

London Borough of Islington

Audit and Risk Committee - 21 May 2024

Minutes of the meeting of the Audit and Risk Committee held at Council Chamber, Town Hall, Upper Street, N1 2UD on 21 May 2024 at 7.00 pm.

Present: **Councillors:** Councillor Paul Convery (Chair), Councillor Sara Hyde (Vice-Chair), Councillor Nick Wayne, Councillor Janet Burgess MBE, Councillor Caroline Russell, Alan Begg (Co-Optee) and Alan Finch (Co-Optee)

Also Present: **Independent member:**

Councillor Paul Convery in the Chair

122 APOLOGIES FOR ABSENCE (Item A1)

There were no apologies for absence.

123 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

There were no substitute members at the meeting.

124 DECLARATIONS OF INTEREST (Item A3)

There were no declarations of interest made at the meeting.

125 MINUTES OF PREVIOUS MEETING (Item A4)

Matters arising:

- For officers to provide a method of monitoring indicators of social care market instability.
- For officers to review whether committee members training was up to date.

RESOLVED:

That the minutes of the meeting held on 18th March 2024 be confirmed as a correct record and signed by the Chair.

126 FINANCIAL UPDATE (Item B1)

The Corporate Director of Resources informed the Committee that the Outturn report would be provided to the Executive on 27 June. The overall position was of significant in-year variances, which had been reported throughout the year, and was an ongoing challenge for the Council. However, the overall position, on a net basis to the end of the year, was positive but there were risks and challenges. Islington was however in a better position than many councils across England.

The Chair asked whether there had been a decline or improvement in the quarter 4 variances. The Corporate Director of Resources said it was a complex picture that would always contain variances but overall, it was positive. Challenges would be addressed to ensure they were not carried on into the future.

127 **DRAFT UNAUDITED 2023-24 ANNUAL GOVERNANCE STATEMENT (Item B2)**

The Deputy Director of Finance gave an update on the Draft Unaudited 2023-24 Annual Governance Statement. It was highlighted to the Committee that the statement had to be produced by the 31 May and would be audited alongside the Statement of Accounts. It provided an overview of internal controls and the councils governance framework. It also identified the main governance issues and the action plans in place to respond to them.

The committee raised and discussed the following main points;

- That there was a constitution review underway and it was important to ensure that decision making was fit for purpose and governance arrangements thoroughly scrutinised to meet the pressures of a complex environment. In particular, the scheme of delegation and the council's boards should be considered. The packaging of the document itself should also include ensuring its logical structure and readability. This should be reflected in the draft provided to the Leader of the Council and the Chief Executive for sign-off.
- That the document did a good job of placing governance in its context but future iterations could be improved by including simple explanations of the technical jargon for the benefit of residents who read it.
- Clarification around governance issues related to leases and concession agreements.
- That reference to 'internal controls' was missing from the statements section on Audit and Risk Committees performance work outcomes for 2023-24.
- That the External Audit opinion on the 2021-22 accounts had not yet been issued due to an outstanding objection and the audit certificate and subsequent certificates were therefore outstanding and, whether the council could provide a resolution to this.
- That the committee would receive a progress report on the key governance issues in six months and, whether the six-month review should be included in the governance statement to identify how progress would be monitored.
- The governance statement should reflect the new scrutiny structures and should note phase two of the scrutiny review.
- The list of the work carried out by the committee should include the deep dives into the new build programme and social care market instability.
- On the scale of equal pay legal claims, there was no evidence of an issue but there was a systematic and comprehensive review of pay and grading underway, which was to conclude within the coming months.

RESOLVED:

- a) To approve the draft unaudited 2023/24 Annual Governance Statement attached at Appendix A. To include a full statement of the scrutiny function and reference to the risk deep dives as above.
- b) To authorise the Corporate Director of Resources to approve minor amendments to the draft unaudited Annual Governance Statement prior to

its publication alongside the unaudited Statement of Accounts on 31 May 2024.

- c) To note that the Leader and Chief Executive will be asked to provide their signatures for the final unaudited 2023/24 Annual Governance Statement.
- d) To note that officers will report back on any amendments made to the Annual Governance Statement at a future meeting and provide a post audit version of the Annual Governance Statement for approval.
- e) To note that there was a constitution review underway and the importance of decision making and governance arrangements being thoroughly scrutinised, particularly the scheme of delegation.

128 EXTERNAL AUDIT PLAN 2023-24 (Item B3)

The Audit and Risk Committee received an update from the External Auditors, KPMG LLP (UK). The Committee were presented with the Audit Plan for the Council and the Audit Plan for the Pension Fund. It was highlighted that the plans were indicative.

The Committee raised the following points in their discussion:

On the Audit Plan for the Council

- The importance of the timeliness of the Audits
- How KPMG's approach to the Council's audits could provide added value. It was explained that the audit opinion would be delivered to the desired quality and within the timescales. They would carry out planning at an appropriate time and at the latter stage of the audit would compare Islington's practices to other entities to share good practice. They would also use data analytics to identify trends and efficiencies and would produce a regular auditors update report.
- What work was done to identify the four audit risks in the report and to ensure they were specific to Islington. Analysis was carried out to understand the organisation, this involved scoping out risks and ruling out where there was not a significant risk.
- Financial Management override controls and the risk of fraud. There were no specific risk indicators.
- On Capital Programme risks, it was explained that detailed testing would be carried out.
- When the Committee would receive a set of audited accounts. The final deadlines were awaiting approval. The auditors were aiming to start in the summer and sign off in the Autumn. This would be agreed with officers.
- That a primary concern of councillors was the financial stability of the Council and whether KPMG could make a commitment to addressing this in the report in plain English. This would offer councillors the assurances they needed and should also ensure residents could also read and understand the Councils position.

On the Audit Plan for the Pension Fund.

- Whether the external auditor evaluation would reflect that of the actuary and whether the risks were potential or actual risks. There were no specific risks identified, but the inherent nature of the issues made it important to raise them in the report.

RESOLVED:

- a) To note the total anticipated fees for the external audit of the Council is £494,000 and of the Pension Fund is £85,000 for the year ending 31 March 2024.
- b) To note the contents of the indicative audit plans for the Council and Pension Fund for the year ending 31 March 2024.

129

REGULATION OF INVESTIGATORY POWERS ACT (RIPA) ANNUAL REPORT (Item B4)

The Committee considered the Regulation of Investigatory Powers Act (RIPA) Annual Report. During the financial year 1 April 2023 to 31 March 2024 the council did not authorise any directed surveillance. It was highlighted that the use of social media to conduct covert activity was covered in the council's RIPA policy and procedures however it was proposed that the Council have a stand-alone social media policy for investigations. This should capture the Home Office guidance, best practice as highlighted by the Inspector and the procedure for investigating officers across the Council.

A committee member asked whether it was concerning that no directed surveillance had been authorized or whether it was a good thing. It was explained that the council would continue to monitor where there may be a need to use the powers.

RESOLVED:

- a) To note the level of directed surveillance undertaken by the council.
- b) To note the outcome of the IPCO inspection and recent developments in the council's arrangements to ensure compliance with the provisions.

130

CYBER SECURITY ANNUAL REPORT (Item B5)

The Committee resolved to exclude the press and public for the duration of this item due to the likely disclosure of exempt information, by virtue of paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

The Committee received the Cyber Security Annual Report. The report provided an update on the cybersecurity environment and assurance that appropriate protections were in place to ensure the integrity of the council's operations and data. It was highlighted that Islington Digital Services (IDS) had consolidated its position regarding cyber security, by reviewing and refreshing technical solutions where appropriate, maintaining a strong approach to training and awareness, reviewing solutions for cyber compliance and maintaining a robust approach to its architecture.

The committee raised and discussed the following main points.

- The council's response and continuity plans

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- That the British Library had published a paper to provide an overview of the cyber attack they suffered in October 2023 and the lessons they had learnt from the experience.
- Whether a public statement could be produced to reassure members of the public regarding the safety of their data and the council's ability to provide business continuity.

RESOLVED:

To note the report as a statement of the current position of the council's cybersecurity assurance programme and the ongoing audits and activity.

131 EXEMPT APPENDIX - CYBER SECURITY ANNUAL REPORT (Item F1)

The meeting ended at 9.00 pm

CHAIR