

Audit Committee and Audit Committee (Advisory) - 23 January 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 23 January 2018 at 7.00 pm.

Present: **Councillors:** Satnam Gill, Rakhia Ismail and Nick Wayne,
Also **Independent** Alan Begg and Nick Whitaker
Present: **members:**

**Councillor Nick Wayne
in the Chair**

168 APOLOGIES FOR ABSENCE (Item A1)

There were no apologies for absence.

169 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

There were no declarations of substitute members.

170 DECLARATIONS OF INTEREST (Item A3)

There were no declarations of interest.

171 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 19 September 2017 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

Minute 161 – Statement of Accounts.

In response to a question regarding the progress of the 2013/14 elector query it was noted that legal advice was currently being sought regarding the issue. It was considered that it was better for all parties if the accounts could be closed as soon as possible although at this stage a timescale could not be supplied.

RESOLVED that a short update be provided at the next meeting.

172 COUNCIL TAX BASE AND NATIONAL NON-DOMESTIC RATES 2018-2019 (Item B1)

The following points were made during the discussion:-

- That the number of appeals for business rates had been much lower than estimated.
- Officers were confident that a 98% council tax collection rate would be maintained. There was expected to be a 99% business rate collection.
- 30% of the NNDR surplus would be retained by Islington whilst the remainder would be shared throughout London.

RESOLVED

- 1) That the Council Tax base for the whole area for 2018/19 (or until rescinded) shall be 78,175.8 Band D equivalent properties after adjusting for non-collection be agreed.

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- 2) That the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2018-2019 (or until rescinded) shall be 44.9 Band D equivalent properties after adjusting for non-collection.
- 3) That the Council Tax forecast for 2017-2018 be noted.
- 4) That the NNDR forecast for 2017-2018 be noted.
- 5) That the authority be delegated to the Corporate Director Resources to finalise the 2018-2019 NNDR1 Form (detailed business rate estimate) for Islington.

173

ANNUAL TREASURY MANAGEMENT AND INVESTMENT STRATEGY 2018-2019 (Item B2)

In the discussion the following points were made:-

- That members could be provided with treasury management training in the new municipal year.
- The bulk of PFI contracts related to Partners, street lighting and schools. Further details could be viewed in the Statement of Accounts.
- The Housing Revenue Account would be the most affected by an increase in interest rates and any deficit would need to be built into the 30 year business plan when budget estimates were drawn up. It may also be necessary to lock into deals to protect investments.
- It was considered that it would be helpful to have more commentary on risk in future reports. It was also considered that this was a matter that could be explored in more depth at a future meeting.
- The difference between the authorised limit and operational boundary as set out in Appendix B was detailed. The authorised limit was not planned to be exceeded but, should it be necessary on a temporary basis, this flexibility was allowed.
- The Public Works Loan Board debt taken out in the 1980's matured over the next three years. This would be replaced with cheaper borrowing.

RESOLVED

That the key points of the treasury strategy summarised in the report be noted with additional explanatory notes on assurance and risk being sent to the Audit Committee members within the next 14 days and considered by the Chair in consultation with the Audit Committee members.

174

EXTERNAL AUDITOR REPORTS (Item C1)

RESOLVED that the Annual Audit Letter 2016/17 be noted.

175

INTERNAL AUDIT INTERIM REPORT 2017-2018 (Item C2)

The following points were made during the discussion:-

- Concern was expressed about the risk regarding DBS Disclosures in relation to agency staff. It was stated that guidelines provided by Human Resources were comprehensive but were not being consistently implemented by Directorates. The Committee considered that this be prioritised by the Audit Team and a full update provided at the June meeting.
- It was unlikely that implementation of all recommendations regarding General Data Protection Regulation would be fully implemented by February 2018 ahead of legislation effective from May 2018. Islington was forward looking when compared across peer groups and this was a key priority area.

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- The level of management engagement and understanding was high regarding internal audit reports. It was noted that the Chief Executive received all final reports and requested follow up.
- It was considered that future reports include management responses and a timescale to give the Committee a full picture of improvement. The Head of Internal Audit undertook to modify the report for June 2018.
- The Committee would expect more detailed reports in instances where the Directorate was managing the issue and there was no assurance. The most appropriate in depth reports could be agreed in consultation with the Chair of the Audit Committee. In these cases the appropriate officer should be asked to attend the meeting.
- It was considered that it could be important to have one or two more important recommendations in an audit highlighted for implementation.
- A moderate assurance was a satisfactory assessment.
- It was noted that all final reports were sent to individual school governors.

RESOLVED

- 1) That the report be noted.
- 2) That future internal audit reports contain management responses with a timescale.
- 3) That in-depth reports be submitted to the Committee, agreed in consultation with the Chair and that the appropriate officer be requested to attend the meeting to respond to questions of the Committee.

176 PRINCIPAL RISK REPORT 2017/18 UPDATE (Item C3)

The following points were made during the discussion:-

- If there was no support from the Government regarding the costs of recladding a housing block in Islington, the costs would be met from the Housing Revenue Budget and other work would need to be rescheduled.
- There was another block in the Borough with cladding managed by a Housing Trust. The cost would be met by the Council in the first instance but these costs may be recovered in the longer term.
- It was noted that in cases where staff left the authority, risks would be carried forward with an appropriate named officer.

RESOLVED that the report be noted.

177 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW PERFORMANCE REPORT (Item C4)

The following points were made during the discussion:-

- Where there had been complaints made the Corporate Director had direct involvement and would seek to further mitigate the issue. The Council would seek to avoid complaints where possible.
- The Committee considered that there were a low number of complaints for such a large organisation and Islington compared well with other Boroughs.
- It was considered helpful if a table could be included in the report to include figures for previous years for benchmarking purposes.
- Complaints were historical in nature as there was often an 11 month time span between submission of complaints and findings.

RESOLVED that the report be noted and the figures for previous years be included in future reports.

178 **ISLINGTON COUNCIL'S USE OF AGENCY WORKERS (Item C5)**

Councillor Wayne declared a personal interest as his wife worked for HMRC in the legal team.

The following points were made during the discussion:-

- It was not considered that there would be a major financial risk in using agency workers as they were paid at a similar rate except for difficult to recruit posts. There would therefore be no increased risk in terms of budget management.
- There were risks if the authority considered that a contract fell outside IR35 but then was subsequently deemed to be inside the IR35 by the HMRC. The authority would then be liable. Guidance had been issued by the Human Resources team to ensure the correct categorisation and checks had been made by the internal audit team.

RESOLVED that the report be noted and the Chair of the Audit Committee and the Chair of Policy and Performance Scrutiny Committee (as at May 2018) consider the submission of future reports to the Audit Committee.

The meeting ended at 8.40 pm

CHAIR