

# **AUDIT AND MEMBER STANDARDS COMMITTEE**

**24 APRIL 2019**

## **PRESENT:**

Councillors Tittley (Chairman), Mrs Boyle, Marshall, Rayner, Strachan and Mrs Woodward

Observer: Councillor Spruce (Cabinet Member of Finance & Democratic Services)

Officers In Attendance: Miss J Irving, Miss W Johnson, Mr A Thomas, Ms C Tims and Mr N Turner

Also Present: Mr Phil W Jones (Grant Thornton UK LLP) (External Auditor)

## **49 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Houtt and Councillor Mrs Tranter.

## **50 DECLARATIONS OF INTEREST**

There were no Declarations of Interests.

## **51 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the Meeting held on 27 March 2019, as printed and previously circulated, were taken as read and approved as a correct record.

## **52 ANNUAL GOVERNANCE STATEMENT**

Consideration was given to the Annual Governance Statement 2018/19. Mr Thomas (Head of Finance & Procurement) provided a Presentation on the key points and explained that any relevant authority must each financial year conduct a review of the effectiveness of the system of internal control and prepare and approve an Annual Governance Statement. He stated the current Committee were best placed to endorse the Statement as it related to 2018/19 and the Committee had received all relevant information on internal control and governance throughout the financial year.

Mr Thomas explained that the Annual Governance Statement enables the Council to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manages risks of failure in delivering its outcomes.

He said current best practice requires a Local Code of Corporate Governance to be produced based on seven core principles. Mr Thomas summarised and discussed the seven principles and explained that the drafting of the Annual Governance Statement takes place over the whole financial year and involves his team gathering and assessing the implications of the views of Internal Audit, an annual review of the effectiveness of Internal Audit, the views of the External Auditors, the views of the Head of Paid Service (Chief Executive), Monitoring Officer and himself as Section 151 Officer.

He explained that a briefing note had gone to Leadership Team on the Delivery Plan on 11 April 2019 and that Heads of Service provided written assurance statements using an Internal Control Checklist.

Questions were asked as to the comments received from the questionnaire to leading Members (Chairmen, Vice-Chairmen and the Leader of the Minority Group). Miss Jane Irving (Senior Business Advisor) said she collated the replies and 17 responses had been received out of 22 from the Committee Chairmen and Vice-Chairmen and nothing really significant had been highlighted. There had been comments requesting further planning training but these sessions had already been planned for the next municipal year.

A Member asked if the seven principles of best practice applied to all Government bodies as it was a worry that HS2 did not comply with at least five of the seven principles. Mr Thomas said he believed the Police and probably the NHS did adhere to similar principles but as HS2 was a limited company it was not so prevalent, however, they are supposed to have the correct governance in place.

The Risk Management Process, particularly the Corporate Risk Register was discussed and the performance information which is reported to Cabinet, Council and Overview and Scrutiny Committee was included.

Mr Thomas said that this Committee is responsible for promoting and maintaining high standards of conduct by Members and ensuring they observe the Members Code of Conduct. (A member queried whether the guide mentioned in Appendix A on page 15 had been sent to all Councillors as there had been a lot of issues around the Register of Interests Forms recently and yet there was no reference to these at all). Mr Thomas responded and said he was aware that there would be a new Member Induction Pack available after the election which made specific reference to this.

Mr Thomas said the Council has a Code of Conduct supported by a range of HR policies for Officers and has a customer promise which reinforces the value 'putting customers first'.

The safeguarding issues had notably reduced from last year which was good, the Council's gender pay gap was better than the national average, although the pay gap had increased slightly this year as a consequence of the outsourcing of Leisure Centre management and operations.

Ensuring openness and comprehensive stakeholder engagement was discussed. The Council works collaboratively with a range of partners such as schools and colleges, Staffordshire County Council, voluntary, business and community sectors. The Local Plan Review and the 2019/20 Budget consultation. Mr Thomas said the Council's website, social media and LDC News publication provide a significant amount of information for customers and all Committee and Council meetings are open to the public with papers available on the internet. He said the Money Matters reports included more graphs and diagrams so were easier to understand.

The Council has a customer feedback scheme for the public to make complaints, comments and compliments.

The annual review letter from the Ombudsman for the period ending March 2018 reported 7 complaints with 1 upheld and there were no whistleblowing reports during 2018/19 or during 2017/18.

A Member said she knew of a Lichfield resident who had taken a complaint to the ICO relating to a Freedom of Information request regarding material re: Friarsgate and queried why the material had been released to the complainant but had not been published. The request for this material to be published had been refused by officers but Mr Turner agreed to review this. Mr Turner said the Council had reviewed the way we reply to all Freedom of Information Requests and there was now a portal on our website with useful/frequent replies for all to see.

Mr Turner said he would speak to the Interim Monitoring Officer and report back to the Member.

The defining outcomes in terms of sustainable economic, social and environmental benefits was explained as the Lichfield District Council's Strategic Plan covering the four year period 2016 to 2020 was approved by Council in February 2016 and sets the strategic direction of the Council. The Strategic Plan was discussed and Mr Thomas said the evidence base for the Strategic Plan was provided by the Staffordshire Intelligence Hub and highlighted three key things that enable people to live fulfilling and independent lives: being in employment, staying active and healthy and having somewhere safe and affordable to live. Engagement with Elected Members and residents showed broad agreement to these being the areas that the Council should focus on and the four strategic priorities reflect these priority areas.

Determining the interventions necessary to optimise the achievement of the intended outcomes was discussed as the Strategic Plan 2016-20 identifies the opportunities and challenges the Council faces, the needs of the Community, the Council's aspirations, focus and priorities. The Medium Term Financial Strategy, the Money Matters Reports and the Fit for the Future programme were quoted and that the Fit for the Future programme has been refreshed and repositioned to focus on delivering the ambitions and outcomes of the Strategic Plan.

The Council's Constitution can be found on our website. Mr Thomas said this sets out how the Council legally operates, how formal decisions are made and ensures the procedures which are followed are efficient, transparent and accountable to local people. The roles and responsibilities of the Council, Cabinet, O&S and other Committees are defined in the Constitution as are the roles and responsibilities of Members and Officers. The Chief Executive and Directors are set annual performance targets based on the outcomes achieved from the Delivery Plan and Performance Development Reviews are undertaken annually for employees. Discussions took place around the completion rate of PDR's which had improved to 89% for 2018/19.

Managing risks and performance through robust Internal Control and Strong Public Finance Management was explained by Mr Thomas. The Council has a risk management strategy and managers are trained in the assessment, management and monitoring of risks. Mr Thomas said the Corporate Risk Register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver the Strategic Plan. He said the corporate risks are regularly reported to Cabinet and this Audit & Member Standards Committee is independent of the Cabinet and accountable to Council.

Mr Thomas confirmed that the Financial Procedure Rules and Contract Procedure Rules form part of the Constitution and regulate its internal procedures for the conduct of its business, how it spends its money and records transactions. He said the Council complies with the CIPFA Statement in relation to the role of the Chief Financial Officer in Local Government and regular budget and performance monitoring takes place throughout the financial year with reports to Cabinet and briefing notes to the O&S Committees and budget holders.

The reference to triangulation meetings with Cabinet members was questioned as there had not been any triangulation meetings for some time due to the O&S Co-ordinating Group having been established. The Group comprises the Chairmen and Vice-Chairmen of all the O&S Committees and the Leader and Deputy Leader. Mr Turner explained that this group was responsible for the process of establishing and managing the O&S work programmes. Although the group includes the Leader and Deputy Leader it was queried why Cabinet members were not present at these O&S Co-ordinating group meetings as it was felt it could be beneficial to look at the forward plan together.

Discussions took place as to why all Chairmen and Vice-Chairmen from other regulatory committees were not included on this O&S Co-ordinating group as they could as statutory committees add value.

It was argued that the O&S Co-ordinating Group was already heavy in attendance with all Chairmen and Vice-Chairmen being invited and the statutory committees had their own work programmes to follow and were answerable to Council. The O&S Co-ordinating Group was there to discuss their own O&S work programmes and ensure they were of value, avoid duplication and highlight where they could support and challenge Cabinet.

Mr Thomas said we have a legal responsibility to conduct an annual review of the effectiveness of our Governance Framework, including the system of internal control and the outcomes are considered by this Audit & Member Standards Committee which is charged with final approval of this Annual Governance Statement. Discussions took place around the departure of the Internal Audit Manager as her input had been invaluable and it was hoped the succession plans would be of the same high standard. Mr Thomas explained that the current Internal Audit Manager was a Tamworth Borough Council employee whom we buy in for 1.5 days per week and so it was up to Tamworth Borough Council to replace her on the same arrangement.

In conclusion Mr Thomas said that the Annual Governance Statement was reviewed by Leadership Team on 10 April 2019 with no significant weaknesses identified in governance or internal control for 2018/19.

It was noted that the number of complaints had reduced drastically for 2018/19 and it was queried why they were so much lower than the previous year. Miss Irving advised this was mainly because of the Council's Leisure Centres being outsourced and improvements in the Joint Waste Service. There were further discussions around the seven core principles and it was noted that we are meant to be ensuring openness but actually sanctioning non-disclosure agreements which seemed inconsistent.

Mr Thomas explained that sometimes pragmatism has to be used on a case by case basis to protect the interests of specific individuals, who had a right to privacy, as well as businesses who might wish to share confidential information with us, or because of legal privilege.

The comprehensive stakeholder engagement principle also was discussed as it is mentioned about cooperating with the Police and other stakeholders but it was asked if they actually cooperate with us. A constituent complaint had recently been received by a Member as to the lack of attendance of the Police in Lichfield and this had been noted. However, it was agreed that the member should write to the Police & Crime Commissioner on behalf of the constituent.

**RESOLVED:-** (1) The Committee approved the Annual Governance Statement that will form part of the 2018/19 Statement of Accounts taking into account the comments made; and

(2) The Committee approved the Local Code of Corporate Governance for 2019/20.

## **53 WORK PROGRAMME**

Members noted the Work Programme but as this was the last meeting of the municipal year it was agreed that the new Audit & Member Standards Committee would review and update.

The Committee thanked the Chairman on behalf of all Members of Lichfield District Council for his excellent leadership during his time as Chairman of Audit & Member Standards Committee. The Chairman thanked all Officers and said he had enjoyed his term as Chairman.

**54 EXCLUSION OF PUBLIC AND PRESS**

**RESOLVED:** That, as publicity would be prejudicial to public interest by reason of the confidential nature of the business to be transacted, the public and press be excluded from the meeting for the following item of business which would involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

**IN PRIVATE**

**55 CONFIDENTIAL MINUTES OF THE PREVIOUS MEETING**

The Confidential Minutes of the Meeting held on 27 March 2019, as printed and previously circulated, were taken as read and approved as a correct record.

(The Meeting closed at 6.50 pm)

CHAIRMAN