

Audit Committee and Audit Committee (Advisory) - 24 January 2017

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 January 2017 at 7.00 pm.

Present: **Councillors:** Councillor Satnam Gill OBE (Chair), Councillor Olly Parker (Vice-Chair), Councillor Richard Greening, Councillor Flora Williamson, Alan Begg (Co-Optee) and Nick Whitaker (Co-Optee)

Also Present: **Independent members:** Alan Begg and Nick Whitaker.

Councillor Satnam Gill OBE in the Chair

120 APOLOGIES FOR ABSENCE (Item A1)

There were no apologies for absence.

121 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

There were no declarations of substitute members.

122 DECLARATIONS OF INTEREST (Item A3)

Councillor Olly Parker declared a non-pecuniary interest in Item B5 – Internal Audit Report as a member of The Factory Children’s Centre.

123 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 20 September 2016 be confirmed as an accurate record of proceedings and the Chair be authorised to sign them.

124 COUNCIL TAX BASE AND NATIONAL NON-DOMESTIC RATES (Item B1)

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

- It was noted that there was a surplus in the NNDR account due to growth in the business rate base compared to the estimate.
- The collection rate in business rates had been maintained due to the increase in rate. There was a concern that the collection rate for small business may be a risk but the collection statistics would be monitored.
- It was noted that the local authority retained a 30% proportion of their business rates and the rest was redistributed through the GLA and the government.
- Where there was an increase in the number of businesses, the authority would be able to retain the business rate.
- Where there were empty businesses the authority would be responsible for 30% of the rate.

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- There needed to be better monitoring and prediction on business rate growth.

RESOLVED

- 1) That the Council Tax base for the whole area for 2017-18 (or until rescinded) shall be 77,209.5 Band D equivalent properties after adjusting for non-collection be agreed.
- 2) That the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2017-18 (or until rescinded) shall be 44.8 Band D equivalent properties after adjusting for non-collection be agreed.
- 3) That the Council Tax forecast for 2016-17 be noted.
- 4) That the business rates estimate for 2017-18 and delegate authority to the Corporate Director of Finance and Resources for finalising the NNDR1 Form (detailed business rates estimate) in line with this estimate be agreed.
- 5) That the NNDR forecast for 2016-17 be noted.

125

ANNUAL TREASURY AND INVESTMENT STRATEGY (Item B2)

The following points were made during the discussion:-

- It was noted that there was daily monitoring of the interest rates and officers would move rapidly if there was an increase in rates.
- The council was not currently fixing into long term fixed rate loans.
- Officers considered that they had not yet reached the stage where they needed to change to long term fixed rates but the situation was being constantly monitored.
- Temporary borrowing rate was forecast at about 1%.
- New borrowing was set to decrease in 2019/20 as the capital programme would be financed from various other internal sources.

RESOLVED

That the report be noted.

126

EXTERNAL AUDITOR REPORTS (Item C1)

The Council's external auditor presented the annual Audit letter and report on grant claims and returns.

The following points were made during the discussion:-

- This was the first year that there had been no amendments on the certification work on the Housing Subsidy claim;
- There was an unqualified assurance on the Teachers' Pension return.
- There was an elector query relating to 2013/14. The elector was not willing to close this query.

RESOLVED

- 1) That the annual Audit Letter 2015/16 and the Annual report on grant claims and returns 2015/16 from KPMG be noted.

127 PUBLIC SECTOR AUDIT APPOINTMENTS (Item C2)

The following points were made during the discussion:-

- It was considered that it would be better to opt into the national collective scheme at this stage although it would be prudent to review the process over the four years from April 2018.
- It was expected that the new scheme would be more customer focussed.
- That the Annual fee be considered at the Audit Committee.

RESOLVED that the preferred option of the Council's acceptance of Public Sector Audit Appointments (PSAA) invitation to 'opt in' to the sector led option for the appointment of external auditors for financial years commencing 1 April 2018.

128 OMBUDSMAN'S ANNUAL LETTER (Item C3)

RESOLVED that the report be noted.

129 USE OF AGENCY STAFF: UPDATE (Item C4)

The following points were made during the discussion:-

- It was noted that it was difficult to fill some posts on a permanent basis due to market forces and it was not always easy to fund the skills required.
- The number of agency staff had reduced which was welcomed and it was considered that the number could be reduced further although it would be difficult.
- Market supplements may be a better way forward where skills were required but a full analysis would need to be carried out. The analysis should also consider the number of agency staff that covered long term sickness and a comparison with other boroughs.

RESOLVED that the report be noted.

130 INTERNAL AUDIT INTERIM REPORT 2016-2017 (Item C5)

The following points were made during the discussion:-

Regarding the Planning/Building Control limited assurance:-

- It was noted that the problems associated with the limited assurance rating given for the planning/building control systems were related to the M3 system.
- The planning and building control section were moving towards innovative technology for back-office software, using procurement procedures through the GCloud and other Central Government frameworks. These allowed for procurement and configuration in months, rather than years.
- It was reported that the performance was now generally good, new software had been procured and the enforcement system was now functioning.
- The planning process would be reviewed over the next few months.
- The planning appeal statistics had improved
- The building control payments were taken at the beginning of the process rather than the end.
- Camden Council used the same system which was stable and discussions were being held with Camden although the system at Islington was differently configured.
- Members were concerned that a new system would not be a better one and that other alternatives e.g system sharing should be considered.

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Regarding the Vehicle Maintenance and Fleet Management - management letter:-

- It was noted that a management letter had been issued which raised a number of health and safety issues.
- The priority was to ensure that the legal obligations were met.
- The service was currently recruiting a new transport manager and a new Head of Service had already been recruited.
- Independent audits were being carried out monthly and a review was due next month where improvements were expected as the key elements were in place.
- Shared services with Camden had been considered but it was decided that this would not be appropriate due to the space required.
- The current depot in Islington contained 400 bespoke vehicles and there was enough work to keep staff employed.

Other service summaries

- It was noted that the review of voluntary organisations and resident impact statements had been postponed and the review of responsive repairs had been cancelled due to staff shortages. These would be carried out in April 2017.
- DBS procedures had been tightened in relation to service procedures.

RESOLVED that the report be noted.

131 PRINCIPAL RISK UPDATE (Item C6)

The following points were made during the discussion:-

- The greatest risk was regarding cyber security and there were increasing risks for adult safeguarding due to increasing financial pressures.
- There were concerns that the report did not indicate the severity of each risk for the Committee and that the controls in place and action taken to mitigate the risk were not detailed.
- The report author undertook to consider how best to present the information to Committee.
- The business rate risk was not included in the report as it was not a major risk.

RESOLVED that the action taken on the principal risks be noted.

132 ANTI-FRAUD STRATEGY (Item C7)

RESOLVED that the report be noted.

133 FRAUD REPORT: APRIL 2016- DECEMBER 2016 (Item C8)

RESOLVED that the report be noted.

134 WHISTLEBLOWING REPORT: APRIL 2016 TO NOVEMBER 2016. (Item C9)

RESOLVED that the report be noted.

135 FRAUD REPORT: APPENDIX (Item F1)

The committee noted that processes for procurement detailed in paragraph 1.4 were now more robust.

RESOLVED that the exempt appendix be noted.

136 **WHISTLEBLOWING REPORT: APPENDIX (Item F2)**

The Committee considered that Table 2.1 in the report should be more informative.

RESOLVED that the exempt appendix be noted.

The meeting ended at 9.00 pm

CHAIR