

Audit Committee and Audit Committee (Advisory) - 24 July 2018

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 24 July 2018 at 7.00 pm.

Present: **Councillors:** Councillor Nick Wayne (Chair), Councillor Sue Lukes (Vice-Chair), Councillor Satnam Gill OBE and Councillor Sara Hyde
Also Present: **Independent member:** Alan Begg and Nick Whitaker

Councillor Nick Wayne in the Chair

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

Apologies were received from Councillor O'Halloran.

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

Councillor Hyde substituted for Councillor O'Halloran.

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

There were no declarations of interest.

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

RESOLVED:

That the minutes of the meeting held on 11 June 2018 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

11 **ANNUAL GOVERNANCE STATEMENT 2017-18 (Item B1)**

The following was noted in discussion:

- The Head of Internal Audit had given a moderate assurance. None of the areas audited presented a significant risk. There was a very good rate of implementation of the recommendations and follow ups.
- Work was taking place to ensure General Data Protection Regulation (GDPR) compliance. The Audit Team were working with the Information Governance team on how data was being managed. Benchmarking against other local authorities had taken place.
- There was now a new approach to the shared digital project. This had been agreed by the Executive and Internal Audit would monitor it. An interim Chief Information Officer had been appointed. Generally any IT changes would be piloted before being implemented.
- There were no auditing concerns in relation to budget monitoring.
- There was a self-assessment tool used by Children, Employment and Skills which monitored social worker caseloads. If any anomalies or inconsistencies arose they would be investigated.
- The committee would undertake a 'deep dive' into any area of concern on the basis of risk. The Chair would discuss the practicalities with officers and it would be put on the agenda for the next meeting.

RESOLVED:

That the content of the report and the Annual Governance Statement be noted.

12 **MONITORING OFFICER'S REPORT ON THE LOCAL GOVERNMENT OMBUDSMAN'S DECISIONS JULY 2017/JUNE 2018 (Item B2)**

The following was noted in discussion:

- There had only been one decision that had resulted in a formal (public interest) report of maladministration. This report and the report to the Executive were included in the agenda pack. The Executive had now agreed the contents of the public interest report.
- Most of the complaints upheld were isolated incidents with no broader implications.
- The Chair had asked for the statistics in relation to neighbouring boroughs to provide context to the figures. There were no concerns about Islington's figures in relation to those of neighbouring boroughs. The Chair would circulate these statistics.

RESOLVED:

That the report be noted.

13 **THE COUNCIL'S USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (Item B3)**

The following was noted in discussion:

- There had been authorisation for covert surveillance in relation to a case of unlawful subletting.
- The number of authorisations had decreased significantly since the introduction of the Protection of Freedoms Act 2012. Covert surveillance could now only be used for the purpose of investigating criminal offences that attracted a custodial sentence of 6 months or more.

RESOLVED:

- 1) That the level and nature of covert surveillance undertaken by the Council be noted.
- 2) That the current arrangements for ensuring compliance with RIPA and the Home Office Codes of Practice be noted.

14 **MARKET SUPPLEMENTS (Item B4)**

The following was noted in discussion:

- Since the last report to the committee, a number of roles had been readvertised and there was an application being processed for a market supplement for an Energy Conservation Officer.
- Following a review of the recruitment process for some posts, rather than using the council's application form, a CV and covering letter was now used. This was more in line with the recruitment process for similar posts in the private sector. This had been successful. However the risks were that the information was not anonymised as it was with the council application form and the information gathered through the application form would need to be gathered at a later date if just a CV was submitted.
- It was not possible to fill some posts without a market supplement. All apart from one of the individuals with a market supplement were still working for the council and that individual did not leave for financial reasons.
- The council had the flexibility to review the market supplements if the employment market changed.
- The council's pay and grading system was rigid in order to ensure a degree of fairness. This did however, mean that it could be hard to fill some posts. Ongoing work was being taken with managers in E&R and HASS to address rigidity and undertake job design work to reflect the proper weight of the jobs being considered.

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A general review of remuneration was being planned to reflect the study undertaken in relation to some professions in line with the private sector.

- Market supplements were not suitable where there were too many of the same post to fill as they would need to be applied to all the vacant and filled positions and this would have significant financial implications.
- Market supplements had not been requested in relation to Digital Service jobs. Prior to the shared digital project, agency workers had been used. Concerns about agency workers were that they cost more than permanent staff, were more mobile and harder to retain and this resulted in more time being spent on induction.
- Work was taking place to fill skills deficits e.g. planning apprenticeships. It was suggested that work could take place to attract people at entry level stage and focus on career progression and staff training to fill vacant posts. The money spent on market supplements could then be spent on training of staff to fill posts instead.

RESOLVED:

- 1) That the report be noted.
- 2) That members be provided with an update by the middle of September on more data around the monitoring of ethnicity, age and gender, how the council's own staff could be developed with a view to filling positions and how much had been spent on the advertising of the posts still not filled after two attempts and how long this process had taken.

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EXTERNAL AUDITOR REPORT (Item B5)

The following was noted in discussion:

- The council would have new auditors for the next five years. KPMG were thanked for their work over the last five years.
- KPMG were satisfied with the council's accounts and intended to issue an unqualified audit opinion on the financial statements and value for money conclusion.
- Previous years' account had been certified and closed. No objections had been received yet in relation to the 2017/18 accounts.
- There had been an unadjusted audit difference due to one floor of a school having been counted twice. This had increased the value of the school by £2.69m but as it was part of a £4billion figure it was materially insignificant and so the accounts had not been amended.
- There was a need to ensure financial resilience. CIPFA was aiming to create an index to make financial resilience more transparent.
- The level of reserves was based on a judgement made considering the level of risk and anticipated savings being delivered. The external auditors were content with the council's approach to this, although it was noted that the level of reserves should be monitored.
- The council was involved in looking at the practical implications of the new leasing standard on councils. Adjustments could be put in place for local government. It would probably be at least 18 months until this was implemented in local government.

RESOLVED:

- 1) That the 2017/18 audited Statement of Accounts, Pension Fund Accounts and the accompanying Annual Governance Statement be noted.
- 2) That the auditor's Annual Governance Report and Value for Money conclusion be noted.
- 3) That the action plan in Appendix 1 of the Annual Governance report be noted.
- 4) That the letter of representation set out in Appendix B be noted.

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The meeting ended at 8.45 pm

CHAIR