

**Audit Committee and Audit Committee (Advisory) - 29 September 2020**

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held via Zoom on 29 September 2020 at 7.00 pm.

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

**Independent members:**       Alana Begg and Alan Finch

**Councillor Nick Wayne in the Chair**

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

None.

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

None.

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

None.

**155       MINUTES OF PREVIOUS MEETINGS (Item A4)**

**RESOLVED:**

(a) That, subject to the replacement of the final sentence of page 2, minute 139 of the minutes of the meeting held on 28 July 2020 to read as follows "The Internal Audit Team had supported the Fraud Team in providing anti-fraud advice in the period following lockdown", the minutes of 28 July 2020 be confirmed as a correct record and the Chair be authorised to sign them.

(b) That the minutes of the meeting held on 13 August 2020 be confirmed as a correct record and the Chair be authorised to sign them.

**156       MEMBERSHIP, TERMS OF REFERENCE AND DATES OF AUDIT COMMITTEE 2020/21 (Item A5)**

**RESOLVED:**

That the membership of the Audit Committee appointed by the Council on 24 September 2020, terms of reference and dates of meetings of the Audit and Audit (Advisory) Committee for the municipal year 2020/21, as set out in Appendix A of the report of the Corporate Director of Resources, be noted.

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**APPOINTMENTS TO THE PENSIONS SUB-COMMITTEE AND PERSONNEL SUB-COMMITTEE (Item A6)**

**RESOLVED:**

**Pensions Sub-Committee**

a) That the size of the Pensions Sub-Committee and its Terms of Reference, as detailed in Appendix A of the report of the Corporate Director of Resources, be confirmed.

b) That the following members be appointed to the Pensions Sub-Committee for the municipal year 2020/2021, or until successors are appointed:

<b>Councillors</b>	<b>Substitute Members</b>
Paul Convery (Chair)	Sara Hyde
Satnam Gill OBE	Anjna Khurana
Michael O’Sullivan	John Woolf
Dave Poyser	(vacancy)

c) That Councillor Paul Convery be appointed as Chair of the Pensions Sub-Committee for the municipal year 2020/2021, or until a successor is appointed.

**Personnel Sub-Committee**

a) That the size of the Personnel Sub-Committee and its Terms of Reference, as detailed in Appendix A of the report of the Corporate Director of Resources, be confirmed.

b) That the following members be appointed to the Personnel Sub-Committee for the municipal year 2020/2021\*, or until successors are appointed: \*amended 25/1/21

<b>Councillors</b>	<b>Substitute Members</b>
Anjna Khurana (Chair)	All other Executive members
Richard Watts	Nick Wayne
Satnam Gill OBE	Roulin Khondoker
Jenny Kay	Troy Gallagher
Angela Picknell	Sara Hyde

c) That Councillor Anjna Khurana be appointed Chair of the Personnel Sub-Committee for the municipal year 2020/21, or until a successor is appointed.

**Pensions Board**

a) That the following appointments to the Pensions Board be noted:

i) Valerie Easmon-George as pensioner member representative, for a term of four years, from 3 June 2019.

- ii) Alan Begg as an independent member, for a term of four years, from 3 June 2019.
- iii) The appointment of the following members for a three year term, from 3 June 2019:
  - (i) Mike Calvert, Unison, as a member representative
  - (ii) Maggie Elliott – Chair of Governors at Montem School, as an employer representative.
- iv) The appointment of George Sharkey, GMB, as a member representative for a four year term, with effect from 26 May 2017.
- v) That there was an employer representative vacancy and a substitute pensioner member representative vacancy on the Pensions Board.
- b) That Maggie Elliott be reappointed as Vice-Chair of the Pensions Board.
- c) That Councillor Paul Smith be reappointed as a member and Chair of the Pensions Board.

N.B – Subsequent to the meeting, the Chair agreed an amendment to the terms of reference of the Pensions Sub-Committee by the addition of the following:

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

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**STATEMENT OF ACCOUNTS 2019-20 (INCLUDING PENSION FUND ACCOUNTS) AND AUDIT FINDINGS REPORT (Item B1)**

In introducing his report, the Corporate Director of Resources thanked all involved for their work on the production of the accounts in a timely fashion, despite the effects of the Covid pandemic. He also thanked all concerned for ensuring that the accounts had received a clean audit sign-off and an encouraging Audit Findings Report.

With contributions from other Finance officers, he gave a powerpoint presentation to the Committee on the major changes and highlights to the accounts this year. Members asked a number of questions on the presentation slides which officers responded to.

Members asked that an amendment be made to the “Debtors” slide, as it transpired during questions that the increase was actually “£24m”, rather than the “£19m” stated on the slide. With regard to the slide on “GF Earmarked Reserves and Provisions”, the Committee noted that additional funds to the £7.7m quoted on the slide had been received from Government in respect of Covid19. In total, approximately £60m was expected, of which £18m had been received to date. Referring to the narrative on page 72 of the agenda pack relating to the 2019/20 budget and the requirement of a budget of £215.8m, which actually became £241m after adjustments, the Committee suggested that all adjustments be included in the future to reflect the net budget. Following a question on progress on implementing

Digital Services improvements, the Corporate Director of Resources undertook to forward the latest report on progress to members.

Representative from Grant Thornton, the Council's external auditors, gave a verbal presentation to the Committee and responded to questions from members.

**RESOLVED:**

(a) That the 2019/20 Statement of Accounts, Pension Fund Accounts and the accompanying Annual Governance Statement, attached to the report of the Corporate Director of Resources, be approved.

(b) That the auditor's Audit Findings Reports and Value for Money conclusion, as detailed in the report and their verbal presentation to the Committee, be noted.

(c) That the action plans of recommendations in the Audit Findings Reports be approved.

(d) That the letter of representation set out in Appendix B of the report be approved.

(e) That Finance officers and representatives from Grant Thornton, the Council's external auditors, be thanked for the production of the accounts.

**159 ANNUAL GOVERNANCE STATEMENT 2019-20 (Item B2)**

**RESOLVED:**

That the minor amendments made to the 2019-20 Annual Governance Statement since its approval by the Committee on 28 July 2020, detailed in the report of the Corporate Director of Resources, be noted.

**160 WHISTLEBLOWING REPORT - 1ST APRIL 2019 TO 31ST AUGUST 2020 (Item B3)**

The Chair stated that an additional meeting of the Committee would be arranged for November/early December 2020 to follow up the whistleblowing complaints considered by the Committee in August 2020. He suggested that any other whistleblowing items be submitted to the additional meeting, including an outstanding item from Environment and Regeneration (dated May 2019)

**RESOLVED:**

(a) That the contents of the report of the Corporate Director of Resources detailing whistleblowing referrals made to Internal Audit between 1 April 2019 and 31 August 2020; together with referrals that have been carried forward from previous years, be noted.

(b) That an additional meeting of the Committee be arranged for November/early December 2020 for the consideration of progress on whistleblowing complaints considered by the Committee in August 2020, together with an issue related to Environment and Regeneration dated May 2019 and any other whistleblowing matters.

**161 ANNUAL FRAUD REPORT - 2019/20 (Item B4)**

The Committee considered an update on counter fraud activity undertaken by Internal Audit (Investigations) and Housing Investigations for the year 2019-20.

Members asked a number of questions about the investigations mentioned in the exempt appendix, to which officers responded.

Adam Jenner, the Head of Income and Home Ownership in Homes and Communities, reported on the work of the Housing Investigations Team.

**RESOLVED:**

(a) That the report of the Corporate Director of Resources providing an update on counter fraud activity undertaken by Internal Audit (Investigations) and Housing Investigations for the year 2019-20 be noted.

(b) That Chris Lobb, Audit Manager (Investigations) and Adam Jenner, Head of Income and Home Ownership, be thanked for their work.

**162 INTERNAL AUDIT ANNUAL REPORT - 2019/20 (Item B5)**

**RESOLVED:**

(a) That the contents of the report of the Corporate Director of Resources, outlining how the Internal Audit Plan was being delivered, highlighting service areas where high priority recommendations had been made and commenting on the level of implementation of audit recommendations by management, be noted.

(b) That the Internal Audit Team be thanked for their hard work and achievements, given the difficult circumstances, especially around Covid19.

**163 PRINCIPAL RISK REPORT - SUMMER 2020 (Item B6)**

Members of the Committee thanked the Internal Audit Team for their exceptionally comprehensive report, which demonstrated thought around the various challenges faced by the Council.

Alan Begg suggested that it would be useful for the Audit Committee to receive the Risk Management Strategy.

**RESOLVED:**

(a) That the contents of the report of the Corporate Director of Resources, detailing the Principal Risks facing Islington and actions currently being undertaken/planned to mitigate those risks, be noted.

(b) That the updated risk management framework be submitted to a future meeting.

**164 ANNUAL REPORT ON STANDARDS AND MEMBER CONDUCT (Item B7)**

In response to a question raised by Councillor Hull as to whether the complaint against a member referred to in paragraph 3.12 (1) of the report was the same as

that which the Acting Director of Law and Governance had recently written to members about, officers undertook to provide a response.

**RESOLVED:**

(a) That the report of the Acting Director of Law and Governance providing an annual report on standards of member conduct, including a summary of complaints received under the Code of Conduct Complaints Procedure and their outcome, be noted.

(b) That officers respond to Councillor Hull in relation to his question on the complaint referred to in paragraph 3.12 (1) of the report.

**165 REDMOND REVIEW OF LOCAL AUTHORITY FINANCIAL REPORTING AND AUDIT (Item B8)**

**RESOLVED:**

(a) That the results of an independent review, led by Sir Tony Redmond, into the effectiveness of local authority financial reporting and audit, and outlined in the report of the Corporate Director of Resources, be noted.

(b) That it be noted that, as a result of the findings in the report, a number of recommendations were made, with the key ones outlined in the report.

**166 EXCLUSION OF PRESS AND PUBLIC (Item )**

**RESOLVED:**

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

<u>Agenda item E1</u>	<u>Title</u>	<u>Reasons for exemption</u>
	Exempt minutes of the Meeting held on 13 August 2020	<u>Category 3 –</u> Information relating to the financial or business affairs of any particular person (including the authority holding that information)
<u>Agenda item E2</u>		
<u>Agenda item E3</u>	Whistleblowing complaints - exempt appendix	Ditto
	Annual Fraud report- exempt appendix	

167 **EXEMPT MINUTES OF THE PREVIOUS MEETING (Item F1)**

**RESOLVED:**

That the exempt minutes of the meeting held on 13 August 2020 be confirmed as a correct record of proceedings and the Chair be authorised to sign them.

168 **WHISTLEBLOWING REPORT - 1ST APRIL 2019 TO 31ST AUGUST 2020 - EXEMPT APPENDIX (Item F2)**

Noted.

169 **ANNUAL FRAUD REPORT - 2019/20 - EXEMPT APPENDIX (Item F3)**

Noted.

170 **ADDITIONAL MEETING OF THE COMMITTEE (Item )**

The Chair reminded members that, as agreed at the meeting on 13 August 2020, arrangements would be made for an additional meeting of the Audit Committee at the end of November 2020 for the purpose of consideration of progress on whistleblowing matters and any other outstanding matters.

The meeting ended at 9.20 pm

**CHAIR**