

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm
on Monday, 26 June 2023

Present:

Members: Councillor R Lakha (Chair)
Councillor S Agboola
Councillor M Ali
Councillor E Ruane
Councillor B Singh

Employees
(by Service area):

Finance B Hastie (Chief Operating Officer (Section 151 Officer)),
P Jennings, T Pinks, K Tyler

Law and Governance M Salmon

Apologies: Councillor J Blundell

Public Business

1. Declarations of Interest

There were no disclosable pecuniary interests.

2. Minutes of Previous Meeting

The minutes of the meeting held on 20th March 2023 were agreed and signed as a true record.

Further to minute 65 headed 'Corporate Risk', members sought assurance that the items listed in resolution 2), had been added to the Corporate Risk Register. Officers would investigate and the information would be circulated to Members of the Committee accordingly.

3. Outstanding Issues

The Audit and Procurement Committee considered a report of the Chief Legal Officer, 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 of the Committee noted that in respect of items 1 and 2 listed in Appendix 1, the Chief Internal Auditor reported that these matters had been included in reports presented to the Committee on 30th January 2023 (minute 47/22 referred) and 20th March 2023 (minute 63/22 referred) respectively. Information had also been circulated to the Committee on 2nd March 2023 and 22nd March 2023 respectively in respect of items 1 and 2 listed in Appendix 2. These matters were now discharged and could be removed from the report.

RESOLVED that the Audit and Procurement Committee notes the Outstanding Issues report and the actions taken to discharge matters, which could now be removed from the report.

4. **Work Programme 2023/2024**

The Audit and Procurement Committee considered a report of the Chief Legal Officer which detailed the Work Programme of scheduled issues to be considered by the Committee during the Municipal Year 2023/2024.

In respect of the Procurement Progress Report, Members of the Committee recommended that the issue of the provision of school meals should be through the relevant Scrutiny Board(s). The request to be raised at the forthcoming meeting of Scrutiny Board Chairs with appropriate Cabinet Members invited for consideration of the matter.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2023/2024.

5. **Local Code of Corporate Governance**

The Audit and Procurement Committee considered a report of the Chief Legal Officer, which would also be considered at the meeting of the Ethics Committee on 29th June 2023, that sought their consideration of the Local Code of Corporate Governance 2023/24 and confirmation of its satisfaction that the Code accurately represents the Council's governance arrangements. The Local Code of Corporate Governance was attached as an appendix to the report.

The Local Code of Corporate Governance set out Coventry City Council's arrangements for meeting the seven principles of good governance as defined in the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. The Framework recommends that Local Authorities develop and maintain a Local Code of governance as it provides a structure to help individual authorities with their approach to governance.

The Council adopted a Local Code of Corporate Governance in 2017. The Code had recently been reviewed in the light of best practice and updated to reflect the current governance arrangements in place within the Council. An up to date and robust Local Code provided clarity over an authority's governance and supported the legal requirement to undertake an annual review of effectiveness of the Council's governance arrangements and produce an Annual Governance Statement.

The CIPFA / Solace Framework defined governance as “the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.” Coventry City Council had a range of measures in place to ensure that governance in the organisation was managed effectively and worked hard to ensure that these arrangements were robust and met best practice. This was achieved through a range of policies, plans, procedures such as the Constitution (including codes of conduct for Members and employees), the Council Plan, the Medium-Term Financial Strategy and policies on whistle blowing, tackling fraud and corruption, and managing risk.

The Local Code of Corporate Governance, attached as an Appendix to the report, was a refresh of the previous code with extensive work undertaken with internal stakeholders to ensure it reflected the current position of the organisation and the One Coventry approach. The Local Code set out the Council’s specific arrangements for putting the principles of good governance into practice and drew on examples provided in the Framework but also reflected systems and processes which were specific to the Council.

Members of the Committee noted the legal requirement to undertake an annual review that the governance arrangements set out in the Local Code were effective and/or complied with and to produce an Annual Governance Statement with any identified areas for improvement included in the Annual Governance Statement action plan. Members requested that a copy of the Annual Governance Statement 2021/22 be circulated to them for their information.

RESOLVED that the Audit and Procurement Committee:

- 1) Confirms its satisfaction that the Code of Corporate Governance accurately represents the Council’s governance arrangements.**
- 2) Notes the legal requirement to undertake an annual review that the governance arrangements set out in the Local Code are effective and/or complied with and to produce an Annual Governance Statement with any identified areas for improvement included in the Annual Governance Statement action plan.**
- 3) The Code of Corporate Governance be attached as an Appendix to the Annual Governance Statement Report, when the report is submitted to the Committee for consideration.**

6. Internal Audit External Quality Assessment

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) that shared the planned approach for the External Quality Assessment of the Internal Audit Service with the Audit and Procurement Committee, to allow the Committee to express its views on the form and scope of the Assessment.

The Public Sector Internal Audit Standards required that a Quality Assurance and Improvement Programme must be developed and maintained. The Programme, designed to enable an evaluation of the internal audit activity’s conformance with the Standards and an evaluation of whether internal auditors apply the Code of

Ethics, assessed the efficiency and effectiveness of the internal audit activity and identified opportunities for improvement. The Programme must include both internal and external assessments. External Assessments must be completed at least once every five years and an assessment for the Internal Audit Service at Coventry City Council was now due. The Standards required that the form / scope of the assessment and the qualifications and independence of the external assessor be discussed with the Audit and Procurement Committee.

A self-assessment with independent external validation was considered the most appropriate approach as it provided an opportunity for the self-assessment and supporting evidence to be compiled over a period of time and provide a baseline for the assessor to work from, allowing for a more efficient process overall. As it was expected that the self-assessment was fully evidenced, the risk of inaccurate statements was not viewed as significant. In addition, the assessor would conduct interviews with key stakeholders as part of the validation process which provided a further mechanism for ensuring the integrity of the assessment. The scope of the assessment would include all Public Sector Internal Audit Standards, as set out in the report.

Discussions with neighbouring local authorities had identified the opportunity to enter into a tri-party arrangement with Solihull MBC and Sandwell MBC, with each Council acting as the assessor for another. Coventry City Council would undertake the assessment for Solihull MBC, and Sandwell MBC would undertake the assessment for Coventry. This approach was considered the most cost-effective way for the assessment to be undertaken (in comparison for example to using the services of the Institute of Internal Auditors or CIPFA), in addition to the assessor having detailed knowledge of the practice of internal audit within the local government sector. It would also provide an opportunity to share good practice and learn from each other and, in addition, the use of a tri-party approach avoided the risk of a conflict of interest occurring.

The results of the External Quality Assessment would be reported to the Audit and Procurement Committee, alongside any improvement action plans which resulted from the assessment.

RESOLVED that the Audit and Procurement Committee approves the approach for conducting the External Quality Assessment of the Internal Audit Service.

7. Internal Audit Annual Report 2022/2023

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) that summarised the Council's Internal Audit activity for the period April 2022 to March 2023 against the agreed Audit Plan for 2022-23 and the Public Sector Internal Audit Standards. It provided the Chief Internal Auditor's opinion on overall adequacy and effectiveness of the Council's risk management, internal control, and governance arrangements for the financial year 2022-23, as set out in section 2.4 of the report). Appendices to the report provided details of the audits completed in 2022-23 and a summary of findings from key audit reports.

Performance of the Service against key targets indicated that the key target was to complete 90% of its agreed work plan by 31st March 2023. The plan, originally developed on the basis of an estimated 560 available audit days, was subsequently amended to 430 days following unplanned absence in the Service from quarter three onwards. The change was reported to the Audit and Procurement Committee in March 2023 (minute 63/22 referred). The performance of the Service had been assessed against the revised audit plan and had delivered 89% of the plan. Performance was slightly below target but did not materially impact on the ability to provide an annual audit opinion. Of the six audits which formed part of the 2022-23 plan, and which were not completed by the end of March 2023, one had now been finalised, two were at draft report stage and the remaining three were ongoing/had been rescheduled.

The Service had a number of other key performance indicators that underpinned its delivery, which were aimed at ensuring that the audit process was completed on a timely basis. A table in the report detailed the performance of Internal Audit for 2022-23, compared with performance in 2021-22. Ongoing monitoring of internal audit work and identifying opportunities for improvement remained a key focus for management, in line with Public Sector Internal Audit Standards.

The Public Sector Internal Audit Standards required that the Internal Audit Service developed and maintained a quality assurance and improvement programme covering all aspects of internal audit activity. Specific improvement actions which had been delivered against the improvement plan in 2022-23 were set out in the report. It was concluded that the Internal Audit Service partially conformed with the Public Sector Internal Audit Standards, and it was recognised that there were improvement opportunities to achieve full conformance. Where improvements have been identified, it was not considered that this materially impacted on the overall scope or operation of the internal audit activity. Progress against actions would be included in the next annual report to the Audit and Procurement Committee.

Appendix One to the report provided details of the 56 audit reviews that had been carried out in the financial year 2022-23 along with the level of assurance provided. The percentage of audits with “limited” or “no” assurance in 2022-23 was consistent with the previous year and it was the Chief Internal Auditor’s opinion that providing an opinion of moderate assurance remained appropriate.

A summary of the findings of key audits that had not already been reported to the Committee during municipal year 2022-23 were included in Appendix Two to the report. In all cases, the relevant managers had agreed to address the issues raised in line with the timescale stated. The reviews would be followed up in due course and the outcome reported to the Audit and Procurement Committee.

In the Chief Internal Auditor’s view, sufficient assurance had been obtained to form a reasonable conclusion on the adequacy and effectiveness of Coventry City Council’s risk management, internal control, and governance arrangements. This took into account the internal audit work performed during 2022-23 and other sources of assurance. In undertaking the assessment of the Council’s arrangements, the Chief Internal Auditor had reviewed whether, in her opinion, there were any areas that needed to be considered when the Council produced its Annual Governance Statement for 2022-23. From a general point of view, whilst

any audit where '*limited*' or '*no*' assurance was provided, required attention, an assessment was also made as to whether the review had a significant corporate impact and consequently needed to be considered in the producing the Annual Governance Statement, or whether the review was limited to specific working practices in service areas which did not have a wider bearing on the Council's control environment. For 2022-23, no issues had been identified for consideration in preparation of the Annual Governance Statement.

RESOLVED that the Audit and Procurement Committee notes:

- 1) The performance of Internal Audit against the Audit Plan for 2022-23.**
 - 2) The results of the Quality Assurance and Improvement Programme and the Chief Internal Auditor's statement on conformance with the Public Sector Internal Audit Standards.**
 - 3) The summary findings of key audit reviews (attached at appendix two to the report) that have not already been reported to Audit and Procurement Committee during municipal year 2022-23 and which are relevant to the opinion on the overall adequacy and effectiveness of Coventry City Council's internal control environment.**
 - 4) The opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements.**
- 8. 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.

(Meeting closed at 4.30 pm)