% as long as the additional income is reinvested in the Planning Service. The results of the Internal Audit Report also showed, there were problems with Customer Promise/Complaints Process/Mobile Computing and H&S Enforcement. Discussions took place as to whether the Committee should feedback to IRP in relation to Members non-attendance at mandatory training sessions and the importance of the Chair and Vice-Chair roles of the Committee. Ms Nahal advised that she had done a report to IRP last year which would cover the next 4 years but had a meeting booked with the Leader of the Council and a couple of members to look at what we would want the IRP to look at.

RESOLVED: That the report be noted.

188. AUDIT PLAN FOR LICHFIELD DISTRICT COUNCIL 2017/18

Members were asked to consider the External Audit Plan year ending 31 March 2018 prepared by our External Auditors - Grant Thornton.

RESOLVED: That the report be noted.

189. WORK PROGRAMME

Members considered the Work Programme and it was noted that there had been an additional meeting for the External Auditors Presentation on 9 May 2018 and a change of meeting date from 4 April to 22 May 2018.

(The Meeting closed at 7.53 pm)

CHAIRMAN