



AGENDA FOR THE AUDIT COMMITTEE AND AUDIT COMMITTEE (ADVISORY)

Members of the Audit Committee and Audit Committee (Advisory) are summoned to a meeting, which will be held in Committee Room 4, Town Hall, Upper Street, N1 2UD on, **11 June 2018 at 6.30 pm.**

Yinka Owa
Director of Law and Governance

Enquiries to : Zoe Lewis
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Despatched : 30 May 2018

Membership

Councillor Nick Wayne (Chair)
Councillor Sue Lukes (Vice-Chair)
Councillor Satnam Gill OBE
Councillor Una O'Halloran
Alan Begg (Co-Optee)
Nick Whitaker (Co-Optee)

Substitute Members

Councillor Vivien Cutler
Councillor Sara Hyde
Councillor Rakhia Ismail
Councillor Flora Williamson

Quorum: is 3 Councillors



A. Formal Matters	Page
1. Apologies for Absence	
2. Declaration of substitute members	
3. Declarations of interest	

If you have a **Disclosable Pecuniary Interest*** in an item of business:

- if it is not yet on the council's register, you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent;
- you may **choose** to declare a Disclosable Pecuniary Interest that is already in the register in the interests of openness and transparency.

In both the above cases, you **must** leave the room without participating in discussion of the item.

If you have a **personal** interest in an item of business **and** you intend to speak or vote on the item you **must** declare both the existence and details of it at the start of the meeting or when it becomes apparent but you **may** participate in the discussion and vote on the item.

***(a) Employment, etc** - Any employment, office, trade, profession or vocation carried on for profit or gain.

(b) Sponsorship - Any payment or other financial benefit in respect of your expenses in carrying out duties as a member, or of your election; including from a trade union.

(c) Contracts - Any current contract for goods, services or works, between you or your partner (or a body in which one of you has a beneficial interest) and the council.

(d) Land - Any beneficial interest in land which is within the council's area.

(e) Licences- Any licence to occupy land in the council's area for a month or longer.

(f) Corporate tenancies - Any tenancy between the council and a body in which you or your partner have a beneficial interest.

(g) Securities - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

This applies to **all** members present at the meeting.

4. Minutes of previous meeting	1 - 4
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B. Items for Decision - Audit Committee	Page
1. Membership, Terms of Reference and Dates of Meetings	5 - 10
2. Audit Committee Appointments 2018/2019	11 - 18

C. Urgent non-exempt items

Any non-exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

D. Exclusion of press and public

To consider whether, in view of the nature of the remaining item on the agenda, it is likely to involve the disclosure of exempt or confidential information within the terms of the Access to Information procedure rules in the Constitution and, if so, whether to exclude the press and public during discussion thereof.

E. Confidential/exempt items

F. Urgent exempt items (if any)

Any exempt items which the Chair agrees should be considered urgently by reason of special circumstances. The reasons for urgency will be agreed by the Chair and recorded in the minutes.

The next meeting of the Audit Committee and Audit Committee (Advisory) will be on 24 July 2018

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London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 19 March 2018

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 19 March 2018 at 7.00 pm.

Present: **Councillors:** Nick Wayne (Chair), Rakhia Ismail, Rowena Champion and Satnam Gill OBE.

Also Present: **Independent member:** Alan Begg

Councillor Nick Wayne in the Chair

179 **APOLOGIES FOR ABSENCE (Item A1)**
Apologies were received from Nick Whitaker, Independent Member.

180 **DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**
There were no declarations of substitute members.

181 **DECLARATIONS OF INTEREST (Item A3)**
There were no declarations of interest.

182 **MINUTES OF PREVIOUS MEETING (Item A4)**
RESOLVED:
That the minutes of the meeting held on 23 January 2018 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

Minute No 171 – Statement of Accounts

The Chair reported that he was satisfied that matters were proceeding and were close to a formal resolution. There would be a further update at the next meeting.

Minute No 173 – Annual Treasury Management and Investment Strategy 2018-2019

It was noted that a note was circulated following the Audit committee in January and members were satisfied with the explanation on assurance and risk.

183 **INTERNAL AUDIT ANNUAL PLAN 2018/19 (Item B1)**
The following points were made during the discussion:-

- It was noted that the Internal Audit team produced the annual plan by identifying an audit universe and conducting risk assessments across the universe to arrive at key audit areas. These were taken to each Department Management Teams (DMT) for consultation in January 2018 and then agreed by the Corporate Management Team in February 2018.
- 550 audit days had been allocated leaving 200 days for ad hoc or unplanned work arising during the year.
- Work relating to audits in 2016/2017 would be followed up in 2017/2018 and 2018/2019 would be used to follow up work from the 2017/2018 audits.
- The more comprehensive presentation of outcomes from audits in the committee papers was an ongoing piece of work.

Audit Committee and Audit Committee (Advisory) - 19 March 2018

- Departments were not resistant to audits or audit plan and were supportive of Internal Audit.
- Internal Audit risk assessments resulted in an 'A' list and 'B' list audit plan that was then taken to DMTs. The A list contained audit reviews that were assessed as higher risk and higher priority and were earmarked for 2018-2019. The B list contained audit reviews that were lower risk and potentially earmarked for 2019-2020. In terms of resources the A list would take priority.
- It was expected that a future Chair would work with the Internal Audit team and look at the areas covered by the audit team and consider the areas that may need to be returned to in future years.
- The areas on the audit plan had been benchmarked with other authorities and were found to include all key areas. Officers and members could contact the Head of Internal Audit team directly if unexpected items arose and these would be risk assessed and potentially covered by the contingency days.

RESOLVED that the Annual Internal Audit Plan for 2018/2019 be approved.

184 GENDER PAY GAP (Item B2)

The following points were made during the discussion:-

- Islington figures were more favourable when making comparisons with other London Boroughs such as Hackney and Haringey. This information would be circulated to Audit Committee members for their information.
- Although the figures had not been audited, the Director of Human Resources was confident that the figures had been calculated correctly. There was no statutory requirement to audit the figures.
- It was considered that men and women would both be paid the same for the equivalent job although those people that had been in the job for a longer period of time could be paid at a higher rate.
- The figures were taken from the payroll as at March 2017 but it was expected that there would be a further report in May/June which would take figures from payroll data as at March 2018.
- It was hoped to do more work around groups of jobs or using data or dip sampling to assess possible discrepancies.

RESOLVED that the report be approved for publication.

185 EXTERNAL AUDITOR REPORTS (Item C1)

The following points were made during the discussion:-

- The external auditors look at the risks following discussions with key external stakeholders, the National Audit Office and the Department of Digital, Culture, Media and Sport and also through comparisons made with 16 other London Boroughs.
- There were fewer risks than last year and the external auditors reported changes year on year. The level of materiality had remained unchanged from 2016/17.
- The testing for Housing Benefit subsidy identified three errors from 60 cases and the claim was qualified. It was reported that this was not a particular concern and the qualified error was relatively small and was likely to be a one off error.
- The potential overspend would be reflected in the 2018/19 budget and the Council should not have this overspend moving forward.

RESOLVED that

- a) The External Audit Plan 2017/2018 be approved.
- b) The Annual Report on Grant Claims and Returns 2016/17 be noted.

186 MARKET SUPPLEMENTS UPDATE (Item C2)

The Committee noted the lack of progress on filling some posts and expected to see further progress in the report to the next meeting.

RESOLVED that a report be submitted to the July meeting.

187 WHISTLEBLOWING REPORT APRIL 2017 - JANUARY 2018 (Item C3)

The following points were made during the discussion:-

- The whistleblowing policy was to be reviewed this year but was not changing significantly and it was not considered that it would be beneficial to review more regularly than every four years.
- It was noted that whistleblowing policies were reviewed generally every three to five years across London.
- The Anti-Fraud Strategy was also being amended and would be submitted to the Audit Committee later in the year.

RESOLVED that the report be noted.

188 WHISTLEBLOWING REPORT - APPENDIX (Item F1)

RESOLVED that the exempt appendix be noted.

The meeting ended at 8.00 pm

CHAIR

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Report of: Corporate Director of Resources

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	11 June 2018		All

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Subject: MEMBERSHIP, TERMS OF REFERENCE AND DATES OF MEETINGS OF AUDIT AND AUDIT (ADVISORY) COMMITTEE

1. Synopsis

To inform members of the remit of the Audit and Audit (Advisory) Committee.

2. Recommendations

- 2.1 To note the membership appointed by Council on 24 May 2018, terms of reference and dates of meetings of the Audit and Audit (Advisory) Committee for the municipal year 2018/19, as set out at Appendix A.

3. Background

- 3.1 The terms of reference of the Audit and Audit Advisory Committee (as contained in Part 5 of the Council's Constitution) are set out at Appendix A.
- 3.2 The membership and dates of meetings agreed are also set out at Appendix A for information.

4. Implications

4.1 Financial Implications

None.

4.2 Legal Implications

None.

4.3 Resident Impact Assessment

There are no direct equality or other resident impact implications arising from the terms of reference of the Audit and Audit (Advisory) Committee.

5. Conclusion and reasons for recommendations

The report is submitted to ensure members are fully informed of the remit of the Committees.

Background papers:

None.

Final Report Clearance

Signed by



Corporate Director of Resources

Date

Received by

Head of Democratic Services

Date

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AUDIT COMMITTEE AND AUDIT COMMITTEE (ADVISORY) – 11 June 2018

1. COMMITTEE MEMBERSHIP – (Agreed at Annual Council 24 May 2018).

Councillors	Substitute Members
Nick Wayne (Chair)	Vivien Cutler
Sue Lukes (Vice-Chair)	Sara Hyde
Satnam Gill	Rakhia Ismail
Una O'Halloran	Flora Williamson
<u>Independent Members - Audit Committee (Advisory)</u>	
Alan Begg Nick Whitaker	

2. FUTURE MEETING DATES

24 July 2018	15 October 2018	31 January 2019	11 March 2019
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3. TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Audit Committee (Advisory) Functions

To consider the following matters and to make recommendations concerning them to the relevant Council bodies or to officers:

- 1 The Head of Internal Audit's annual report and opinion and the level of assurance internal audit activity can give over the council's corporate governance arrangements.
- 2 The external auditor's annual letter, relevant reports, and the report to those charged with governance on issues arising from the audit of the accounts.
- 3 Reports dealing with the management, performance and value for money of the providers of internal and external audit services.
- 4 A report from internal audit on agreed recommendations not implemented within a reasonable timescale.

- 5 The appointment of the Council's external auditor.
- 6 Work to be commissioned from internal and external audit.
- 7 Specific internal and external audit reports as requested.
- 8 The contract procedure rules and financial regulations in the council's constitution and the council's compliance with its own and other published standards and controls.
- 9 Any issue referred to it by the Council, Executive, Overview Committee or the Chief Executive.
- 10 The Council's arrangements for corporate governance and risk management and recommend necessary actions to ensure compliance with best practice.
- 11 The production and content of the authority's Annual Governance Statement.
- 12 The annual report from the Monitoring Officer concerning standards of member conduct, which shall include a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome.
- 13 Any report on any matter relevant to the advisory functions of the Committee which the Committee may request from the Corporate Director of Finance or other proper officer.

Audit Committee Decision-Making Functions

Audit related matters

- 14 To review and agree the annual statement of accounts, including considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or the audit that need to be brought to the attention of the council.
- 15 To adopt the authority's Annual Governance Statement.
- 16 To agree annually the amount calculated by the council as its tax base for the whole area of the borough, any tax base applying as special levies, and other matters associated with the tax base.

General Matters

- 17 To appoint a Personnel Sub-Committee, including approval of its terms of reference and membership. Members of the Committee will include the Chair of Audit Committee, the Leader of the Council, the Executive member with responsibility for Human Resources and two ordinary member positions. All other Executive Members will be appointed to act as substitutes for the

Committee with the relevant Executive Member joining the Committee depending on the appointment being made.

- 18 To appoint a Pensions Sub-Committee.
- 19 To appoint such other sub-committees or other bodies, including their membership and terms of reference, as the Committee deems from time to time appropriate.
- 20 To grant exemptions under section 3 of the Local Government and Housing Act 1989 from political restriction to holders of posts under the Council and to give directions as to inclusion of specified posts in the list maintained by the Council under section 2(2) of that Act.
- 21 To make appointments between council meetings to those outside bodies and panels appointed to by the Council under Part 3 paragraph 7.2.
- 22 To determine matters relating to the organisation and conduct of elections, including the following:
 - (i) provision of assistance at European Parliamentary elections;
 - (ii) division of the constituency into polling districts;
 - (iii) division of the borough into polling districts.
- 23 To regulate matters affecting members, including remuneration, expenditure and training and to promote high standards of conduct amongst members.
- 24 To recommend to Council the introduction, amendment or revocation of byelaws.
- 25 To take decisions on any matter within the terms of reference of any of its sub-committees where the proper officer considers that it is necessary and reasonable to do so.
- 26 All other non-Executive matters specified under the relevant legislation save for those which are delegated to officers (unless the relevant Corporate Director refers the matter to the Committee) or are reserved to the Council under paragraph 1 of Part 3 of this Constitution or to the Licensing Committee or Licensing Regulatory Committee and Planning Committees.

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Report of : Corporate Director of Resources
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Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	11 June 2018		All

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Subject: AUDIT COMMITTEE APPOINTMENTS 2018/19

1. Synopsis

Appointment of the Pensions Sub-Committee, Pensions Board and Personnel Sub-Committee.

2. Recommendations

2.1 Pensions Sub-Committee

- (a) To confirm the size of the Sub-Committee and its terms of reference in Appendix A
- (b) To appoint the members named in Appendix A for the municipal year 2018/19 or until successors are appointed.
- (c) To appoint the Chair and Vice-Chair for the municipal year 2018/19 or until successors are appointed.

2.2 Personnel Sub-Committee

- (a) To confirm the size of the Sub-Committee and its terms of reference in Appendix A
- (c) To appoint the members named in Appendix A for the municipal year 2018/19 or until successors are appointed.
- (d) To appoint the Vice-Chair for the municipal year 2018/19 or until a successor is appointed.

2.3 Pension Board

- a) To note the reappointment of Marion Oliver as pensioner member representative and Thelma Harvey as a substitute pensioner member representative for one year from 4 June 2018.
- a) To note the following appointments for a four year term from 4 June 2015:
 - (i) Mike Calvert, Unison as a member representative
 - (ii) David Bennett- as Independent member
 - (iii) Maggie Elliott – Chair of Governors at Montem School as employer representative.
 - (iv) Councillor David Poyser
- b) To note there is an employer representative vacancy.
- c) To note the appointment of George Sharkey, GMB, as a member representative for a four year term with effect from 26 May 2017.
- d) To appoint Councillor Paul Smith as Chair of the Pensions Board.

3. Background

- 3.1 The terms of reference for the Pensions Sub-Committee, Pensions Board and the Personnel Sub-Committee are set out in Appendix A.
- 3.3 The proposed membership for each of the Sub-Committees of the Audit Committee and the meeting dates agreed for the year are also set out at Appendix A.
- 3.4 The Pension Board membership consists of:
 - 3 Islington Council Pension Fund employer representatives
 - 3 Islington Council Pension Fund member representatives
 - 1 independent member (non-voting)

4. Implications

4.1 Financial Implications

None

4.2 Legal Implications

These are set out in the report.

4.3 Environmental Implications

There are no environmental impacts arising from this report.

4.3 Resident Impact Assessment

Meetings are held at the Town Hall which is fully accessible. Other access needs are addressed as they arise. Meetings are held in public and members of the public are able to speak on application which enables participation across all the equality strands.

5. Conclusion and reasons for recommendations

The Committee needs to approve the report in order for the Sub-Committees to be properly constituted.

Background papers:

None.

Final Report Clearance

Signed by



Received by Corporate Director of Resources Date

Head of Democratic Services Date

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1. **PENSIONS SUB-COMMITTEE**

1.1. Committee Membership

Councillors	Substitute Members
David Poyser (Chair)	Angela Picknell
Andy Hull (Vice-Chair)	Flora Williamson
Mick O'Sullivan	Jenny Kay
Sue Lukes	Mouna Hamitouche

1.2 Terms of Reference

- To consider policy matters in relation to the pension scheme, including the policy in relation to early retirements
- To administer all matters concerning the Council's pension investments in accordance with the law and Council policy.
- To establish a strategy for disposition of the pension investment portfolio.
- To determine the delegation of powers of management of the fund and to set boundaries for the managers' discretion.
- To review the investments made by the investment managers and from time to time consider the desirability of continuing or terminating the appointment of the investment managers. (Note: The allocation of resources to the Pension Fund is a function of the Executive).
- To consider the overall solvency of the Pension Fund, including assets and liabilities and to make appropriate recommendations to the Executive regarding the allocation of resources to the Pension Fund.

1.3 Future Meeting Dates

The quorum for the Pensions Sub-Committee is 2 elected members. Listed below are the dates of the meetings for 2018/19;

Tuesday 26 June 2018
 Tuesday 18 September 2018
 Tuesday 26 November 2018
 Monday 25 March 2019

The Pensions A.G.M. is scheduled for 1pm on Monday 15 October 2018 at the Assembly Hall, Town Hall, Upper Street. N1 2UD.

2. **PERSONNEL SUB-COMMITTEE**

2.1 Committee Membership

2.2 In accordance with the protocol for the recruitment of the Chief Executive and Corporate Directors, membership of the Sub-Committee will include the Chair of the Audit Committee (who shall chair the Sub-Committee); the Leader of the Council; the appropriate Executive member and a back bench member.

Councillors	Substitute Members
Nick Wayne (Chair)	All other Executive members
Richard Watts	
Andy Hull	
Roulin Khondoker	
Satnam Gill	

2.3 Terms of Reference

- The making of the Council's personnel policies and procedures and the setting of terms and conditions of employment.
- Responsibility for, and monitoring of, the Council's Health and Safety policies as employer, including reports on health and safety within Council departments.
- To approve the early retirement of the Chief Executive and to agree the award of any discretionary payments in connection with such retirement or redundancy.
- To approve any payment to an officer on termination of employment in respect of redundancy entitlement, any payment under the Local Government (Early Termination of Employment) Discretionary Compensation Regulations and notice pay in respect of termination in the interests of the efficient exercise of the Authority's functions, which exceeds £100,000 in total.
- To be responsible for the recruitment and appointment of Corporate Directors and Service Directors in accordance with Part 4 Rule 102.
- To agree the starting salary for any post where the overall remuneration package on new appointment (excluding pension contributions in accordance with the Local Government Pension Scheme regulations) is to exceed £100k.
- To hear representations in respect of the termination of a Corporate Director's employment in accordance with the JNC terms and conditions of employment.
- To appoint an independent person (within the meaning of the Local Authorities (Standing Orders) (England) Regulations 2001) to carry out the functions in Regulation 3 of those regulations.
- To take decisions on disciplinary matters relating to the Chief Executive including termination of the Chief Executive's contract of employment following consideration of a report prepared by a designated person.

- To receive submissions from trades unions representatives on agenda items concerning staff terms and conditions.
- To make recommendations to Council on the appointment of the Chief Executive.
- To make recommendations to Council on the appointment of independent persons to serve on the Standards Committee and Audit Committee.

2.4 Meeting arrangements

The quorum for the Personnel Sub-Committee is 2 elected members. Meetings for the municipal year 2018/19 will be arranged as required.

3. Pensions Board

Terms of Reference

1. To assist the London Borough of Islington as scheme manager in securing compliance with:
 - a. the Local Government Pension Scheme Regulations 2013;
 - b. any other legislation relating to the governance and administration of the Local Government Pension Fund Scheme (LGPS);
 - c. requirements imposed by the Pensions Regulator in respect of the LGPS;
 - d. such other matters as the LGPS regulations may specify
2. To assist the London Borough of Islington in securing the effective and efficient governance and administration of the scheme;
3. To consider cases that have been referred to the Pension Regulator and/or the Pension Ombudsman; recommending changes to processes, training and/or guidance where necessary;
4. To produce an annual report outlining the work of the Board throughout the financial year.
5. To make recommendations to the Pension Sub-Committee.

Composition

The membership of the Board shall consist of:

- 3 Islington Council Pension Fund employer representatives
- 3 Islington Council Pension Fund member representatives
- 1 independent member (non-voting)

No substitutes are permitted, with the exception of the member of the Board who is appointed to represent pensioner members of the LGPS

All members of the Board shall be appointed by full Council or its Audit Committee which shall also appoint a chair from among the members of the Board.

Any person who is applying for or appointed as a member of the Pension Board must provide the Scheme Manager with such information as and when the Scheme Manager requires to ensure that any member of the Board or person to be appointed to the Board does not have a conflict of interest.

No officer or elected member of the Council who is responsible for the discharge of any function in relation to the LGPS.

Members of the Pension Sub-Committee shall be invited to attend meetings of the Board as observers.

Meeting Dates 2018/19

Tuesday 18 September 2018

Monday 25 March 2019