



---

## 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 6, Town Hall, Upper Street, N1 2UD on, **25 May 2017 at 7.00 pm.**

**Lesley Seary**  
**Chief Executive**

Enquiries to : Jackie Tunstall  
Tel : 020 7527 3068  
E-mail : [democracy@islington.gov.uk](mailto:democracy@islington.gov.uk)  
Despatched : 17 May 2017

### Membership

Councillor Kat Fletcher (Chair)  
Councillor Nick Wayne (Vice-Chair)  
Councillor Satnam Gill OBE  
Councillor Rakhia Ismail  
Alan Begg (Co-Optee)  
Nick Whitaker (Co-Optee)

### Substitute Members

Councillor Mouna Hamitouche MBE  
Councillor Robert Khan  
Councillor Marian Spall  
Councillor Flora Williamson

**Quorum: is 3 Councillors**



<b>A. Formal Matters</b>	<b>Page</b>
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 - 2
<b>B. Items for Decision - Audit Committee</b>	<b>Page</b>
1. Membership, Terms of Reference and Dates of Meetings	3 - 8
2. Audit Committee Appointments 2017/2018	9 - 16

**C. Urgent non-exempt items**

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

**D. Exclusion of press and public**

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

**E. Confidential/exempt items**

**Page**

**F. Urgent exempt items (if any)**

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

The next meeting of the Audit Committee and Audit Committee (Advisory) will be on 14 June 2017

This page is intentionally left blank

London Borough of Islington

## **Audit Committee and Audit Committee (Advisory) - 20 March 2017**

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 20 March 2017 at 7.00 pm.

**Present:**           **Councillors:**           Satnam Gill OBE, Olly Parker and Richard Greening.  
**Also Present:**       **Independent member:**           Alan Begg.

### **Councillor Satnam Gill OBE in the Chair**

#### **137       APOLOGIES FOR ABSENCE (Item A1)**

Apologies for absence were received from Councillor Flora Williamson and Independent Member, Nick Whitaker.

#### **138       DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**

There were no declarations of substitute members

#### **139       DECLARATIONS OF INTEREST (Item A3)**

There were no declarations of interest.

#### **140       MINUTES OF PREVIOUS MEETING (Item A4)**

##### **RESOLVED**

That the minutes of the meeting held on the 24 January 2017 be confirmed as a correct record subject to the deletion of Alan Begg and Nick Whitaker from the list of councillors present and the Chair be authorised to sign them.

It was noted that there needed to be more focus on reducing the number of agency staff. IR35 was being implemented on the 6 April which may reduce the number of agency staff. The Committee considered that the target needed to be at a more appropriate level and the Policy and Performance Committee could review this.

**RESOLVED** that the Audit Committee request the Policy and Performance Scrutiny Committee review the agency target, currently set at 13%, and set a more appropriate level.

#### **141       EXTERNAL AUDITOR REPORTS (Item B1)**

The Chair welcomed Neil Hewitson and Paul Cuttle, KPMG to the meeting.

Neil Hewitson introduced the External Audit Plan 2016/17.

The following points were made during the discussion:-

- Members considered there was a greater risk in managing the balance on the revenue budget rather than the valuation of land and buildings.
- It was noted that income generation was a new area of work for the Council and carried a risk with the lack of experience and the risk of new business.

## **Audit Committee and Audit Committee (Advisory) - 20 March 2017**

- It was noted that this risk would be looked at as part of the medium term financial strategy and the level of materiality would be considered. It was considered by the Committee that it would be helpful if the audit process could help develop this new area of work.
- The level of materiality was reached through a standard set of calculations.

**RESOLVED** that the report be noted.

### **142 INTERNAL AUDIT PLAN (Item B2)**

During consideration of the report the following points were made:-

- It was noted that 10 days had been set aside for the income generation audit. This could be adjusted if necessary.
- Members of the Committee were pleased to see that there were audits planned for pest control and the blue badge fraud review.
- It was noted that the design of the blue badge did not help prevent fraudulent use as the photo was displayed on the underside. The audit would include a review of high risk areas in Islington and look at other local authority best practice.
- It was noted that there were five days allocated to third sector organisations and Councillors could report any examples they considered high risk to the Head of Internal Audit. Some work had been carried out on third sector organisations in previous years.
- The commissioning audit had been arranged at the request of management and internal audit would work with Service Directors on this audit.
- That members requested an audit on 'village principles'.

**RESOLVED** that

- 1) the report be approved.
- 2) The 'village principles' area be considered for inclusion in the 2018/2019 internal audit plan.

The meeting ended at 7.25 pm

**CHAIR**

<b>Report of:</b> Corporate Director of Resources
---

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	25 May 2017		All

Delete as appropriate		<b>Non-exempt</b>
-----------------------	--	-------------------

## **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 11 May 2017, terms of reference and dates of meetings of the Audit and Audit (Advisory) Committee for the municipal year 2017/18, as set out at Appendix A.

### **3. Background**

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

### **4. Implications**

#### **4.1 Financial Implications**

None.

## 4.2 Legal Implications

None.

## 4.3 Resident Impact Assessment

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

## 5. Conclusion and reasons for recommendations

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

### Background papers:

None.

Final Report Clearance

Signed by

.....  
Corporate Director of Resources

.....  
Date

Received by

.....  
Head of Democratic Services

.....  
Date

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) – 11 May 2017

**1. COMMITTEE MEMBERSHIP – (Agreed at Annual Council 11 May 2017).**

<b>Councillors</b>	<b>Substitute Members</b>
Kat Fletcher (Chair)	Mouna Hamitouche
Nick Wayne (Vice-Chair)	Robert Khan
Satnam Gill	Marian Spall
Rakhia Ismail	Flora Williamson
<u>Independent Members - Audit Committee (Advisory)</u>	
Alan Begg Nick Whitaker	

**2. FUTURE MEETING DATES**

14 June 2017	19 September 2017	23 January 2018	19 March 2018
--------------------	-------------------------	-----------------------	---------------------

**3. TERMS OF REFERENCE OF THE AUDIT COMMITTEE**

**Audit Committee (Advisory) Functions**

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

- 1 The Head of Internal Audit's annual report and opinion and the level of assurance internal audit activity can give over the council's corporate governance arrangements.
- 2 The external auditor's annual letter, relevant reports, and the report to those charged with governance on issues arising from the audit of the accounts.
- 3 Reports dealing with the management, performance and value for money of the providers of internal and external audit services.

- 4 A report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 5 The appointment of the Council's external auditor.
- 6 Work to be commissioned from internal and external audit.
- 7 Specific internal and external audit reports as requested.
- 8 The contract procedure rules and financial regulations in the council's constitution and the council's compliance with its own and other published standards and controls.
- 9 Any issue referred to it by the Council, Executive, Overview Committee or the Chief Executive.
- 10 The Council's arrangements for corporate governance and risk management and recommend necessary actions to ensure compliance with best practice.
- 11 The production and content of the authority's Annual Governance Statement.
- 12 The annual report from the Monitoring Officer concerning standards of member conduct, which shall include a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome.
- 13 Any report on any matter relevant to the advisory functions of the Committee which the Committee may request from the Corporate Director of Finance or other proper officer.

### **Audit Committee Decision-Making Functions**

#### **Audit related matters**

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

#### **General Matters**

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

other Executive Members will be appointed to act as substitutes for the Committee with the relevant Executive Member joining the Committee depending on the appointment being made.

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

This page is intentionally left blank

<b>Report of : Corporate Director of Resources</b>
--

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	25 May 2017		All

Delete as appropriate		<b>Non-exempt</b>
-----------------------	--	-------------------

## **Subject: AUDIT COMMITTEE APPOINTMENTS 2017/18**

### **1. Synopsis**

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

### **2. Recommendations**

#### **2.1 Pensions Sub-Committee**

- (a) To confirm the size of the Sub-Committee and its terms of reference in Appendix A
- (b) To appoint the members named in Appendix A for the municipal year 2017/18 or until successors are appointed.
- (c) To appoint the Chair and Vice-Chair for the municipal year 2017/18 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 2017/18 or until successors are appointed.
- (d) To appoint the Vice-Chair for the municipal year 2017/18 or until a successor is appointed.

## 2.3 Pension Board

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

## 3. Background

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

## 4. Implications

### 4.1 Financial Implications

None

### 4.2 Legal Implications

These are set out in the report.

### 4.3 Environmental Implications

There are no environmental impacts arising from this report.

### 4.3 Resident Impact Assessment

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

## 5. Conclusion and reasons for recommendations

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

### Background papers:

None.

Final Report Clearance

Signed by

Received by	Corporate Director of Resources	Date
	Head of Democratic Services	Date

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

<b>Councillors</b>	<b>Substitute Members</b>
Richard Greening (Chair)	Mouna Hamitouche
Andy Hull (Vice-Chair)	Angela Picknell
Mick O'Sullivan	Robert Khan
Paul Smith	Jenny Kay

### 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 2017/18;

Monday 12 June 2017  
 Tuesday 5 September 2017  
 Tuesday 21 November 2017  
 Monday 5 March 2017

The Pensions A.G.M. is scheduled for 1pm on Monday 16 October 2017 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.

<b>Councillors</b>	<b>Substitute Members</b>
Kat Fletcher (Chair)	All other Executive members
Richard Watts	
Andy Hull	
Satnam Gill	
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 2017/18 will be arranged as required.

### **3. Pensions Board**

#### **Terms of Reference**

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

#### **Composition**

The membership of the Board shall consist of:

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

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

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

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

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

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

#### **Meeting Dates 2017/18**

Tuesday 5 September 2017

Tuesday 5 March 2018