

**Coventry City Council**  
**Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm**  
**on Monday, 16 July 2018**

Present:

Members: Councillor R Brown (Chair)  
Councillor S Bains  
Councillor T Sawdon  
Councillor R Singh  
Councillor H Sweet

Employees (by Directorate):

Place B Hastie, P Jennings, S Lock, M Salmon, K Tyler, A West

Others in attendance Mark Stock, Grant Thornton (External Auditor)

Apologies: Councillor P Akhtar and K Taylor

**Public Business**

**12. Declarations of Interest**

There were no disclosable pecuniary interests.

**13. Minutes of Previous Meeting**

The minutes of the meeting held on 18<sup>th</sup> June 2018 were agreed and signed as a true record.

Further to minute 5/18 headed 'Internal Audit Annual Report 2017/2018', the Committee requested that a timeline be prepared in respect of the Audit Team restructure, and circulated to them.

Further to minute 7/18 headed 'Internal Audit Plan 2018/2019', the Committee requested that a timeline be prepared in respect of the telephony system and customer service review, and circulated to them.

Further to minute 10/18 headed 'Unaudited 2017/2018 Statement of Accounts', the Committee requested that information relating to the income from fees and charges, rents and dividends, be circulated to them.

**14. Exclusion of Press and Public**

**RESOLVED to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 22 below headed 'Procurement and Commissioning Progress Report', on the grounds that the report involves the likely disclosure of information defined in**

**Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial and business affairs of a particular person (including the authority holding that information) and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.**

**15. Outstanding Issues**

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) that identified issues on which a further report / information had been requested or was outstanding so that Members were aware of them and could manage their progress.

Appendix 1 to the report provided details of an issue where a report back had been requested to a meeting, along with the anticipated date for consideration of the matter. Appendix 2 provided details of items where information had been requested outside formal meetings, along with the date when this had been completed.

**RESOLVED that the Audit and Procurement Committee notes the outstanding issues report and agrees that those issues that are complete can be discharged from the report.**

**16. Work Programme 2018/19**

The Committee considered a report of the Deputy Chief Executive (Place), which set out the Work Programme for the Committee for the coming year.

Members requested that the following reports be submitted to the Committee in due course and therefore be added to the Work Programme:

- 1) Information Governance Half-Yearly Progress Report 2018/2019 (minute 20 below refers)
- 2) Procurement and Commissioning Progress Reports – Future Reporting Arrangements (Minute 22 below refers)

**RESOLVED that the Audit and Procurement Committee approves the Work Programme for 2018/2019 with the addition of the following items:**

- 1) Information Governance Half-Yearly Progress Report 2018/2019**
- 2) Procurement and Commissioning Progress Reports – Future Reporting Arrangements**

**17. Audit Findings Report 2017-2018**

The Committee considered a report of the External Auditor, Grant Thornton, on the Audit Findings for the City Council for the year ending 31st March, 2018. Mark Stocks of Grant Thornton, attended the meeting to present their report.

The report highlighted the key issues affecting the results of Coventry City Council and the preparation of the group and financial statements for the year ending 31<sup>st</sup> March 2017. It was also used to report their audit findings to management and

those charged with governance in accordance with the requirements of International Standards on Auditing (UK and Ireland) 260, and the Local Audit and Accountability Act 2014.

Under the National Audit Office Code of Audit Practice, the External Auditors were required to report whether, in their opinion, the Council's financial statements gave a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they had been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. They were also required to carry out sufficient work to satisfy themselves on whether the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ("the value for money (VFM) conclusion").

The audit approach was based on a thorough understanding of the group's business and was risk based, and in particular included:

- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of total group assets and revenues to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that a comprehensive audit response was required for the Coventry City Council component (significant component) and a targeted approach was required for Coventry and Solihull Waste Disposal Company (CSWDC); and Coombe Abbey Hotel components to address specific risks. An analytical approach was required for Coventry North Regeneration Ltd; and for North Coventry Holdings Ltd.
- Full scope audits of the significant component by the group engagement team and targeted testing for CSWDC focusing on the carrying value of the investments; and at Coombe Abbey Hotel focusing on the valuation of the hotel.
- An evaluation of the group's internal controls environment including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

The audit of the Council's financial statements were substantially complete and an unqualified audit opinion statement issued. The External Auditor did not identify any adjustments to the financial statements that resulted in an adjustment to the Statement of Comprehensive Income and Expenditure. Adjustments were only made to improve presentation or to reflect underlying records (Appendix C referred). Recommendations for management were raised (Appendix A referred) with follow up to the recommendations from the prior year's audit (Appendix B referred). The Auditor concluded that the other information published with the financial statements, which included: the Statement of Accounts; Annual Governance Statement; and Narrative Report, were consistent with their knowledge of the organisation and with the financial statements audited. They had completed their risk based review of the Council's value for money arrangements and concluded that Coventry City Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources and issued an

unqualified value for money conclusion accordingly. They had not exercised any of their additional statutory powers or duties.

The Committee acknowledged the work carried out in the preparation of the report and asked that their thanks be conveyed to the officers concerned.

**RESOLVED that the Audit and Procurement Committee notes the Audit findings, as presented by the Council's External Auditor.**

**18. Audited 2017/2018 Statement of Accounts**

The Committee considered a report of the Deputy Chief Executive (Place), which sought approval of the audited 2017/18 Statement of Accounts and Annual Governance Statement, on behalf of the Council.

The Council had given delegated authority to approve the Statement of Accounts, including the Annual Governance Statement, to the Audit and Procurement Committee.

The report was considered alongside the External Auditor's Audit Findings report (Minute 17 above referred) which detailed the key changes to the draft Statement of Accounts considered by the Committee in June 2018 (Minute 10/18 refers). The changes had been agreed between Grant Thornton and the Director of Finance and Corporate Resources.

The Committee acknowledged the work carried out in the preparation of the report and asked that their thanks be conveyed to the officers concerned.

**RESOLVED that the Audit and Procurement Committee approves the final Audited 2017/2018 Statement of Accounts.**

**19. Audit and Procurement Committee Annual Report 2017-2018**

The Committee considered the Audit and Procurement Committee's Annual Report, which would be submitted to the City Council at their meeting on 4th September 2018. The report provided an overview of the Committee's activity during 2017/2018.

During the previous municipal year, the Committee met on eight occasions. The report detailed all the routine reports considered during this time which were based around the clearly defined expectations of the services and functions that report to the Committee such as governance; internal and external audit; fraud; procurement and financial management and accounting.

The Committee also supported the Council in considering other areas linked to risk management, internal control and governance and in 2017-2018 these included: Information Commissioner's Office: Data protection Audit; 2016-17 Information Governance Annual Report; Accounts Payable Recovery Audit 2016-17; Regulation of Investigatory Powers Act 2000 Annual Report; Complaints to the Local Government and Social Care Ombudsman 2016-17; Corporate Risk Register; Contract Management Progress Report; Customer Services Update; and Code of Corporate Governance.

The Cabinet agreed to recommend that the Council considers the Annual Report 2017-2018 at their meeting on 4<sup>th</sup> September 2018.

**RESOLVED that the Audit and Procurement Committee recommend that the Council considers the Audit and Procurement Committee Annual Report 2017-2018 at their meeting on 4<sup>th</sup> September 2018.**

20. **2017-2018 Information Governance Annual Report**

The Committee considered a report of the Deputy Chief Executive (Place) that the City Council adopted its Information Management Strategy in March 2016. The Strategy recognised that information was one of the Council's greatest assets and its correct and effective usage was a major responsibility and essential to the successful delivery of the Council's priorities. Since the introduction of the Strategy, the Council had put a range of measures in place to embed effective information governance throughout the organisation.

The implementation of the Information Management Strategy was a key step in helping the City Council to prepare for the implementation of the General Data Protection Regulation which came into force in May 2018 and introduced the most significant change in data protection legislation in 20 years. The GDPR strengthened the rights of individuals and reflected the significant technological changes that had taken place over the last 20 years since the Data Protection Act legislation was introduced in 1998. The GDPR had been written into UK law and the new Data Protection Act 2018 also came into force in May 2018.

Data protection legislation set out the requirements on public organisations to manage information assets appropriately and how they should respond to requests for information. The Information Commissioner's Office (ICO) was the UK's independent supervisory authority set up to uphold information rights in the public interest, promote openness by public bodies and data privacy for individuals and monitors compliance with legislation.

The report set out how the Council performed during 2017/18 in responding to requests for information received under the Freedom of Information Act, Environmental Information Regulations and Data Protection Act, the completion rate, outcome of internal reviews and complaints made to the ICO. It also reported on the management of data protection security incidents reported, data protection training, preparations for the introduction of the General Data Protection Regulations and the follow up to the ICO Audit of the Council's data protection arrangements which took place during the year.

The Committee discussed the importance of high standards of information governance and the major responsibility that the Council had in protecting and using the information in compliance with legal requirements. Acknowledging that 96% of employees had now completed Data Protection Training, the Committee agreed that a letter be sent to all Elected Members from the Chair of the Audit and Procurement Committee, on the arrangements for Elected Member Training and proposed workshops to support them in understanding the requirements of the General Data Protection Regulations and the Data Protection Act 2018.

The Committee were encouraged by the improvement in responses to FOIA/EIR requests within the target time of 20 working days to 73% in 2017/2018 compared to 68% in 2016/2017. However, they expressed their concerns that the Council remained below the 90% response level required by the ICO and discussed the implications of not meeting that requirement. The Committee agreed to receive a half-year Information Governance Progress report and asked that this be added to the Work programme accordingly.

**RESOLVED that the Audit and procurement Committee:**

- 1) Notes the Council's performance on Freedom of Information, Subject Access and other Data Protection Act requests, including the outcomes of internal reviews and the number and outcome of complaints made to the ICO.**
- 2) Notes the reporting and management of data security incidents.**
- 3) Notes the Data Protection training compliance for employees.**
- 4) Notes the Data protection training arrangements for Members, including any requirements**
- 5) Did not have any comments or recommendations to make to the Cabinet Member for Policy and Leadership.**
- 6) Agrees that a half-year progress report be submitted to the Committee.**

21. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

22. **Procurement and Commissioning Progress Report**

The Committee considered a report of the Deputy Chief Executive (People) which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 26<sup>th</sup> March 2018. Details of the latest positions in relation to individual matters were set out in an appendix to the report.

The Committee discussed the future reporting arrangements for the Procurement and Commissioning Progress Reports and agreed that further discussions be held with the Chair of the Committee to determine the most appropriate forum for their consideration.

**RESOLVED that the Audit and Procurement Committee:**

- 1) Notes the current position in relation to the Commissioning and Procurement Service.**

- 2) **Agrees that they have no recommendations to make to the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**
  - 3) **Agrees that further discussions be held with the Chair of the Committee on the future reporting arrangements for the Procurement and Commissioning Progress Reports, to determine the most appropriate forum for their consideration.**
23. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 4.45 pm)