



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.

It was noted that the appointment of an independent person to approve the annual audit report would be reviewed when appropriate.

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

**33. Work Programme 2022/23**

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 2022/2023.

**RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2022/2023.**

**34. 2022/23 First Quarter Financial Monitoring Report (to June 2022)**

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) which outlined the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2022.

The Committee noted that the report had been considered by Cabinet at its meeting on 30<sup>th</sup> August 2022.

The report indicated that headline revenue forecast for 2022/23 was for net expenditure to be £9.5m over budget. At the same point in 2021/22 there was a projected overspend (after the application of COVID-19 emergency funding) of £4.0m.

The overall financial position included the following headline items:

- Coventry was one of the 20 Councils in England who receive the lowest level of core funding.
- The Forecast indicated an overspend of £9.5m – an overspend in quarter one was common but it was unusual for it to be this high
- There were three broad reasons for this overspend
  - Systemic – pressure on the children's social care system had been an issue for a number of years. Providers were increasing costs for places and were being impacted by inflation.
  - The Waste Dispute in the City
  - Economic issues – high levels of inflation were impacting on budgets.

- The reversal of National Insurance increase would create a small saving
- Any overspend would need to be funded from reserves.

In response to questions from Members of the Committee, Officers provided the following information and assurance:

- Clarification was given on the figures in recommendation 2 for Cabinet
- The dividend from Tom White Waste would be declared in the Outturn Report.
- It was not expected that there would be any loss of capital funding grants which had been deferred to future years.

**RESOLVED that the Audit and Procurement Committee note the content of the report.**

### 35. **Whistleblowing Annual Report 2021/22**

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 2021/22, 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 2021/22, the Council received three whistleblowing disclosures. Of these, one was made by a third party 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 three disclosures received.

In response to questions from Members of the Committee, Officers provided the following information and assurance:

- Assurance was given regarding the robustness of the Whistleblowing procedure
- Information on disclosures could not be shared due to the data protection act and as Whistleblowing offers protection around confidentiality.
- If there was a conflict of interest, an external organisation would be invited to investigate but otherwise cases were reviewed by appropriate Coventry City Council staff.

**RESOLVED that the Audit and Procurement Committee considered and note the summary of whistleblowing concerns raised during 2021/22 and confirm its satisfaction with the actions taken to respond to the issues raised.**

### 36. Annual Fraud and Error Report 2021/22

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 2021-22.

The report documents the Council's response to fraud and error during 2021-2022 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 2021-22: 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.

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 2021 to March 2022, there was one significant fraud identified.

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 2021-22, the Council received 23 referrals, 20 of these led to full investigations. The reasons for referrals not resulting in a full investigation was set out in the report.

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 2021/22, this work has not been progressed during 2021-22 given the focus on other priorities and unplanned absence within the Service. As a rolling programme of work, this was not viewed as significant.

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 2021 to March 2021 there had been one significant fraud concluded.

In response to questions from Members of the Committee, Officers provided the following information and assurance:

- A risk based approach was taken to the identification of cases using the NFI tool
- Fraudulent grants were more difficult to recover than those paid in error
- Reasonable steps were taken to recover the money

**RESOLVED that the Audit and Procurement Committee notes the anti-fraud and error activity undertaken in the financial year 2021-22.**

37. **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.

38. **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 21<sup>st</sup> March 2022. 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 66 reports and the Procurement Board 48 reports. There had been a total of 77 exceptions. An

exception to the Contract Procedure Rules (CPRs) was a permission to let a contract without complying with one or more of the Rules. An exception to the CPRs may be granted subject to conditions, for example such as urgency, single source availability, technical nature. etc. An exception cannot be granted where a breach of any UK legislation would be incurred.

Members discussed whether Audit and Procurement Committee was best placed to consider the Procurement and Commissioning Progress Report. Following the discussion a recommendation was moved and seconded that 'Cabinet consider a more effective way to review procurement issues'. Following a vote, of 2 for and 4 against the recommendation, this recommendation was not approved.

It was agreed that the Chair of Audit and Procurement Committee would work with the Deputy Head of Procurement and Chief Internal Auditor to revise the Procurement and Commissioning Progress report.

**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. The Chair of Audit and Procurement Committee would work with the Deputy Head of Procurement and Chief Internal Auditor to revise the Procurement and Commissioning Progress report.**
39. **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 4.10 pm)