



Audit and Procurement Committee

Time and Date

2.30 pm on Monday, 29th November 2021

Place

Diamond Rooms 1 & 2 - Council House, Coventry

Please note that in line with current Government and City Council guidelines in relation to Covid, there will be limited public access to the meeting to manage numbers attending safely. If you wish to attend in person, please contact the Governance Services Officer indicated at the end of the agenda.

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meetings** (Pages 3 - 12)
To agree the minutes of the meetings held on 27th September and 27th October 2021
4. **Outstanding Issues** (Pages 13 - 18)
Report of the Director of Law and Governance
5. **Work Programme 2021/2022** (Pages 19 - 20)
Report of the Director of Law and Governance
6. **Annual Compliance Report 2021 - Regulatory & Investigatory Powers Act (RIPA) 2000** (Pages 21 - 28)
Report of the Director of Streetscene and Regulatory Services
7. **Internal Audit Plan 2021-22 - Half Year Progress Report** (Pages 29 - 40)
Report of the Director of Finance
8. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Private business

Nil

Julie Newman, Director of Law and Governance, Council House, Coventry
Friday, 19 November 2021

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Michelle Salmon, Governance Services, Email: lara.knight@coventry.gov.uk / michelle.salmon@coventry.gov.uk

Membership:

Councillors M Ali, J Blundell, R Brown (By Invitation), Z Francis (By Invitation), G Hayre, R Lakha (Chair), T Sawdon, B Singh (Deputy Chair), R Singh and stocks (By Invitation)

By Invitation:

Councillor R Brown – Cabinet Member for Strategic Finance and Resources
Z Francis – Grant Thornton (External Auditor)
M Stocks – Grant Thornton (External Auditor)

Named Substitute Members:

Councillors R Bailey (Reserve) and A Hopkins (Reserve)

Public Access

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<https://www.coventry.gov.uk/publicAttendanceMeetings>

Michelle Salmon

Governance Services

e-mail: michelle.salmon@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee
held at 1.00 pm on Monday, 27 September 2021

Present:

Members: Councillor R Lakha (Chair)
 Councillor M Ali
 Councillor J Blundell
 Councillor G Hayre
 Councillor T Sawdon
 Councillor B Singh (Deputy Chair)

Employees (by Service):

Finance: B Hastie (Director of Finance), M Burn, P Jennings,
 K Tyler

Legal and Governance: L Knight

Apologies: Councillor R Brown
 Councillor R Singh

Public Business

18. Declarations of Interest

There were no disclosable pecuniary interests.

19. Minutes of Previous Meeting

The minutes of the meeting held on 26th July 2021 were agreed as a true record. There were no matters arising.

20. Exclusion of Press and Public

RESOLVED that the Audit and Procurement Committee agrees to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 27 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.

21. Outstanding Issues

The Audit and Procurement Committee considered a report of the Director of Law and Governance which 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 issues where a report back had been requested to a meeting, along with the anticipate date for consideration of the Matter.

Appendix 2 of the report provided details of items where information had been requested outside formal meetings, along with the date when this had been completed.

In respect of Item 5 of Appendix 2, the Committee were advised that arrangements were being made for the training sessions requested and that a notification would be sent in due course with the details for these. The Committee noted that it was likely that the training would take place on a Monday afternoon.

RESOLVED that the Audit and Procurement Committee notes the Outstanding Issues report.

22. **Work Programme 2021/22**

The Audit and Procurement Committee considered a report of the Director of Law and Governance which set out the Work Programme of scheduled issues to be considered by the Committee during the Municipal Year 2021/2022.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2021/2022.

23. **2021/22 First Quarter Financial Monitoring Report (to June 2021)**

The Committee considered a report of the Director of Finance, which had also been considered by the Cabinet at their meeting on 31st August 2021, that advised the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2021.

The headline revenue forecast for 2021/22 was for net expenditure to be £14.3m over budget before the application of COVID-19 emergency funding for local government. After the use of this grant, the net over-spend was £4.0m. At the same point in 2020/21 there was a projected overspend of £6.7m.

The position included an underlying overspend of £6.5m within Children's Services although £3.8m of this has been attributed to the pandemic and funded from one-off Covid funding accordingly, leaving a net overspend of £2.7m. In order to anticipate the likely future budgetary position within Children's Services it would be necessary to understand more fully the extent to which these pressures would continue beyond the period when Covid was a significant contributory factor. Looking ahead to next year, it would be a key focus of management to identify the causes and to reduce the budget pressures within Children's Services as a fundamental element of balancing the 2022/23 Budget position.

Elsewhere, budget pressures had emerged within Streetscene and Regulatory Services, Legal and Governance Services and Finance although the overall corporate position was within acceptable tolerances at this stage of the financial cycle.

The Council and the city continued to receive Government support linked to Covid within the 2021/22 financial year. This amounted to c£19m announced to date to support Council services directly and a further c£45m channelled through the Council to support Coventry businesses and external suppliers. Although further allocations could not be ruled out, the pace of funding announcements had slowed markedly reflecting the wider easing of lockdown measures. The scale of any residual Covid related grants was therefore likely to be modest.

The Council's capital spending was projected to be £247.1m and included major scheme expenditure which ranged from investment in to the A46 Link Road, Coventry Station Masterplan, Friargate Building 2 and the Hotel, Air Quality and Secondary Schools expansion. The size of the programme and the nature of the projects within it, continued to be fundamental to the Council's role within the city.

The Council's services and its financial position were moving gradually towards a business as usual position as the year progressed with activity and impacts arising from the Covid pandemic starting to subside. Some pockets of service activity continued to be significantly affected although often this was not resulting in a net financial cost. It was clear though that significant financial risk remained in relation to the underlying funding position for local government as well as the future trajectory of Covid costs and funding within a few service areas. It remained a financial imperative therefore to focus on the medium-term horizon and for the Council to tackle the anticipated legacy effects of Covid.

Appendices to the report provided details of: the Revenue Position: Detailed Directorate Breakdown of Forecast Outturn Position; the Capital Programme: Analysis of Budget/Technical Changes; the Capital Programme: Estimated Outturn 2021/22; the Capital Programme: Analysis of Rescheduling; and Prudential Indicators.

In considering the report, the Committee requested that comparison information be provided in relation to the waste and fleet services to see if other authorities were having difficulties with waste collections.

RESOLVED that the content of the report be noted.

24. **Annual Fraud and Error Report 2020/21**

The Audit and Procurement Committee considered a report of the Director of Finance that provided a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service for the financial year 2020-21.

The report documents the Council's response to fraud and error during 2020-2021 and was presented to the Committee in order to discharge its responsibility, as reflected in its terms of reference 'to monitor Council policies on whistleblowing and the fraud and corruption strategy'.

The Internal Audit Service is responsible for leading on the Council's response to the risk of fraud and error. The work of the team has focused on four main areas during 2020-21: Business Support Grants; National Fraud Initiative; Referrals and investigations considered through the Council's Fraud and Corruption Strategy;

and Council Tax. A summary of the key activity that had taken place in each of these areas was set out in the report.

During 2020-21, there have been a number of grant schemes announced by the Government which has reflected various periods of local and national restrictions as a result of the Covid 19 Pandemic. A summary of the schemes, along with the number of awards made and the value of payments issued was set out within the report.

Within the International Auditing Standards, there are clear expectations around the level of oversight that the Audit and Procurement Committee should have in relation to the risk of fraud within the Council. This includes an expectation that appropriate detail is provided around significant fraud. The following principles were applied when defining significant fraud:

- A financial impact in excess of £10,000.
- Frauds of under £10,000 could be included if the Chief Internal Auditor considered this justified by the nature of the fraud.
- In terms of establishing when a fraud had occurred, this was normally defined as occurring when the disciplinary process had been concluded, although in cases not involving employees, this would be linked to other management action, such as criminal prosecution.

In the period April 2020 to March 2021, there was one significant fraud identified. Details of this had been provided to the Committee in January 2021.

From time to time the Internal Audit Team receive referrals or are asked to assist in investigations relating to employee misconduct and other fraud against the Council involving external individuals. During 2020-21, the Council received 24 referrals, 14 of these led to full investigations. The reasons for referrals not resulting in a full investigation was set out in the report. In addition to the 14 investigations, one investigation was carried forward from 2019-20. Of the 15 investigations, eight related to fraud / theft or other activities linked to obtaining a financial benefit, whilst the other six involved a code of conduct issue. Three of the investigations are still ongoing. The outcomes of the remaining 12 investigations were set out within the report submitted.

In relation to the work undertaken within the area of Council Tax, a rolling programme of reviews is undertaken on an annual basis to provide an appropriate response to the inherent risk of fraud / error in the area as the Council is reliant on the customer to report any changes in circumstances that would affect their entitlement to an exemption or discount. During 2020/21, limited work was undertaken due to the focus on business grant work. However, the work undertaken resulted in 22 exemptions / discounts being removed and revised bill amounting to approximately £49k have been issued. £34k of this money has been paid to the Council to date and the outstanding balances are being recovered through agreed payment instalments or the Council's standard recovery arrangements in relation to Council Tax.

Within the International Auditing Standards, there are clear expectations around the level of oversight that the Committee should have in relation to the risk of fraud. This includes an expectation that appropriate detail is provided around

significant fraud. The report set out the definitions of significant fraud and it was confirmed that in the period April 2020 to March 2021 there had been one significant fraud concluded. Details of this had been provided to the Committee in January 2021.

RESOLVED that the Audit and Procurement Committee notes the anti-fraud and error activity undertaken in the financial year 2020-21.

25. **Whistleblowing Annual Report 2020/21**

The Audit and Procurement Committee considered a report of the Director of Finance, which provided a summary of the concerns raised under the Council's Whistleblowing Policy during 2020/21, along with the Council's response.

Whistleblowing is the making of a protected disclosure as found in Part IVA of the Employment Rights Act 1996 (and as amended by the Public Interest Disclosure Act 1998) and is reflected in the Council's Whistleblowing Policy 2017. This qualifies employees for legal protection against detriment or unfair dismissal if they make a disclosure in the public interest. To qualify the disclosure must also fall within one of the following grounds:

- A criminal offence
- Breach of any legal obligation
- Miscarriages of justice
- Danger to health and safety
- Damage to the environment
- The deliberate concealing of information about any of the above.

The Council's Whistleblowing Policy makes it clear that all concerns raised about actual or potential misconduct or wrongdoing in the Council are taken seriously. For matters relating to fraud and corruption, these are considered by the Chief Internal Auditor. All other concerns which fall under one of the issues listed above are considered by the Council's Monitoring Officer.

The report indicated that during 2020/21, the Council received six whistleblowing disclosures. Of these, three were made by third parties and, as such, the legal protection afforded to employees who raised concerns does not extend to these individuals. However, the Council considers that any disclosure made by members of the public should be treated in the same way as disclosures made by employees and, consequently, have made every reasonable effort to protect all individuals under the whistleblowing process. The report also set out the types of disclosures made and the response to each of the six disclosures received.

Where appropriate, responsible officers would identify learning points from any issues raised and ensure that they were acted upon to prevent similar issues reoccurring. If required, this included consideration of whether there were any systematic improvement actions for the wider organisation, and in three of the cases considered during 2020/21, management actions were agreed to make improvements.

RESOLVED that the Audit and Procurement Committee considered and notes the summary of whistleblowing concerns raised during 2020/21 and confirm its satisfaction with the actions taken to respond to the issues raised.

26. **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.

27. **Procurement and Commissioning Progress Report**

The Committee considered a report of the Director of Law and Governance which provided an update on the procurement and commissioning undertaken by the Council since the last report to Committee on 30th November 2020. Details of the latest positions in relation to individual matters were set out in the Appendix to the report. The report contained information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972 as amended. The grounds for privacy were that it contained information relating to the financial and business affairs of a particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighed the public interest in disclosing the information.

The report indicated that since the last Committee when the procurement report had been presented, the Procurement Panel had received 71 reports and the Procurement Board 36 reports.

The Committee indicated that, for future meetings where the Procurement and Commissioning Progress Report is to be considered, a corresponding public report be submitted, setting out those elements of the report that are not confidential.

RESOLVED that the Audit and Procurement Committee:

1. **Notes the current position in relation to the Commissioning and Procurement Services.**
2. **Agrees that no recommendations are to be made to the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**
3. **Agrees that at future meetings where this matter is considered, a corresponding public report be submitted setting out those items that are not confidential.**

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

(Meeting closed at 1.52 pm)

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm
on Wednesday, 27 October 2021

Present:

Members: Councillor R Lakha (Chair)
Councillor J Blundell
Councillor G Hayre
Councillor A Hopkins (substitute for Councillor M Ali)
Councillor T Sawdon
Councillor B Singh

Employees (by Service):

Chief Executive M Reeves (Chief Executive)
Finance B Hastie (Director of Finance)
Human Resources S Newing (Director of Human Resources)
Law and Governance J Newman (Director of Law and Governance), M Salmon

Others Present: Mark Stocks, External Auditor (Grant Thornton)

Apologies: Councillor M Ali
Councillor R Brown (Cabinet Member for Strategic Finance and Resources - Invited)

Public Business

29. Declarations of Interest

There were no disclosable pecuniary interests.

30. Exclusion of Press and Public

RESOLVED that the Cabinet agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 35 below headed 'Severance Package Approvals' on the grounds that the report involves the likely disclosure of information as defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

31. **Framework for Organisational Change**

The Audit and Procurement Committee considered a report of the Chief Executive that detailed a revised framework to increase and strengthen the process and governance arrangements for organisational change.

In November 2020 the Government introduced the Restriction of Public Sector Exit Payments Regulations 2020, more commonly known as the 'Exit Cap', which in essence restricted the cost of payments employees were currently entitled to receive if aged over 55 if they left the local government as a result of redundancy or efficiency. The Government quickly rescinded the legislation which meant the 'cap' of £95k was removed. It was likely the Government would reintroduce the 'cap' in the not too distant future. In the light of these expected changes and the potential need to reconfigure services for efficiency, the process and governance arrangements for organisational change were being strengthened. The report set out broad details of the framework being introduced which provided this additional governance and oversight that was being established.

There were a number of policies and processes in place to support organisational change, with the starting point being the development of a business case, equality impact assessment and consultation plan for the affected staff and trade unions. The arrangements would be further improved by managing all services changes and re-organisations through a revised framework. This framework had a new business case format which now required the Director of Finance and the Director of Human Resources sign-off prior to consultation to ensure consistency of approach, that all the costings had been completed, and to demonstrate full consideration had been given to the proposals and their implementation before any consultation or change process could commence. Further approval would then be required after the consultation process has concluded and actual changes were made.

Along with those changes, the redeployment process was being strengthened so there was a clear process which would provide alternatives to redundancy to avoid losing knowledge and skills that could and should be retained within the Council. As a result, the related policies and processes were being reviewed and revised if required to make sure they were fit for purpose. They would, where appropriate, be subject to consultation with the trade unions.

Through making these changes, assurance would be provided that the Council's internal processes were being robustly managed to support and make change in accordance with the relevant legislation.

RESOLVED that the Audit and Procurement Committee notes the revisions to the reorganisation process, its reasonings, and responsive approach to the context in which the Council is operating.

32. **Outstanding Issues**

The Audit and Procurement Committee considered a report of the Director of Law and Governance which 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 issues where a report back had been requested to a meeting, along with the anticipated date for consideration of the Matter.

Appendix 2 of the report provided details of items where information had been requested outside formal meetings, along with the date when this had been completed.

Members were reminded that Audit and Procurement Committee Treasury Management Training had been scheduled for 1pm on 1st November 2021.

RESOLVED that the Audit and Procurement Committee notes the Outstanding Issues report.

33. Work Programme 2021/2022

The Audit and Procurement Committee considered a report of the Director of Law and Governance which set out the Work Programme of scheduled issues to be considered by the Committee during the Municipal Year 2021/2022.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2021/2022.

34. 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.

Private Business

35. Severance Package Approvals

The Audit and Procurement Committee considered a report of the Chief Executive which sought approval of severance packages for employee redundancies which had occurred due to organisational change and service redesign.

Part 2I of the Council's constitution required that any severance package for an employee of the Council of £100,000 or over should be determined by the Audit and Procurement Committee. The calculation of the value of an exit package included the costs to the Authority, as well as payments / benefits to the employee.

RESOLVED that the Audit and Procurement Committee:

- 1) Approves the severance packages of the redundancies as calculated.**
- 2) Requested that an appropriately structured business case document aligned to the proposals, be attached to future reports.**

36. **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 4.15 pm)

Audit and Procurement Committee

29 November 2021

Name of Cabinet Member:

N/A

Director approving submission of the report:

Director of Law and Governance

Ward(s) affected:

N/A

Title:

Outstanding Issues

Is this a key decision?

No

Executive summary:

This report is to identify those issues on which further reports / information has been requested or are outstanding so that Members are aware of them and can monitor their progress.

Recommendations:

The Committee is recommended to:

1. Consider the list of outstanding items as set out in the Appendices to the report, and to ask the Director concerned to explain the current position on those items which should have been discharged.
2. Agree that those items identified as completed within the Appendices to the report, be confirmed as discharged and removed from the outstanding issues list.

List of Appendices included:

Appendix 1 - Further Report Requested to Future Meeting
Appendix 2 - Information Requested Outside Meeting

Other useful background papers:

None

Has it or will it be considered by Scrutiny?

No

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

**Report title:
Outstanding Issues**

1. Context (or background)

- 1.1 In May 2004, the City Council adopted an Outstanding Minutes system, linked to the Forward Plan, to ensure that follow-up reports can be monitored and reported to Members.
- 1.2 At their meeting on 25th January 2017, the Audit and Procurement Committee requested that, in addition to further reports being incorporated into the Committee's Work Programme, a report be submitted to each meeting detailing those additional reports requested to a future meeting along with details of additional information requested outside the formal meeting.
- 1.3 Appendix 1 to the report outlines items where a report back has been requested to a future Committee meeting, along with the anticipated date for further consideration of the issue.
- 1.4 In addition, Appendix 2 to the report sets out items where additional information was requested outside the formal meeting along with the date when this was completed.
- 1.5 Where a request has been made to delay the consideration of the report back, the proposed revised date is identified, along with the reason for the request.

2. Options considered and recommended proposal

- 2.1 N/A

3. Results of consultation undertaken

- 3.1 N/A

4. Timetable for implementing this decision

- 4.1 N/A

5. Comments from the Director of Finance and the Director of Law and Governance

- 5.1 Financial implications

N/A

- 5.2 Legal implications

N/A

6. Other implications

- 6.1 How will this contribute to achievement of the Council's Plan?

N/A

- 6.2 How is risk being managed?

This report will be considered and monitored at each meeting of the Cabinet

6.3 What is the impact on the organisation?

N/A

6.4 Equalities / EIA

N/A

6.5 Implications for (or impact on) climate change and the environment

N/A

6.6 Implications for partner organisations?

N/A

Report author(s):

Name and job title:

Lara Knight
Governance Services Co-ordinator

Service:

Law and Governance

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service	Date doc sent out	Date response received or approved
Contributors:				
-				
Names of approvers: (Officers and Members)				
-				

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Appendix 1

Further Reports Requested to Future Meetings

	Subject	Minute Reference and Date Originally Considered	Date for Further Consideration	Responsible Officer	Proposed Amendment to Date for Consideration	Reason for Request to Delay Submission of Report
1.	Internal Audit Annual Report 2019-2020 - Further information requested on the progress of recommendations made in respect of the audit of IT Disaster Recovery.	Minute 6/20 19 October 2020	When the formal follow-up review of the audit is undertaken, the findings be reported to Committee	Karen Tyler		

* identifies items where a report is on the agenda for your meeting.

Appendix 2

Information/Action Requested Outside Meeting

	Subject/Report	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1.	Annual Governance Statement 2020-21	Minute 16/21 26 th July 2021	Details of the Governance arrangements for the City of Culture legacy work, be circulated to Members of the Committee	Karen Tyler	

Audit and Procurement Committee

29th November 2021

Work Programme 2021-2022

28th June 2021

Internal Audit Annual Report 2020-21
Internal Audit Plan 2021-22
2019/20 Accounts Update

26th July 2021

Annual Governance Statement 2020-21
Audit and Procurement Committee Annual Report to Council 2020-21
2020/21 Revenue and Capital Outturn
External Audit Plan Year Ending March 2021 (Grant Thornton)

27th September 2021

Annual Fraud and Error Report 2020-21
Quarter One Revenue and Capital Monitoring Report 2021-22
Whistleblowing Annual Report 2020-21
Six Monthly Procurement Progress Report (Private)

27th October, 2021 (Additional Meeting)

Framework for Organisational Change
Severance Package Approvals (Private)

29th November 2021

Half year Internal Audit Progress Report 2021-22
RIPA (Regulation of Investigatory Powers Act) Annual Report 2020
Audited 2019/20 Statement of Accounts
Audit Findings Report 2019-20

31st January 2022

Half Year Fraud and Error update 2021-22
Information Governance Annual Report 2020
Quarter Two Revenue and Capital Monitoring Report 2021-22
Treasury Management Update
Complaints to the Local Government and Social Care Ombudsman 2019/20

21st March 2022

Quarter Three Internal Audit Progress Report 2021-22
Internal Audit Recommendation Tracking report
Corporate Risk Register Update
Quarter Three Revenue and Capital Monitoring Report 2020-21
Draft Statement of Accounts 2020-2021
Audit Findings Report 2020-21
Six Monthly Procurement Progress Report (Public & Private)

Date to be confirmed

Audited 2020-21 Statement of Accounts



Audit and Procurement Committee
Cabinet Member for Policing and Equalities

29th November 2021
2nd December 2021

Name of Cabinet Member:

Cabinet Member for Policing and Equalities – Councillor A S Khan

Director Approving Submission of the report:

Director of Streetscene and Regulatory Services

Ward(s) affected:

None

Title:

Annual Compliance Report 2021 - Regulatory & Investigatory Powers Act (RIPA) 2000

Is this a key decision?

No

Executive Summary:

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. There are three processes 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 the 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 Business Compliance 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 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.

Recommendations:

The Audit and Procurement Committee is requested to:

- 1) Consider and note the Council's use and compliance with RIPA.
- 2) Forward any comments and/or recommendations to the Cabinet Member for Policing and Equalities.

The Cabinet Member for Policing and Equalities is requested to:

- 1) Consider any comments and/or recommendations provided by the Audit and Procurement Committee.
- 2) Approve the report as a formal record of the Council's use and compliance with RIPA.

List of Appendices included:

None

Other useful background papers:

None

Other useful background information:

None

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

Yes – Audit and Procurement Committee 29th November 2021

Will this report go to Council?

No

Report title: **Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA) 2000**

1. Context (or background)

- 1.1 RIPA governs the acquisition and disclosure of communications data and the use of covert surveillance by local authorities. The Council can only use powers under RIPA to support its core functions for the purpose of prevention and detection of crime.
- 1.2 There are different thresholds that need to be met before any surveillance can be undertaken. In the case of Directed Surveillance or the use of Covert Human Intelligence Sources (CHIS) an offence has to be punishable by a custodial sentence of 6 months or more or the offence is related to the underage sale of alcohol and/or tobacco. In the case of Communications Data an offence has to be punishable by a custodial sentence of 12 months or more (e.g. offences relating to counterfeit goods which carry a maximum penalty of 10 years in prison).
- 1.3 Where the above criteria are met, local authorities can make an application for the acquisition and disclosure of communications data (such as telephone billing information or subscriber details) or directed surveillance (covert surveillance of individuals in public places); and the use of a CHIS (such as the deployment of undercover officers). The powers are most commonly used by Business Compliance. However, powers can also be used by other Council services if their offences meet the serious crime threshold, mentioned in 1.2 above.
- 1.4 RIPA and Codes of Practice set out the procedures that local authorities must follow when undertaking surveillance. These include approval by Authorised Council Officers for Directed Surveillance / CHIS applications to show that the proposed use of the powers is “necessary and proportionate”.
- 1.5 The Council is required to have a Senior Responsible Officer to maintain oversight of the RIPA arrangements, procedures and operations. The Council’s Monitoring Officer performs this function and is responsible for the integrity of the Council’s process for managing the requirements under RIPA.
- 1.6 Since 1st September 2017, the [Investigatory Powers Commissioner's Office](#) (IPCO) has been responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.
- 1.7 2019 saw the implementation of Part 3 of the Investigatory Powers Act 2016 (IPA). The introduction of this legislation has seen the most significant change to the acquisition of communications data in recent years. The IPA consolidates all existing powers available to law enforcement and other agencies. It radically overhauls the way these powers are authorised and overseen. The legislation also ensures that the powers conveyed are fit for the fast-moving digital age that we live in. The IPA has introduced the Office for Communications Data Authorisation (OCDA) which is now responsible for independently authorising all applications for communications data. This has removed the requirement for local authorities to seek judicial approval for communications data. In addition, the legislation has

broadened the range of communications data available including access to location data.

1.8 The acquisition of communications data is undertaken through the National Antifraud Network (NAFN). They act as the single point of contact for many local authorities and ensure the application is RIPA/ IPA compliant. It is NAFN that are audited by the commissioners.

1.9 Details of the applications that the Council has made are set out below:

1.9.1 Use of Directed Surveillance or Covert Human Intelligence Sources

For the Period 1 January 2020 – 31 December 2020

The number of applications made for a Directed Surveillance authorisation	0
The number of Directed Surveillance authorisations successfully granted	0
The number of Directed Surveillance authorisations that were cancelled	0
The number of Directed Surveillance authorisations extant at the end of the year	0

- Due to the pandemic and the need for officers to undertake duties related to legislation brought in during the pandemic the need for Directed Surveillance has not been required. An example would be the assistance of volunteer young people below the age of 18 to make test purchases of age restricted goods.
- If requests had been submitted, they would have related to core functions permitted by the Act and for the purpose of preventing and detecting crime.
- There were no reported instances of the Council having misused its powers under the Act.

1.9.2 Use of Acquisition & Disclosure of Communications Data

No applications for the disclosure of communications data were made during the period 1 January 2020 – 31 December 2020.

1.10 Statistical Data

The IPCO require annual statistical data each year. The [Annual Report of the Investigatory Powers Commissioner 2019](#) is published on the IPCO website. Part 14 provides the findings relating to local authorities.

1.11 RIPA Training

It is recommended good practice to provide RIPA training to all relevant officers periodically. A one day training session was delivered on 18 January 2017. Elected Members, and Council Officers from core function departments, Legal and those who play a key role in implementing and/or managing CCTV systems attended.

Refresher training will take place in January 2022 for Elected Members and Council Officers.

2. Options considered and recommended proposal

- 2.1 The Audit and Procurement Committee is recommended to consider and note the Annual Compliance Report, which sets out how the Council has used its powers during the reporting periods of the individual Commissioners. In addition, the Committee is recommended to forward any comments or recommendations to the Deputy Leader Policing and Equalities.
- 2.2 The Deputy Leader Policing and Equalities is recommended to consider any comments and/or recommendations from the Audit and Procurement Committee and approve the report as a formal record of the Council's use and compliance with RIPA.

3. Results of consultation undertaken

- 3.1 Not applicable

4. Timetable for implementing this decision

- 4.1 The report will be a formal record of the Council's use of RIPA in 2020 when approved by the Cabinet Member for Policing and Equalities.

5. Comments from the Director of Finance and the Director of Law and Governance

5.1 Financial implications

The Council has budget provision to cover the cost of the training, which will be delivered by an external trainer who specialises in RIPA legislation. There are no other direct financial implications arising from this report.

5.2 Legal implications

The powers of local authorities have remained largely unchanged following the introduction of the Investigatory Powers Act 2016. However, Officers will continue to monitor the operation of RIPA and ensure that any amendments are incorporated into the Council's policy and procedures as appropriate.

Consideration and endorsement by Members, ensures that appropriate scrutiny is in place. Consideration of RIPA activity as recommended by the OSC guidance ensures that such activity is subject to appropriate scrutiny and control.

6. Other implications

Whilst the requirement to obtain judicial / OCDA approval introduced an additional step into the process, given the Council's low use of its powers under RIPA, it has not resulted in any significant delays for planned operations. Routine patrols, ad-

hoc observations at trouble 'hot spots', immediate response to events and overt use of CCTV do not require RIPA authorisation.

6.1 How will this contribute to achievement of the Council's Plan?

As and when judicial / OCDA approval is sought to use these powers, it will help support the Council's core aims by preventing and detecting crime associated with enforcement activities such as: investigations relating to counterfeiting and fraudulent trading activity, or underage sales of alcohol or tobacco.

6.2 How is risk being managed?

The requirement for the Council to seek judicial / OCDA approval for any proposed use of its powers under the Regulation of Investigatory Powers Act 2000, as amended by the Protection of Freedoms Act 2012 and IPA, reduces the risk of the Council using such powers inappropriately or unlawfully. This will help ensure any evidence gained from such use will be admissible in a court of law.

6.3 What is the impact on the organisation?

There is no additional impact on the Council.

6.4 Equalities / EIA

When submitting a request for authorisation to use RIPA, consideration is given to any impact on equalities.

6.5 Implications for (or impact on) climate change and the environment?

There are no implications on the environment.

6.6 Implications for partner organisations?

There are no implications on partner organisations.

Report author(s):**Name and job title:**

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Sharon Lock	Head of Information Governance and Records Management	Law and Governance	31/08/2021 20/09/2021 15/11/2021	15/11/2021
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Councillor A S Khan	Cabinet Member for Policing and Equalities	-	15/11/2021	15/11/2021

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Coventry City Council

Public report

Report to

Audit and Procurement Committee

29th November 2021

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Finance

Ward(s) affected:

City Wide

Title:

Internal Audit Plan 2021-22 – Half Year Progress Report

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the internal audit activity for the period April to September 2021, against the Internal Audit Plan for 2021-22.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the performance as at quarter two against the Internal Audit Plan for 2021-22.
2. Consider the summary findings of the key audit reviews (attached at Appendix Two).

List of Appendices included:

Appendix One - Audit Reviews Completed between April and September 2021

Appendix Two - Summary Findings from Key Audit Reports

Background papers:

None

Other useful documents:

None

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee

Has it, or will it be considered by any other council committee, advisory panel or other body?

No

Will this report go to Council?

No

Report title:

Internal Audit Plan 2021-22 – Half Year Progress Report

1. Context (or background)

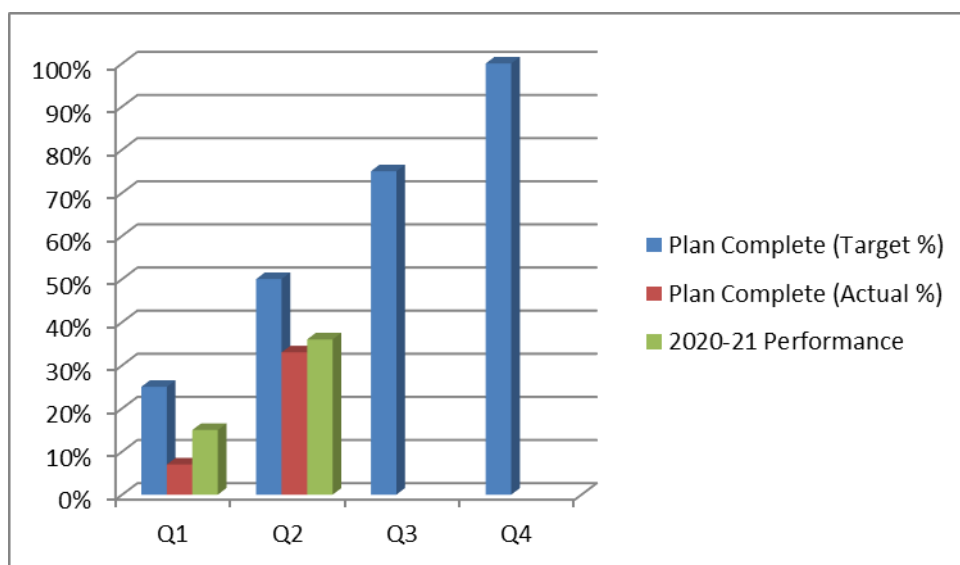
1.1 This report is the first monitoring report for 2021-22, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

2. Options considered and recommended proposal

2.1 Delivering the Audit Plan

The key target facing the Internal Audit Service is to complete 90% of its work plan by the 31st March 2022. The chart below provides analysis of progress against planned work for the period April to September 2021.

Chart One: Progress against delivery of Internal Audit Plan 2021-22



As at the end of September 2021, the Service has completed 33% of the Audit Plan against a planned target of 50% (which is based on delivering 100% of the Plan). It is acknowledged that progress in quarter two is below target, although is comparable to performance at the same point last year.

The Internal Audit Plan for 2021-22 was presented to the Audit and Procurement Committee at its meeting on the 28th June 2021. In this report, it was explained to the Committee that the level of resources available in 2021-22 for audit and corporate fraud work could not be precisely defined when the plan was developed due to staff vacancies in the Service.

As a result, the Internal Audit Plan was developed on an estimate of 650 days available for audit and corporate fraud work, but as outlined to the Audit and Procurement Committee this would be closely monitored with any resulting changes provided in future reports to the Committee. Whilst all vacant posts are now being recruited to, at the current time, management are not in a position to accurately define the impact on the available audit days. However, achievement of 90% of the audit plan by the end of March 2022 remains a

key priority for the Internal Audit Service and a flexible approach will be taken to utilise resources to meet this target. Updates on the resource position and any resulting change to the audit plan will be provided in future reports to the Committee. At this time, it is not anticipated that this will impact on the ability to deliver the annual internal audit opinion.

2.2 Other Key Performance Indicators (KPIs)

In addition to the delivery of the Audit Plan, the Internal Audit Service has a number of other KPI's which underpin its delivery. The table below shows a summary of the performance for 2021-22 to date against these five KPIs, with comparative figures for the financial year 2020-21. There is one indicator (i.e. draft report to deadline) where the Service's current performance is noticeably below expectations. This reflects the fact that draft reports are not issued in all cases, e.g. grant certification work, and as such, the performance to date is only based on a very small number of audits where draft reports have been issued. Consequently, performance is expected to improve over the course of the year. Ongoing monitoring of internal audit work and identifying opportunities for improvement remains a key focus for management, in line with the Public Sector Internal Audit Standards.

Table One: Internal Audit Key Performance Indicators 2021-22

Performance Measure	Target	Performance Q2 2021-22	Performance 2020-21
Planned Days Delivered (Half year performance pro rata against agreed plan)	100%	37%	89%
% of work time spent on audit work	90%	90%	90%
Draft Report to Deadline (Draft issued in line with date agreed)	80%	50%	67%
Final Report to Deadline (Final issued within 4 weeks of draft)	80%	95%	90%
Audit Delivered within Budget Days	80%	77%	76%

2.3 Audits Completed to Date

Attached at Appendix One is a list of the audits finalised between April and September 2021, along with the level of assurance provided.

As at the 30th September 2021, the following audits were in progress:

- **Audits at Draft Report Stage – None**

- **Audits On-going** – Compliance with Working Together Standards, File Storage, Purchasing Card Compliance, Green Homes Grant, PSDS Core Buildings Grant, PSDS Schools Grant, Dolymoch Recruitment, Parking Enforcement, Deprivation of Liberty Safeguards.

Details of a selection of key reviews completed in this period are provided at Appendix Two. In all cases, the relevant managers have agreed to address the issues raised in line with the timescales stated. These reviews will be followed up in due course and the outcomes reported to the Audit and Procurement Committee.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a monitoring report.

5. Comments from the Director of Finance and the Director of Law and Governance

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

Reporting on progress in regard to the delivery of the Annual Audit Plan ensures that the Council meets its statutory obligations in respect of maintaining an internal audit function and represents good governance.

6. Other implications

6.1 **How will this contribute to achievement of the Council's plan?**

Internal Auditing is defined in the Public Sector Internal Audit Standards as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis and reflected in the annual Internal Audit Plan.

6.2 **How is risk being managed?**

In terms of risk management, there are two focuses:

- Internal Audit perspective - The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service, with the outcomes included in

reports to the Audit and Procurement Committee. Delays in the delivery of individual audits could occur at the request of the customer, which could impact on the delivery of the plan. This risk is managed through on-going communication with customers to agree timing and identify issues at any early stage to allow for remedial action to be taken.

- Wider Council perspective - The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure action is taken.

6.3 What is the impact on the organisation?

None

6.4 Equalities / EIA

None

6.5 Implications for (or impact on) Climate Change and the environment

No impact

6.6 Implications for partner organisations?

None

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Paul Jennings	Finance Manager Corporate Finance	Finance	10/11/2021	10/11/2021
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance	-	10/11/2021	17/11/2021
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	10/11/2021	10/11/2021

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Appendix One – Audit Reviews Completed between April and September 2021

Audit Area	Audit Title	Assurance
2020-21 B/Fwd	Remote Access	Moderate
	Repairs and Maintenance	Moderate
	Business Rates	Limited
	Housing Benefits	Significant
Corporate Risk	Coventry and Warwickshire Reinvestment Trust loan books	Health Check
Regularity	Annual Governance Statement	Verification
	Innovate UK Grant – Urban airport	Verification
	Coventry North Regeneration	Significant
	North Coventry Holdings	Significant
	Disabled Facilities Grant	Verification
	Rough Sleeper Grant	Verification
	Community Testing Grant	Verification
	Teachers Pensions Statements	Verification
	Bus Subsidy Grant	Verification
	Highways Maintenance / Incentive / Pothole Grant	Verification
	Swanswell Viaduct Phase 2 grant	Verification
	Growth Hub Peer to Peer Grant	Verification
	Restart Grant	Verification
	Growth Hub Core Grant	Verification
	Growth Hub Additional Grant	Verification
	Growth Hub EU Transition Grant	Verification
Directorate issues	Broadgate House Payment Kiosks	Fact Finding

Appendix Two – Summary Findings from Key Audit Reports Completed between April and September 2021

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Business Rates</p> <p>March 2022</p> <p>Senior Operational Manager – Revenues / Commercial Property Manager</p>	<p>Overall Objective: To ensure that the Council identifies, calculates and collects all income due to the Council through business rates.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - An accurate register is maintained of all properties subject to business rates. - Liability for business rates is correctly calculated, including the application of any exemptions and reliefs. - Appropriate mechanisms are in place to collect monies due for business rates. - A risk-based quality assurance programme is in place to provide assurance in respect of accuracy of input and consistency of decisions made around liability. - Where activities and internal controls have been revised due to Covid-19, these have been designed and implemented appropriately and are operating effectively. <p>Opinion: Limited Assurance</p> <p>The Business Rates Team has significantly re-purposed its activities throughout 2020-21 in order to administer Covid-19 grants to businesses. However, as a result, there has been a significant impact on the Service’s ability to maintain its normal systems, levels of control and working practices. Whilst this is not a result of management failings and we are confident that this is a temporary situation, it does impact on the level of assurance that we are able to provide in relation to the objective. The assurance level also reflects that there has been a limitation in the scope of the audit work we have been able to undertake due to the Service’s ongoing priorities related to grant work.</p> <p>Agreed Actions - risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Undertake an exercise to reconcile the property register as at the 31st March 2021 to the appropriate Valuation Office Agency schedule. (H) • As soon as practicable, re-set arrangements to ensure that weekly schedules from the Valuation Office Agency are updated to the Academy System on a timely basis and reconciliations performed as expected. (H) • Establish a process to ensure that all changes in corporate property tenancies are promptly notified to Business Rates. (H)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none">• Ensure that the Council's policy on the award of Discretionary Rate Relief is complied with and a full audit trail is maintained through Academy / Enterprise at Work. Where testing has identified outstanding issues in relation to the rating list, take immediate action to chase information from the VOA. (M)• Complete outstanding write-offs as soon as possible and ensure that all future write offs are actioned in a timely manner. (M)• As soon as practicable, re-set arrangements for both quality checks and 1:2:1's and ensure these are undertaken on a timely basis, with the results of these being recorded and shared with the relevant officer. (M)• Ensure that the Council's policy on the award of Retail Rate Relief is complied with and a full audit trail is maintained through Academy / Enterprise at Work. (M)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Broadgate House Payment Kiosks</p> <p>March 2022</p> <p>Head of Customer Services / Finance officers</p>	<p>Overall Objective: To investigate the reasons behind discrepancies in reported end of year cash balances in respect of the payment kiosks in Broadgate House.</p> <p>Opinion: Not applicable – fact finding Whilst it is accepted that in any system of cash administration there will be minor discrepancies, it is clear that not all cash which has been administered by Customer Services can be adequately accounted for. Whilst our review did identify two possible explanations for this, we cannot reach a conclusion with any degree of certainty as to what has taken place. Although there are indications that this issue has occurred as a result of software / kiosk errors, we cannot rule out the possibility that cash may have been misappropriated (although we did not identify any other indicators to support this view.)</p> <p>Agreed Actions:</p> <ul style="list-style-type: none"> • Enforce the requirement that two officers are present at all times when the safe is accessed and when the kiosks are topped up with change, with the second officer observing /verifying all actions undertaken in the process of topping up. • Ensure that kiosk control sheets are fully completed with both officers being required to print their name, sign and date the control form. • Ensure that all cash deliveries are verified by two officers with a full audit trail of this being recorded on the Security Plus receipt. • Ensure that the safe / kiosk control sheets are reconciled on a weekly basis and independent blind reconciliations of both the safe and kiosks are undertaken bi-monthly (including by Internal Audit.) • Introduce a declaration form which details officer’s responsibilities, which they are required to sign to confirm that they understand the processes required to ensure monies are safeguarded. The form should also detail the consequences of failing to adhere to these requirements. • Introduce a process to take end of day print outs from each kiosk (which now detail the amount of change dispensed) and utilise this data, (along with the opening balance as shown on the morning print out and top up records) to monitor the accuracy of the reported cash balance for each kiosk on daily basis. In the event that discrepancies are identified, these should be reported to Cammax for investigation.

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none">• Ensure that failed transactions and banking discrepancies are recorded on separate account codes in Business World to enable cash to be accurately reconciled.• Ensure that there is a full and complete reconciliation between Customer Services records and Business World on an annual basis.