

London Borough of Islington

Audit Committee and Audit Committee (Advisory) - 11 November 2021

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at the Town Hall, Upper Street, London N1 2UD on 11 November 2021 at 7.00pm.

Present: **Councillors:** Nick Wayne (Chair), Janet Burgess MBE, Sara Hyde and Flora Williamson

Independent members: Alan Begg and Alan Finch

Councillor Nick Wayne in the Chair

255 APOLOGIES FOR ABSENCE (Item A1)

None.

256 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

257 DECLARATIONS OF INTEREST (Item A3)

None.

258 STATEMENT OF ACCOUNTS 2020-2021 (INCLUDING PENSION FUND ACCOUNTS) AND AUDIT FINDINGS REPORT (Item B1)

The Service Director Finance 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.

The following points were noted:

- The Pensions Sub-Committee dealt with investments and the Pensions Board approved the Pension Fund accounts
- The £90m deficit for the year in the Collection Fund was not mentioned in the "Debtors" slide, which indicated £220m total worth of debtors in 2020/21. The Service Director Finance stated that bad debt provision was fairly high and that many of these were aged debts which were not recoverable and which the Council would not actively be chasing.
- The deficit of £90.8m on the Collection Fund was noted. The deficit of £75.8m being carried forward would be monitored over three years.
- Covid cost the Council about £0.8m above Government grants. Overall this year, the Council was managing within Covid funding, bar another lockdown.

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Representatives from Grant Thornton, the Council's external auditors, gave a verbal presentation to the Committee on their "Audit Findings for Islington Council and Islington Council Pension Fund", attached to the report of the Corporate Director of Resources, and responded to questions from members.

The following points were noted:

- The auditors proposed giving an unmodified audit report.
- It was not expected that any of the issues in the Auditor's report which indicated that a response was awaited from management were likely to affect the decisions to be made by this Audit Committee
- There were a number of inaccuracies/omission of brackets throughout the report. Each note needed to be precise eg. Page 89 of the report referred to "appeals against property valuations by business rate payers. The outcome of these appeals, and the timing of any future payments, is determined by the Valuations Office", whereas appeals were made to the "Valuation Service"
- The Auditors' report had made reference to Islington's Finance Team being "lean" and a question was asked as to whether this implied that it was under resourced? A response was given that the level of work needed in responding to an audit report was increasing.
- The Chair of the Pensions Sub-Committee had been advised that the Pension Fund accounts were to be considered at this meeting. The Chairs of the Pensions and Personnel Sub-Committees had been invited to report to Audit Committee in January 2022 on their activities.
- The Thames Water Rates provision had been included to cover a risk that the Council could be required to make refunds to tenants. However, the Council intended to continue defending any claims brought against it
- The Council was required to make provision for business rates appeals against property valuations by business rate payers. It was noted that business rates would be paid until the appeal was heard.

The Corporate Director Resources stated that the Service Director Finance would be revising the staffing structure in his Team, including the recruitment of new staff, which would hopefully lead to a more accurate set of Accounts next year. On the question of whether the Accounts were in a satisfactory state to sign off at this meeting, he highlighted the fact that the Auditors had confirmed that they were materially correct. A final check would be made of the Accounts to ensure that any typographical errors and inaccuracies were revised.

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.

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

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

The meeting ended at 8.30 pm

CHAIR