

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 2.00 pm
on Monday, 10 September 2018

Present:

Members: Councillor R Brown (Chair)
Councillor T Sawdon
Councillor R Singh
Councillor T Skipper
Councillor K Taylor

Employees (by Directorate):

Place: S Harriott, P Jennings, U Patel, K Tyler

Apologies: Councillor P Akhtar, S Bains and H Sweet

Public Business

24. Declarations of Interest

There were no disclosable pecuniary interests.

25. Minutes of Previous Meeting

The minutes of the meeting held on 16th July 2018 were agreed and signed as a true record.

26. Outstanding Issues

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) that identified issues on which 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.

27. Work Programme 2018/19

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place), which set out the Work Programme of scheduled issues for consideration by the Committee for the year 2018/2019.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2018/19.

28. 2018/2019 First Quarter Financial Monitoring Report (to June 2018)

The Committee considered a report of the Deputy Chief Executive (Place) which advised of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2018. The report was considered by Cabinet on 28th August 2018, their Minute 31 refers.

The headline revenue forecast for 2018/19 was an over spend of £2.0m. At the same point in 2017/18 there was a projected overspend of £4.6m.

This position continued to reflect overspends in several service areas that had been subject to budgetary pressure in recent years, notwithstanding that 2018/19 Budget proposals increased budgets in these areas. Although the quarter 1 overspend position was not as large as this time last year, the Senior Management Board was aware of the need to address the range of budgetary issues facing the Council including continued challenges in relation to looked after children and housing and homelessness related costs.

The Council's capital spending was projected to be £249.4m for the year, a net decrease of £13.1m on the programme planned at the start of the year. However, there was the possibility of significant capital slippage later in the budgetary cycle.

The Committee discussed the use of agency workers and noted that the first quarter agency workers and interim manager's performance management report would be considered by the Cabinet Member for Strategic Finance and Resources in September and that relevant Directors would be invited to attend the meeting to discuss the use of agency workers in their service area. The Committee acknowledged that some use of agency staff was understandable and justified, however, the long term use of agency staff remains questionable.

RESOLVED that the Audit and Procurement Committee notes the current position and had no comments for Cabinet at this time.

29. Annual Fraud Report 2017-2018

The Committee considered a report of the Deputy Chief Executive (Place) which provided a summary of anti-fraud activity for the financial year 2017-18.

The report documented the Council's response to fraud during 2017-18 and was presented to the Committee in order to discharge its responsibility, as reflected in its terms of reference '*to monitor Council policies on whistle blowing and the fraud and corruption strategy*'.

Fraud in the public sector has a national focus through the publication of "Fighting Fraud and Corruption Locally - The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy stated that the level of fraud in the public sector was significant, the current trends in fraud activity included areas which Coventry City Council does not have responsibility for, such as social

housing; and the levels of identified / reported fraud against the Council remain at relatively low levels, in terms of both numbers and value.

The Committee considered the information contained in the report and enquired whether welfare checks were undertaken in respect of any whistle blowers. In addition, the Committee requested information in relation to the number exemptions/discounts awarded by the Council in 2017/18 and that the next Committee report in relation to fraud to provide clearer details on “fraud” and “error” including distinguishing those action take to prevent fraud.

RESOLVED that the Audit and Procurement Committee considered and notes the anti-fraud activity undertaken in the financial year 2017-18.

30. **School Audit Recommendations**

The Committee considered a report of the Deputy Chief Executive (Place) which provided details of the high risk school audit recommendations made in last three years and the action taken to assist schools to ensure that financial controls were complied with.

At the meeting of the Audit and Procurement Committee on 26th March 2018, further information was requested whether other actions could be taken to assist schools to ensure they had effective financial controls in place.

The scope of internal audit work in relation to schools included providing an opinion as to whether systems were being effectively managed. The report provided details of the school audits carried out in the last three financial years, along with the audit opinion provided.

Where the findings of an audit resulted in limited or moderate assurance being provided, Internal Audit would make appropriate recommendations for improvement, which would be agreed with the school’s management, including a timescale for implementation. The audit findings which lead to recommendations would be given a risk rating, to assist schools in understanding the implications of the issue and prioritise the remedial action required. The risk level (high or medium) was determined by the Auditor, based on their professional judgement and in the context of the school environment, including the extent to which controls had not been complied with. The report provided a summary of high risk issues raised in the last three years.

From Internal Audit’s perspective, it was not surprising that similar issues arose in schools given that they used resources for the same purposes and often have similar working practises, procedures and processes in place.

Where audit recommendations are made, follow up processes were in place to ensure that the agreed actions had been implemented as planned. This included follow up audits, where a further audit opinion would be provided as to the effectiveness of the systems in place.

In addition to the work already undertaken by Internal Audit and the Council’s Financial Management Service, Internal Audit, in conjunction with the School Finance Team, produce a Finance and Audit newsletter which is issued to all local

authority maintained schools on a termly basis. There was also more scope for feedback and dialogue with finance and human resources to ensure issues were dealt with. Human resources had also introduced the provision of school business professional training, which if it proved to be popular, would be rolled out.

The Committee enquired what the criteria was for selecting schools to be audited and whether detailed reports would be forthcoming in respect of those schools that had been rated “limited”, noting two schools in particular. It was reported that schools were audited on a risk based approach and results would be summarised within the 6 monthly and annual audit reports.

RESOLVED that the Audit and Procurement Committee considered and notes the summary of school audit recommendations and confirms its satisfaction with the action taken to assist schools to ensure that financial controls are complied with.

31. **Updated Procedural Guidance: Regulation of Investigatory Powers (RIPA) Covert Surveillance and Covert Human Intelligence Sources (RIPA Procedural Guidance)**

The Committee considered a report of the Deputy Chief Executive (Place) which updated procedural Guidance on Regulation of Investigatory Powers (RIPA) Covert Surveillance and Covert Human Intelligence Sources (RIPA Procedural Guidance).

The Regulation of Investigatory Powers Act 2000 (RIPA) governs the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.

The Council uses powers under RIPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of 6 months or more, or are related to the underage sale of alcohol and tobacco. The three powers available to local authorities under RIPA: the acquisition and disclosure of communications data; directed surveillance; and covert human intelligence sources (CHIS)

The Act sets out the procedures that Coventry City Council must follow if it wishes to use directed surveillance techniques or acquire communications data in order to support core function activities (e.g. typically those undertaken by Trading Standards and Environmental Health). The information obtained as a result of such operations can later be relied upon in court proceedings providing RIPA is complied with.

The Council’s compliance with RIPA is monitored by the Investigatory Powers Commissioner’s Office (formerly by the Office of Surveillance Commissioners, which was abolished in 2017) who conduct inspections on roughly a bi-annual basis. The last inspection at Coventry City Council was December 2016.

The Home Office Code for Covert Surveillance and Property Interference recommends that elected members, whilst not involved in making decisions or specific authorisations for the local authority to use its powers under Part II of the Act, should review the Council’s use of the legislation and provide approval to its

policies. The Council adopted this approach for oversight of the authority's use of Parts I and II of the Act.

The report outlined the updates and amendments made to the Council's RIPA Procedural Guidance following the Inspection by the Office of Surveillance Commissioners in December 2016 and their subsequent inspection report, dated December 2016; and the introduction of the General Data Protection Regulation (GDPR) on 25 May 2018.

In addition, separate guidance on the use of Social Media (also known as Social Networking Sites or SNS) has been produced and was attached at Appendix 2 to the report. Reference to the Use of Social Media in Investigations Guidance (the Social Media Guidance) has also been made in the RIPA Procedural Guidance at paragraph 7. The Social Media Guidance states that repeated viewing of Social Media could be classed as "surveillance" and as a consequence a RIPA authorisation should be sought to carry this out where the RIPA criteria are met (please see paragraph 1.1 and 1.2 of this report) or further advice should be sought from the Information Governance Team in the event that the activity falls outside of the RIPA criteria.

The Committee noted that the guidance on the use of social media was just guidance, as it was a developing area and as such there was no case law. However, it was acknowledged that the use of social media for intelligence gathering was on the increase and it was important to ensure that officers worked within the stipulated guidelines and did not stray into what could be classed as direct surveillance which required authority under RIPA.

RESOLVED that the Audit and Procurement Committee having considered the updated and amended RIPA Procedural Guidance requested that the Cabinet Member for Policing and Equalities ensures that appropriate publicity is undertaken in relation to the use of social media.

32. **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 business.

(Meeting closed at 3.45 pm)