

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm
on Monday, 25 March 2019

Present:

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

Employees (by Directorate):

People: G Quinton

Place: S Bennett, S Harriott, A Harwood, P Helm, P Jennings,
D Nuttall, K Tyler

Apologies: Councillor P Akhtar, S Bains and H Sweet

Public Business

67. Declarations of Interest

There were no declarations of interest.

68. Minutes of Previous Meeting

The Minutes of the meeting held on 25 February, 2019 were agreed and signed as a true record.

Further to Minute 61/18 relating to 2018/19 Third Quarter Financial Monitoring Report (to December 2018), the Committee noted that, as requested, information had been circulated in relation to parking at Coombe Country Park.

69. 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.

RESOLVED that the Audit and Procurement Committee:-

- 1. Notes the Outstanding Issues report and agree those issues that are complete can be discharged from the report.**
- 2. Requests that for those items that remain outstanding, the relevant officers be contacted to provide the information requested.**

70. **Work Programme 2018/19**

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) which set out the Work Programme for the Committee for the current Municipal Year.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for the current Municipal Year.

71. **Internal Audit Recommendation Tracking Report**

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) which provided an update on progress made in implementing internal audit recommendations since the last update in March 2018.

The Public Sector Internal Audit Standards requires that the “Chief Audit Executive (ie the Chief Internal Auditor) must establish a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management have accepted the risk of not taking action.”

As reflected within its terms of reference, the Audit and Procurement Committee is required to receive reports on Internal Audit’s follow up process. The report provided an update as to progress in respect of the agreed management actions which have been followed up during the period March 2018 to February 2019.

Currently, there are three key considerations that will determine the follow up procedure adopted, namely:-

- 1) Whether the area audited is of such significance that it is subject to an annual review
- 2) The level of assurance provided in the audit report
- 3) A self-assessment process for these reviews where neither of the points above apply, but a follow-up review is necessary

Overall it was believed that the procedure achieves the right balance between ensuring action is taken in response to risks identified by Internal Audit and allowing the Service to focus on identification of new risks.

The report and appendices set out the results from the latest follow up exercise, indicating that of the 236 actions followed up, 74% have been implemented based on both the formal and self-assessment follow up method. When analysed by follow up method, the results were that formal follow up method had a 61% implementation rate and self-assessment follow up method had a 82% implementation rate.

In relation to self-assessment, the implementation rate of 81% is not significantly different to rates over the last three years, however it remains higher in comparison to the formal follow up method. Consequently, in 2018-19, Internal Audit trialled an approach to validating self-assessment responses which focused on two audits, details of which were contained in an appendix. As a result of

undertaking the pilot exercise to validate self-assessment responses, the following actions are planned for 2019-20:-

- A programme of routine validation checks will be established to provide more robust assurance over the self-assessment approach. The results of this will be included in the next recommendation tracking report to the Audit and Procurement Committee.
- The template form for self-assessments is to be revised to assist managers to reach appropriate conclusions on actions taken.

After the follow up has been completed, the results are collated within Internal Audit. If progress is not consistent with expectations, audit management will determine the next course of action, details of which were outlined in the report. Proposed actions for the audits where recommendations remain outstanding were highlighted within Appendices to the report.

RESOLVED that the Audit and Procurement Committee notes the progress made in implementing audit recommendations and confirms its satisfaction with this and the proposed action by the Acting Chief Internal Auditor for Internal Auditor for audits where actions remain outstanding.

72. **Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA) 2018**

The Committee considered a report of the Deputy Chief Executive (Place) which reported on the Council's use of the Regulation of Investigatory Powers Act 2000 (RIPA), which governs the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.

The report indicated that 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. There are three powers available to local authorities under RIPA: the acquisition and disclosure of communications data; directed surveillance; and covert human intelligence sources.

The report detailed the procedures that local authorities must follow when applying to use RIPA powers, including submitting applications to the Magistrates Court for approval. The Council's Monitoring Officer maintains oversight of the RIPA arrangements and is responsible for the integrity of the Council's process for managing the requirements under RIPA.

From 1 November, 2018 there is a new requirement to meet a serious crime threshold for the acquisition of service or traffic data for Communications data. This typically means that the offences under investigation could result in imprisonment for more than 12 months.

Details of the applications that the Council has made under RIPA were detailed in the report. For the period 1 January, 2018 to 31 December, 2018 two direct surveillance applications were granted, and two authorisations were granted by

the Magistrates. The Committee noted that all of the requests covered core functions permitted by the Act and were for the purpose of preventing and detecting crime. There were no reported instances of the Council having misused its powers under the Act. No applications for the disclosure of communications data were made during the period.

The Committee questioned the officer on a number of issues, including comparative information in relation to the use of the powers by other Local Authorities.

RESOLVED that the Audit and Procurement Committee:-

- 1) Approves the Council's use and compliance with the Regulatory and Investigatory Powers Act.**
- 2) Request the Cabinet Member for Policing and Equalities to:-**
 - i) Provide comparative information with other Local Authorities in future reports.**
 - ii) Refer the report to the Licensing and Regulatory Committee.**

73. Culture Coventry Trust – Finance and Governance

The Committee considered a report of the Deputy Chief Executive (Place) which provided information in relation to the finance and governance arrangements for the Culture Coventry Trust which was established in August 2013 following a Cultural Trust Review which recommended a merger of the Coventry Heritage and Arts Trust (CHAT) and the Coventry Transport Museum (CTM).

In April 2014, a £9.5m refurbishment and redevelopment programme commenced at CTM and the Old Grammar School, culminating in the full reopening to the public of the School and comprehensively re-modelled Museum in June 2015.

In February 2015, the Council established in its Medium Term Financial Strategy a further annual saving of £500k (to take effect from April 2017) from Culture Coventry Trust (CCT) grant budget. Since 2016/17, the Trust has been through a very difficult financial period, which as a result has required financial and other support from the City Council and other partners, and has also resulted in a change in the structure of both the Board of Trustees and the Trusts senior management team.

The Trust has established a revised financial and business plan which is resulting in a much improved financial position and financial outlook. However, it remains in a transitional state whilst it implements the plans. Continues to repay monies owed to the City Council and re-establish its reserve balances.

The Committee noted the future governance structure of the organisation is also currently under review to ensure its future fitness for purpose.

The report detailed Council involvement with the Trust in the following areas:-

- Officer involvement – Council officers have always maintained a “contract monitoring” role to ensure the Trust are delivering against their obligations under the grant agreement. Involvement has been continuous and more significant as both a support and a challenge since the Trust reported formally to the Council in November 2016 that they expected to return a deficit, had no reserves, and were likely to be unable to repay the cash flow debt. This close working relationship to support the Board of Trustees and management team has continued through the management regime changes at the Trust.
- Council Annual Grant to the Trust – The Council is the main funder to the Trust and provides an annual grant of c£2m, which helps fund their annual planned spend. Recognising the Trusts financial difficulties and also taking into account that they are the custodians of the Council’s cultural assets, the Council acted formally in April 2017 to “buy time” for the Trust to address its finances by approving an unsecured loan to enable them to advance pay their pension liability and for a cash flow facility during 2017/18.

Following a change of management team, a new Business Plan was approved by the Trust Board in 2018 which followed a major review of current costs, staffing structures and ability to generate income. As a result of this medium term outlook, some shorter term benefit was also achieved which allowed the Trust to report a much lower deficit position in 2017/18 than had been feared. This also meant the amount of cash flow loan support required to be drawn down was significantly lower than had been approved by the City Council.

The Committee questioned officers on aspects of the report including:-

- Challenges for the Trust
- Mechanisms in place to provide assurance in relation to financial and governance arrangements
- Key management roles at the Trust
- City Council resource implications, including salaries
- Policies and procedures in place to ensure accountability

The Committee requested clarity in relation to the governance timeline and further information in relation to the current governance structure.

RESOLVED that the Audit and Procurement Committee:-

- 1) **Notes the report, which provides assurances in relation to finance and governance arrangements.**
- 2) **Requests information in relation to the governance timeline and the current governance structure.**

74. **Post of Director of Human Resources - Salary Approval**

The Committee considered a report of the Deputy Chief Executive (People) which, in line with statutory guidance under s40 of the Localism Act 2011 and the City

Council's Pay Policy statement, sought approval in respect of an annual salary package in excess of £100,000 for the post of Director of Human Resources.

The report indicated that the challenges facing the Council in terms of re-shaping the way that we work, embracing new technologies and new partnership working all require successful delivery of a range of major workforce initiatives as part of the One Coventry programme. In particular, there is an urgent need to develop an Employee and Industrial Relations Policy that enables significant changes to be delivered within a unionised working environment. The Human Resources function has been led by a Head of Service and this post is currently vacant. The current level of appointment has not given the post holder sufficient authority to lead delivery of change on the scale required. Nor has it enabled the recruitment of the right level of skills and experience to work in partnership with the trade unions to achieve the Council's objectives.

A Business Case was appended to the report and identifies that the post of Director of Human Resources should be graded at Grade AD1, the salary range for which is £97,927 to £106,130.

RESOLVED that the Audit and Procurement Committee approves a salary range of up to £106.130 pa for the post of Director of Human Resources.

75. **Any Other Items of Urgent Public Business**

There were no other items of urgent public business.

(Meeting closed at 4.00 pm)