

# **AUDIT AND MEMBER STANDARDS COMMITTEE**

**14 NOVEMBER 2019**

## **PRESENT:**

Councillors Greatorex (Chairman), Ho (Vice-Chair), Grange, Robertson, Spruce and White

Also Present: Laurelin Griffiths (Grant Thornton UK LLP) (External Auditor)

## **14 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Checkland, Councillor Little and Councillor Norman.

## **15 DECLARATIONS OF INTEREST**

Councillor Grange declared a personal interest in agenda item no 9, as raised with the Monitoring Officer ahead of the meeting.

## **16 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the Meeting held on 24 July 2019, as printed and previously circulated, were taken as read and approved as a correct record.

## **17 MID-YEAR TREASURY MANAGEMENT REPORT**

Anthony Thomas (Head of Finance and Procurement) delivered a Presentation on the Mid-Year Treasury Management Report and explained why the Council prepare the report and went through the treasury management activities including the projections for the current financial year and the projected prudential indicators. Mr Anthony Thomas also went through the three broad purposes of the Investment Strategy, outlined in the report.

There were some queries raised regarding appraisals of investments made in other local authorities, whether there would be a year on year evaluation of the non-current assets and liabilities and whether there is a mechanism to monitor the deadline for claiming s106 monies.

Anthony Thomas confirmed that following the previous Committee, advice had been sought from Arlingclose on the accounting treatment for the Property Fund investment and a change would be implemented for 2019/20 to address the External Auditor's concerns.

Anthony Thomas confirmed that the current investment approach was to avoid upper tier authorities due to the financial challenges presented by Social Care and Children's services.

In terms of the implementation of the new International Financial Reporting Standard 16 related to leases, the detailed guidance had not yet been published. However Mr Thomas understood this would be implemented prospectively from 1 April 2020 and therefore prior year adjustments may not be required. However he acknowledged following a question from a Member that additional information may be required in supporting disclosure notes to aid readers in understanding the change and the impact on the Financial Statements.

Anthony Thomas provided reassurances that there are mechanisms in place to monitor deadlines and allocate s106 monies and to his knowledge, no monies have been repaid due to a breach of deadline.

Anthony Thomas confirmed the processes outlined in the report are in line with other organisations.

**RESOLVED:-** (1) The Report was reviewed and noted;  
(2) The projected 2019/20 prudential indicators contained within the report were noted.

## **18 INTERNAL AUDIT PROGRESS REPORT**

Members considered the Internal Audit Progress Report April 2019 to September 2019, as presented by Rebecca Neill (Head of Audit). She explained that the team were currently on track to achieve the plan and that performance against other KPI's were on target.

A discussion took place regarding current reporting to the Committee (including their receiving all finalised audit reports) and the system for follow up. Members agreed that the reporting and follow up systems be reviewed and that a proposal be brought to the next Committee.

**RESOLVED:-** The Committee noted the Performance Report and issues were discussed.

## **19 RISK MANAGEMENT UPDATE TO INCLUDE RISK MANAGEMENT POLICY AND CORPORATE RISK REGISTER**

Rebecca Neill summarised the corporate risk management update to the Committee which included the updated corporate risk register and refreshed risk management policy

Councillor White queried whether the risks identified on the national risk register had been considered in compiling corporate risks, referencing a flu pandemic as an example. Rebecca Neill responded that the leadership team reviewed emerging risks in the wider context such as those identified by the world economic forum, but had not specifically reviewed the national risk register. She went on to explain that risks associated with a civil emergency would be covered as part of corporate risk 08, failure to manage a major incident.

The refreshed risk policy was discussed and members debated the proposed frequency of review of the policy. It was agreed that the policy would be subject to a 4 yearly review, with an interim review every 2 years. Councillor Grange queried what consistency checks were undertaken to ensure that the risk scoring mechanism was appropriate. Rebecca Neill explained that the Leadership Team undertook a cursory review of scores as part of their quarterly review; and she also undertook a sense check prior to production of the register. It was agreed that this control be added to the refreshed policy.

**RESOLVED:** The Committee:

- (1) Approved the revised Risk Management Policy;
- (2) Approved a four year review frequency;
- (3) Noted the work undertaken to ensure the risk Management policy is adhered to and the actions taking place to manage the Council's most significant risks.

## 20 **GDPR/DATA PROTECTION POLICY**

Christie Tims (Monitoring Officer) provided an update on the actions taken since the implementation and proposals to ensure the Council remains compliance with the General Data Protection Regulation, these have all been outlined in the report.

Whilst the implementation has been completed the underpinning systems were clearly not completely embedded.

The MetaCompliance tool has been introduced, this is the underpinning system which will ensure everyone is up to date on responsibilities.

Members raised concerns surrounding the potential risk that the perception of the requirements set by the General Data Protection Regulation could negatively impact the general principle of being open and transparent.

Christie Tims assured Members that the general principle of being open and transparent remains a priority but with channels of open communication regarding the application of the exceptions and clear protection for personal data.

Members raised questions regarding the current Data Protection Officer being employed at a different organisation.

Christie Tims confirmed the Data Protection Officer duties are very specific and provided by an expert in the field. The Legal Services Agreement means the Data Protection Officer will be embedded within the shared legal service launching in the New Year and there would be no risk that they would remove themselves from any challenges faced by Lichfield District Council.

**RESOLVED:-** The Committee noted the Report and the ongoing work to improve assurance of compliance with General Data Protection Regulations.

## 21 **THE RULES ON CONFIDENTIALITY**

Neil Turner (Director of Transformation & Resources) introduced the report. It was emphasised that a decision to restrict publication was for the Monitoring Officer.

Members asked a series of questions regarding the language used to justify restricting reports and the mechanisms in place to review restricted reports with the view to subsequent publication. Questions were also asked about reports relating to property investment and procurement.

Members noted that there was a powerful public interest test which could over-ride any of the reasons for confidentiality.

It was noted that in future there would be an additional explanation as to why reports are being considered in confidence.

Neil Turner said that officers advised of the acceptable reasons for restricting reports.

**RESOLVED:-** The Committee noted the Report.

## **22 ANNUAL REPORT OF THE MONITORING OFFICER - COMPLAINTS**

Christie Tims provided the committee with an update on Member Code of Conduct complaints. There were 13 complaints received at the time the report was published.

Members highlighted the increase in complaints and requested a breakdown of types of complaints received.

Christie Tims confirmed that one third of complaints received at the time of publication were in relation to code of conduct for District members. The remaining complaints were from the Parish Councils and included complaints raised by both members of the public and other serving councillors in respect of behaviour at meetings

Christie Tims confirmed the rise in complaints being received from Parish Councils and could be, on the most part, be minimised by the inception of new effective relationship building techniques. To manage this increase, training will be provided at the next Parish Forum with Parish Clerks being encouraged to attend.

**RESOLVED:-** The Committee noted the Report as well as the ongoing work to improve standards and members understanding of the code

## **23 THE ANNUAL AUDIT LETTER FOR LICHFIELD DISTRICT COUNCIL**

The Annual Audit Letter for Lichfield District Council was presented.

Members requested reassurances from Anthony Thomas that due diligence had been followed to ensure the proposed fee for additional work was charged at a standard level across other authorities.

Anthony Thomas confirmed all checks had been conducted and this is a standard further work fee being applied with all local authorities. The fee increase was due to a change in the previous procurement agreements for inclusive further work which had proven to be unsustainable for external audits. The fee increase is due to the reduction in the fee as part of the procurement process which was not sustainable.

## **24 CERTIFICATION WORK FOR LICHFIELD DISTRICT COUNCIL FOR YEAR ENDED 31 MARCH 2019**

Representation from Grant Thornton provided a verbal update on the Certification Work for Lichfield District Council.

The work on the housing benefit sector has been completed and no new errors have been identified, the areas identified were held to be immaterial by Members.

## **25 WORK PROGRAMME**

A revised Work Programme was circulated and the Chairman asked for any additions/alterations to the programme.

Rebecca Neill suggested asked the internal audit charter and protocol and internal audit plan be moved from the April 2020 to the March 2020 meeting and that the quality assurance and improvement programme and review of internal control including public sector internal audit standards self-assessment summary be moved from February 2020 to March 2020 as there are fewer items on currently on the March 2020 agenda. The Committee agreed this. In addition, Cllr White suggested that where fewer items are present on the agenda that consideration be given to providing items of relevant training material to members.

(The Meeting closed at 7.27 pm)

CHAIRMAN