

Audit Committee and Audit Committee (Advisory) - 28 January 2016

Minutes of the meeting of the Audit Committee and Audit Committee (Advisory) held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 28 January 2016 at 7.30 pm.

Present: **Councillors:** Satnam Gill (Chair), Olly Parker and Raphael Andrews.
Also Present: **Independent member:** David Bennett

Councillor Satnam Gill OBE in the Chair

71 APOLOGIES FOR ABSENCE (Item A1)

Councillor Richard Greening.

72 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

73 DECLARATIONS OF INTEREST (Item A3)

Councillor Olly Parker declared a non-pecuniary interest in Item B1 – Internal Audit Interim Report 2015/16 as a member of The Factory Children’s Centre.

74 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED

That the minutes of the meetings of the Committee held on the 22 September and the 6 October 2015 be confirmed as a correct record of proceedings and the Chair be authorised to sign them.

75 EXTERNAL AUDITOR REPORTS (Item B1)

The Council’s external auditor presented the annual report on grants and returns work 2014/15 and an update on elector queries.

The following points were made during the discussion:-

- It was necessary to undertake extensive addition work to the Teachers’ Pensions return to avoid a qualification.
- It was considered that the problems regarding the Teachers’ Pensions had now been resolved and an action plan was now in place. A report would be brought back to the Audit Committee showing how this matter was progressing in terms of the Action Plan.
- The work on the Council’s Housing Benefit Subsidy was subject to a qualification letter. The impact of the claim was relatively small based on the claim value. The external auditors were not concerned about the Housing Benefit system as there had been no major problems in this area.
- Islington Council received a significant number of elector queries in comparison with other London Boroughs. Of the six elector queries over 2011/12 and 2012/13, two were accepted.

RESOLVED

- a) That the grants audit work and the elector queries reports from KPMG be noted.

- b) That an update report on the work being carried out on Teachers Pensions be submitted to a future meeting.

76 **INTERNAL AUDIT INTERIM REPORT 2015/2016 (Item B2)**

The Head of Internal Audit summarised the work undertaken by Internal Audit from 1 April to 31 October 2015.

During consideration the following points were made:-

- Where a revised assurance was still moderate this was not a cause for concern as moderate was a good assurance rating. If an assurance rating remained limited this would be an area for concern.
- Braithwaite TMO was now indicative of moderate assurance. This had been based on a detailed response from management on the recommendations which had been accepted.
- The leaseholder service and major works charges for Partners had received a limited assurance but following implementation of recommendations they had now received a moderate assurance and there were no further concerns.
- Members should notify any further concerns to the Head of Internal Audit.

RESOLVED that the report and the appendix be noted.

77 **ANNUAL TREASURY MANAGEMENT STRATEGY (Item B3)**

The Head of Pension Fund and Treasury Management, Joana Marfoh, introduced the Annual Treasury Management and Investment Strategy.

During the discussion the following points were made:-

- The Council's strategy was to borrow internally at times when there was a low rate. If future rates were expected to increase then some external borrowing could be taken ahead of spend.
- The level of borrowing for capital purposes would not be increasing whilst the level of long term liabilities were decreasing. External borrowing should not exceed the Capital Financing Requirement.
- The figure for reserve forecasts reflected the use of some reserves for capital projects.
- It was noted that 60% of existing borrowing did not fall due for another ten years.
- Loans would be taken out to replace those loans that had matured where necessary.
- Members requested that a training session be held on Treasury Management over the next year.

RESOLVED

- 1) That the report be noted;
- 2) That a training session for members on Treasury Management be held during the next year.

78 **WHISTLEBLOWING REPORT APRIL 2015 TO DECEMBER 2015 (Item B4)**

The Head of Internal Audit introduced details of whistleblowing arrangements and referrals made between April 2015 and November 2015.

During the discussion the following points were made:-

- It was noted that all allegations were taken seriously.
- Case WB6 could potentially be the most serious and an investigation was on going.

RESOLVED

- 1) That the report be noted;
- 2) That there be a report back to a future meeting.

79 **INTERNAL AUDIT FRAUD INVESTIGATION REPORT: APRIL 2015 TO NOVEMBER 2015 (Item B5)**

The Head of Internal summarised the work undertaken by the Council in creating a robust anti-fraud culture across the Council.

During the discussion the following points were made:-

- That the Anti-Fraud Strategy be submitted to the Audit Committee if it had not already been previously submitted.
- The Single Fraud Investigation Service (SFIS) had taken over the investigation of Council Tax Benefit Fraud and there was concern that this may lead to an increase in fraud.
- It was considered that there may be an increasing trend in referrals although this may be a spike in trend. Future reports would include the numbers of cases and direction of travel.

RESOLVED

- 1) That the report be noted;
- 2) That the Anti-Fraud Strategy be submitted to a future meeting.
- 3) That future reports include numbers and the direction of travel.

80 **THE COUNCIL'S USE OF SURVEILLANCE UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (Item B6)**

The Assistant Chief Executive, Governance and HR, updated the committee on the council's use of covert surveillance under the Regulation of Investigatory Powers Act (RIPA) 2000.

The following was noted during discussion:-

- The trend in the number of RIPA investigations was downwards.
- Investigations will still occur but would only be used for serious criminal behaviour.

RESOLVED

That the nature and level of covert surveillance undertaken by the council be noted.

81 **COUNCIL TAXBASE AND NATIONAL NON DOMESTIC RATES 2016/17 (Item C1)**

The Director of Financial Management, outlined the Council Tax base calculation and the National Non Domestic Rates (NNDR) estimate for the financial year 2016-17.

During consideration of the report the following points were made:-

- Officers were confident that a 97% collection rate would be achieved.
- The number of dwellings in the Borough had increased by 1%.
- There was a total Council Tax surplus of £4 million forecast for 2015/16.
- The surplus was due to the growth in the tax base and the buoyant collection rate.
- The bad debt provision was now forecast to be less for 2015/16 than originally forecast and reflected the 2014/15 outturn.
- Concern was expressed regarding the number of business rate appeals and this had proved difficult to forecast. There was also a concern regarding backdated appeals. This uncertainty was reflected in the increased provision for 2016/17.
- The Committee noted that there was no disadvantage for businesses to put in an appeal.

RESOLVED

- 1) That the Council Tax base for the whole area for 2016-17 (or until rescinded) shall be 75,339.6 Band D equivalent properties after adjusting for non-collection shall be agreed.
- 2) That the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2016/17 (or until rescinded) shall be 44.4 Band D equivalent properties after adjusting for non-collection be agreed.
- 3) The Council Tax forecast for 2015/16 be noted.
- 4) That the business rates estimate for 2016/17 be agreed and authority be delegated to the Corporate Director of Finance for finalising the NNDR1 form (detailed business rates estimate) in line with this estimate.
- 5) That the NNDR forecast for 2015-16 be noted.

82

REVIEW OF RECRUITMENT OF AGENCY WORKERS TO DIRECTLY EMPLOYED POSTS (Item C2)

The Assistant Chief Executive, Governance and HR, updated the Committee on the policy approach to recruiting agency workers to directly employed positions.

The following was noted in discussion:-

- Posts would always be advertised to redeployees first internally.
- The number of agency staff used by Islington Council had been reduced and were now below the London Council average at 13.9%.
- The numbers of agency staff should be kept under review and reported back to a future meeting.
- There was a cross-cutting review of agency workers in the Audit Plan.
- Agency workers were sometimes required for seasonal work or in areas where vacancies existed but a reorganisation was due. The reorganisation may lead to redundancies.

RESOLVED

- 1) That the report be noted and the policy approach as detailed in paragraph 4 of the report be agreed;
- 2) That an update report in respect of the use of agency staff be submitted in January 2017.

83

BRIBERY ACT RISK ASSESSMENT (Item C3)

The Assistant Chief Executive, Governance and HR, updated the Committee on the findings of the risk assessment process in relation to Section 1 of the Bribery Act 2010 and the action plan arising from this. She also recommended a Bribery Policy for adoption by the Committee.

It was noted that iCo was a limited trading company owned by the Council that was starting to commence trading. iCo had not yet considered the adoption of a Bribery Policy but this was on the company's next agenda.

RESOLVED

- 1) That the action plan be noted;
- 2) That the Bribery Policy as detailed in Appendix 3 be agreed;
- 3) That it be recommended that iCo adopt a Bribery Policy.

84 **PERSONNEL SUB-COMMITTEE: AMENDMENT OF TERMS OF REFERENCE AND APPOINTMENT OF MEMBERSHIP 2015/16 (Item C4)**

The Committee received a report detailing the revised Terms of Reference and membership of the Personnel Sub-Committee.

RESOLVED

- 1) That the composition of the Personnel Sub-Committee and its Terms of Reference as detailed in the report at Appendix A be confirmed;
- 2) That the members as detailed in Appendix A of the report be agreed for the municipal year 2015/16 or until successors are appointed.

85 **WHISTLEBLOWING REPORT EXEMPT APPENDIX (Item F1)**

RESOLVED

That the exempt appendix be noted.

86 **REGULATION OF INVESTIGATORY POWERS ACT - EXEMPT APPENDIX (Item F2)**

RESOLVED

That the exempt appendix be noted.

The meeting ended at 9.05 pm

CHAIR