

**Audit Committee and Audit Committee (Advisory) - 11 March 2019**

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 11 March 2019 at 7.00 pm.

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

**Councillor Nick Wayne in the Chair**

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

Apologies were received from Councillor Champion.

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

There were no declarations of substitute members.

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

There were no declarations of interest.

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

**RESOLVED:**

That the minutes of the meeting held on 31 January 2019 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

**47       AUDIT COMMITTEE APPOINTMENT 2018/2019 (Item B1)**

**RESOLVED:**

- 1) To note that Councillor Caluori had stepped down as a substitute on the Personnel Sub-Committee.
- 2) That Councillor O'Halloran be appointed as a substitute on the Personnel Sub-Committee for the municipal year 2018/10 or until a successor is appointed.

**48       PRINCIPAL RISK REPORT (Item B2)**

In the discussion the following points were made:

- The approach to drafting the principal risk report was a bottom-up approach. The outlined risks were drawn up by departmental management teams and then confirmed with the corporate management board (CMB).
- The report provided information on the likelihood and impact of risks and mitigating actions. Quarterly updates on mitigating actions were due to be taken to CMB from 2019/20.
- In relation to cyber risk, an internal audit piece of work called white hat audit would be undertaken in 2019/20 to provide a steer surrounding cyber security. PwC would

undertake this work and outcomes would be brought to the Audit Committee in due course as part of a wider Internal Audit update report.

- The council had done a lot of work on ensuring readiness for GDPR.
- Changes in programme delivery would alter the impact and profile of the risk e.g. new homes programme, although it was anticipated that the risks would be more delivery related than financial.
- There was a risk of increased fraud in the current economic climate. This risk would need to be considered more proactively than was the case in the past.
- The most significant risk was Brexit. The immediate risks to the council were discussed along with contingency measures. The external auditors welcomed the council's approach to preparing for the risks surrounding Brexit.
- Work was taking place with those who had small businesses.
- Concern was raised about support for British nationals abroad and whether there would be a potential increase in homelessness. The Corporate Director, Children's Services who ran the council's Brexit working group said groups supporting those abroad thought this was a low risk but she would look into it.

**RESOLVED:**

That the report be noted.

**49      2019-20 INTERNAL AUDIT PLAN (Item B3)**

In the discussion the following points were made:

- The plan was realistic the resourcing allocated to individual audits had been increased to 20 days.
- It was anticipated the vacancies in the team could be filled by June 2019 but it could be earlier.
- Few audits had been carried over from the previous year and the team was on target to achieve the plan by early 2019/20. The quality and depth of testing was good and the audit plan focussed on principal risks.
- The Chair thanked Internal Audit for their engagement in the 2018/19 municipal year.

**RESOLVED:**

That the 2019-20 Internal Audit Plan be noted.

**50      E&R OVERTIME AUDIT - UPDATE (Item B4)**

The Corporate Director of Environment and Regeneration attended for this item.

- In the discussion the following points were made:
- This audit started as a fraud case. There had been problems with poor systems and a lack of control. During this time a service manager vacancy had been held and services had been inherited but with a £3m cost saving.
- Pressures on the service, high sickness levels, dependency on agency staff, overtime being used to solve problems and poor local management were all factors.
- A major vehicle replacement programme had recently taken place which meant vehicles were more reliable and less overtime was required to complete tasks. Overtime now required pre and post authorisation.
- Digitalisation was being used to help managers.
- The council's approach to budget setting this year involved both pre-scrutiny and post-scrutiny which should provide more rigor and challenge to the budget.
- The Corporate Directors of E&R and for People would raise this matter at the Chief Executive's Corporate Management Board and if there were any departments with similar profiles where remedial action was necessary, it would be taken.

**RESOLVED:**

- 1) That the report be noted.
- 2) That an update report be submitted to the Committee in six months' time.

**51 IDENTIFIABLE RISKS FROM A NO-DEAL BREXIT (Item B5)**

The Corporate Director for People attended for this item.

**RESOLVED:**

That this item be considered under the Principal Risk Report (Minute 48).

**52 EXTERNAL AUDITOR REPORTS (Item B6)**

In the discussion the following points were made:

- The external auditors had not identified any significant risks which were based on specific issues in Islington.
- Not many issues had been identified and the council had a good level of accounts and pension funds.
- The external auditors were happy with the approach from the council.

**RESOLVED:**

- 1) That the External Audit Plan for the Council and Pension Fund for the year ending 31 March 2019 be noted and approved.
- 2) That the Annual Report on Grants and Returns for 2017/18 be noted.

**53 GENDER PAY GAP (Item B7)**

**RESOLVED:**

This item was withdrawn from the agenda.

**54 ANY OTHER BUSINESS**

As this was the last meeting of the municipal year, the Chair thanked officers and advised them the committee appreciated their support and the transparency in helping the committee to fulfil its role.

The meeting ended at 8.45 pm

**CHAIR**