



**Resources Department
Town Hall, Upper Street, London, N1 2UD**

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, Islington Town Hall, Upper Street, N1 2UD on **17 March 2020 at 7.00 pm.**

Enquiries to : Mary Green
Tel : 020 7527 3005
E-mail : democracy@islington.gov.uk
Despatched : 9 March 2020

Membership

Councillor Nick Wayne (Chair)
Councillor Sue Lukes (Vice-Chair)
Councillor Anjna Khurana
Councillor Andy Hull

Alan Begg (Independent member)
Nick Whitaker (Independent member)

Substitute Members

Councillor Vivien Cutler
Councillor Mouna Hamitouche MBE
Councillor Sara Hyde
Councillor Flora Williamson

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 - 8
5. Appointment to Pensions Sub-Committee 9 - 10

B.	Items for Decision - Audit and Audit Advisory Committee	Page
1.	External auditor reports	11 - 38
2.	Gender Pay Gap (to follow)	-
3.	2020-21 Internal Audit Plan	39 - 54
4.	Whistleblowing policy	55 - 66
5.	Whistleblowing monitoring report - 1 April 2019 to 10 February 2020	67 - 70

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

1.	Whistleblowing monitoring report - 1 April 2019 to 10 February 2020 - exempt appendix	71 - 88
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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
18 May 2020

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London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 28 January 2020

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Islington Town Hall, Upper Street, N1 2UD on 28 January 2020 at 7.00 pm.

Present: **Councillors:** Nick Wayne (Chair), Sue Lukes (Vice-Chair) and Anjna Khurana

Independent member: Alan Begg

Councillor Nick Wayne in the Chair

103 APOLOGIES FOR ABSENCE (Item A1)

Received from Nick Whitaker.

104 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

105 DECLARATIONS OF INTEREST (Item A3)

None.

106 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meetings held on 2 September and 17 December 2019 be confirmed as a correct record and the Chair be authorised to sign them.

107 APPOINTMENTS TO PERSONNEL SUB-COMMITTEE (Item A5)

RESOLVED:

(a) That Councillors Joe Caluori, Jilani Chowdhury, Satnam Gill and Angela Picknell be appointed as substitutes on the Personnel Sub-Committee, for the remainder of the municipal year, or until successors are appointed.

(b) That Councillor Rowena Champion be appointed to the following outside bodies until a successor is appointed:

London Councils, Associated Joint Committee - Transport and Environment Committee

LGA General Assembly

Crossrail High Level Forum

Groundwork London's Local Authority Strategic Board

London Road Safety Council.

North London Waste Authority

Lee Valley Regional Park Authority (through London Councils)

108 **LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW PERFORMANCE REPORT 2019 (Item B1)**

Members expressed concern that the number of complaints upheld this year (11) was the same as last year, indicating possible systemic issues. Members suggested that managers should strive to avert referrals to the Ombudsman before stage 2 as far as possible. It was noted that all cases of maladministration or injustice were notified to the Chief Executive by letter from the Ombudsman.

RESOLVED:

That the following be noted:

- (a) The Local Government and Social Care Ombudsman Annual Review letter, dated 24 July 2019, attached as Appendix 1 to the report of the Monitoring Officer.
- (b) That, of the 26 cases investigated, 11 were upheld decisions (finding of maladministration) with the remaining 15 cases not upheld.
- (c) That 3 of the 11 upheld cases received a satisfactory remedy before the Ombudsman's involvement, representing 28% of cases upheld and an improvement on 2017/18.
- (d) That 10 out of the 10 cases (100%) complied with the Ombudsman's recommendations on time.
- (e) That, separate to the complaints investigated by the LGSCO reported in the Annual Review Letter, one upheld decision during the period in question (finding of maladministration) was decided by the Housing Ombudsman, as detailed in Appendix 2 to the report.
- (f) That, in line with the statutory duty under section 5A (2) of the Local Government and Housing Act 1989, the Monitoring Officer provided this annual report to Audit Committee.

109 **COUNCIL TAX BASE AND NATIONAL NON-DOMESTIC RATES ESTIMATE 2020-21 (Item B2)**

RESOLVED:

- (a) That the Council Tax base for the whole area for 2020/21 (or until rescinded) shall be 81,221.2 Band D equivalent properties after adjusting for non-collection, detailed in paragraph 4.2 and Appendix A of the report of the Assistant Director, Service Finance.
- (b) That the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2020/21 (or until rescinded) be 45.2 Band D equivalent properties after adjusting for non-collection.
- (c) That the Council Tax forecast for 2019/20, detailed in Paragraph 5.1 and Appendix C of the report, be approved.
- (d) That the latest NNDR forecast for 2019/20, subject to finalising in the 2020/21 NNDR1 (detailed business rates estimate) return that the Council is required to submit by 31 January 2020 be noted.

- (e) That the Acting Section 151 Officer be authorised to finalise the 2020/21 NNDR1 estimate for Islington, which would feed into the estimates for the London Business Rates Retention Pool.

110 ANNUAL TREASURY AND INVESTMENT STRATEGY (Item B3)

Members considered the implications for the capital programme of the pressure caused by the rise of 1% in rates for loans from the Public Works Loan Board and costs associated with Brexit, particularly on new housing schemes. This would be the subject of a deep dive in the following year.

RESOLVED:

(a) That the Council's 2020-2021 annual treasury management and investment strategy, detailed in the report of the Service Director of Finance and covering:

- The balance sheet and treasury position
- Prospects for interest rates
- Borrowing requirement and strategy
- Debt rescheduling
- Investment strategy and policy
- HRA self financing

- be noted in advance of its consideration at the budget and council tax setting meeting on 27 February 2020.

(b) That the following key points of the treasury strategy summarised below be also noted:

- £239.8m estimated to be required to be borrowed over the next 3 years, £64.4m to replace existing borrowing that matures and £175.4m of new borrowing to fund capital expenditure
- The borrowing strategy was to minimise borrowing costs through: using surplus cash and borrowing at optimal times at either variable or fixed rates, which could include borrowing in advance of need
- It was expected that sums for investments would be minimal. Investment activity was restricted to institutions detailed in paragraph 3.7 of the report
- The Council's investment priorities in order of importance were:
 - Security of the invested capital
 - Liquidity of the invested capital
 - An optimum yield which is commensurate with security and liquidity

111 MARKET SUPPLEMENTS UPDATE (Item B4)

The Acting Director of Human Resources reported that market supplements continued to be used for recruitment to specialist posts in the Council. However, the Council's new Workforce Strategy would assist in identifying areas where there were particular staff shortages and would focus on strategies for recruitment to those posts.

In response to questions about costs associated with advertising vacancies, he assured the Committee that these costs would not be incurred in the future, since the Council had purchased a "LinkedIn" licence, for recruitment to specific posts,

such as gas engineers and other specialist posts. He undertook to provide information for the Committee on how Islington compared to other inner London borough councils on the use of market supplements for recruitment to specialist posts.

RESOLVED:

- (a) That the contents of the report on the effectiveness of market supplements in attracting the skills required by the Council for particular posts and whether they have proved more effective than engaging agency staff be noted.
- (b) That it be noted that the Acting Director of Human Resources would obtain information for members of the Sub-Committee on how Islington compared to other inner London borough councils on the use of market supplements for recruitment to specialist posts.

112 EXTERNAL AUDITOR REPORT (Item B5)

RESOLVED:

- (a) That the annual "Audit Progress Report and Sector Update" from Grant Thornton, the Council's external auditor, as appended to the report of the Service Director Finance, be noted.
- (b) That, in the interests of user-friendliness, Grant Thornton and other producers of external reports to Council committees, be requested to minimise the use of acronyms in their reports and include a glossary of terms.

113 INTERNAL AUDIT INTERIM REPORT 2019-20 (Item B6)

The following points were made during discussion:

- A "Satisfactory" management response to audit recommendations meant that Internal Audit's recommendations had been accepted, or that the service had indicated the work they would be taking to achieve those recommendations. When an audit finished, Internal Audit carried out a follow-up audit to determine whether audit recommendations had been implemented.
- Internal Audit resources were directed at higher risk cases.
- In order to ensure that departments were not diverting Internal Audit from failures and that they were being open and transparent, Internal Audit identified the risks that they wished to investigate. Corporate Directors often asked Internal Audit to carry out additional ad hoc pieces of work.
- There were a number of audits which had not yet commenced and a question was asked whether, given the reduced level of resources, there was an "optimism bias" as to how much work the Internal Audit Team could manage? The Audit Committee expected to see high quality audits in high priority areas.
- Internal Audit carried out a resourcing calculation to see how many days were available to deliver the annual audit plan. Draft plans were then taken to Departmental Management Teams. The Head of Internal Audit stated that she did not feel that they were being overly optimistic. Where projects were marked as "not commenced", this was because they were mostly assigned to PWC. This year, larger budgets of approximately 20 days had been agreed

for individual audits. Having consulted with the Audit Manager, the projects earmarked for Q4 were on track.

- The Policy and Performance Scrutiny Committee had established a sub-committee to look at the IT estate, which was noted a "High Priority Recommendations" area on the Audit Plan
- The other "High Priority Recommendations" item concerned vetting arrangements. Overall, the concerns were about vetting before a person came to work for the Council. Internal Audit had made recommendations to HR to review how it worked with Reed and other agencies to ensure that they had robust systems for vetting staff.
- Given that the role of the Audit Committee was to challenge and be a "critical friend", their reliance was on a categorical statement from Internal Audit. It would be helpful if, for the year end report, more information could be included about the identification of problems/issues in particular areas, rather than the standard "limited assurance" status.

RESOLVED:

That the report of the Interim S151 Officer, detailing the outcomes of the delivery of the 2019-2020 audit plan, be noted.

114

PROGRAMMES AND TRANSFORMATIONS OUTCOMES - UPDATE (Item B7)

The Head of Internal Audit gave a verbal report to the Committee, noting the change in personnel leading on the Programmes and Transformation Programme. Although the design of the Programme was based on good foundations, the model needed simplifying and streamlining.

The following points were noted during discussion:

- 93% of the year 1 savings from the Programme were on track
- Delivery implementation had not stopped
- In the interests of keeping a grip on i) concrete achievements for the Strategic Change Team on outputs and delivery of projects and ii) scrutiny of the Strategic Change Team to ensure that it was not growing disproportionately, Audit Committee would monitor the situation.
- A comprehensive update report should be submitted to the meeting of the Committee in May 2020 to include: i) an update on the project management work, incorporating changes made by the new manager and ii) an honest reflection of the achievements of the Team to date and what might be improved

RESOLVED:

That a comprehensive report be submitted to the Audit Committee on 18 May 2020 to include: i) an update on project management work, incorporating changes made by the new manager and ii) an honest reflection of the achievements of the Team to date and what might be improved.

115 PRINCIPAL RISK REPORT - JANUARY 2020 (Item B8)

The following points were noted during discussion:

- Additions to the list of principal risks were highlighted in paragraph 1.7 and included: the capital programme, health and social care integration, recruitment and retention, social care market instability, housing delivery and CCTV
- It was difficult to know what the limit was for an item to be assessed as "high risk". Risk scores ranged from 12 – 16 (page 119 of the report) and all of these items appeared in the heatmap as "high risk". It was noted that the risk management framework would be reviewed and, as part of this, one of the elements to be considered would be risk appetite.
- It was important for this Committee to know what the actual risk was
- The work of Internal Audit was governed by the Council's Principal Risk Report. An area may be a high risk, but could still remain high after Internal Audit, for example in an area such as safeguarding of children which would always have a maximum impact score of 5.

RESOLVED:

That the contents of the report of the Interim S151 Officer, detailing the principal risks facing Islington, be noted.

116 AUTHORISATION OF AN EXTERNAL INVESTIGATION INTO WHISTLEBLOWING COMPLAINTS (Item B9)

RESOLVED:

(a) That an external independent investigator be appointed to undertake an investigation into a whistleblowing complaint.

(b) That the findings of the independent investigation be reported back to a future meeting of the Committee.

117 OUTCOME OF EXTERNAL INVESTIGATION - FINAL REPORT (Item B10)

RESOLVED:

That the summary outcomes of the external investigation into a whistleblowing complaint, as detailed in the exempt appendix to this report, be noted.

118 EXEMPT MINUTES OF THE MEETING HELD ON 2 SEPTEMBER 2019 (Item F1)

RESOLVED:

That the exempt minutes of the meeting held on 2 September 2019 be confirmed as a correct record and the Chair be authorised to sign them.

119 **OUTCOME OF EXTERNAL INVESTIGATION - FINAL REPORT - EXEMPT APPENDIX (Item F2)**

Noted the contents of the exempt appendix.

120 **AUTHORISATION OF AN EXTERNAL INVESTIGATION INTO WHISTLEBLOWING COMPLAINTS - EXEMPT APPENDIX (Item F3)**

Noted the contents of the exempt appendix.

The meeting ended at 9.35 pm

CHAIR

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Report of : Monitoring Officer and Acting Director of Law and Governance

Meeting of	Date	Ward(s)
Audit Committee	17 March 2020	n/a

Delete as appropriate	Non-exempt
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Subject: APPOINTMENTS TO PENSIONS SUB-COMMITTEE

1. Synopsis

This report seeks agreement to the appointment of Councillor Satnam Gill as an ordinary member of the Pensions Sub-Committee.

2. Recommendation

To appoint Councillor Satnam Gill to the Pensions Sub-Committee.

3. Background

Pensions Sub-Committee

3.1 Audit Committee is responsible for the terms of reference and membership of Pensions Sub-Committee.

3.2 Councillor Andy Hull has stepped down as a member of the Pensions Sub-Committee and Councillor Satnam Gill has been nominated as his replacement.

4. Implications

4.1 Financial Implications

There are no significant financial implications arising from this decision.

4.2 Legal Implications

None.

4.3 Environmental Implications and contribution to net zero carbon by 2030.

There are no environmental impacts arising from this report.

4.3 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment has not been carried out since the contents of this report relate to a purely administrative function and there are no direct impacts on residents.

5. Conclusion and reasons for recommendations

Approval to the recommendation is needed to ensure that Pensions Sub-Committee is properly constituted.

Background papers: None.

Final Report Clearance

Signed by



Monitoring Officer and Acting Director of Law
and Governance

Date

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London N7 7EP

Report of: Director Service Finance and Acting Section 151 Officer

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	17 March 2020		All

Delete as appropriate		Non-exempt
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SUBJECT: External Auditor Reports

1. Synopsis

- 1.1 Grant Thornton is presenting their audit plan for the external audit of the Council and the Pension Fund for 2019/20 to the Audit Committee for approval.

2. Recommendations

- 2.1 To note the contents and approve the External Audit Plan for the Council and Pension Fund for the year ending 31 March 2020.
- 2.2 To note the Annual Report 2019/20.

3. Background

- 3.1 Each year the Council's external auditor presents to the Audit Committee their audit plan for approval.

4. Implications

- 4.1 **Financial Implications:** none
- 4.2 **Legal Implications:** none

4.3 Environmental Implications and contribution to net zero carbon by 2030.

There are no environmental impacts arising from this report.

4.3 Resident Impact Assessment

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A resident impact assessment has not been carried out since the contents of this report relate to a purely administrative function and there are no direct impacts on residents.

5. Conclusion and reasons for recommendations:

5.1 The Committee is asked to note the contents and approve the attached audit plan and to note the annual report on grants and returns.

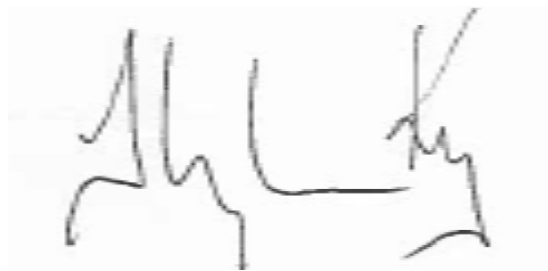
Appendices:

External Audit Plan year ending 31 March 2020

Background papers: none

Final Report Clearance:

Signed by:



Director Service Finance and Acting Section
151 Officer

Date 09/03/2020

Received by:

Head of Democratic Services

Date

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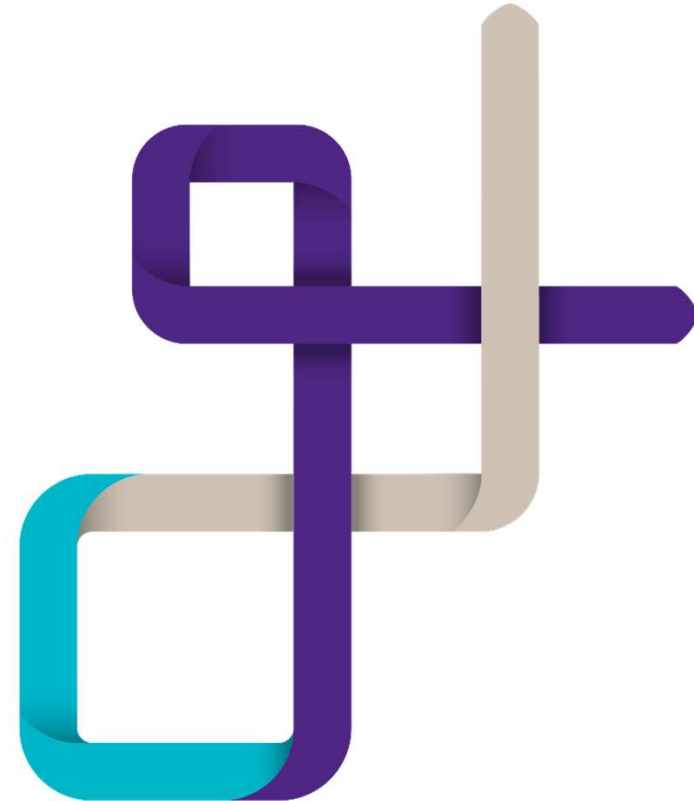
Joint external Audit Plan

Year ending 31 March 2020

London Borough of Islington and London Borough of Islington Pension Fund

March 2020

Page 13



Contents

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Section

1. Introduction & headlines	3
2. Key matters impacting our audit	5
3. Significant risks identified	7
4. Other risks identified	11
5. Other matters	14
6. Materiality	15
7. Value for Money arrangements	16
8. Audit logistics & team	17
9. Audit fees	19
10. Independence & non-audit services	22

Appendix

A. Audit quality – national context	24
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Introduction & headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audits of the London Borough of Islington ('the Council') and the London Borough of Islington Pension Fund ('the Pension Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council and the Pension Fund. We draw your attention to both of these documents on the [PSAA website](#). We draw your attention to both of these documents.

Scope of our audit

The scope of our audits are set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee and Audit Committee (Advisory));
- Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee and Audit Committee (Advisory)); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee and Audit Committee (Advisory) of your responsibilities. It is the responsibility of the Council and the Pension Fund to ensure that proper arrangements are in place for the conduct of their businesses, and that public money is safeguarded and properly accounted for. We have considered how the Council and Pension Fund are fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of these businesses and is risk based.

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

Council

- The risk that the valuation of land and buildings in the accounts is materially misstated
- The risk that the valuation of the net pension fund liability in the accounts is materially misstated
- The risk that the accuracy and the presentation of the Private Finance Initiative (PFI) liability and associated disclosures are materially misstated
- The risk of Management override of controls.

Pension Fund

- The risk that the valuation of level 3 investments in the accounts is materially misstated
- The risk of Management override of controls.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Reports.

Materiality**Council**

We have determined planning materiality to be £16.5m (PY £21.0m) for the Council, which equates to 1.5% of the 2018/19 gross expenditure for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.8m (PY £1.05m).

Pension Fund

We have determined materiality at the planning stage of our audit to be £13.7m (PY £13m) for the Pension Fund, which equates to 1.0% of the 2018/19 net assets. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.69m (PY £0.65m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risks:

- Medium term financial planning
- Change and transformation programmes and governance

Audit logistics

Our interim visits are taking place in February and March. Our final visits will take place in June and July. Key deliverables are this joint Audit and Pension fund Plan and our Audit Findings Report. Our audit approach is detailed in Appendix A.

Our fee for the audits will be £181,079 (PY: £165,779) for the Council and £25,000 (PY: £16,170) for the Pension Fund, subject to meeting our requirements set out on page 18.

Independence

We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

2. Key matters impacting our audit – Council and Pension Fund

Factors

The wider economy and political uncertainty

Local Government funding continues to be stretched with increasing cost pressures and demand from residents. For the London Borough of Islington, there is uncertainty over the future funding that will be made available by a new government. The outcome of the 3 year Spending Review as well as the fair funding review will determine how funding will be allocated between Local Authorities but until the outcome of these two events is known there is huge uncertainty over the Council's funding position from 2021/22.

As of month 9, your forecast outturn position is an underspend to budget of £1.973m for 2019/20, and you have set a balanced budget for 2020/2021.

At a national level, the government continues its negotiation with the EU over Brexit, with uncertainty over the position after 31 December 2020. The Council will need to ensure that it is prepared for all outcomes, including in terms of any impact on contracts, on service delivery and on its support for local people and businesses.

Change and Transformation

The Council continues to undergo extensive change and transformation. Central to this is the Islington Digital Services programme, intended to transform the Council's ICT Service to better enable it to support delivery of the Council's Corporate Objectives. The outcomes intended for the new IT structure are ambitious yet achievable within the Council's financial and resourcing constraints.

Collaboration with the Healthcare Sector

The Council continues to promote integration locally and improve resident outcomes and experiences through its pooled budget arrangements across Islington Health and Social Care. The Council's pooled budgets total just over £88m, including the Better Care Fund, of which £31.8m comes from the NHS. The move to 5 borough commissioning for the NHS, especially in the context of a very significant financial deficit across the North Central London region, could pose a risk to the Council's existing local financial and strategic collaboration.

Accounting developments

International Financial Reporting Standard (IFRS) 16 will be introduced across the public sector from 1 April 2020 and will have a significant impact on the way in which the Council accounts for leases, or other contracts which contain a lease. The standard will require management to assess the value of the right of use asset underlying any arrangement containing a lease and bring this on to the Balance Sheet, along with the present value of any associated liability. The Council will be required to disclose in its 2019/20 financial statements the expected initial impact of the implementation of IFRS 16 on its net asset position and reserves as at 1 April 2020.

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed in Appendix 1.

Our national work in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of local government financial transactions which require greater audit scrutiny.

Our response

We will consider your arrangements for managing and reporting your financial resources as part of our work in reaching our Value for Money conclusion.

We will consider whether your financial position leads to material uncertainty about the going concern of the Council and will review related disclosures in the financial statements.

We have invited members of the finance team to attend our financial reporting workshops taking place over the next few weeks, where further guidance and support on IFRS 16 implementation will be provided.

We will review management's assessment of the impact of IFRS 16 on the net assets and reserves of the Council as at 1 April 2020, and review disclosures made in the 2019/20 financial statements, to gain assurance that the standard has been appropriately applied.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee on the Council and Pension fund, as set out in our Audit Plan, has been agreed with the Acting S151 Officer and is subject to PSAA agreement.

2. Key matters impacting our audit – Pension Fund

Factors

The wider picture and political uncertainty

- Local Government funding continues to be stretched with increasing cost pressures.
- The market value of LGPS funds at end of March 2019 was £287.2 billion (an increase of £16.3 billion or 6.0%) but for the first time, the LGPS in England & Wales is now cashflow negative, with benefit payments rising to £10.4bn while contributions fell to £9.3bn. There are now over 18,000 employers. Local authorities represent around 18.3% of these but have 74% of the members.
- 2018/19 saw Islington Pension fund return 7.0% on its investments compared to the average local authority fund return of 6.6%. Islington has three funds managed on the London CIV platform, with pooling estimated to have saved £183k in the year.
- The economic impact of leaving the EU this year remains uncertain, as does the wider global economic picture. The Pension Fund will need to ensure that its investment strategy has considered potential outcomes.

Governance

- The Scheme Advisory Board (SAB) has published the *Good Governance – Phase II Report*. Proposals include having a single named officer responsible for the delivery of LGPS related activity for a fund, an enhanced annual governance compliance statement and establishing a set of key performance indicators.
- SAB is also consulting on Responsible Investment guidance to assist and help investment decision makers.
- The Pensions Regulator (tPR) continues to apply pressure on pension schemes to improve the quality of scheme member data. The 2019 valuation process will likely have thrown up some data issues (large or small) that need addressing.

Triennial LGPS valuation

The local government pension scheme underwent a full triennial valuation as at 31 March 2019. The impact on liabilities and assets of the Fund will be reported for the first time in the 2019/20 financial statements, with forward contributions required being determined from 2020/21 onwards.

Financial reporting and audit – raising the bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing as detailed in Appendix 1.

Our work in 2018/19 has highlighted areas where financial reporting, in particular Level 3 and Financial Instrument investment valuations and disclosures, needs to be improved, with a corresponding increase in audit procedures.

Our response

- We will consider whether your financial position leads to material uncertainty about the going concern of the Pension Fund and will review related disclosures in the financial statements.

We will consider the Pension Fund's responses to the SAB initiatives and whether they impact upon our risk assessment.

We will consider the impact of any data issues raised as part of the 2019 valuation on the risks identified as part of our 2019/20 audit.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee on the Council and Pension fund, as set out in our Audit Plan, has been agreed with the Acting S151 Officer and is subject to PSAA agreement.

We will perform additional procedures to gain assurance over the completeness and accuracy of financial and non-financial data provided to the Pension Fund actuary in respect of the triennial valuation, and consider the impact of the updated funding ratio on the Fund's going concern position.

3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Entity Risk Relates To	Reason for risk identification	Key aspects of our proposed response to the risk
The revenue cycle includes fraudulent transactions (rebutted)	Council and Pension Fund	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council and Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including that of the London Borough of Islington, mean that all forms of fraud are seen as unacceptable <p>Therefore we do not consider this to be a significant risk for the London Borough of Islington and the London Borough of Islington Pension Fund.</p>	
Management over-ride of controls	Council and Pension Fund	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>In particular journals, management estimates and transactions outside the course of business are areas susceptible to management override.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Page 9

3. Significant risks identified - continued

Risk	Entity Risk Relates To	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings including council dwellings	Council	<p>You revalue your assets as follows:</p> <ul style="list-style-type: none"> operational land and buildings on a rolling three-yearly basis council dwellings based on a rolling five-year approach using underlying valuations of beacon properties; and Investment Properties on a yearly basis. <p>These valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved (£4 billion) and the sensitivity of the estimates to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the financial statements is not materially different from the current value, or the fair value (for surplus assets), at the financial statements date where a rolling programme is used.</p> <p>Operational land and buildings are valued as at 1 April, and are updated to 31 March with reference to market assumptions given by the valuer at the end of the financial year. Similarly, council dwellings are valued as at 1 April and are updated to 31 March with reference to assumptions provided by the valuer at year-end that reflect changes in stock and house price indices.</p> <p>As the in-year valuations themselves are not at year-end, the risk of material misstatement is further increased.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluate the competence, capabilities and objectivity of the valuation expert write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met engage our own valuer to assess the instructions to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation. test revaluations made during the year to see if they had been input correctly into the Council's asset register assess the value of a sample of assets in relation to market rates for comparable properties. test a sample of beacon properties in respect of council dwellings to consider whether their valuation assumptions are appropriate and whether they are truly representative of the other properties within that beacon group.
Accuracy and presentation of the Private Finance Initiative (PFI) liabilities and associated disclosures	Council	<p>You have six schemes to be accounted for as PFI arrangements. These include two Housing PFI schemes, two Schools schemes, a Street Lighting scheme and a Care Homes scheme.</p> <p>The total liability relating to these schemes on the balance sheet was £135m as at 31 March 2019; the book value of associated assets was £514m.</p> <p>As these PFI transactions are significant, complex and involve a degree of subjectivity in the measurement of financial information, we have categorised them as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> review your PFI models and assumptions contained therein. compare your PFI models to previous year to identify any changes. review and test the output produced by your PFI models to generate the financial balances within the financial statements. review the PFI disclosures to assess whether they are consistent with the Manual For Accounts and the International Accountancy Standard IFRIC12. We will check additional disclosures that you include within the financial statements to the PFI models.

3. Significant risks identified - continued

Risk	Entity Risk Relates To	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£916 million in the Council's balance sheet as at 31 March 2019) and the sensitivity of the estimate to changes in key assumptions.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the reasonableness of the actuary's assumptions and calculations in-line with the relevant standards, including their consideration of the ongoing impact of the McCloud and Guaranteed Minimum Pension cases; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report

3. Significant risks identified - continued

Risk	Entity Risk Relates To	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments (Annual revaluation)	Pension Fund	<p>The Fund values its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£67 million) and the sensitivity of this estimate to changes in key assumptions</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2020.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes for valuing Level 3 investments • review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met • independently request year-end confirmations from investment managers and/or custodian(s) • for a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. We will reconcile those values to the values at 31 March 2020 with reference to known movements in the intervening period. • In the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert, and • where available review investment manager service auditor report on design effectiveness of internal controls.

Page 22

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report in July 2020.

4. Other risks identified

Risk	Entity Risk Relates To	Reason for risk identification	Key aspects of our proposed response to the risk
Completeness of non-pay operating expenditure and associated short-term creditors	Council	<p>Non-pay expenditure on goods and services represents a significant percentage (63%) of your gross operating expenditure. Management uses judgement to estimate accruals of un-invoiced costs.</p> <p>We identified completeness of non- pay expenditure and associated short-term creditors as a risk requiring particular audit attention.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate your accounting policy for recognition of non-pay expenditure for appropriateness, including the use of de minimis level set; • gain an understanding of your system for accounting for non-pay expenditure and evaluate the design of the associated controls; • obtain and test a listing of non-pay payments made in April and May 2020 to ensure that they have been charged to the appropriate year.
International Financial Reporting Standard (IFRS) 16 Leases – (issued but not adopted)	Council	<p>The public sector will implement this standard from 1 April 2020. It will replace IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease).</p> <p>In accordance with IAS 8 and paragraph 3.3.4.3 of the Code, disclosures of the expected impact of IFRS 16 should be included in the Council's 2019/20 financial statements. The Code adapts IFRS 16 and requires that the subsequent measurement of the right of use asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the processes the Council has adopted to assess the impact of IFRS16 on its 2020/21 financial statements and whether the estimated impact on assets, liabilities and reserves has been disclosed in the 2019/20 financial statements. • assess the completeness of the disclosures made by the Council in its 2019/20 financial statements with reference to The Code and CIPFA/LASAAC Local Authority Leasing Briefings.

4. Other risks identified - continued

Risk	Entity Risk Relates To	Reason for risk identification	Key aspects of our proposed response to the risk
Actuarial Present Value of Promised Retirement Benefits	Pension Fund	<p>The Fund discloses the Actuarial Present Value of Promised Retirement Benefits within its Notes to the Accounts. This represents a significant estimate in the financial statements.</p> <p>The Actuarial Present Value of Promised Retirement Benefits is considered a significant estimate due to the size of the numbers involved (£2.3 billion) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Fund's Actuarial Present Value of Promised Retirement Benefits as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Fund's Actuarial Present Value of Promised Retirement Benefits is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Fund's pension fund valuation; • assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; • test the consistency of disclosures with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.
Valuation of Level 2 Investments	Pension Fund	<p>While level 2 investments do not carry the same level of inherent risks associated with level 3 investments, there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly.</p> <p>We therefore identified the valuation of the Fund's Level 2 investments as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • gain an understanding of the Fund's process for valuing Level 2 investments and evaluate the design of the associated controls; • review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; • review the reconciliation of information provided by the individual fund manager's custodian and the Pension Scheme's own records and seek explanations for variances; • independently request year-end confirmations from investment managers and custodian; • review investment manager service auditor report on design effectiveness of internal controls, and, • where necessary, test a sample of unit values used to value level 2 investments to externally quoted information sources, or where not quoted, to unit values provided by the investment manager's own independent custodian. We may consider the use of our specialist valuation team.

4. Other risks identified - continued

Risk	Entity Risk Relates To	Reason for risk identification	Key aspects of our proposed response to the risk
Contributions	Pension Fund	<p>Contributions from employers and employees' represents a significant percentage of the Fund's revenue.</p> <p>We therefore identified the completeness and accuracy of the transfer of contributions as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the Fund's accounting policy for recognition of contributions for appropriateness; • gain an understanding of the Fund's system for accounting for contribution income and evaluate the design effectiveness of the associated controls; • agree changes in Admitted/Scheduled bodies to supporting documentation and agree total contributions for each employer to employer contributions reports • test a sample of contributions to source data to gain assurance over their accuracy and occurrence; and • test relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in member body payrolls and the number of contributing pensioners to ensure that any unusual trends are satisfactorily explained.
Pension Benefits Payable	Pension Fund	<p>Pension benefits payable represents a significant percentage of the Fund's expenditure.</p> <p>We therefore identified the completeness, accuracy and occurrence of the transfer of pension benefits payable as a risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the Fund's accounting policy for recognition of pension benefits expenditure for appropriateness; • gain an understanding of the Fund's system for accounting for pension benefits expenditure and evaluate the design of the associated controls; • test a sample of lump sums and associated individual pensions in payment by reference to member files; • test relevant member data to gain assurance over management information to support a predictive analytical review with reference to changes in pensioner numbers and increases applied in year to ensure that any unusual trends are satisfactorily explained

5. Other matters

Other work

The Pension Fund is administered by the London Borough of Islington (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. Both entities are considered here. In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and consistent with our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with the guidance issued by CIPFA.
- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Council.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions
- We consider our other duties under the Local Audit and Accountability Act 2014 (the Act) and the Code, as and when required, including:
 - Giving electors the opportunity to raise questions about your 2019/20 financial statements, consider and decide upon any objections received in relation to the 2019/20 financial statements
 - Issue of a report in the public interest or written recommendations to the Council under section 24 of the Act, copied to the Secretary of State
 - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act or
 - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about both the Council's and the Pension Fund's ability to continue as a going concern" (ISA (UK) 570). We will review management's assessment of the going concern assumption and material uncertainties, and evaluate the disclosures in the financial statements.

6. Materiality

The concept of materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

Council

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £16.5m (PY £21.0m) for the Council, which equates to 1.5% of the Council's prior year gross expenditure for the year. The reduction in materiality compared to the previous year reflects the higher profile of local audit following external reviews such as those led by Sir John Kingman and Sir Tony Redman.

Pension Fund

We have determined financial statement materiality based on a proportion of the net assets of the Pension Fund for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £13.7m (PY £13.0m) for the Pension Fund, which equates to 1.00% of the Pension Fund's prior year net assets.

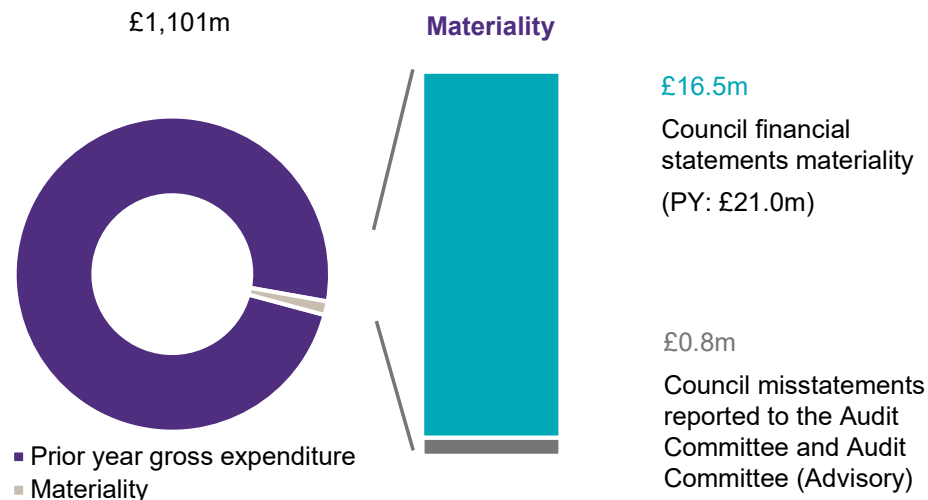
We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Matters we will report to the Audit Committee and Audit Committee (Advisory)

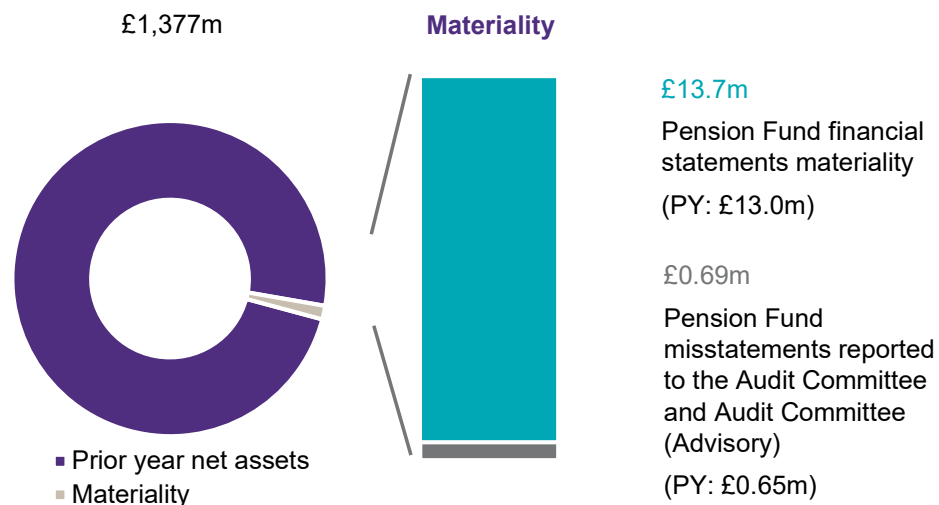
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee and Audit Committee (Advisory) any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.8m (PY £1.05m) and for the Pension Fund we propose £0.69m (PY £0.65m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee and Audit Committee (Advisory) to assist it in fulfilling its governance responsibilities.

Council prior year gross expenditure



Pension Fund prior year net assets



7. Value for Money arrangements

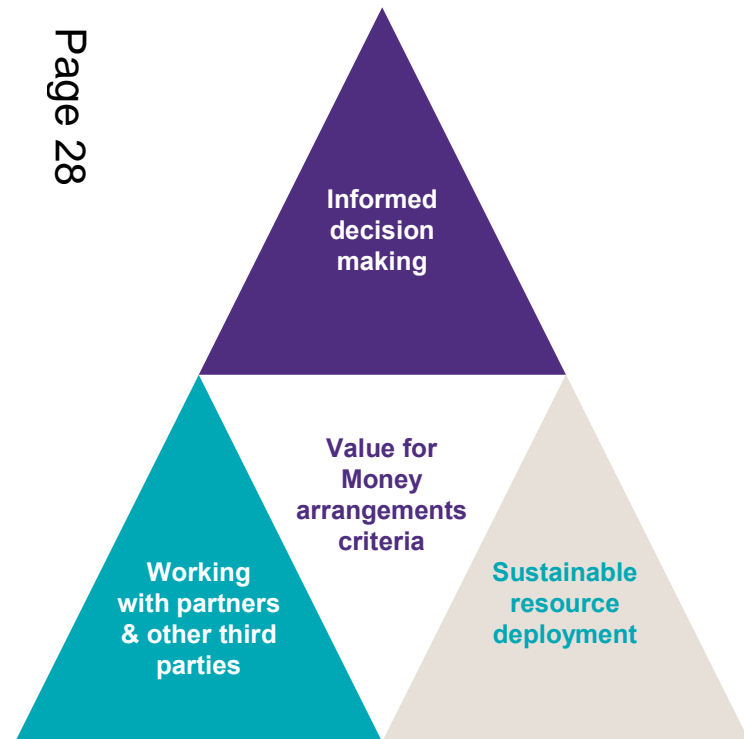
Background to our VFM approach

The NAO issued its guidance for auditors on Value for Money work in November 2017. The guidance states that for Local Government bodies, auditors are required to give a conclusion on whether the Council has proper arrangements in place to secure value for money.

The guidance identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:



Significant VFM risks

Those risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the Council to deliver value for money.



Medium term financial planning

Future uncertainty arising from the fairer funding review and longer-term settlement decisions has created financial uncertainty for the Council over the medium to long term. You have set a balanced budget for 2020/21 and your Medium Term Financial Plan for 2020 – 2023 identifies that you needed to close a 3 year budget gap of £10.6m to maintain financial balance. This assumes that you will deliver £23.6m savings under a revised savings programme.

A recent review of the 2019/20 savings programme, intended to deliver £13.5m savings, indicates that 78% of savings are 'Green' rated, 5% are 'Amber' rated and 17% are 'Red' rated. Whilst the Amber and Red rated savings are being covered from one-off resources and underspends in the current financial year, there are risks around the ongoing delivery of these savings in future years.

We will review your arrangements for setting the MTFP and examine underlying assumptions and dependencies for robustness. We will examine in detail the savings plans aimed at reducing future funding gaps.



Change and transformation programmes and governance

You are embarking on some significant transformation programmes, including transformation of ICT under Islington Digital Services, and in Adult Social Care. Your plans are ambitious and complex and require robust arrangements. You are seeking to transform the way the organisation is working in terms of new technology, new structures, new ways of working and shifting focus to meet the needs of the diverse population which the organisation serves, whilst maintaining financial balance.

We will review your arrangements for implementing cultural change and designing, implementing and monitoring specific programmes for embedding your strategic objectives through transformation and change.

8. Audit logistics & team



Page 29



Paul Grady, Key Audit Partner

Paul is responsible for overall quality control; accounts opinions; final authorisation of reports; liaison with the Audit Committee and Audit Committee (Advisory). He will share his wealth of knowledge and experience across the sector providing challenge and sharing good practice. Paul will ensure our audit is tailored specifically to you, and he is responsible for the overall quality of our audit work. Paul will sign your audit opinion.



Marc Chang, Audit Manager

Marc will support Ade in his work to ensure the early delivery of audit testing and agreement of accounting issues. He will attend Audit and Committee and Audit Committee (Advisory) meetings and draft reports, ensuring they remain clear, concise and understandable to all. He will also carry out first reviews of the team's work and also oversee the review of the Whole of Government Accounts.



Ade Oyerinde, Audit Senior Manager

Ade will work with the senior members of the finance and executive teams, ensuring early delivery of testing and agreement of accounting issues on a timely basis. Ade will attend Audit Committee and Audit Committee (Advisory) meetings, undertake reviews of the team's work and draft reports. Ade will work with Internal Audit to secure efficiencies and avoid duplication, providing assurance for the Annual Governance Statement.



Lydia Smith, Audit In-Charge

Lydia is responsible for management and delivery of audit fieldwork, including both interim and final accounts work. She will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management.

8. Audit logistics & team continued

Our requirements

To ensure the audit is delivered on time and to avoid any additional fees, you must ensure that:

- all audit queries in our interim and final work are responded to in a timely manner and all required samples provided to enable completion of the interim audit prior to the end of March.
- the draft accounts are provided to us by 31 May and are fully accurate with minimal errors.
- supporting schedules to all figures in the accounts and other working papers are provided to us by 31 May and in accordance with the agreed upon information request list. This must include all notes, the narrative report and Annual Governance Statement.
- the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples. All supporting schedules are clearly presented and agree to figures in the accounts.
- key management and accounting staff identified in our information request list are available throughout the duration of our audit visits to help us locate information and to provide explanations.
- all audit queries are resolved promptly and fully and within agreed timescales.

If any of the above requirements are not met, we reserve the right to postpone our audit visit and charge fees to reimburse us for any additional costs incurred.

9. Audit fees

Planned audit fees 2019/20

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. Within the public sector, where the FRC has recently assumed responsibility for the inspection of local government audit, the regulator requires that all audits achieve a 2A (few improvements needed) rating.

Our work across the sector in 2018/19 has highlighted areas where local government financial reporting, in particular, property, plant and equipment and pensions, needs to be improved. We have also identified an increase in the complexity of local government financial transactions. Combined with the FRC requirement that 100% of audits achieve a 2A rating this means that additional audit work is required. We have set out below the expected impact on our audit fee. The table overleaf provides more details about the areas where we will be undertaking further testing.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Our proposed work and fee for 2019/20 at the planning stage, as set out below and with further analysis overleaf, has been agreed with the Acting S151 Officer and is subject to PSAA agreement.

	Actual Fee 2018/19	Proposed fee 2019/20
Council Audit	£165,779	£181,079
Pension Fund Audit	£16,170	£25,000
Total audit fees (excluding VAT)	£181,949	£206,079

Assumptions:

In setting the above fees, we have assumed that the Council and Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards:

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with staff of appropriate skills, time and abilities to deliver an audit to the required professional standard.

9. Audit fee variations – Council

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees. In agreement with PSAA (where applicable) we will be seeking approval to secure these additional fees for the remainder of the contract via a formal rebasing of your scale fee to reflect the increased level of audit work required to enable us to discharge our responsibilities. Should any further issues arise during the course of the audit that necessitate further audit work additional fees will be incurred, subject to PSAA approval.

Audit area	£	Rationale for fee variation
Scale fee	£156,179	This is this is the PSAA scale fee and is unchanged from 2018/19
Increased challenge and depth of work	£5,000	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity
Materiality	£4,500	As outlined earlier in the Plan, we have also reduced the materiality level, reflecting the higher profile of local audit. This will entail increased scoping and sampling, increasing the volume and scope of our testing and reporting to those charged with governance, as well as providing you with additional assurance in respect of the audit.
Pensions – valuation of net pension liabilities under International Auditing Standard (IAS) 19	£3,500	The Financial Reporting Council (FRC) has specifically highlighted that the quality and extent of work around IAS 19 valuations has to increase across local audit. We have increased the granularity, depth and scope of coverage, with increased levels of sampling, additional levels of challenge and explanation sought, and heightened levels of documentation and reporting.
PPE Valuation – work of experts	£9,400	<p>The Financial Reporting Council (FRC) has specifically highlighted that the quality and extent of work around PPE and Investment Property valuations has to increase across local audit. We have responded by engaging our own audit expert (Gerald Eve) and will increase the volume and scope of our audit work to ensure an adequate level of audit scrutiny and challenge over the assumptions that underpin PPE valuations.</p> <p>This fee increase includes an estimate for the fee payable to the auditor’s expert. We estimate that the cost of the auditor’s expert will be in the region of £5,000.</p>
Accounting developments – IFRS 16	£2,500	The Council will be required to disclose in its 2019/20 financial statements the expected initial impact of the implementation of IFRS 16 on its net asset position and reserves as at 1 April 2020, to meet the requirements of IAS 8. This will require additional audit procedures.
Revised scale fee (to be approved by PSAA)	£181,079	

9. Audit fee variations – Pension Fund

Planned audit fees

The table below shows the planned variations to the original scale fee for 2019/20 based on our best estimate at the audit planning stage. Further issues identified during the course of the audit may incur additional fees.

Audit area	£	Rationale for fee variation
Scale fee	£16,170	This is the PSAA scale fee and is unchanged from 2018/19
Raising the bar	£5,000	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms needs to improve across local audit. This will require additional supervision and leadership, as well as additional challenge and scepticism in areas such as journals, estimates, financial resilience and information provided by the entity.
Valuation of Pension Fund investments	£3,830	The Financial Reporting Council (FRC) has highlighted that the quality of work by all audit firms in respect of valuations of hard to value investments needs to improve across the sector. Accordingly, we plan to enhance the scope and coverage of our work to ensure an adequate level of audit scrutiny and challenge over the assumptions and evidence that underpin the valuations of investments this year, particularly Level 3 investments, to reflect the expectations of the FRC and ensure we issue a safe audit opinion.
Revised scale fee (to be approved by PSAA)	£25,000	

10. Independence & non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in December 2017 and PSAA's Terms of Appointment which set out supplementary guidance on ethical requirements for auditors of local public bodies.

Other services provided by Grant Thornton

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following other services were identified:

Service	£	Threats	Safeguards
Audit related:			
Certification of Housing Benefits subsidy claim	28,226	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit of the Council in 2018/19 of £181,079* and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Pooling of Housing Capital Receipts	3,000	As above	As above
Agreed upon procedures engagement relating to the Teachers' Pensions End of Year Certificate	5,000	As above	As above
Non-audit related:			
CFO Insights subscription	10,000	As above	As above

* Revised scale fee (to be approved by PSAA)

10. Independence & non-audit services - continued

No non-audit services were identified in respect of the Pension Fund.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit Committee and Audit Committee (Advisory). Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit. None of the services provided are subject to contingent fees.

The firm is committed to improving our audit quality – please see our transparency report - <https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/annual-reports/interim-transparency-report-2019.pdf>

Appendix

A. **Audit Quality – national context**

Appendix A: Audit Quality – national context

What has the FRC said about Audit Quality?

The Financial Reporting Council (FRC) publishes an annual Quality Inspection of our firm, alongside our competitors. The Annual Quality Review (AQR) monitors the quality of UK Public Interest Entity audits to promote continuous improvement in audit quality.

All of the major audit firms are subject to an annual review process in which the FRC inspects a small sample of audits performed from each of the firms to see if they fully conform to required standards.

The most recent report, published in July 2019, shows that the results of commercial audits taken across all the firms have worsened this year. The FRC has identified the need for auditors to:

- improve the extent and rigour of challenge of management in areas of judgement
- improve the consistency of audit teams' application of professional scepticism
- strengthen the effectiveness of the audit of revenue
- improve the audit of going concern
- improve the audit of the completeness and evaluation of prior year adjustments.

The FRC has also set all firms the target of achieving a grading of '2a' (limited improvements required) or better on all FTSE 350 audits. We have set ourselves the same target for public sector audits from 2019/20.

Other sector wide reviews

Alongside the FRC, other key stakeholders including the Department for Business, energy and Industrial Strategy (BEIS) have expressed concern about the quality of audit work and the need for improvement. A number of key reviews into the profession have been undertaken or are in progress. These include the review by Sir John Kingman of the Financial Reporting Council (Dec 2018), the review by the Competition and Markets authority of competition within the audit market, the ongoing review by Sir Donald Brydon of external audit, and specifically for public services, the Review by Sir Tony Redmond of local authority financial reporting and external audit. As a firm, we are contributing to all these reviews and keen to be at the forefront of developments and improvements in public audit.

What are we doing to address FRC findings?

In response to the FRC's findings, the firm is responding vigorously and with purpose. As part of our Audit Investment Programme (AIP), we are establishing a new Quality Board, commissioning an independent review of our audit function, and strengthening our senior leadership at the highest levels of the firm, for example through the appointment of Fiona Baldwin as Head of Audit. We are confident these investments will make a real difference.

We have also undertaken a root cause analysis and put in place processes to address the issues raised by the FRC. We have already implemented new training material that will reinforce the need for our engagement teams to challenge management and demonstrate how they have applied professional scepticism as part of the audit. Further guidance on auditing areas such as revenue has also been disseminated to all audit teams and we will continue to evolve our training and review processes on an ongoing basis.

What will be different in this audit?

We will continue working collaboratively with you to deliver the audit to the agreed timetable whilst improving our audit quality. In achieving this you may see, for example, an increased expectation for management to develop properly articulated papers for any new accounting standard, or unusual or complex transactions. In addition, you should expect engagement teams to exercise even greater challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. As a result you may find the audit process even more challenging than previous audits. These changes will give the audit committee – which has overall responsibility for governance - and senior management greater confidence that we have delivered a high quality audit and that the financial statements are not materially misstated. Even greater challenge of management will also enable us to provide greater insights into the quality of your finance function and internal control environment and provide those charged with governance confidence that a material misstatement due to fraud will have been detected.

We will still plan for a smooth audit and ensure this is completed to the timetable agreed. However, there may be instances where we may require additional time for both the audit work to be completed to the standard required and to ensure management have appropriate time to consider any matters raised. This may require us to agree with you a delay in signing the announcement and financial statements. To minimise this risk, we will keep you informed of progress and risks to the timetable as the audit progresses.

We are absolutely committed to delivering audit of the highest quality and we should be happy to provide further detail about our improvement plans should you require it.



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Report of: Acting S151 Officer

Meeting of:	Date	Agenda item	Ward(s)
Audit Committee	17 th March 2020	-	All

SUBJECT: 2020-21 Internal Audit Plan

1. Synopsis

- 1.1. The Council has a statutory duty to maintain an adequate and effective internal audit function. The Internal Audit, Investigations and Risk Management service provides this function.
- 1.2. Our primary objective is to offer the Council (via the Audit Committee), an independent and objective appraisal of whether objectives are being met. We also provide advice and guidance to management on risk and control issues within individual processes. We aim to achieve this through a planned programme of work based on an annual assessment of the major risks facing the authority.
- 1.3. The plan attached at Appendix A details the work to be undertaken by the Internal Audit in 2020-21 to deliver this objective. In 2020-21, as in previous years, the audit plan will need to be flexible in response to changing risks.

2. Recommendations

- 2.1 To approve the 2020-21 Internal Audit Plan.

3. Background

- 3.1 The 2020-21 plan was drafted from a number of sources including the Council's principal risk report (as at January 2020), an Internal Audit risk assessment, audit plans of other local

authorities, intelligence from previous audits/fraud investigations, and CIPFA good governance guidelines. The Internal Audit risk assessment and consultation process to arrive at the plan was derived as follows:

- A list of all auditable systems was identified;
- Auditable areas were evaluated against risk criteria (including previous audit outcomes), and then ranked;
- Plans for each directorate were agreed by Directorate Management Teams in January 2020;
- The Council's Corporate Management Board agreed the consolidated plan in February 2020.

4. Internal Audit plan - delivery

- 4.1 The annual plan has been drawn up to address the statutory requirements and key risks for the Council, taking into account the available resources within the Internal Audit service. Changes to the annual plan may be necessary during the year to reflect changing risks.
- 4.2 The 2020-21 Internal Audit plan will deliver c750 audit days, including a contingency of c70 days to cover urgent and unplanned reviews arising during the year. A portion of the plan (c.170 days) will be delivered by our co-sourced partner.
- 4.3 An assurance map (included at Appendix A, Section F); details Internal Audit coverage/assurance activity undertaken from 2017-18 to date; in order to provide assurance surrounding the Council's principal risks.

5. Follow-up audits

- 5.1 Planned audit work undertaken is subject to a formal follow up to ensure that agreed audit recommendations have been implemented. The timing of each follow up review is agreed with the client for the original audit. We report summary findings of all internal audit work as well as levels of implementation of agreed audit recommendations to the Audit Committee. Follow up outcomes will also have an impact on our risk assessment of a particular area.

6. Implications

6.1 Financial implications:

There are no specific financial implications associated with this report. The Audit Plan has been drawn up in light of available resources. The financial implications of individual audit and investigation reports are discussed with managers through the audit reporting protocols.

6.2 Legal Implications:

The Local Audit and Accountability Act 2014 sets out the regulatory framework for the audit of local authorities. The Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Accounts and Audit Regulations 2015 (SI 2015/234), regulation 5). The Public Sector Internal Audit Standards 2017 provide a set of public

sector internal audit standards, which are supplemented for local government by CIPFA standard setting guidance.

6.3 **Environmental Implications:**

There are no environmental implications.

4.4 **Resident Impact Assessment:**

There are no direct equality implications arising from the recommendation in this report.

7. **Conclusion and reasons for recommendations**

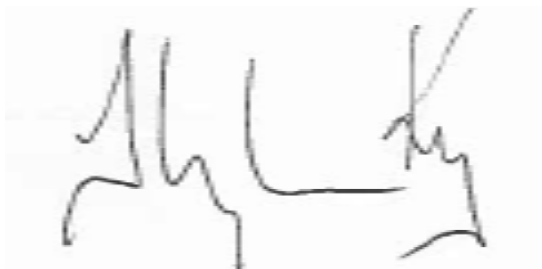
7.1 This report indicates the level of work being undertaken by Internal Audit in order to provide assurance over the Council's control environment.

Appendices

- **Appendix A** –2020-21 Internal Audit Plan.

Final report clearance:

Signed by :



Stephen Key, Acting S151 Officer

Date: 20th February 2020

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PAPER ENDS

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APPENDIX A – 2020-21 DRAFT INTERNAL AUDIT PLAN

* Denotes a principal risk

A. CORPORATE / CROSS-CUTTING

Ref	Audit title	Indicative scope	Planned Quarter	Days
CC20-1	Landlord Duty of Care *	On-going programme of assurance against this area of Principal Risk. Cross-cutting review of the Council's arrangements for ensuring compliance with health and safety requirements across its property portfolio. Scope to include progress towards implementation of recommendations arising following the Grenfell review.	Q2	20
CC20-2	Change Programme Delivery *	Assurance surrounding key actions to mitigate this principal risk. Scope to include deep-dive into a sample of key projects/work-streams.	Q2	20
CC20-3	Financial Strategy *	Risk based review of key programme objectives. Scope to include assurance surrounding the mitigation actions recorded against this principal risk.	Q2	20
CC20-4	Capital programmes *	Risk based review with a focus on funding and approval of spend. Scope to include governance and financial monitoring arrangements, including deep-dive into a sample of key projects.	Q2	20
CC20-5	Information Governance *	Scope to be refined in-year to focus on high risk areas.	Q4	10
CC20-6	Contract Management *	On-going programme of assurance against this area of key risk. To include follow up of previous audit recommendations.	Q2	20

CC20-8	Risk management – assurance mapping	Internal Audit input into assurance mapping for principal risks.	All	20
CC20-9	Fraud support	Internal Audit input into the reactive investigations to be undertaken in-year.	All	20
CC20-10	Annual governance statement and audit plan production	Preparation of the Council’s Annual Governance Statement and audit plan.	Q4	10
CC20-11	Follow ups	Follow up of recommendations made in 19-20.	All	75
			Total Days	235

B. RESOURCES

Ref	Audit title	Indicative scope	Planned Quarter	Days
FR20-1	Continuous Monitoring (CAM) Audit	Review of 5 key financial systems in line with the rolling CAM plan.	Q4	50
FR20-3	IT Application Reviews	Key controls testing, including a deep-dive into two IT applications. Focus on key controls and risks related to availability, integrity, confidentiality and accountability.	Q3	30
FR20-4	IT Audit Reviews	IT audit reviews to be undertaken focussing on high risk areas. To include extended follow-up of Cyber Security and Technology Debt reviews undertaken in 2019-20.	Q2/3	40
FR20-5	Use of Agency & Consultancy staff	Risk based review of key controls regarding the use of agency and consultancy staff. Scope to include controls surrounding approval, extension, vetting and financial monitoring.	Q2	20
			Total Days	140

C. PEOPLE

Ref	Audit title	Indicative Scope	Planned Quarter	Days
PE20-1	Youth Offending/ Youth Crime *	Extended follow-up review of 2019-20 review in this area (currently being undertaken in Q4 19-20). Programme review of the governance arrangements in place surrounding the Council's strategy to tackling youth offending/youth crime. Scope to provide assurance surrounding controls and mitigating actions included against this principal risk.	Q2	10
PE20-2*	Safeguarding Adults *	Risk based review focussing on the controls in place to support the identification and management of this area of Principal Risk, including arrangements for responding to safeguarding concerns regarding Modern Day Slavery and homeless people. Scope to be refined in year.	Q2	20
PE20-3	Social Care Provider Failure *	Extended follow-up of the review undertaken in this area in 2016-17. Scope to include arrangements for identifying, preventing and responding to potential provider failure incidents within the Social Care market.	Q3	20
PS20-4	High Needs/ SEN Children's Placements	Carried forward from 2019-20. Risk based review of the controls in place surrounding high-needs children's placements. Scope to include monitoring and reporting of high cost care placements / packages.	tbc	20
PS20-5	Better Care Fund *	Cross cutting review across Children's and Adults including pooled budget arrangements.	Q2	15
PS20-6	School – establishment reviews	Risk based review of 7 schools/children's centres	Q1 to Q4	56
			Total Days	141

D. ENVIRONMENT AND REGENERATION

Number	Audit title	Indicative Scope	Planned Quarter	Days
ER20-1	CCTV Project *	Continuation of risk and control design support to the CCTV Project Board.	Q2	15
ER20-3	Parking Services	Carried forward from 2019-20. Risk based review of the effectiveness of the governance arrangements in place surrounding the interpretation, monitoring and compliance with legislative requirements. Scope to focus on a sample of key projects in this area, including HGV and School street initiatives.	Q1	20
ER20-3	Building Control	Risk based review to ensure that Council is fulfilling its statutory responsibilities for building owners and developers carry out work that complies with the Building Act and Building Regulations legislation.	Q3	20
ER20-4	Business Planning * Continuity	Risk based review surrounding the governance and monitoring arrangements for the Council's Business Continuity Planning framework, including alignment and coordination with IT Disaster Recovery Plans. Scope to include follow-up of recommendations raised within the 2019-20 Emergency Planning review.	Q3	15
			Total Days	70

E. HOUSING




Number	Audit title	Indicative scope	Quarter	Days
HOU20-1	Home-build Programme*	On-going programme of assurance against this area of Principal Risk. Risk based review focussing on key programme objectives. Scope to also include a follow-up of the recommendations raised within the 2019-20 review (currently in progress).	Q3	15
HOU20-2	Tenancy Management Organisations	Risk based review of four TMOs. On conclusion of 2020-21 TMO work, a 'common findings/lessons to be learned' paper will be produced for sharing across all TMOs	Q1 to Q4	25
HOU20-3	Voluntary Sector Organisation	Risk based review of two VSOs (to be confirmed and scoped in year).	Q1 to Q4	20
HOU20-4	Right-to-Buy	Risk based review of arrangements for processing and managing Right-to-Buy applications in accordance with legislative requirements. Scope to include fraud prevention/detection measures.	Q4	15
HOU20-5	Health and Safety*	Risk based review of key risk area (scope to be agreed in year)	Q3	15
			Total Days	90

F) Principal Risk Register extract (mapping of Principal Risks to the Internal Audit Plan)

Principal risks as at January 2020





Risk Score	L	I	Risk Title	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend	Internal Audit Coverage (from 2017-18 to 2020-21)
16 (0)	4	4	Youth crime and serious youth violence	↔	↔	Although crime overall is declining in Islington, violence and knife crime is increasing across London and risk levels can change rapidly and so the forward trend remains at a high risk score.	Review planned for Q4 2019-20 (as per the 2019-20 Plan) to provide assurance against this area of principal risk. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.
Page 49 49 (+3)	3	5	Financial strategy	↔	↑	The Government postponed the full 3 year Spending Review that was planned for summer 2019 as well as the fair funding review, and provided a one year settlement in September 2019. This therefore increases future uncertainty and the impact score of this particular risk.	In 2019/20; on-going support and advice was provided where required, to embed risk management within projects. Risk management input was shared surrounding financial risk assessment. A risk based review, focussing on key programme objectives, is planned for 20-21.
12 (-4)	3	4	Brexit	NEW	↔	This report is compiled before the general election scheduled for 12th December, the outcome of the election is expected to inform the governments approach to Brexit. Our planning around critical services escalated before the October EU exit deadline increasing our oversight and the robustness of our critical services, resulting in a reduction in both the likelihood and impact score.	On-going risk support and advice is being provided by the Council's Risk Manager via the Brexit Resilience Group. Brexit preparedness was also included within the scope of the 'Right to Work' review undertaken in 2019-20.

Risk Score	L	I	Risk Title	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend	Internal Audit Coverage (from 2017-18 to 2020-21)	
12 (+1)	3	4	Welfare reforms	↑	↑	It is planned around late 2023/2024 that remaining legacy benefit claimants will be moved over in a managed migration. However, it is likely that most will have naturally migrated by this time. Council tenants on Universal Credit (UC) have consistently higher rent arrears than those on Housing Benefit, the increasing numbers migrating to UC result in the likelihood score being increased by 1 to reflect the increased risk of rent arrears and financial difficulty.	Rent Income and Recovery review undertaken in 2018-19 (Moderate Assurance) and a follow-up is planned in Q1 2020-21.	
Page 50	12 (0)	3	4	Cyber security	↑	↔	Our protection continues to increase, the level of attack is constant with seasonal adjustment e.g. elections	Review planned for Q4 2019-20 (as per the 2019-20 Plan) to provide assurance against this area of principal risk. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.
	12 (0)	4	3	Serious information breach or non-compliance with legislation	↑	↔	Residents are more educated regarding GDPR/DPA18 resulting in an increasing request for advice. The application of GDPR/DPA18 has not yet been tested increasing uncertainty of potential fines.	GDPR Readiness review undertaken in 2017-18 and follow-up completed in 2018-19. A review of Records Management was undertaken in 2018-19, and a follow-up is planned in Q1 2020-21. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.
12 (0)	3	4	Response and resilience	↑	↔	The external environmental triggers continue to worsen meaning our planning needs to be increasingly robust. Record number of incidents responded to in	Review planned for Q4 2019-20 (as per the 2019-20 Plan) to provide assurance against this area of principal risk (focussing on Emergency Planning controls).	

Risk Score	L	I	Risk Title	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend	Internal Audit Coverage (from 2017-18 to 2020-21)
						2018/19, current figures show incidents in 2019/20 on course to rise again, however within the bands of the current risk score	Resource has also been included on 20-21 plan to undertake additional assurance work in this area (to primarily focus on Business Continuity Planning).
12 (0)	3	4	Safeguarding adults			The risk score remains stable however the complexity of cases has been increasing, this has been met with a plan for additional training for our staff to support residents.	<p>A review of Mental Health Safeguarding was undertaken in 2018-19, and a follow-up is planned in Q1 2020-21.</p> <p>A review of Direct Payments is planned for Q4 2019-20 (as per the 2019-20 Plan).</p> <p>Resource has also been included on 20-21 plan to undertake additional assurance work in this area (Safeguarding Adults and Social Care Provider Failure).</p>
12 (0)	3	4	New Homes Programme	NEW		The continued deterioration of the housing market combined with BREXIT pressures on construction costs has caused overall cost pressure within the programme, however strategic delivery and the organisational growth structure have helped to support strategic delivery.	<p>Review planned for Q4 2019-20 (as per the 2019-20 Plan) to provide assurance against this area of principal risk.</p> <p>Resource has also been included on 20-21 plan to undertake additional assurance work in this area.</p>
12 (0)	3	4	Housing Delivery	-	NEW	n/a. Trend is not captured for new risks	This is a new principal risk as at 2019-20. No assurance activity is planned for 20-21; however Internal Audit is keeping this risk under review based on the principal risk report.
12 (0)	3	4	Social Care Market Instability	-	NEW	n/a .Trend is not captured for new risks.	Resource has been included on 20-21 plan to undertake assurance work in this area.
12 (0)	3	4	Health and Social Care Integration	n/a	NEW	n/a. Trend is not captured for new risks.	This is a new principal risk as at 2019-20.

Risk Score	L	I	Risk Title	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend	Internal Audit Coverage (from 2017-18 to 2020-21)
							No assurance activity is planned for 20-21; however Internal Audit is keeping this risk under review based on the principal risk report.
10 (0)	2	5	Safeguarding children	↔	↔	Overall numbers of referrals and repeat referrals have been declining indicating that our model of practice is having a positive impact on residents.	Review of Placement Commissioning for 16-17 year-olds was undertaken in 2019-20 and a follow-up is planned in Q1 2020-21. Review of SEN Transport undertaken in 2018-19, and a follow-up is planned in Q1 2019-20.
Page 52 9 (0)	2	5	Serious H&S incident in housing	↔	↔	The Council's core activities and functions have not changed significantly and so the risk remains stable.	Review of Landlord Duty of Care – Fire Risk Assessments was undertaken in 2019-20, and a follow-up is planned in Q2 2020-21. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.
9 (0)	3	3	IT delivery and transformation	↔	↔	The problem areas within our IT infrastructure have been identified and remediation works have progressed.	Review of IT Technology Debt undertaken in 2019-20, and a follow-up is planned in Q1 2020-21. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.
9 (0)	3	3	Change Programme Delivery	↔	↔	The Programme Management Office has demonstrated that the levels of control have been effective with a number of examples testing the project and programme management.	In 2018-19, a Programmes and Transformation review was undertaken, and focussed on providing control design advice for the newly formed Programme Management Office. This is being followed-up in Q4 2019-20. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.

Risk Score	L	I	Risk Title	Risk Score Outlook March 19	Risk Score Outlook Dec 19	Comment on change in trend	Internal Audit Coverage (from 2017-18 to 2020-21)
9 (0)	3	3	CCTV Failure	-	NEW	n/a. Trend not captured for new risks.	Review undertaken in 2019-20, and resource has also been included on 20-21 plan to undertake additional assurance work in this area.
9 (0)	3	3	Capital Programme	n/a	NEW	n/a .Trend is not captured for new risks.	Project specific reviews were undertake in 2018-19 and 2019-20. Resource has been included on 20-21 plan to undertake additional assurance work in this area.
8 (0)	2	4	Health and safety	↔	↔	The Council's core activities and functions have not changed significantly and so the risk remains stable.	Review undertaken in 2018-19, primarily focussing on Legionella, and was followed-up in 2019-20. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.

8 (0)	2	4	Contract Management	All			While the risk remains stable, the external environment affecting the finances and operations of many of our contractors and the potential impact on service delivery for council services remains a challenge.	Review undertaken in 2018-19 and was followed-up in 2019-20. Resource has also been included on 20-21 plan to undertake additional assurance work in this area.
6 (+1)	3	2	Serious fraudulent activity	Section 151			There has been an increase in investigative activity over the last year; with the trend likely to continue, resulting in an increase in the likelihood score.	Fraud risks feed into the annual Audit Plan. Delivery of the Audit Plan ensures that, where risks are identified, audit recommendations are made to address control weaknesses
4 (0)	2	2	Recruitment and retention	A. Grant	n/a	NEW	n/a .Trend is not captured for new risks.	This is a new principal risk as at 2019-20. No assurance activity is planned for 20-21; however Internal Audit is keeping this risk under review based on the principal risk report.



Report of: Acting S151 Officer

Meeting of:	Date:	Ward(s):
Audit Committee	17 th March 2020	All

Delete as appropriate		Non-exempt
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SUBJECT: WHISTLEBLOWING POLICY

1. Synopsis

- 1.1. This report provides an update to the Council's Whistleblowing Policy, which was last updated in January 2019. The policy has primarily been revised to bring clarity to operational matters of when it is appropriate to seek approval from Audit Committee in using an external investigator such as a solicitor or barrister; and to clarify matters that will fall under the scope of the policy.
- 1.2. The current wording of the policy requires Audit Committee to approve the instruction of an external investigator in all circumstances. An external investigator can be sought for a range of reasons including when a matter is particularly complex, specialised or due to the size of the investigation. For complaints received under the whistleblowing procedure, it is necessary to undertake a timely investigation. The current process in seeking approval from Audit Committee could delay the matters being addressed. Where it is appropriate to use an external investigator other than a solicitor or barrister, in these circumstances, approval will be sought from the Section 151 Officer. The policy has been updated to reflect the new process and the approval mechanism. Where it is appropriate to use a solicitor or barrister to undertake an investigation, due to the complexity, and costs involved, approval will still need to be obtained from Audit Committee.
- 1.3. A further amendment to the Whistleblowing Policy has been made to clarify which matters will fall within the scope of this policy and those which are appropriate for consideration under alternative policies. The updated policy removes the paragraph which describes

matters that fall outside of the scope of the procedure and are not subject to the statutory protection. Whistleblowing Referrals that are afforded statutory protections are listed at 1.3 of the Whistleblowing Policy. Referrals made that fall outside of the Whistleblowing Policy may be pursued using the Council's Disciplinary Procedure, Workplace Resolution Policy (Grievance Procedure) and Council's Code of Conduct. Paragraph 1.4 of the Whistleblowing Policy sets out further clarification of matters outside the Policy's scope.

- 1.4. This report is intended to support Audit Committee in obtaining assurance that the Council has a sound framework surrounding whistleblowing.

2. Recommendations

To agree the revised Whistleblowing policy at Appendix 1, including section 1.3, matters in scope of the procedure and section 3.1, Audit Committee approval for the use of an external investigator.

3. Background

- 3.1 Whistleblowing arrangements are a key element of the Council's overall governance arrangements. Whistleblowing allows employees, members, contractors and others, to confidentially raise concerns surrounding fraud and corruption. A review of the Council's whistleblowing policy was last undertaken in January 2019. The policy has now been reviewed and changes to the policy since the last iteration have been highlighted in Appendix 1.

4. Implications

4.1 Financial implications:

There are no specific financial implications associated with this report. Each referral will be determined on an individual basis and financial implications, if relevant, will be considered as part of this determination.

4.2 Legal Implications:

The original Public Interest Disclosure Act 1998 provisions, inserted in the Employment Rights Act 1996, were amended by the Enterprise and Regulatory Reform Act 2013 to introduce a new public interest requirement. The Council must have regard to the Government's Whistleblowing Guidance for Employers and Code of Practice.

4.3 Environmental Implications

There are no environmental implications arising from the recommendations in this report.

4.4 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment has not been completed because the recommendation being sought does not have direct impacts on residents.

5. Reason for recommendations

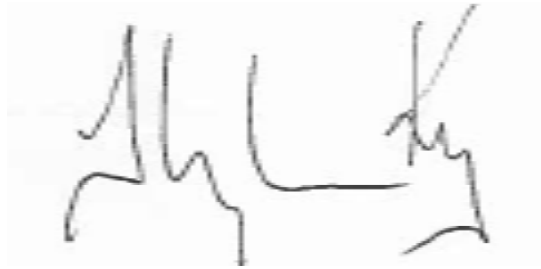
This report indicates that the Whistleblowing policy is in place and has been duly updated. Committee is asked to approve the policy as outlined in Appendix 1.

Appendices

- **Appendix 1** – Whistleblowing Policy

Final report clearance:

Signed by:



Date: Stephen Key, Acting S151 Officer
20th February 2020

Report Author: Nasreen Khan, Head of Internal Audit, Investigations and Risk Management
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REPORT ENDS

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Appendix 1

Whistleblowing Policy and Procedure

1 BACKGROUND

1.1 Overall context

The council expects the highest standards of behaviour of all those who work for the council, councillors and its contractors.

The Whistleblowing Procedure is intended to encourage employees and others who are listed below to report inappropriate action by any of the above which would not normally be revealed due to fears of victimisation or retribution.

The procedure provides a framework for those with concerns to report such concerns and for them to be dealt with in an appropriate manner.

The procedure reassures employees that they will be protected from reprisals or victimisation for making reports of malpractice, in the public interest, which they reasonably believe to be true.

The council will ensure that its workers at all level are trained appropriately in relation to whistleblowing law and this procedure

1.2 Regulatory and legal context

This disclosure policy has been devised in accordance with the provisions of the Employment Rights Act 1996, Public Interest Disclosure Act 1998 and the Enterprise and Regulatory Reform Act 2013.

1.3 Scope of the procedure

This procedure **applies** to a report where it is the reasonable belief of the employee or other person making the report that it discloses past, present or likely future wrongdoing in any of the following categories:

- a criminal offence, including bribery or corruption,
- a failure to comply with a legal obligation,
- a miscarriage of justice,
- a danger to the health and safety of an individual,
- damage to the environment,
- a deliberate attempt to conceal any of the above

in relation to the conduct of the council's business, including activities carried out by contractors on its behalf.

1.4 Matters outside the scope of the procedure

Statutory whistleblowing protections do **not** normally cover day to day issues relation to an employee's terms and conditions of employment or a complaint about another employee, these can usually be referred to their line manager, or if necessary be pursued using the council's **Workplace Resolution Policy**.

Note: Employees generally do not receive statutory protection as a whistleblower when they complain merely about breaches of their own employment contract. A protected whistleblowing disclosure should have a public interest aspect to it. A grievance by contrast has no public interest factors, as it is a complaint about a particular employment situation. A grievance should be reported using the council's Grievance Procedure, not the Whistleblowing Procedure. If employees are unsure about whether or not their concern raises a public interest matter, they may find it useful to seek further guidance from the sources of advice provided below.

There are other matters that may attract statutory whistleblowing protection, but nonetheless should be reported using other council procedures:

- Matters that would normally be dealt with by the council's collective bargaining arrangements with its recognised trade unions.
- Matters relating to child abuse which should be reported to the Referral and Advice Team: telephone **020 527 7400** or Email: csctreferrals@islington.gov.uk Further information is available on the Islington Council website: <https://www.islington.gov.uk/children-and-families/worried-about-a-child>
- Matters relating to the protection of vulnerable adults should be referred to the Access Team: telephone **020 7527 2299** or send an email to them at access.service@islington.gov.uk. Further information is available on the Islington Council website: <https://www.islington.gov.uk/social-care-health/adult-abuse-or-neglect> You can also make a referral at: dolsoffice@islington.gov.uk or in an emergency telephone **0207 527 3828**
- For referral outside office hours in relation of child abuse or the protection of vulnerable adults contact the Emergency Duty Team on **020 7226 0992**.
- Allegations which you would normally make to Internal Audit concerning fraud or financial irregularity which should continue to be made direct to Internal Audit by calling **0207 527 4873** or E Mail at: internal.audit@islington.gov.uk
- Matters relating to modern slavery should be raised as under paragraph 4 below
- Complaints from the public that relate to standard of service delivered by the council or its contractors which should be reported through the council's Complaints procedure see: <http://izzi.me/staff-essentials/communications-customers/3complaints/2complaints/Pages/procedure.aspx>

1.5 Who is covered by the procedure?

All employees, contractors (and their staff), partner agencies (including the Health Authority and voluntary sector groups), casual and agency workers, consultants, trainees and self-employed people providing work for the council may make reports under this procedure outlining any concerns.

2 MAKING A WHISTLEBLOWING REPORT – Step 1

2.1 Reporting a concern within the management structure of your own Service Area

In the first instance you should normally report any concerns to your line manager or their manager, preferably in writing. However, if you feel the matter is extremely serious or sensitive or involves your line manager or their manager, you may report the matter to the relevant Corporate Director.

Before raising your concern, you may wish to take advice on the matter from any of those listed in paragraph 5.7 of this procedure or discuss your concerns with a colleague first. It is advisable that you report your concern as early as possible. A significant delay in reporting the matter may make the subsequent investigation difficult to pursue.

In raising your concern in writing, you should give as much detail as possible, i.e. the background and history, giving names and relevant dates and the reasons why you are particularly concerned about the situation.

If you feel hesitant about putting your concern in writing at this stage you should telephone the manager to whom you wish to make the report and arrange to meet them. Do bear in mind you may be asked to put the details in writing later.

Managers receiving a report under this section must notify the whistleblowing officer of the referral within 24 hours.

Any evidence you provide may be useful. However, you do not need to provide evidence in order to make a report under this procedure.

2.2 Reporting a concern to the council's Whistleblowing Officer

The Council's Whistleblowing Officer is the Head of Internal Audit, Investigations and Risk Management (Tel: 020 7974 2211)

You may also contact the Whistleblowing Officer via email at: internal.audit@islington.gov.uk. This mailbox is restricted and only accessed by authorised managers in Internal Audit.

You may make a written report to the council's Whistleblowing Officer if you:

- Have previously raised an issue to management within your department and feel that it has not been dealt with properly or the matter involves your Corporate Director, or
- Fear that you will be victimised if the matter is raised within your management structure, or
- Fear that relevant information may be concealed or destroyed if the matter is raised within your management structure.

If the matter you wish to raise involves the Whistleblowing Officer, you may make your report to the Chief Executive.

3 INVESTIGATION OF YOUR REPORT – Step 2

3.1 What will happen?

You will be advised whether the referral is appropriate for this procedure.

Receipt of your report will be logged by the Whistleblowing Officer, following which you will normally be interviewed. You may be accompanied at the interview by a trade union representative, a colleague or a friend if you feel this would help. In most cases you will be asked to provide a written statement detailing the allegations following the interview.

You will receive a written acknowledgement of your report and will be informed of the action that will be taken to investigate your concern within 10 working days of receipt. You will also be given an estimate of the likely timescale of the investigation, although this cannot be guaranteed.

Where possible, you will be kept informed of the progress of the investigation, unless the Investigator considers that there is a risk of the investigation being prejudiced by disclosures of the process being taken. You may not receive full details of the progress or the outcome of the investigation if provision of details would be inconsistent with obligations of confidentiality in relation to others.

In some circumstances the matter may be referred to an external agency, such as the police, if crime is involved. Where possible the Whistleblowing Officer will advise you of this before doing so.

It may be considered appropriate for the allegations in your report to be investigated on behalf of the Council by an external party. In these cases, the Council's Section 151 Officer will provide authority for an external investigation to be conducted. In exceptional circumstances, it may be considered appropriate to appoint a legal professional, such as a solicitor or barrister to conduct this investigation. In these cases, the Council's Audit Committee will provide the authority for an external investigation to be undertaken.

If you are not satisfied with the response from the Whistleblowing Officer, you may report this in writing to the Chief Executive.

3.2 Conclusion of the investigation – Step 3

If your allegation is not proven or there is insufficient evidence on which to base a conclusion, you will be advised accordingly. It will not be necessary in these cases for a report to be prepared as this could compromise your identity unnecessarily.

In cases where action is necessary as a result of your allegation, a report will usually be sent to the Corporate Director responsible for the area under investigation. The Corporate Director will be responsible for implementing the recommendations in the report. You will be advised when the investigation is complete but it may not always be possible to tell you the details of the findings as this may be confidential.

If the investigation concerns inappropriate action by the Corporate Director, the report will be sent directly to the Chief Executive. If you are concerned about the Corporate Director receiving the report you should discuss this with the investigator.

4 MODERN SLAVERY

- 4.1** Modern slavery is the illegal exploitation of people for personal or commercial gain, often in conditions which the victim cannot escape. Islington is committed to ensuring that this exploitation does not occur in any of the Council's activities and that staff and the public have the opportunity to report suspicions to the appropriate place.

Staff who suspect that modern slavery or human trafficking may be happening through any of the council's activities, particularly in service delivery via third parties, should contact the Council's Head of Internal Audit, Investigations and Risk Management immediately (Tel: 020 7974 2211).

More information and advice can be found on the government's website on modern slavery: <https://www.gov.uk/government/collections/modern-slavery>

5 GENERAL PROVISION

5.1 Anonymous reports

Whilst anonymous allegations do not carry the same weight, any such reports received by the council will be considered when the council believes this to be appropriate. When a decision is made to consider an anonymous allegation, appropriate investigations will be made into the circumstances, as far as possible. In exercising this discretion, account will be taken of the seriousness and credibility of the matters raised and the likelihood of confirming the allegation from the sources quoted.

Anonymous whistle blowers will not ordinarily be able to receive feedback. Anonymous whistle blowers may seek feedback through a telephone appointment or by using an anonymised email address. Please see the relevant contact details above

5.2 Anonymity

During the initial stages of the investigation, if you so wish, the council guarantees that your identity will only be disclosed to those directly involved in investigating the allegation. If you wish to remain anonymous, we will take all reasonable steps to maintain your anonymity throughout the enquiry, unless we are required by law to break it. For example, we may be required by law to disclose your identity to other investigating agencies, but we will discuss this with you before doing so.

5.3 Attendance at a disciplinary hearing

In cases where disciplinary action is taken, it may be necessary for you to provide witness evidence. We will try to gather evidence to support your allegation without requiring your attendance at a hearing, but this may not always be possible.

5.4 Non-disclosure agreements

Non-disclosure clauses in settlement agreements do not prevent you from making a disclosure under this policy or attracting the statutory protection.

5.5 Statutory protection

The Public Interest Disclosure Act 1998 and the Enterprise and Regulatory Reform Act 2013 provide individuals with protection from victimisation, dismissal or any other detriment provided they have a reasonable belief that what they have reported is true and the report is made in the public interest.

5.6 Protection to council employees

Action will not be taken against you by the council if you make a report with a reasonable belief that it is in the public interest even if it is not confirmed by the investigation.

The council will treat any victimisation or harassment of an employee because they made a report reasonably and in the public interest under this procedure as a serious disciplinary offence.

If you consider that you have been, are being or are likely to be victimised, dismissed, made redundant or made to suffer some other detriment as a result of making a report under this procedure, you should report your concerns to the Whistleblowing Officer. The matter will then be dealt with as a new referral under this procedure.

Employees should not make reports which they do not reasonably believe to be true or which are malicious. Disciplinary action may be taken against an employee who makes an allegation frivolously, maliciously or for personal gain.

If you are already the subject of a disciplinary, capability or redundancy procedure, this will not normally be halted as a result of your report.

5.7 Advice

If you wish to receive advice from a relevant professional in the council before making a report under this procedure, you should contact any of the following:

- Section 151 Officer (Tel: 020 7527 5636)
- The Corporate Health and Safety Manager (Tel: 020 7527 2230)

Alternatively, you may wish to ask for confidential help from your trade union:

- UNISON:
Jane Doolan 0207 527 8298 - email
secretary@islingtonunison.org.uk
- GMB:
Marie McCormack Tel: 0207 527 3805 –
email: Marie.McCormack@islington.gov.uk
George Sharkey 0788 1310682 – email:
george.sharkey@islington.gov.uk
- Unite:
Jasmin Suraya 020 7527 8344 –
email: jasmin.suraya@islington.gov.uk

Bobby Haddock 020 7527 7456 -
email: Robert.Haddock@islington.gov.uk

Or your professional organisation.

You may also contact the following organisations outside the council for assistance with your concern:

- Public Concern at Work, now known as Protect Tel: 020 3117 2520 or visit their website: <http://www.pcaw.org.uk/>

For additional support you can contact the Employee Assistance Programme (EAP)
Phone: 0800 243 458 or visit: [https://www.workplaceoptions.co.uk/member-login-](https://www.workplaceoptions.co.uk/member-login-2/)

[2/](#)

Client ID: islington

Password: employee

The National Society for the Prevention of Cruelty to Children (NSPCC) has a national whistleblowing helpline for employees wishing to raise concerns about a child at risk of abuse.

You can find more information on this NSPCC whistleblowing helpline on their official website at: <https://www.nspcc.org.uk>

5.8 Reporting outside the council

This procedure is intended to provide you with an avenue within the council to raise concerns. The council hopes you will be satisfied with any action taken. If you are not, and if you feel it is right to take the matter outside the council following completion of the process set out above, the following are possible contact points:

- HM Revenue & Customs,
- the Financial Services Authority,
- the Office of Fair Trading,
- the Health and Safety Executive,
- the Environment Agency,
- the Director of Public Prosecutions,
- the Department of Health,
- the Care Quality Commission,
- the Serious Fraud Office,
- Ofsted,
- or other appropriate regulatory body.

For a full list of bodies and person who you can make a disclosure to see:
<https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies>

A report made externally, i.e. to the police, media or Member of Parliament, will only be protected and count as a qualifying disclosure under the legislation if the following apply:

- the report is in the public interest: if you honestly and reasonably believed the information and any allegation contained in it to be substantially true,
- the allegation has not been made for personal gain,
- the allegation has already been raised with the council, unless you reasonably believed you would be victimised or that there may be a cover-up or that the matter is exceptionally serious.

Also a disclosure is not a qualifying disclosure if:

- by making the disclosure, you have committed an offence (e.g. under the Official Secrets Act 1989), or
- the information should be protected from disclosure because of legal professional privilege (e.g. the disclosure has been made by a legal adviser (or their secretary) who has acquired the information in the course of providing legal advice).

5.9 Review of the whistleblowing procedure

The procedure and reports made under it should be reviewed at least every four years. The Audit Committee will receive a regular monitoring report on the use of this procedure, detailing all referrals made under this procedure.

Previous Version January 2019
This Version March 2020



**Internal Audit
Finance and Resources
7 Newington Barrow Way,
London N7 9EP**

Report of: Acting S151 Officer

Audit Committee	Date: 17th March 2020	Ward(s): All
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Part of the report is not for publication because it contains exempt information under Schedule 12A of the Local Government Act 1972) Paragraphs 1, 2, 7 Schedule 12A of the Local Government Act 1972, namely: Information relating to an 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.

THE APPENDIX TO THIS REPORT IS NOT FOR PUBLICATION

SUBJECT: Whistleblowing Monitoring Report – 1st April 2019 to 10th February 2020

1. Synopsis

- 1.1 The report seeks to provide assurance that whistleblowing arrangements are in place and operating effectively, and that investigating fraud is an integral part of the Council's Anti-Fraud Strategy.

The Council's Whistleblowing Officer is the Head of Internal Audit, Investigations and Risk Management.

Whistleblowing arrangements are a key element of the Council's overall governance arrangements. It is the mechanism to "empower the honest majority" in the fight against fraud and corruption and is an integral part of the Council's Anti-Fraud Strategy.

Whistleblowing allows employees, members, contractors and others, to raise concerns surrounding potential fraud and corruption. There are separate reporting mechanisms for adult

and child protection allegations. Whistleblowing information is located within the Human Resources policies and procedures section of the Council's intranet.

A review of the Council's whistleblowing policy was undertaken in 2018-19 and approved by Audit Committee in January 2019. A separate report to this committee recommends the approval of an updated whistleblowing policy.

- 1.2 The report gives detail of referrals made between 1st April 2019 and 10th February 2020 as well as referrals carried forward from previous years.

2. Recommendations

- 2.1 To note the contents of the report.

3. Background

- 3.1 Effective whistleblowing arrangements are a key element of effective governance arrangements within the Council.

4. Implications

Financial implications:

- 4.1 There are no specific financial implications associated with this report.

Legal Implications:

- 4.2 It is good practice to review regularly the referrals made under the Whistleblowing policy to provide assurance that they have been dealt with appropriately.

Environmental Implications

- 4.3 There are no environmental implications arising from the recommendations in this report.

Resident Impact Assessment:

- 4.4 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

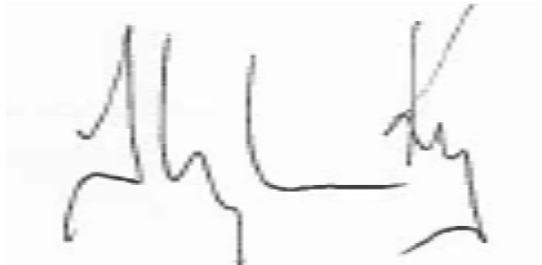
A Resident Impact Assessment has not been completed because the decision currently being sought does not have direct impacts on residents.

5. Reasons for the recommendations / decision:

- 5.1 The report presents an update on whistleblowing referrals received from 1st April 2019 to 10th February 2020.

5.2 The Council is obliged under the Public Interest Disclosure Act to maintain a whistleblowing policy, designed to encourage staff, members, contractors and others to raise concerns without fear of reprisal.

Signed by

A handwritten signature in black ink, appearing to read 'S Key', written over a light grey rectangular background.

Stephen Key, Acting S151 officer

Date: 20th February 2020

Appendices

- Appendix A – Whistleblowing Report (**Exempt**)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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