

Audit Committee and Audit Committee (Advisory) - 31 January 2022

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held in the Council Chamber, Islington Town Hall, Upper Street, N1 2UD on 31 January 2022 at 7.00 pm.

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

Independent member: Alan Begg

Councillor Nick Wayne in the Chair

259 APOLOGIES FOR ABSENCE (Item A1)

Received from Alan Finch, independent member, and Councillor Flora Williamson.

260 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

261 DECLARATIONS OF INTEREST (Item A3)

None.

262 MINUTES OF PREVIOUS MEETINGS (Item A4)

RESOLVED:

That the minutes of the meetings held on 5 October and 11 November 2021 be confirmed as a correct record of proceedings and the Chair be authorised to sign them.

263 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN ANNUAL REVIEW PERFORMANCE 2021 (Item B1)

In his introduction to the report, the Director of Law and Governance and Monitoring Officer drew members' attention to an amendment required to recommendation 2.3 of the report as follows:

Replace the figures "5" and "17" with "3" and "12" respectively, so recommendation 2.3 now reads "To note that 3 out of the 12 upheld cases received a satisfactory remedy before the Ombudsman involvement."

A member of the Committee noted that the contents of the sub-paragraphs to paragraph 3.3 on "Training" and "Complaints/Improvement" had not changed since last year. For the future, he suggested that those sub-paragraphs should instead be

updated as necessary to include any improvements and development achieved, following training.

Members expressed some concern at a particular Housing and Communities complaint case no 19019179, where compensation of £7,607, a significantly larger award than others, had been awarded to a complainant. The Committee queried what had gone wrong in this case and what actions the Council had taken to ensure that it would not be repeated. In response, the Assistant Director for Resident Experience undertook to provide details of the case to members of the Committee, including a breakdown of the award to indicate how much comprised compensation and penalty and also to detail steps taken to ensure that there would be no recurrence.

Members also recommended that, where there had been adverse findings by an external body, particularly where there were broader implications for the Council, the relevant Executive Member and Chair of Scrutiny Committee be notified as a matter of course by the Assistant Director for Resident Experience.

More generally, Members of the Committee suggested that written communications to residents/complainants needed more attention to ensure that they were clear to ensure that the recipients understood the meaning of those written communications.

RESOLVED:

(a) That the following be noted:

- The Local Government and Social Care Ombudsman (LGSCO) Annual Review letter 2021, dated 29 July 2021, as detailed in Appendix 1 to the report of the Director of Law and Governance and Monitoring Officer
- That, of the 17 cases investigated, 12 upheld decisions were upheld, with the remaining 5 cases not upheld.
- That 3 out of the 12 upheld cases received a satisfactory remedy before involvement by the Ombudsman.
- That 9 out of the 9 cases recommended during 1 April 2020 to 31 March 2021 (100%) complied with the Ombudsman recommendations.
- That, separate to the complaints investigated by the LGSCO reported in the Annual Review Letter, 4 upheld decisions during the period in question (finding of maladministration) were decided by the Housing Ombudsman, as detailed in Appendix 2 to the report
- 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.

(b) That the Assistant Director for Resident Experience provide further information to the members of the Committee on the particular Housing and Communities complaint case no 19019179, where compensation of £7,607 had been awarded to a complainant, including a breakdown of the award to indicate how much comprised

compensation and how much penalty and also to detail steps taken to ensure that there would be no recurrence.

(c) That, for the future, where there had been adverse findings by an external body, particularly where there were broader implications for the Council, the Assistant Director for Resident Experience notify the relevant Executive Member and Chair of Scrutiny Committee as a matter of course.

264 COUNCIL TAX BASE (Item B2)

RESOLVED:

(a) That the council taxbase for the whole area for 2022/23 of 80,177.9, Band D equivalent properties, be approved after adjusting for non-collection.

(b) That it be noted that the 2022/23 taxbase maintained the balanced budget position for 2022/23 and would be fully incorporated in the final version of the 2022/23 budget report and council tax calculations to be considered by the Executive on 10 February 2022 and Council on 3 March 2022.

(c) That the council taxbase for meeting the special expenses issued by the Lloyd Square Garden Committee for 2022/23 be approved at 44.3, Band D equivalent properties, after adjusting for non-collection.

(d) That the council tax forecast for 2021/22 and distribution of this in 2022/23 between the council and Greater London Authority, as detailed in paragraph 5.3 of the report of the Corporate Director of Resources, be noted.

265 RISK MANAGEMENT UPDATE - JANUARY 2022 (Item B3)

The following points were made during discussion:

- "Cyber and Data Protection" (paragraph 6 of the report of the Corporate Director of Resources) and the reference to "The Council is planning changes to cyber event monitoring processes in the coming months, which will mitigate this risk further", Members suggested that it would be helpful if future reports contained information on how cyber threats were being mitigated. It would also be helpful for Members to know how the risk of cyber threats to Islington compared to other local authorities and how this was being managed.
- On reserves, it was reported that the Council was in a challenging position at the moment, like most other local authorities, and unable to plan in the long-term, whilst also facing savings. The Council's financial resilience had been challenged by the pandemic and other issues. The Council's strategy was to increase reserves and this was working to increase resilience but would need to continue for at least a couple of years. The Council's Policy and Performance Scrutiny Committee had been monitoring the financial situation and were expected to concur with the view that the Council's financial resilience was increasing.
- On the question of whether the expected risk to Islington Council and its residents of severe financial pressure by, for example, fuel prices and inflation, and the possible demands from staff for a greater financial settlement than previously, were being monitored as potential risks, it was

reported that the wider financial risk was monitored but possibly not to the level expressed by Members. However, monitoring of those risks was carried out at management team meetings. On the matter of pay awards and possible industrial action, the Council's Human Resources Team were liaising with the unions.

- The fact that risks could have increased due to the anticipated inflationary pressures needed to be discussed with Corporate Directors in order that they were built into risk management strategies.

RESOLVED:

(a) That the report of the Corporate Director of Resources, providing an update on key risk management activity that has taken place since the last comprehensive Principal Risk Report to the Committee, be noted.

(b) That the Director of Digital Services report to the Committee on the risk associated with cyber threats and how these were being managed.

266

INTERNAL AUDIT INTERIM ANNUAL REPORT 2021-2022 (Item B4)

The following points were raised during discussion:

- Officers to consider whether it would be useful for managers of areas subject to deep dive reviews to attend the Committee before the audit was completed
- Pensions to be considered for inclusion in next year's audit, in view of the risk posed by vacancies in the Pensions Team which had led to pensioners not receiving pension statements in a timely manner
- There were a number of outstanding items in the "Principal risk" category which were still marked as "limited assurance" and was it possible to get beyond this?
- How were the two "Critical and High Priority" recommendations in Appendix 2 relating to supplier bank amendments and asbestos health and safety being monitored by the Control Board, as these should be considered as basic items?
- It was noted that Control Board had been operating for approximately one year to support the clearance of the follow up of audit recommendations and driving through actions. However, the expectation was that the Board would develop into a forward-looking and proactive body.
- The asbestos report had reached final report stage and there had been a robust management response with the involvement of the Corporate Director and a follow-up planned for quarter 1. The recommendations from the asbestos report would be considered and tracked by the Control Board
- Blue badges and People Friendly Streets had both been followed up by Internal Audit in the past few months and good progress had been made. There was one finding outstanding, upon which some progress had been made. On blue badges, the outstanding issue related to performance reporting and consideration was being given to the inclusion of blue badge enforcement figures into the Annual Fraud Report.

RESOLVED:

That the report of the Corporate Director of Resources, detailing progress on the delivery of the Internal Audit Plan, be noted.

267

UPDATE ON THE LOCAL AUTHORITY EXTERNAL AUDIT MARKET AND APPOINTMENT OF EXTERNAL AUDITORS FROM 2023 (Item B5)

The Director of Finance informed the Committee that the Council had recently heard from its auditors that all outstanding issues on the Statement of Accounts had been resolved and none had resulted in any amendments. This meant that the process had formally concluded.

RESOLVED:

(a) That the wider context within which the new appointment of External Auditors would be conducted, detailed in section 3 of the report of the Corporate Director of Resources, be noted.

(b) That it be noted that the considerations relevant to making a decision in relation to the appointment of External Auditors from the financial year 2023/24 were detailed in section 4 of the report.

(c) That the Council be recommended to approve the submission of the form of acceptance notice to Public Sector Audit Appointments Limited to opt in to the national auditor appointment arrangements for the audit years 2023/2024 to 2027/2028.

(d) That congratulations be extended to all staff in Resources involved in the production of the Statement of Accounts for the achievement of an unqualified report.

268

ANNUAL REPORT OF THE PENSIONS SUB-COMMITTEE (Item B6)

RESOLVED:

That the report of the Chair of the Pensions Sub-Committee, detailing the work of the Sub-Committee, be noted.

269

ANNUAL REPORT OF THE PERSONNEL SUB-COMMITTEE (Item B7)

A member of the Committee noted that the report would have more credibility if it had been signed by the Chair of the Sub-Committee.

RESOLVED:

That the report of the Chair of the Personnel Sub-Committee, detailing the work of the Sub-Committee over the past year, be noted.

The meeting ended at 8.45 pm

CHAIR