

London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 16 March 2021

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held via Zoom on 16 March 2021 at 7.00 pm.

Present: Councillors: Nick Wayne (Chair), Andy Hull (Vice-Chair), Troy Gallagher and Anjna Khurana

Independent members:

Alan Begg and Alan Finch

Observer:

Councillor Satnam Gill

Councillor Nick Wayne in the Chair

200 APOLOGIES FOR ABSENCE (Item A1)

None.

201 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

202 DECLARATIONS OF INTEREST (Item A3)

Alan Finch, Independent Member, declared a personal, non-prejudicial interest in the agenda items, insofar as he was an employee of the Local Government Association (LGA) and involved in liaison between the LGA and its wholly-owned subsidiary, Public Sector Appointments Ltd (PSAA). PSAA had appointed Grant Thornton as auditor to Islington Council. Mr Finch had had no involvement in the appointment of auditors, or in the supervision of audit contracts, which was solely the responsibility of PSAA.

203 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 25 January 2021 be confirmed as a correct record of proceedings and the Chair be authorised to sign them.

204 APPOINTMENTS TO PENSIONS BOARD AND PERSONNEL SUB-COMMITTEE (Item A5)

RESOLVED:

(a) That Councillor Michelline Safi-Ngongo be appointed as a substitute member on the Personnel Sub-Committee for the municipal year 2020/21, or until a successor is appointed.

(b) That Councillor Richard Watts be appointed as a member and Chair of the Pensions Board, to replace Councillor Paul Smith, for the municipal year 2020/21, or until a successor is appointed.

205 **EXTERNAL AUDITOR REPORTS (Item B1)**

The Chair informed all present that, as in previous years, members of the Committee and the Independent Members had met with representatives from Grant Thornton as an opportunity to raise matters arising from their reports in private.

Representatives from Grant Thornton presented their Annual Audit Letter for the year ending 31 March 2020 and audit plan for the external audit of the Council and the Pension Fund for 2020/21. The documents provided also included a summary of the changes being implemented in the way the Value for Money audit was performed and a document summarising management responses to the enquiries raised with the Council as part of the audit planning process.

A range of questions were asked by members of the Committee, including financial resilience in budget planning, debt collection risk and whether there were any problems associated with the Council's new income system. A representative from Grant Thornton confirmed that financial resilience was considered when looking at the budget planning, including the availability of reserves. Debt collection was considered a business risk, rather than an audit risk. The Director of Finance confirmed that the Council's income system was high quality and would minimise risk.

Members also asked whether a full inventory of the Council's property and assets was yet available. The Committee noted, in response, the explanation that the issues associated with this were complex, but the situation was improving. Councillor Gill suggested that it might be helpful for him to circulate to members of the Committee a response he had sent to a recent enquirer about the Council's property register, detailing assets.

RESOLVED:

- (a) That the summary of the General Enquiries of Management, attached as Appendix 4 to the report of the Corporate Director of Resources, be noted and the External Audit Plan for the Council and Pension Fund for the year ending 31 March 2021, also attached to the report, be approved.
- (b) That the Annual Audit Letter and Value for Money slides, attached as Appendices 1 and 2 to the report, be noted.
- (c) That it be noted that Grant Thornton would provide a response to members of the Committee on a question raised by Councillor Khurana on a suggested effective date for improvement to journal procedures to minimise risk.
- (d) That representatives from Grant Thornton be thanked for their attendance and participation in discussion on this agenda item.

206 **RISK MANAGEMENT UPDATE - FEBRUARY 2021 (Item B2)**

In response to questions from members, it was noted that, given the uncertainty of the ongoing impact of the Covid pandemic into 2021/22, the situation was

monitored daily but there had been no significant changes since the information in the report had been produced. Members would be kept up to date on the situation. The biggest risk to the Council was business rates income not being achieved.

RESOLVED:

That the contents of the report of the Corporate Director of Finance, detailing key activity since the last comprehensive Principal Risk Report to Committee in September 2020 and the previous Risk Management Update presented to Committee in January 2021, be noted.

207 INTERNAL AUDIT UPDATE - FEBRUARY 2021 (Item B3)

RESOLVED:

That the contents of the report of the Corporate Director of Resources, providing an update on key activity since the Internal Audit Interim Annual Report, considered by the Committee on 25 January 2021, be noted.

208 REVOCATION OF EXIT PAYMENT REGULATIONS (Item B4)

Members discussed the question of whether significant payments made to officers in terms of their employment should be approved by the Audit Committee, or the Personnel Sub-Committee. It was noted that pension strain could have a significant impact on those payments.

It was agreed that all payments in excess of £100k in total (including pension strain and statutory entitlements) should be recorded and reported to a Committee. Councillors Wayne, Khurana and Gallagher would meet to discuss the precise mechanism and to review generally how the Personnel Sub-Committee was working and its relationship to the parent Audit Committee.

In addition, Councillor Wayne suggested that it would be useful for the Chairs of the Personnel and Pensions Sub-Committees to submit an annual report to the Audit Committee to provide overarching supervision.

RESOLVED:

(a) That the revocation of the Restriction of Public Sector Exit Payments Regulations 2020, detailed in the report of the Corporate Director of Resources, be noted.

(b) That it be noted that any decisions relating to enacting the new provisions during the period since the Cap was introduced were no longer relevant and changes to the Council's redundancy procedures to allow that flexibility were not required

(c) That it be noted that the Council was complying with the HMT Directions in ensuring that affected staff received all sums that had not, or would not, have been paid as a result of the application of the 2020 Regulations

(d) That it be noted that Councillor Wayne would meet with Councillors Khurana and Gallagher to discuss the mechanism for approval and reporting of exit payments.

209 **WHISTLEBLOWING REPORT - 1 APRIL 2020 TO 31 JANUARY 2021 (Item B5)**

The Committee noted that a comprehensive guidance note had been produced for Council managers in the past year setting out how complaints should be handled, including the differentiation between whistleblowing complaints and workplace complaints.

RESOLVED:

That the contents of the report of the Corporate Director of Resources, providing details of whistleblowing referrals made between 1 April 2020 and 31 January 2021, be noted.

210 **EXCLUSION OF PRESS AND PUBLIC**

RESOLVED:

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

	<u>Title</u>	<u>Reasons for exemption</u>
<u>Agenda item E1</u>	Whistleblowing report - 1 April 2020 to 31 January 2021 - exempt appendix	Categories 1,2 and 7–
<u>Agenda item E2</u>	Revocation of Exit Payment Regulations - exempt appendix	Categories 1 and 2

211 **WHISTLEBLOWING REPORT - 1 APRIL 2020 TO 31 JANUARY 2021 - EXEMPT APPENDIX (Item E1)**

The Committee thanked officers from Environment and Regeneration for their attendance at this meeting and for their responses to issues raised by members around particular complaints concerning the Parking Service.

RESOLVED:

That the contents of the exempt appendix be noted.

212 **REVOCATION OF EXIT PAYMENT REGULATIONS - EXEMPT APPENDIX (Item E2)**

RESOLVED:

That the contents of the exempt appendix be noted.

213 **ANY OTHER BUSINESS (Item)**

Noting that this would be the final meeting at Islington Council for Sarah Burston, the Council's Risk Manager, the Chair, on behalf of the Committee, thanked her for all of her valuable work and wished her well for the future.

The meeting ended at 9.00 pm

CHAIR