

Audit Committee and Audit Committee (Advisory) - 2 September 2019

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

Present: **Councillors:** Nick Wayne (Chair), Rowena Champion, Anjna Khurana and Sue Lukes

Also Present: **Independent member:** Alan Begg

Councillor Nick Wayne in the Chair

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

Received from Nick Whitaker.

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

None.

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

None.

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

RESOLVED:

That the minutes of the meeting held on 29 July 2019 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

Matters arising:

Minute 81 – Internal Audit Programmes and Transformation review – Noted that a report would be submitted to a future meeting on the effectiveness of Programmes and Transformation, by way of a couple of examples of cross-cutting projects across Directorates to assess whether the framework was actually working.

Minute 79 – Annual Governance Statement and Statement of Accounts – Noted that the Statement of Accounts had been signed off by 31 July 2019, with Islington as one of the few local authorities who had met this deadline. On behalf of the Committee, the Chair thanked the Chief Accountant and his team for their achievements.

88 **INTERNAL AUDIT ANNUAL REPORT 2018-19**

The Head of Internal Audit, Investigations and Risk Management introduced her report, including the outcomes of delivery of the 2018/19 Audit Plan. The Committee considered in detail the areas of high priority recommendations set out in Appendix 2 of the report, noting action taken and progress made to date in the areas of payroll key controls, placement commissioning for 16-17 year olds and fire risk assessments by landlords.

RESOLVED:

That the contents of the report of the Interim Director of Finance and Property be noted.

89 **ANNUAL FRAUD REPORT**

RESOLVED:

That the contents of the report of the Interim Director of Finance and Property, detailing the position on the Council's counter-fraud activity, corporate and housing investigations, be noted.

90 **WHISTLEBLOWING UPDATE (SIX MONTHLY)**

RESOLVED:

That the contents of the report of the Interim Director of Finance and Property, detailing whistleblowing arrangements and how investigating fraud was part of the Council's Anti-Fraud Strategy, be noted.

91 **AGS UPDATE ON GOVERNANCE ISSUES AND AREAS FOR IMPROVEMENT (VERBAL UPDATE)**

The Head of Internal Audit, Investigations and Risk Management updated the Committee verbally on progress on the Annual Governance Statement which had been considered at the last Committee. The following general issues had been highlighted and would be monitored during the year ahead: savings, IT strategy, information governance, wellbeing partnerships and business continuity.

The Committee noted the following points:

- Savings programme – There was a risk in achieving savings of £14m for 2019/20, £8m for 2020/21 and £11.3m for 2021/22. In addition, Council departments had been asked to identify further efficiency savings of £8m in 2020 – 2022. Following the introduction of a suitable system, the Audit Committee and the Council's Administration would be monitoring savings on a line by line basis
- IT Strategy - Shared digital service arrangements with Haringey and Camden had ceased in 2018/19 to allow all three boroughs to focus on local priorities. A restructure had commenced in the preceding week to

ensure an appropriate management team was running the service, but there had been an issue with recruiting key staff. Monthly reporting meetings were in place with the Chief Digital and Information Officer to monitor the position.

- Corporate HR currently had interim leadership arrangements in place. Service improvements were now taking place to redesign the function to allow for better availability of management information, greater automation and self-service. A Council workforce strategy had also been developed.
- The Council had established an Information Governance Strategy setting out its commitment to ensuring the Council's continued compliance to GDPR legislation
- Business continuity arrangements would continue to be monitored, particularly in view of the uncertainties around Brexit.
- Strong relationships and governance underpinned the Wellbeing Partnership. However there remained a risk that health and social care models were financially unsustainable or did not provide adequate quality of care from the Council's point of view. Five CCGs in north London were due to merge in the next six months and any risks would be monitored

RESOLVED:

That the verbal report above be noted.

92 FOLLOW-UP REPORT - STREET ENVIRONMENT SERVICES' OVERTIME

RESOLVED:

(a) That the contents of the report of the Interim Director of Finance and Property (S151 Officer), detailing follow up outcomes of the Internal Audit of Street Environment Services' overtime and an action plan, be noted.

(b) That officers be thanked for their work on this audit and that officers in Environment and Regeneration be thanked for the progress made on implementation of the recommendations from Internal Audit.

93 ANNUAL REPORT ON STANDARDS AND MEMBERS' CONDUCT

RESOLVED:

That the contents of the report of the Acting Director of Law and Governance, detailing standards of member conduct, a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome, for the year 2018 - 19, be noted.

94 **REVIEW OF POLLING DISTRICTS AND POLLING PLACES**

RESOLVED:

(a) That the changes to polling places in Holloway Ward, as detailed in paragraph 3.4 of the report of the Acting Returning Officer, be approved.

(b) That it be noted that all other polling districts and places remained unchanged.

95 **UPDATE ON BREXIT READINESS**

The Chair of the Committee thanked the Corporate Director of People and her Team for their comprehensive and thorough report. He said that it demonstrated that the Council, faced with a situation not of its own making and working in a void of information from the Government, had sought to analyse the risks to the Council and its residents from a "no deal" Brexit. Some of the risks to the Council and residents were short term and related to the supply chain for food, medicine, fuel and IT. Medium term risks related to the loss of staff and the Council's ability to recruit, because of the changes to free movement. The third risk related to legal issues, as there was no guidance to, say, Children's Services where one parent was a UK national and the other was an EU national. There could be losses of central funding or revenue to the Council. Possible turbulence in the financial markets could affect investments and financial borrowing. A recession was possible in the event of "no deal", causing more demand on Council services.

The Corporate Director of People introduced her report, summarising the work to date by the Council's Brexit Resilience Group in preparation for a "no deal" Brexit scenario. She reported that the Council was working with its suppliers on ensuring the continuation of healthy meals in schools in the event of a supply chain disruption. The Council was working with local businesses, especially SMEs, in their planning to mitigate any effects of a "no deal" Brexit. Detailed work was taking place to ensure that children in care and care leavers who needed to apply for settled status was in hand. The Emergency Planning Team had also been working with the Police and Fire Brigade to ensure that contingency plans were in place.

Members of the Committee made the following points:

- Resources were available on rights for children to citizenship and it would be helpful to obtain copies for distribution in primary and secondary schools
- A wider issue related to the constitutional crisis in the UK and the undermining of key institutions. It would be important to incorporate responsible political leadership.
- The preparation for a "no deal" scenario had impacted on officers' time and resources
- On IT, there was a risk as to whether the Council and its partners would have access to cloud systems in Europe
- There was a risk associated with the fact that some staff and residents had not yet applied for settled status
- If a General Election was called, Purdah could impact on the Council's ability to disseminate information to its residents

RESOLVED:

(a) That the contents of the report of the Corporate Director of People, summarising work to date conducted by the Brexit Resilience Group in preparation for a “no deal” Brexit, be noted.

(b) That the Corporate Director of People and her Team be thanked for their comprehensive and thorough report to the Committee.

96 EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That the press and public be excluded during consideration of the following items as the presence of members of the public and press would result in the disclosure of exempt information within the terms of Schedule 12A of the Local Government Act 1972, for the reasons indicated:

<u>Agenda item</u>	<u>Title</u>	<u>Reasons for exemption under Schedule 12A of the LGA 1972</u>
E1	Annual Fraud report– exempt appendix	<u>Categories 1, 2 and 7 –</u> Information relating to any individual; Information which is likely to reveal the identity of an individual; and Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime
E2	Whistleblowing report– exempt appendix	- <u>ditto –</u> -

97 ANNUAL FRAUD REPORT - 2018/19- EXEMPT APPENDIX

See exempt minutes for decision.

98 WHISTLEBLOWING REPORT - EXEMPT APPENDIX

See exempt minutes for decision.