



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, **26 May 2016 at 7.30 pm.**

John Lynch
Head of Democratic Services

Enquiries to : Jackie Tunstall
Tel : 020 7527 3068
E-mail : democracy@islington.gov.uk
Despatched : 17 May 2016

Membership

Councillor Satnam Gill OBE (Chair)
Councillor Olly Parker (Vice-Chair)
Councillor Richard Greening
Councillor Flora Williamson
David Bennett (Co-Optee)

Substitute Members

Councillor Clare Jeapes
Councillor Alice Perry
Councillor Angela Picknell
Councillor Dave Poyser

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. Audit Committee Appointments 5 - 12
2. Audit Committee - Terms of Reference and Membership 13 - 18

C. Items for Decision - Audit (Advisory) Committee

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

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 6 June 2016

This page is intentionally left blank

London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 17 March 2016

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 17 March 2016 at 7.30 pm.

Present: **Councillors:** Councillor Satnam Gill OBE (Chair), Olly Parker, Raphael Andrews and Richard Greening.

Also Present: **Independent member:** David Bennett

Councillor Satnam Gill OBE in the Chair

87 **APOLOGIES FOR ABSENCE (Item A1)**

None.

88 **DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**

None.

89 **DECLARATIONS OF INTEREST (Item A3)**

Councillor Olly Parker declared a non-pecuniary interest in Item B2 – Internal Audit Annual Plan, as a member of the Factory Children’s Centre.

90 **MINUTES OF PREVIOUS MEETING (Item A4)**

RESOLVED

That the minutes of the meeting of the Committee held on the 28 January 2016 be confirmed as a correct record of proceedings and the Chair be authorised to sign them.

91 **EXTERNAL AUDITOR REPORT (Item B1)**

The following points were made during the discussion:-

- There had been a reduction in audit fee of 25% compared to 2014/15.
- The pension assets would be considered in both sets of financial statements and were material figures in both sets of accounts.
- The figure of materiality for planning purposes had been set at £13 million by setting a benchmark on gross expenditure. The reporting threshold was significantly lower at £650,000 but if an error was found this would be reported to members.

RESOLVED that the report be noted.

92 **INTERNAL AUDIT ANNUAL PLAN 2016/17 (Item B2)**

The following points were made during the discussion:-

- There was a reduction in the number of audit days although there was still enough resource allocated to give a reasonable level of assurance.
- The responsive repairs audit was not yet fully scoped but could cover any aspect from the planning of a repair through to a customer satisfaction survey. The audit would be able to draw on recent audit work in this area in Camden.
- The Head of Internal Audit undertook to forward information regarding the Transforming Street Scene Audit to members.

Audit Committee and Audit Committee (Advisory) - 17 March 2016

- There was a particular concern regarding cyber security and extra assurances were required around IT systems defences.
- The Head of Internal Audit undertook to forward information to members regarding the follow up of the Health and Safety audit – CC16_3 and why it was required.
- That the outstanding recommendations in Planning audit would be monitored and further action taken if necessary.
- Noted that 'HIA and AM' in Table 1 of the report were the Head of Internal Audit and Audit Managers.
- The number of audit days was consistent with the amount of audit days across other authorities. It was planned to move to an increasing proportion of days allocated to the audit in-house team and away from PWC audit days.
- Where there were emerging risks, necessary resources had been allocated to audits by the Director of Finance.
- That the Head of Internal Audit met frequently with the Chair of the Audit Committee and would report any concerns where necessary.

RESOLVED

- 1) that the Annual Internal Audit Plan for 2016/17 be approved;
- 2) That the Head of Internal Audit forward information regarding the Transforming Street Scene Audit and the follow-up to the Health and Safety Audit to members.

93

TEACHERS' PENSIONS GRANT CLAIM (Item B3)

The following points were made during the discussion:-

- For pension deduction changes for 2015/16 there would be a manual calculation for each change which would show separately in the system.
- Financial reconciliations had been completed to the end of January 2016 and amendments dealt with.
- KPMG considered that the figures had not been significant and were pleased with the actions taken.
- The pensions were paid by Capita and it was not possible to obtain the total numbers of those affected.
- This was an issue that could have arisen with the main pension scheme.
- An annual report on teachers' pensions be submitted to the Pensions Board.
- Academy schools would deal directly with teachers' pensions.
- Teachers' pensions had been dealt with previously by Cambridge Education and had been brought in-house.

RESOLVED

- 1) that the Teachers' Pensions claim process improvements for 2015/16 be noted.
- 2) That a report on teachers' pensions be submitted to the Pensions Board.

94

INTERNAL AUDIT FRAUD INVESTIGATION: ANTI-FRAUD STRATEGY (Item B4)

The following points were made during the discussion:-

- The fraud response plan was currently being produced.
- The guidance for officers was set out in the Whistleblowing policy and there were targeted fraud workshops for staff in high risk areas. E-learning modules for staff were currently being considered.
- The need to be vigilant regarding blue badge holder fraud was noted.
- The increasing risk around supplier bank detail fraud was noted.
- To help prevent money laundering, officers were unable to accept over £9000 in cash.
- There had been an increase in whistleblowing reporting by officers.

Audit Committee and Audit Committee (Advisory) - 17 March 2016

- Members be supplied with further information about the Fraud Forum and the types of reports it receives.
- Information regarding the pension scheme for members be forwarded to the Chair of the Committee for possible consideration by the Audit Committee at a later date.

RESOLVED

- 1) That the Anti-Fraud Strategy be noted.
- 2) That information regarding the pension scheme for members be forwarded to the Chair of the Committee.
- 3) Further information regarding the Fraud Forum be forwarded to members of the Audit Committee.

The meeting ended at 8.30 pm

CHAIR

This page is intentionally left blank

Report of : Assistant Chief Executive – Governance and Human Resources

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	26 May 2016		All

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

Subject: AUDIT COMMITTEE APPOINTMENTS 2016/17

1. Synopsis

To appoint the Pensions and Personnel Sub-Committees and to note membership of the Pensions Board.

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 2016/17 or until successors are appointed.
- (c) To appoint the Chair and Vice-Chair for the municipal year 2016/17 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 2016/17 or until successors are appointed.
- (d) To appoint the Vice-Chair for the municipal year 2016/17 or until a successor is appointed.

2.3 Pension Board

- a) To note the following appointments have been made to the Pensions Board:-
- Marion Oliver as pensioner member representative and Thelma Harvey as a substitute pensioner member representative for a 3 year term from 4 June 2015.
 - the following members are appointed for a 4 year term from 4 June 2015:
 - (i) Vaughan West, GMB as a member representative (Chair)
 - (ii) Mike Calvert, Unison as a member representative
 - (iii) David Bennett- as Independent member
 - (iv) Maggie Elliott – Chair of Governors at Montem School as employer representative.
 - (v) Employer representative vacancy.
 - Councillor David Poyser (Vice-Chair).

3. Background

- 3.1 The Audit Committee has two Sub-Committees. The terms of reference of its Pensions and the Personnel Sub-Committees are set out in Appendix A.
- 3.2 The council is made up of 47 labour group members and 1 green member.
- 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.

Signed by

Received by Assistant Chief Executive (Governance & HR) Date

Head of Democratic Services Date

Report author Jackie Tunstall
Tel 020 7527 3068
Fax 020 7527 3008
E-mail Jackie.tunstall@islington.gov.uk

This page is intentionally left blank

1. **PENSIONS SUB-COMMITTEE**

1.1. Committee Membership

Councillors	Substitute Members
Richard Greening (Chair)	Mouna Hamitouche
Andy Hull	Angela Picknell
Mick O'Sullivan	Satnam Gill OBE
Paul Smith	

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 2016/17;

Monday 13 June 2016
 Wednesday 21 September 2016
 Tuesday 15 November 2016
 Monday 13 March 2017

The Pensions A.G.M. is scheduled for 1pm on Monday 17 October 2016 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
Satnam Gill (Chair)	All other Executive members
Richard Watts	
Andy Hull	
Flora Williamson	
Jilani Chowdhury	

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 2016/17 will be arranged as required.

This page is intentionally left blank

Report of: Assistant Chief Executive – Governance and Human Resources
--

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	26 May 2016		All

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

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 12 May 2016, terms of reference and dates of meetings of the Audit and Audit (Advisory) Committee for the municipal year 2016/17, 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



Assistant Chief Executive (Governance & HR)

Date

Received by

Head of Democratic Services

Date

Report author Jackie Tunstall
Tel 020 7527 3068
Fax 020 7527 3008
E-mail jackie.tunstall@islington.gov.uk

AUDIT COMMITTEE AND AUDIT COMMITTEE (ADVISORY) – 26 May 2016

1. COMMITTEE MEMBERSHIP – (To be agreed at Annual Council 26 May 2016).

Councillors	Substitute Members
Satnam Gill (Chair)	Alice Perry
Olly Parker (Vice-Chair)	David Poyser
Flora Williamson	Angela Picknell
Richard Greening	Clare Jeapes
<u>Independent Members - Audit Committee (Advisory)</u> David C Bennett Vacancy	

2. FUTURE MEETING DATES

6 June 2016	20 September 2016	24 January 2017	20 March 2017	June 2017 TBA
-------------------	-------------------------	-----------------------	---------------------	------------------

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. The Audit Committee may decide to appoint different members to the Personnel Sub -Committee in order to deal with appointments of different Corporate Director posts.

- 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 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.

This page is intentionally left blank