



Resources Department
Town Hall, Upper Street, London, N1 2UD

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, **15 October 2018 at 7.00 pm.**

Yinka Owa
Director of Law and Governance

Enquiries to : Zoe Lewis
Tel : 020 7527 3486
E-mail : democracy@islington.gov.uk
Despatched : 4 October 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 |
|----|-----------------------------|-------|

B. Items for Decision - Audit Committee	Page
--	-------------

- | | | |
|----|---------------------------------------|--------|
| 1. | 2017- 18 Internal Audit Annual Report | 5 - 34 |
|----|---------------------------------------|--------|

C. Items for Decision - Audit (Advisory) Committee	Page
---	-------------

1.	External Auditor Reports	35 - 42
2.	Whistleblowing Report	43 - 52
3.	Annual Standards and Members Conduct report	53 - 56

D. 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.

E. 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.

F. Confidential/exempt items

Page

G. 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 31 January 2019

This page is intentionally left blank

London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 24 July 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 24 July 2018 at 7.00 pm.

Present:	Councillors:	Councillor Nick Wayne (Chair), Councillor Sue Lukes (Vice-Chair), Councillor Satnam Gill OBE and Councillor Sara Hyde
Also Present:	Independent member:	Alan Begg and Nick Whitaker

Councillor Nick Wayne in the Chair

7 APOLOGIES FOR ABSENCE (Item A1)

Apologies were received from Councillor O'Halloran.

8 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

Councillor Hyde substituted for Councillor O'Halloran.

9 DECLARATIONS OF INTEREST (Item A3)

There were no declarations of interest.

10 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 11 June 2018 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

11 ANNUAL GOVERNANCE STATEMENT 2017-18 (Item B1)

The following was noted in discussion:

- The Head of Internal Audit had given a moderate assurance. None of the areas audited presented a significant risk. There was a very good rate of implementation of the recommendations and follow ups.
- Work was taking place to ensure General Data Protection Regulation (GDPR) compliance. The Audit Team were working with the Information Governance team on how data was being managed. Benchmarking against other local authorities had taken place.
- There was now a new approach to the shared digital project. This had been agreed by the Executive and Internal Audit would monitor it. An interim Chief Information Officer had been appointed. Generally any IT changes would be piloted before being implemented.
- There were no auditing concerns in relation to budget monitoring.
- There was a self-assessment tool used by Children, Employment and Skills which monitored social worker caseloads. If any anomalies or inconsistencies arose they would be investigated.
- The committee would undertake a 'deep dive' into any area of concern on the basis of risk. The Chair would discuss the practicalities with officers and it would be put on the agenda for the next meeting.

RESOLVED:

That the content of the report and the Annual Governance Statement be noted.

12

MONITORING OFFICER'S REPORT ON THE LOCAL GOVERNMENT OMBUDSMAN'S DECISIONS JULY 2017/JUNE 2018 (Item B2)

The following was noted in discussion:

- There had only been one decision that had resulted in a formal (public interest) report of maladministration. This report and the report to the Executive were included in the agenda pack. The Executive had now agreed the contents of the public interest report.
- Most of the complaints upheld were isolated incidents with no broader implications.
- The Chair had asked for the statistics in relation to neighbouring boroughs to provide context to the figures. There were no concerns about Islington's figures in relation to those of neighbouring boroughs. The Chair would circulate these statistics.

RESOLVED:

That the report be noted.

13

THE COUNCIL'S USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (Item B3)

The following was noted in discussion:

- There had been authorisation for covert surveillance in relation to a case of unlawful subletting.
- The number of authorisations had decreased significantly since the introduction of the Protection of Freedoms Act 2012. Covert surveillance could now only be used for the purpose of investigating criminal offences that attracted a custodial sentence of 6 months or more.

RESOLVED:

- 1) That the level and nature of covert surveillance undertaken by the Council be noted.
- 2) That the current arrangements for ensuring compliance with RIPA and the Home Office Codes of Practice be noted.

14

MARKET SUPPLEMENTS (Item B4)

The following was noted in discussion:

- Since the last report to the committee, a number of roles had been readvertised and there was an application being processed for a market supplement for an Energy Conservation Officer.
- Following a review of the recruitment process for some posts, rather than using the council's application form, a CV and covering letter was now used. This was more in line with the recruitment process for similar posts in the private sector. This had been successful. However the risks were that the information was not anonymised as it was with the council application form and the information gathered through the application form would need to be gathered at a later date if just a CV was submitted.
- It was not possible to fill some posts without a market supplement. All apart from one of the individuals with a market supplement were still working for the council and that individual did not leave for financial reasons.
- The council had the flexibility to review the market supplements if the employment market changed.
- The council's pay and grading system was rigid in order to ensure a degree of fairness. This did however, mean that it could be hard to fill some posts. Ongoing work was being taken with managers in E&R and HASS to address rigidity and undertake job design work to reflect the proper weight of the jobs being considered.

A general review of remuneration was being planned to reflect the study undertaken in relation to some professions in line with the private sector.

- Market supplements were not suitable where there were too many of the same post to fill as they would need to be applied to all the vacant and filled positions and this would have significant financial implications.
- Market supplements had not been requested in relation to Digital Service jobs. Prior to the shared digital project, agency workers had been used. Concerns about agency workers were that they cost more than permanent staff, were more mobile and harder to retain and this resulted in more time being spent on induction.
- Work was taking place to fill skills deficits e.g. planning apprenticeships. It was suggested that work could take place to attract people at entry level stage and focus on career progression and staff training to fill vacant posts. The money spent on market supplements could then be spent on training of staff to fill posts instead.

RESOLVED:

- 1) That the report be noted.
- 2) That members be provided with an update by the middle of September on more data around the monitoring of ethnicity, age and gender, how the council's own staff could be developed with a view to filling positions and how much had been spent on the advertising of the posts still not filled after two attempts and how long this process had taken.

15

EXTERNAL AUDITOR REPORT (Item B5)

The following was noted in discussion:

- The council would have new auditors for the next five years. KPMG were thanked for their work over the last five years.
- KPMG were satisfied with the council's accounts and intended to issue an unqualified audit opinion on the financial statements and value for money conclusion.
- Previous years' account had been certified and closed. No objections had been received yet in relation to the 2017/18 accounts.
- There had been an unadjusted audit difference due to one floor of a school having been counted twice. This had increased the value of the school by £2.69m but as it was part of a £4billion figure it was materially insignificant and so the accounts had not been amended.
- There was a need to ensure financial resilience. CIPFA was aiming to create an index to make financial resilience more transparent.
- The level of reserves was based on a judgement made considering the level of risk and anticipated savings being delivered. The external auditors were content with the council's approach to this, although it was noted that the level of reserves should be monitored.
- The council was involved in looking at the practical implications of the new leasing standard on councils. Adjustments could be put in place for local government. It would probably be at least 18 months until this was implemented in local government.

RESOLVED:

- 1) That the 2017/18 audited Statement of Accounts, Pension Fund Accounts and the accompanying Annual Governance Statement be noted.
- 2) That the auditor's Annual Governance Report and Value for Money conclusion be noted.
- 3) That the action plan in Appendix 1 of the Annual Governance report be noted.
- 4) That the letter of representation set out in Appendix B be noted.

The meeting ended at 8.45 pm

CHAIR



Finance
7 Newington Barrow Way
London N7 7EP

Report of: Corporate Director of Resources

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	15 th October 2018		n/a

SUBJECT: Internal Audit Annual Report 2017-18

1. Synopsis

- 1.1. The provision of a continuous internal audit service provides independent and objective assurance on the control environment that supports the delivery of the Council's objectives.
- 1.2. This report is intended to support Audit Committee in obtaining assurance that the Council has a sound framework of governance, risk management and internal control. It does this by demonstrating that the Internal Audit plan is being delivered, updating on the performance of the audit function, highlighting service areas where high priority recommendations have been made and commenting on the level of implementation of audit recommendations by management.

2. Recommendations

- 2.1 This report is for noting and is part of a bi-annual update to the Audit Committee on Internal Audit activity.

3. Background

3.1 The Internal Audit service continues to operate as a shared service with the London Borough of Camden. The shared service operates a co-sourced model, meaning that Internal Audit services are provided jointly by in-house staff and a co-sourced provider (PWC).

3.2 The 2017-18 Internal Audit Plan was approved by the Audit Committee in March 2017. This report details the outcomes of delivery of the 2017-18 audit plan in appendices 1-2, and outcomes of follow up audits in appendix 3. The report also identifies and gives more detail on those areas where the overall assurance statements were less than 'moderate'.

3.3 Internal audit projects result in a statement of assurance of either 'substantial', 'moderate', 'limited' or 'no' assurance. These conclusions are based on the number of critical and high priority risks identified in the report. Audit Committee receives details of high priority issues raised in audit reviews which result in 'limited' or 'no' assurance statements. These statements are indicators of the assurance we can give at the time of the audit and may reflect control design or compliance issues. We are pleased to report a positive response to all final audit reports and there is clear evidence of prompt implementation in relevant cases. Where implementation of recommendations is protracted, Internal Audit provides support to auditees in-year.

3.4 Summary details of high priority recommendations are included in appendix 2. Internal Audit has received appropriate management responses to the recommendations made to address these risks.

3.5 Committee is advised that there are no matters to report with regard to recommendations that have not been implemented within agreed timescales. Follow up audits on all recommendations arising from our work in 2017-18 will be conducted in 2018-19.

.

4. Implications

4.1 Financial implications:

There are no specific financial implications associated with this report. The financial implications of individual audit and investigation reports are discussed with managers through the audit reporting protocols.

4.2 Legal Implications:

There are no specific legal implications associated with this report.

4.3 Environmental Implications:

There are no environmental implications.

4.4 Resident Impact Assessment:

There are no direct equality implications arising from the recommendation in this report

5. Conclusion and reasons for recommendations

5.1 This report indicates the level of work being undertaken by Internal Audit in order to provide assurance surrounding the Council's control environment.

Appendices

- **Appendix 1** provides an update on outcomes of delivery of the 2017-18 audit plan;
- **Appendix 2** summarises high priority findings from audit reviews that have attracted a 'limited' or 'no' assurance rating;
- **Appendix 3** details the results of the follow up of audit recommendations made previously.

Final report clearance:

Signed by:



Service Director - Asset and Financial
Management (S151 Officer)

Date 25th September 2018

Report Author: Nasreen Khan, Head of Internal Audit, Investigations and Risk Management

Email: nasreen.khan@islington.gov.uk

Financial Implications Author: Mohammed Sajid

Email:
mohammed.sajid@islington.gov.uk

Legal Implications Author:
Peter Fehler

Email:
peter.fehler@islington.gov.uk

REPORT ENDS

This page is intentionally left blank

APPENDIX 1 – 2017-18 INTERNAL AUDIT PLAN UPDATE

2017-18 Internal Audit Annual Report Audit Committee – 15th October 2018

Introduction: This Appendix provides summary details of the 2017-18 audit plan that was agreed by Committee in March 2017. It shows the indicative scope as well as the delivery status of each individual project. It is included to provide Members with assurance that the audit plan – which is the key vehicle for providing the Committee with independent assurance – is being delivered.

* Denotes a principal risk

1.1 CORPORATE / CROSS CUTTING

Number	Audit title	Indicative scope	Days	Status – 31 st August 2018
CC17_1	Resident Impact Assessments	To review the processing, recording, administering and monitoring of resident impact assessments in line with the Equalities Act	15	Incorporated (at the request of management) into the review of Outcome Based Budgeting, which was deferred to 2018-19 to accommodate the pressures on the OBB programme. Audit resource was utilised on additional in-year reviews, which are listed at section 1.7 below.
CC17_2	Health & Safety *	Deferred from 2016-17. To undertake a deep dive into one health and safety area across the Council.	15	The deep dive focussed on legionella. The review is at draft report stage awaiting exit meeting.
CC17_3	IR35	Review of the impact of the new IR35 regulation. To include tax and service delivery risks to the Council.	15	Completed. Limited assurance. High priority recommendations are detailed at Appendix 2.

Number	Audit title	Indicative scope	Days	Status – 31 st August 2018
CC17_4	Income Generation *	Cross Council review of Income Generation strategies.	15	Completed. A management Letter was issued which reported that the Council has made good progress in identifying and pursuing income generation opportunities. Suggestions for further developing income generation were made (including the production of a Cross Council benchmarking report), management agreed that these will be pursued over the coming year.
CC17_5	Contract Management*	To assess organisational oversight of third party delivery.	15	Completed. Limited assurance rating. High priority recommendations are detailed at Appendix 2.
CC17_6	Outcome-Based Budgeting *	To assess the council's preparedness for outcome-based budgeting	10	This review was deferred to Q3 2018/19 to accommodate the pressures on the OBB programme. Audit resource was utilised to provide control design advice into the Programme Office.
CC17_7	General Data Protection Regulation *	Ongoing monitoring of council's preparation for the implementation of GDPR	10	Completed. A management letter was issued, which found that although some additional work was recommended, the Council were on a good trajectory for adhering to requirements stipulated under the GDPR.

Number	Audit title	Indicative scope	Days	Status – 31 st August 2018
CC17_8	Programme Management/Transformation *	Programme review of a specific transformation programme or to assess the overall governance of programme management.	15	Internal Audit provided control design advice on the set up of a PMO as well as ad hoc project management advice.
CC17_9	Performance and Management Information	To review the arrangements for managing data quality of performance and management information and the monitoring of results and use in decision making. To be considered in line with Council review of Performance/Delivery.	15	Internal Audit provided design advice on best practice performance management. An ongoing piece of work is underway to better align performance management with the Council's risk management framework.
CC17_10	Gift & Hospitality and Declarations of Interest	Review the control processes in place to maintain and monitor the receipt of gifts and hospitality and declarations of interest for officers and members	15	<p>Separate reports were issued for Employees and Members.</p> <p>Employees</p> <p>Limited assurance. High priority recommendations are detailed at Appendix 2. The report is currently at draft stage awaiting finalisation of management responses.</p> <p>Members</p> <p>A separate management letter was issued for Members' Gift & Hospitality and Declarations of Interest, which concluded that, based on evidence reviewed at the time of the audit, a satisfactory control framework was in place.</p>

1.2 RESOURCES

Ref	Audit title	Indicative scope	Days	Status – 31 st August 2018
R17_1	Recruitment	Risk based review of the Council's recruitment process for permanent staff.	15	Resources was directed at 2017-18 investigation reviews in this area.
R17_2	Purchase cards	Review of key controls in place surrounding Purchase cards and the arrangements for monitoring transactions.	15	The review is at draft report stage awaiting exit meeting.
R17_3	Continuous Auditing/Key Financial Systems	Key controls review focussed on five key financial systems; Council Tax and NNDR, Parking, Treasury Management, Cash Management, and Accounts Payable.	50	Completed. The overall assurance rating was Limited, with ratings for the specific areas reviewed as follows: Council Tax and NNDR - Substantial Parking - Moderate Treasury Management – Moderate Cash Management -Limited Accounts Payable - Limited High priority recommendations relating to Cash Management and Accounts Payable are detailed at Appendix 2.
R17_4	Shared Digital *	Reviews within Shared Digital. TBC following planning meeting with Chief Digital and Information Officer.	30	The 2017-18 shared digital audit resource was utilised as follows:

Ref	Audit title	Indicative scope	Days	Status – 31 st August 2018
				<ul style="list-style-type: none"> - A Review of Payment Card Industry compliance is in progress. - Key controls testing in relation to Continuous Audit Monitoring (see R17-3 above), included a review of IT controls. <p>A planned review of digital strategy and ethical hacking did not proceed due to the pause in the progression of shared digital.</p>
R17_5	Enterprise Resource Planning (Integrated Main Accounting system)	To provide risk and control advice on the development and implementation of major new HR and Finance cloud based system	20	This review did not proceed as the decision as ERP did not proceed. Audit resource was utilised on additional in-year reviews, which are listed at section 1.7 below

1.3 CHILDREN'S SERVICES

Ref	Audit title	Indicative scope	Days	Status – 31 st August 2018
CS17_1	Commissioning- Children Looked After and Children In Need	To review the Council's commissioning processes for Children Looked After and Children in Need to ensure that best value is obtained and care quality is monitored in line with Children's Services Joint Commissioning Policy. To also include a review of the effectiveness of assessment/placement processes, budget monitoring and/or contract management.	15	Deferred to 2018-19 at management request so that the scope of the audit could be widened to include the transition from child to adult with Housing and Adult Social Service. Audit resource was utilised on additional in-year reviews, which are listed at section 1.7 below
CS17_2	SEN Transport	Cross cutting review with E&R, to review the impact of increasing costs and demographic issues on service delivery as well as arrangements for ensuring ongoing viability.	15	Completed. A management letter was issued with seven high priority recommendations made, which are detailed at Appendix 2.
CS17_3	Disabled Children's team	Cross cutting review with Adult Social Care, to review the Transitions Team (a multi-agency team that works with disabled young people with severe and complex needs and their families to support the move-on to adult life).	15	This review was not progressed and, at the request of management, audit resource was redirected to a review of Children's Services Records.
CS17_4	Foster Care Payments	Extended follow up of 2016/17 audit; to include adoption and guardianship payments	10	Completed. Limited assurance rating. High priority recommendations are detailed at Appendix 2.
CS17_5	Schools Audits x 4	Internal audits of schools on a cyclical basis.	20	Four reviews completed. 1) Islington Arts and Media School – No assurance 2) Hargrave Park – Limited assurance

Ref	Audit title	Indicative scope	Days	Status – 31 st August 2018
				<p>3) Drayton Park –Moderate assurance</p> <p>4) St Jude and St Paul's – Limited assurance</p> <p>High priority findings for Islington Arts and Media School and St Paul's and St Jude's were previously reported to the Audit Committee in January 2018.</p> <p>High priority findings for Hargrave Park are detailed at Appendix 2.</p>
CS17_6	Stronger Families	Sign off of grant claim returns	20	Grant claim returns were required to be audited during 2017/18. All claims were completed and were found to be fairly stated, based on the evidence presented.
CS17_7	Safeguarding Children*	To review the Council's arrangements for safeguarding children including governance, risk management and the arrangements for ensuring statutory requirements are met.	15	The review in progress and is being delivered as a focussed risk management piece.

1.4 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Days	Status – 31 st August 2018
ER17_1	Cottage Road Depot	To review procurement and contract management processes to ensure practices are	15	Completed. Limited assurance rating. High priority recommendations were

		in line with Council policies. To include an assessment of the oversight of practices.		previously reported to the Audit Committee in January 2018.
ER17_2	Blue Badges	To undertake a pro-active fraud review surrounding the administration and enforcement of blue badges	15	The review has been deferred to 2018-19. Audit resource was utilised on investigation reviews in this area.
ER17_3	Pest Control	To review arrangements for pest control including income generated through iCO, the Council's trading company.	15	Fieldwork in progress and we expect to conclude in October 2018.

1.5 HOUSING AND ADULT SOCIAL SERVICES

Ref	Audit title	Audit Indicative Scope	Days	Status – 31 st August 2018
HASS17_1	Housing Revenue Account	To review the arrangements in place for monitoring the Council's HRA financial viability. To include a review of the HRA Business Plan; savings plans, budget setting process and/or a review of recharges and/or options for cost-effective sales.	15	Deferred to 2018/19 audit work programme due to lack of availability of key staff during the year end closedown process. Audit resource was utilised on additional in-year reviews, which are listed at section 1.7
HASS17_2	General Service Charges	To review the methodology for calculation and assess whether reasonable, fair and complete. To assess the adequacy of supporting documentation for charges. To determine whether income is maximised.	15	A draft report has been issued and exit meeting has taken place. We are awaiting finalisation of management responses.
HASS17_3	Safeguarding Adults – Voluntary and Community Sector (VCS) organisations*	To review the Council's arrangements for safeguarding adults including governance, risk management and the arrangements for ensuring statutory requirements are met at Voluntary and Community Sector organisations.	15	The review in progress and is being delivered as a wider risk management piece. VCS – Internal Audit is providing support to the monitoring team ahead of monitoring visits.
HASS17_6	Third Sector Organisations x 1	Review of activities undertaken by Third Sector Organisations in the borough	5	Review of the governance arrangements for One True Voice, a Council Third Sector Organisation, was completed. A Management Letter was issued providing risk and control design advice.
HASS17_7	TMOs and Tenancy Management x4	Review of activities undertaken by Tenant Management Organisations in the Borough	20	4 reviews undertaken as follows:

Ref	Audit title	Audit Indicative Scope	Days	Status – 31 st August 2018
				<p>1) Hornsey Lane TMO, which received a 'No Assurance' rating. High priority recommendations are detailed at Appendix 2,</p> <p>2) A draft report has been issued and an exit meeting held for Stafford Cripps TMO. We are awaiting finalisation of management responses,</p> <p>3 and 4) Draft reports have been issued for Charteris and Half Moon Crescent TMOs and we are awaiting exit meetings.</p>

1.7 Additional Work** commissioned in year and 2016/17 audits carried forward to 2017/18

Ref	Audit title	Summary	Status – 31 st August 2018
AD17_01	Children In Need (CIN) Imprest Variance	Review of the management of a Petty Cash Imprest Account maintained by the CIN Service.	Completed. Risk and control advice memorandum issued.
AD17_03	Sunnyside Community Garden	Review of financial management, governance and safeguarding arrangements at Sunnyside Community Gardens	Completed. Risk and control advice memorandum issued

AD17_04	Westbourne Children's Centre	Review of cash, banking and fee record keeping at the Centre and a review of the design and operation of the key controls in place for financial management and governance.	Completed. A management letter was issued which addressed risks relating to the collection and receipting of cash, reconciliation and banking of income, the accuracy and integrity of financial records, and the robustness and effectiveness of the general control framework. It was recommended that outcomes/learnings was shared with other Children's' Centres. A follow up review is scheduled for 2018-19.
AD17_05	Parking Services E Voucher System	Review of the potential risk and controls surrounding the implementation of a new residents parking e-voucher system, RINGO.	Completed. Risk and control advice memorandum issued
AD17_06	Voluntary and Community Sector Governance Checklist	Review of governance self-assessment checklists prior to issuance to Voluntary and Community Sector organisations.	Completed. Risk and control advice memorandum issued
AD17_07	Tenant Management Organisation Governance Self-Assessment	Review of governance self-assessment checklists prior to issuance to Tenant Management Organisations.	Completed. Risk and control advice memorandum issued
R17_01	Payroll	Review of guidance and procedures, starters, leavers, amendments to pay, reconciliations with the General Ledger, and management information.	Fieldwork in progress. Estimated completion date end September 2018.
CS17_8	Children's Services Record Management	To review whether there is a risk that historical records have not been maintained and to ensure that current file maintenance is robust.	Fieldwork in progress. Estimated completion date end September 2018.

FR16_2	Office 365	Review of programme's governance, risk management and dependency management for the implementation of Office 365 (cloud based Microsoft Office suite of applications, such as Word, Excel, Skype)	Completed. Moderate Assurance rating.
FR16_3	Role of Senior Information Risk Officer (SIRO)	Assessment of the role of the SIRO with respect to the implementation of General Data Protection Regulation (GDPR) and the amalgamation of the Council's IT services into a single, Shared Digital service.	Completed. Management Letter issued which made a number of recommendations concerning the position and the role of the SIRO and information risk policies and procedures within Shared Digital. High priority recommendations are detailed at Appendix 2.
HASS16_1	Adult Social Care – Contingency Planning for Provider Failure	Review of the Council's plans in place to ensure that it can respond to the potential failure of a residential care provider.	Completed. No Assurance rating. High priority recommendations are detailed at Appendix 2.
CC16_2	Cyber Security	Assessing vulnerabilities of IT systems across the Council which hold personal and sensitive data	Completed. Management Letter issued, which made a number of recommendations concerning Cyber Security strategy and budget, safeguarding of data, governance arrangements and training. High priority recommendations are detailed at Appendix 2.

** The additional work below arose from the re-assessment of priorities and reallocation of audit resources; we are assured that the audit resource continued to be focussed on the highest risk areas.

APPENDIX ENDS

APPENDIX 2 – High Priority Recommendations

2017-18 Internal Audit Annual Report Audit Committee – 15th October 2018

Introduction

This appendix summarises high priority recommendations arising in 2017-18 from audit reviews that attracted a ‘no’ or ‘limited’ assurance rating. It provides Members with an overview of recommendations made in areas where control weaknesses have been identified that have constituted high risk to specific service objectives.

Satisfactory management responses to audit recommendations have been obtained. Follow up reviews are in the process of being conducted in 2018-19 to assess the level of implementation of audit recommendations.

Reference	Audit Title
CC17-3	IR 35 - Off-Payroll Working Through An Intermediary
Three high priority recommendations were raised relating to: <ol style="list-style-type: none">1. Schools – guidance and monitoring arrangements,2. Review of existing arrangements – retention of documents,3. Review and monitoring of future engagements.	

Number	Audit Title
CC17_5	Contract Management
Four high priority recommendations were raised relating to: <ul style="list-style-type: none">• Ownership and accountability of Council-wide contract management arrangements,	

Number	Audit Title
CC17_5	Contract Management
<ul style="list-style-type: none"> • Management information, • Contingency planning, • Dedicated contract management time. 	
Number	Audit Title
CC17_10	Gifts & Hospitality and Declarations of Interest – Employees
<p>Two high priority recommendations were raised relating to:</p> <ul style="list-style-type: none"> • Policy and guidance, • Oversight and monitoring. 	

Number	Audit Title
R17_3	Continuous Auditing of Key Financial Systems
<p>We reviewed the following key financial systems during 2017/18: Cash Management, Accounts Payable, Treasury Management, Council Tax & NNDR, and Parking. Six high priority recommendations were raised relating to:</p>	
<p>Cash management</p> <ul style="list-style-type: none"> • Cash deposit reconciliations, • Suspense account analysis, • Bank reconciliations. <p>Accounts payable</p> <ul style="list-style-type: none"> • Authorisation of payment card expenditure, • Supporting documentation for new suppliers, • Lack of a three-way match in the purchase order system. 	

Number	Audit Title
CS17_2	SEN Transport
<p>Seven high priority recommendations were raised relating to:</p> <ul style="list-style-type: none"> • Disclosure and barring service clearances, • Service level agreements, • Commissioning roles and responsibilities, • Budget and financial monitoring, • Eligibility assessments, • Value for money, • Risk assessments and passenger transport forms. 	
Number	Audit Title
CS17_5	Hargrave School
<p>Two high priority recommendations were raised relating to:</p> <ul style="list-style-type: none"> • Purchasing policy and document retention for purchases, • Data security policy. 	

Number	Audit Title
HASS17_7	Hornsey Lane Tenant Management Organisation
<p>Six high priority recommendations were raised relating to:</p> <ul style="list-style-type: none"> • Pre-employment vetting controls, • Repairs and maintenance policy, • Business continuity and disaster recovery planning, • Procurement policies and procedures, • Approved suppliers' safe and insurance certifications, 	

Number	Audit Title
HASS17_7	Hornsey Lane Tenant Management Organisation
<ul style="list-style-type: none"> Data security policy. 	

Number	Audit Title
FR16_03	Role of Senior Information Risk Officer (SIRO)
<p>Two high priority recommendations were raised relating to:</p> <ul style="list-style-type: none"> Position and role of the SIRO across the Councils and in relation to the Shared Digital Service, Information risk policies and procedures within Shared Digital. 	

Number	Audit Title
HASS16_1	Adult Social Care – Contingency Planning for Provider Failure
<p>Three high priority recommendations were raised relating to:</p> <p>Business continuity plans,</p> <p>Plans for minimising risk of provider failure,</p> <p>The monitoring of the financial status of care home providers.</p>	

Number	Audit Title
CC16_2	Cyber Security
<p>One high priority recommendation was raised relating to the cyber security strategy.</p>	

APPENDIX ENDS

This page is intentionally left blank

APPENDIX 3 – FOLLOW UP OUTCOMES

2017-18 Internal Audit Annual Report Audit Committee – 15th October 2018

Introduction This appendix gives details of the results of follow up of recommendations. It provides Members with an indication of the level of implementation of audit recommendations by management. This demonstrates how well the initial audit delivered a value adding output as well as how successful management have been in mitigating the identified risk exposure.

1.1 CORPORATE / CROSS CUTTING

Number	Audit title	Indicative scope	Audit status and assurance rating 2016-17	2017-18 Follow Up Outcomes
FWU17_27	Information Governance/GDPR	Ongoing monitoring of council's preparation for the implementation of GDPR	Completed. Management letter issued	Completed. A good level of implementation of recommendations was noted.
FWU17_31	Cyber Security	Risk based review of the effectiveness of controls in place to manage the risks relating to cyber security strategy, staff expertise, budgeting, roles and responsibilities, and cyber threat identification and mitigations.	Completed. Management letter issued	On hold, following the pause in the progression of shared digital. However, discussions surrounding how recommendations will be progressed will be taken forward with the new digital lead.

1.2 RESOURCES

Ref	Audit title	Indicative scope	Audit status and assurance rating 2016-17	Follow Up Outcomes
FWU17_24	Public Service Network (PSN) Standard Compliance	Follow up of our review to ensure Central Government PSN standards are being complied with.	Completed, limited assurance	Follow up in progress
FWU17_23	Digital Strategy and Technology Roadmap	Follow up on our assessment of the key controls in place for cyber security governance.	Completed, limited assurance	On hold, following the pause in the progression of shared digital. However, discussions surrounding how recommendations will be progressed will be taken forward with the new digital lead.
FWU17_30	Abacus to ControCC Transition	Follow up on our evaluation of the design and operating effectiveness of ControCC's key controls.	Completed, substantial assurance	Completed. some progress has been made but further work is required to implement the two outstanding recommendations. A further follow up will be undertaken in Q4 2018-19.
FWU17_20	Third Party Access	Follow up review of the effectiveness of control governing access to the council's it systems by third parties.	Completed, limited assurance	Completed. Followed up as part of the audit of Contract Management, reference CC17_5 (See Appendix 1).
FWU17_32	Office 365	Follow up review to provide assurance over the processes and controls within the roll-out programme for Office 365.	Completed, moderate assurance	The latest agreed implementation date for this review is January 2019 and we have Included a follow up review in the 2018/19 Q4 audit work programme.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2016-17	Follow Up Outcomes
FWU17_33	Role of Senior Information Risk Officer (SIRO)	Review to assess the role of the SIRO with respect to the implementation of General Data Protection Regulation ("GDPR") and the amalgamation of the Council's IT services into a single, Shared Digital service.	Completed Management Letter issued	The latest agreed implementation date for this review is mid- 2018 and we have Included a follow up review in the Q3 2018/19 audit work programme.
FWU17_14	Use of Agency Staff	Risk based audit of the effectiveness of controls in place to manage the risks relating to DBS disclosure, vetting, approval to recruit and consultants.	Completed, Management Letter issued	Completed. Some progress has been made but further work is required to implement the outstanding recommendations. A further follow up will be undertaken in Q4 2018-19.
FWU17_16	Disclosure and Barring Service (DBS) Renewals	Risk based audit of the effectiveness of controls in place to manage the risks relating to policy and guidance, escalation and reporting protocols, and renewals for agency workers.	Completed, Management Letter issued	Completed. A good level of implementation of recommendations was noted.
FWU17_28	Data Breach - Parking Ticket Viewer	Review of the design and operation of data breach controls for the Parking Ticket Viewer application, including the documentation of infrastructure architecture, contract, incident, change and risk management.	Completed, Management Letter issued	Follow-up not required as the Parking Ticket Viewer system is no longer in place. Generic risks and recommendations arising from the original report have been incorporated into our proposed Network Penetration Testing/Ethical Hacking exercise, which forms part of our 2018/19 audit programme.

1.3 CHILDREN'S SERVICES

Ref	Audit title	Indicative scope	Audit status and assurance rating 2016-17	Follow Up Outcomes
FWU17_04	Hornsey Road Children's Centre	Risk based review of the effectiveness of controls in place to manage various financial, governance, regulatory and operational risks	Completed, moderate assurance	Completed. A good level of implementation of recommendations was noted.
FWU17_06	Education Health Care Plans	Risk based review of the effectiveness of controls in place to manage the risks relating to eligibility, assessment, budget monitoring and control, and procedures and care paths.	Completed, moderate assurance	Completed. A good level of implementation of recommendations was noted.
FWU17_10	Foster Care & Adoption Payments	Review the controls in place to manage the risks relating to payment system (Softbox) and monitoring. Extended to cover adoption and guardianship payments.	Completed, no assurance	Completed, assurance improved to a level indicative of limited.
FWU17_03	Hanover Primary School	Risk based review of the effectiveness of controls in place to manage various financial, governance, regulatory and operational risks	Completed, limited assurance	Completed, assurance improved to a level indicative of moderate.

Ref	Audit title	Indicative scope	Audit status and assurance rating 2016-17	Follow Up Outcomes
CS15_1_4	The Bridge School	Risk based review of the effectiveness of controls in place to manage various financial, governance, regulatory and operational risks	Completed, limited assurance	On hold pending discussion with Children's Services given the change in schools' status to an Academy Trust.
FWU17_9	Laycock Primary School	Risk based review of the effectiveness of controls in place to manage various financial, governance, regulatory and operational risks	Completed, no assurance	Completed, assurance improved to a level indicative of moderate.
FWU17_13	Central Foundation Boys' School	Risk based review of the effectiveness of controls in place to manage various financial, governance, regulatory and operational risks	Completed, limited assurance	Follow up in progress
FWU17_12	St John's Highbury Vale CE Primary School:	Risk based review of the effectiveness of controls in place to manage various financial, governance, regulatory and operational risks.	Completed, no assurance	Follow up in progress
FWU17_17	St Mark's CE Primary School	Risk based review of the effectiveness of controls in place to manage various financial, governance, regulatory and operational risks	Completed, limited assurance	Follow up in progress

Ref	Audit title	Indicative scope	Audit status and assurance rating 2016-17	Follow Up Outcomes
FWU17_25	Film Service	Risk based audit of the effectiveness of controls in place to manage the risks relating to the notification and approval of filming, donations to community groups, KPIs, and Fees and discounts.	Completed, moderate assurance	Completed. A good level of implementation of recommendations was noted.
FWU17_34	Local Education Partnership (LEP)	Risk based audit of the effectiveness of controls in place to manage performance reporting and benchmarking risks.	Completed, moderate assurance	Completed. A good level of implementation of recommendations was noted.

1.4 ENVIRONMENT AND REGENERATION

Ref	Audit title	Indicative scope	Audit status and assurance rating 2016-17	Follow Up Outcomes
FWU17_05	Street Trading	Risk based audit of the effectiveness of controls in place to manage strategy, arrears recovery, cash and banking and Bribery Act compliance risks.	Complete, moderate assurance	Completed. A good level of implementation of recommendations was noted.
FWU17_21	Leisure Centre Contract Arrangements	Risk based audit of the effectiveness of controls in place to manage governance, contract	Completed, substantial assurance	Completed. A good level of implementation of recommendations was noted.

		monitoring, service delivery and budgetary control risks.		
FWU17_29	Trading Company - iCO	Key controls testing including review of company strategy, formation and planning and risk management.	Completed, management letter issued	Completed, some progress has been made but further work is required to implement the remaining six outstanding recommendations. A further follow up has been planned for Q4 2018-19.
AD17_03	Sunnyside Gardens	Follow up of our review of the effectiveness of controls in place to manage various financial, regulatory and operational risks	Completed, limited Assurance	Completed, assurance improved to a level indicative of moderate.

1.5 HOUSING AND ADULTS SOCIAL SERVICES

Ref	Audit title	Audit Indicative Scope	Audit status and assurance rating 2016-17	Follow Up Outcomes
FWU17_01	Arch Elm Tenant Management Organisation	Risk based review of the effectiveness of controls in place to manage various financial, regulatory and operational risks	Completed, no assurance	Completed, some progress has been made in implementing recommendations however a number of recommendations were still in the process of being implemented. We will follow up progress in Q3 of 2018/19.
FWU17_11	Dixon Clarke Tenant Management Organisation	Risk based review of the effectiveness of controls in place to manage various financial, regulatory and operational risks	Completed, no assurance	Follow up in progress
FWU17_02	Islington Law Centre	Risk based review of the effectiveness of controls in place to manage various financial, regulatory and operational risks	Completed, limited assurance	Completed, assurance improved to a level indicative of moderate.
FWU17_19	TMO IT Arrangements	Follow up of our assessment of governance arrangements in place around data and IT security for TMOs	Completed, Management Letter issued	Interim follow up completed. Some progress has been made in implementing the recommendations. We will follow up progress in Q4 of 2018/19.

APPENDIX ENDS

Resources
7 Newington Barrow Way
London N7 7EP

Report of: Corporate Director of Finance and Resources

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	15 October 2018		All

1. Synopsis

- 1.1 KPMG is presenting the Annual Audit Letter for 2017/18 to the Audit Committee for noting.

2. Recommendations

- 2.1 To note the Annual Audit Letter for 2017/18.

3. Background

- 3.1 The Annual Audit Letter from KPMG, the councils external auditor, summarises the outcome from all their audit work in relation to the 2017/18 audit year.

4. Implications

- 4.1 Financial Implications: none
4.2 Legal Implications: none
4.3 Environmental Implications: none.
4.4 Resident Impact Assessment: There are no direct resident impact implications.

5. Conclusion and reasons for recommendations:

- 5.1 The Committee is asked to note the contents of the attached reports.

Appendices:

Annual Audit Letter 2017/18

Background papers: (available online or on request):
External audit report 2017/18 – Audit Committee 24 July 2018

Final Report Clearance:

Signed by:



Corporate Director of Finance and Resources

Date 2018

Received by:

Date

Head of Democratic Services

Report Author: Alan Layton, Director of Financial and Asset Management
Tel: 020 7527 2835
E-mail: alan.layton@islington.gov.uk



Annual Audit Letter 2017/18

London Borough of Islington and Pension Fund

—

August 2018

Contents

The contacts at KPMG in connection with this report are:

Neil Hewitson
Director
KPMG LLP (UK)

Mob: 07909 991009
neil.hewitson@kpmg.co.uk

Paul Cuttle
Senior Manager
KPMG LLP (UK)

Mob: 07917 307842
paul.cuttle@kpmg.co.uk

Page 38

Page

Report sections

— Headlines	3
-------------	---

Appendices

1. Summary of reports issues	5
------------------------------	---

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Hewitson, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



This Annual Audit Letter summarises the outcome from our audit work at the London Borough of Islington in relation to the 2017/18 audit year, which is the final year that KPMG is the auditor of the Authority and its pension fund.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

Audit opinion

We issued an unqualified opinion on the Authority's financial statements on the 29 June 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements include those of the pension fund, which we issued an unqualified opinion on as part of our audit report.

Financial statements audit

Our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £8.6M which equates to approximately 1% of gross expenditure. We design our procedures to detect errors in specific accounts at a lower level of precision. Materiality for the Pension Fund was set at £10M which is approximately 1% of gross assets. We report to the Audit Committee any misstatements of lesser amounts, other than those that are "clearly trivial", to the extent that these are identified by our audit work. In the context of the Authority, an individual difference is considered to be clearly trivial if it is less than £0.4M for the Authority and £0.5M for the Pension Fund.

We identified a misstatement of £2.7M, where a School asset was double counted. The Council did not adjust for this as it was not material to the financial statements.

Our audit work was designed to specifically address the following significant risks:

- Management Override of Controls (Council and Pension Fund); and
- Valuation of land and buildings (Council only).

Other than the misstatement relating to the School asset there were no issues arising from our work in these areas.

Other information accompanying the financial statements

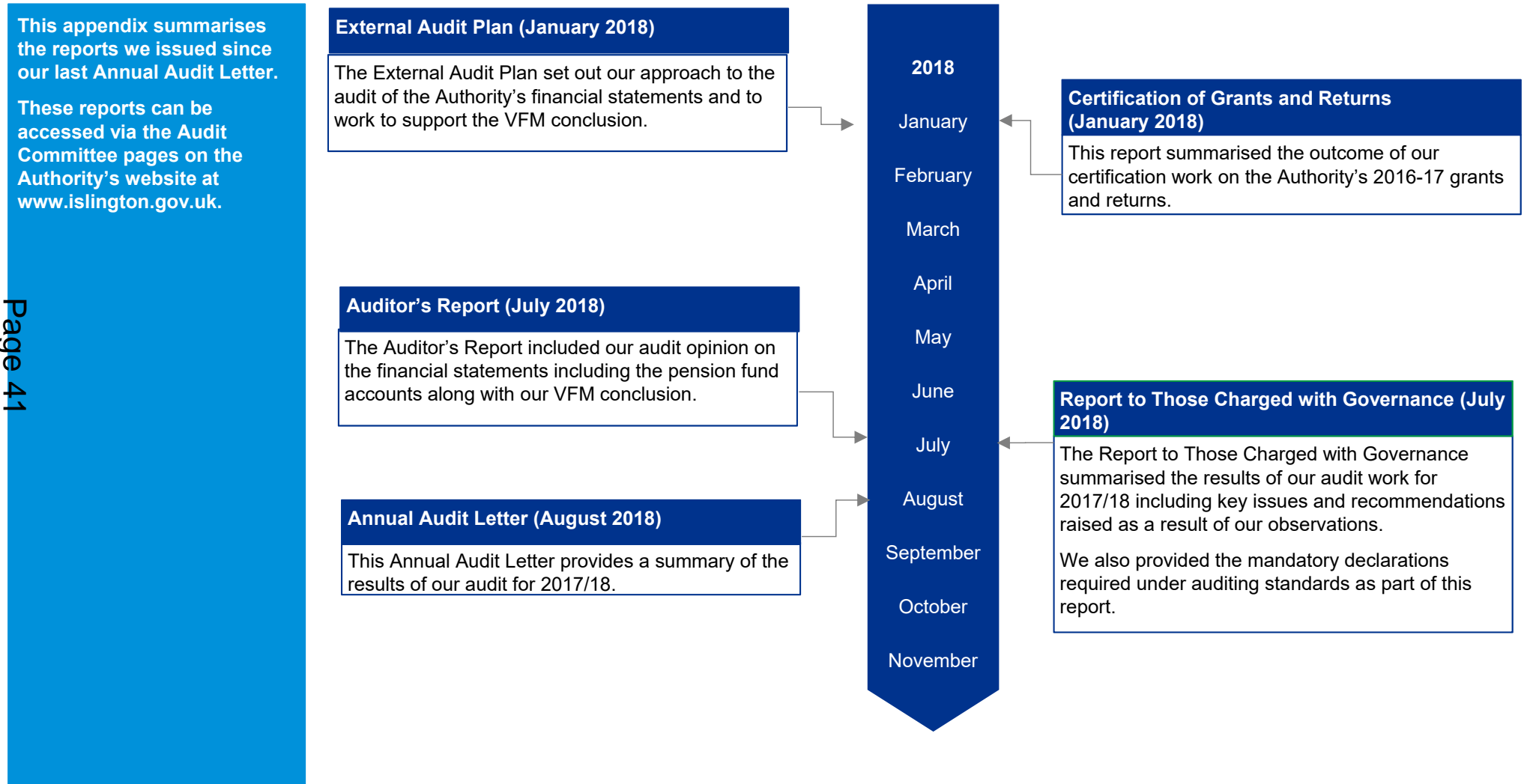
Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

Whole of Government Accounts

We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.

Value for Money conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2017-18 on 29 June 2018. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.</p> <p>To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.</p>
High priority recommendations	<p>We made no new recommendations as a result of our 2017/18 work. All four recommendations raised as part of our 2016/17 have been implemented by management.</p>
Certificate	<p>We are not in a position to issue our audit certificate with the audit opinion as the Authority has not provided us with a draft Pension Fund Annual Report. The deadline for the Authority to publish this is 1 December 2018 but we expect to be able to issue our audit report for the Pension Fund Annual Report in September 2018 to allow early publication.</p> <p>In June 2018 we issued certificates for 2013-14, 2014-15, 2015-16 and 2016-17 following the consideration of matters brought to our attention by an elector.</p>
Audit fee	<p>Our fee for the audit was £202,830 excluding VAT (£202,830 excluding VAT in 2016/17). The audit fee for the Pension Fund was £21,000 excluding VAT (£21,000 excluding VAT in 2016/17). These fees are in line with that highlighted in our audit plan approved by the Audit Committee in January 2018.</p> <p>Our work on the certification of Housing Benefits (BEN01) is planned for October 2018. The planned scale fee for this is £24,975 excluding VAT (£24,975 excluding VAT in 2016/17). Planned fees for other grants and claims which do not fall under the PSAA arrangements is £6,000 excluding VAT (£6,000 excluding VAT in 2016/17).</p> <p>We have not completed any non-audit work at the Authority in year other than the grants and claims which do not fall under the PSAA arrangements referred to above.</p>
Exercising of audit powers	<p>We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.</p> <p>We have not identified any matters that would require us to issue a public interest report.</p>

Appendix 1 : Summary of reports issued





kpmg.com/socialmedia



kpmg.com/app

© 2018 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

KPMG LLP is multi-disciplinary practice authorised and regulated by the Solicitors Regulation Authority. For full details of our professional regulation please refer to 'Regulatory Information' at www.kpmg.com/uk

The KPMG name and logo are registered trademarks or trademarks of KPMG International.



Internal Audit
Finance and Resources
7 Newington Barrow Way,
London N7 9EP

Report of: The Corporate Director of Resources

Audit Committee	Date: 15 th October 2018	Ward(s): All
-----------------	-------------------------------------	--------------

Delete as appropriate	Exempt (Appendix)	
-----------------------	-------------------	--

THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

The appendix is not for publication as it contains exempt information within the definition in Schedule 12A of the Local Government Act 1972 (as amended on 1 March 2006). Information contained in this report is exempt because it falls within:

- Paragraph 2 of Schedule 12A as it includes information which is likely to reveal the identity of individuals;
- Paragraph 3 of Schedule 12A as it includes information relating to the financial or business affairs of particular persons;
- Paragraph 7 as it includes information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

SUBJECT: Whistleblowing Report - April 2017 to January 2018

1. Synopsis

- 1.1 The report confirms that whistleblowing arrangements are in place and operating effectively, and that investigating fraud is an integral part of the Council's Anti-Fraud Strategy.

Whistleblowing arrangements are a key element of the Council's overall governance arrangements. It is the mechanism to "empower the honest majority" in the fight against fraud and corruption and is an integral part of the Council's Anti-Fraud Strategy.

Whistleblowing allows employees, members, contractors and others, to raise concerns about fraud and corruption. There are separate reporting mechanisms for adult and child protection allegations.

Whistleblowing information is located within the Human Resources policies and procedures section of the Council's intranet.

The Council's Whistleblowing Officer is the Head of Internal Audit, Investigations and Risk Management.

- 1.2 The report gives detail of referrals between April and August 2018. This is compared against referrals made in the previous years.

2. Recommendations

- 2.1 Committee is asked to note the contents of the report.

3. Background

- 3.1 Effective whistleblowing arrangements are a key element of effective governance arrangements within the Council. The Council's Whistleblowing Policy details how referrals can be made to the Council.

4. Implications

Financial implications:

- 4.1 None arising from the content of this report.

Legal Implications:

- 4.2 The original Public Interest Disclosure Act 1998 provisions, inserted in the Employment Rights Act 1996, were amended by the Enterprise and Regulatory Reform Act 2013 to introduce a new public interest requirement. The Council must have regard to the Government's Whistleblowing Guidance for Employers and Code of Practice (2015).

Environmental Implications

- 4.3 None arising from the content of this report.

Resident Impact Assessment:

- 4.4 There are no direct Resident Impact Assessment implications arising from this report.

5. Reasons for the recommendations / decision:

- 5.1 The report presents an update on whistleblowing referrals received from April to August 2018.
- 5.2 The Council is obliged under the Public Interest Disclosure Act to maintain a Whistleblowing Policy, designed to encourage staff, members, contractors and others to raise concerns without fear of reprisal.



Signed by

Service Director - Financial and Asset Management
(S151 officer)

Date 25th
September 2018

Appendices

- Appendix A - Exempt

Background papers:

- None

Report author: Nasreen Khan, Head of Internal Audit, Investigations and Risk Management

E-mail: nasreen.khan@islington.gov.uk

Financial Implications Author: Mohammed Sajid

Email:
mohammed.sajid@islington.gov.uk

Legal Implications Author:
Peter Fehler

Email:
peter.fehler@islington.gov.uk

REPORT ENDS

This page is intentionally left blank

By virtue of paragraph(s) 2, 3, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Resources Department
7 Newington Barrow Way
London N7 7EP

Report of: Director of Law and Governance
--

Meeting of	Date	Ward(s)
Audit Committee	15 October 2018	All

Delete as appropriate		Non-exempt
-----------------------	--	------------

Subject: ANNUAL REPORT ON STANDARDS AND MEMBER CONDUCT

1. Synopsis

In accordance with the Audit Committee Terms of Reference, the Monitoring Officer is required to submit to the committee an annual report concerning standards of member conduct, including a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome. The complaints received in the municipal year 2017-8 are detailed below. This report also includes information on member training and development and declarations of interest.

2. Recommendation

- 2.1 To note the contents of the report.

3. Details

3.1 Member Training and Development

- 3.2 A more strategic approach to ensuring that members make the most of opportunities for development was taken this year, including ensuring that there were opportunities for all councillors who wished to undertake training to do so and that the budget available was fairly allocated between the Executive and backbench members.

Councillors attended a number of conferences, including the Early Intervention Foundation Conference, the Youth Justice Convention, Priorities for UK Waste and Recycling and the LGA Annual Conference. One of the backbench Councillors completed the LGA Leadership course and further training has covered Licensing, Planning, Effective Scrutiny and Writing Effective Presentations and Speeches.

- 3.3 Information about free of charge and subsidised development opportunities, provided by London Councils and the Local Government Association, were regularly circulated to Members.
- 3.4 Members were also been provided with specific advice on governance issues from time to time, including advice regarding declarations of interest and information governance.
- 3.5 A comprehensive Member Induction and Development Programme, to start immediately after the election in May 2018, has been developed. The initial programme will run until December 2018. Members will receive a survey in October 2018 and their responses will help us assess the first 6 months and guide the on-going future development programme.
- 3.6 **Financial Declarations**
- 3.7 All Members reviewed, confirmed and where necessary, updated their register of interests, including their financial declarations, in March 2018. The Members Register of Interests is available on the Council's website.
- 3.8 The Members interests, declarations of interest made at meetings, declarations regarding gifts and hospitality and the councillors' attendance record at committee meetings are all available on the Council's website.
- 3.9 **Complaints**
- 3.10 All complaints under the Members Code of Conduct were referred to the Monitoring Officer (the Director of Law and Governance). Following consideration of the complaint, the Monitoring Officer decides whether it is appropriate to seek an informal resolution. Where there is no informal resolution, the Monitoring Officer may:
- decide not to investigate further;
 - decide that the matter requires investigation.
 - decide to refer the decision as to whether or not there is to be an investigation to the Standards Committee.
- 3.11 No formal complaints have been received against Members during 2017-18 relating to breaches of the Members Code of Conduct, although some issues have been raised which have not reached that stage, as follows:

Members involved	Complainant	Topic	Formal complaint	Outcome
1	Member of the public	Determination by Licensing Committee	N	The complainant did not proceed with the complaint after the initial response and request for further information.

1	Member of the public	Rudeness	N	Informal resolution by way of an apology
2	Member of the public	Change to the name of a community centre	N	The complainant did not respond to a request for clarification in relation to how they considered the Code of Conduct had been breached.

4. Implications

4.1 Financial Implications

The Council had a budget of £8,272 for Member's attending external training courses in 2017-18 and a small underspend was returned to the general fund at the end of the financial year.

4.2 Legal Implications

The Council has a duty to promote and maintain high standards of conduct by Members and Co-opted Members (section 27(1) Localism Act 2011). The Council has adopted a Code dealing with the conduct that is expected of Members and Co-opted Members when they are acting in that capacity (as required by section 27(2) Localism Act 2011).

4.3 Resident Impact Assessment

No resident impacts arise directly from this report.

Background papers: None.

Final Report Clearance

Signed by



24.09.2018

Director of Law and Governance

Date

Report author Philippa Green, Democratic Services Manager
Contact: Tel: 020 7527 3184
Email: Philippa.green@islington.gov.uk

This page is intentionally left blank