

**Coventry City Council**  
**Minutes of the Meeting of the Audit and Procurement Committee held at 3.30 pm**  
**on Monday, 26 October 2015**

Present:

Members:                   Councillor S Bains  
                                  Councillor L Harvard  
                                  Councillor T Sawdon  
                                  Councillor B Singh

Employees (by Directorate):

Chief Executive's        C. Dear  
Resources                M Burn, P Jennings, L Knight, H Lynch, S Mangan,  
                                  H Williamson

Apologies:                Councillor J Blundell and T Skipper

**Public Business**

**23.     Declarations of Interest**

There were no disclosable pecuniary interests.

**24.     Minutes of Previous Meeting**

The minutes of the meeting held on 3<sup>rd</sup> August 2015 were agreed and signed as a true record.

With regard to Minute 17, headed "Review of the Effectiveness of the System of Internal Control 2014-15", in particular Resolution 3, the Executive Director of Resources reported that a training plan for the Committee had been established for discussion with the Chair of the Committee. However, as the Chair had been unavailable for some weeks due to ill health, the Committee requested that if the Chair remained unavailable for more than two weeks, the training plan be progressed.

**25.     Exclusion of Press and Public**

**RESOLVED to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 35 headed "Procurement 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.**

26. **Work Programme 2015-16**

The Committee considered a report of the Executive Director of Resources, which set out the work programme for the Committee for the coming year.

The Executive Director of Resources provided an update on the position in relation to the Corporate Risk Register, RIPA Annual Report and the Property Review/Disposal which had been listed for consideration at this meeting. It was agreed that these matters should be rescheduled to an appropriate future meeting.

**RESOLVED that the work programme be approved and updated as indicated.**

27. **Annual Audit Letter 2014-15**

The Committee considered Annual Audit Letter from the Council's External Auditors, Grant Thornton, which set out the key findings from the work that they had carried out at the Council for the year ending 31<sup>st</sup> March 2015.

The letter communicated key messages to the Council and external stakeholders, including members of the public. The annual work programme, which included nationally prescribed and locally determined work, had been undertaken in accordance with the Audit Plan that was issued on 23<sup>rd</sup> March 2015 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission and Public Sector Audit Appointments Limited.

Appendix A of the Letter set out the key issues identified and recommendations, along with a management response and timescale for implementation.

**RESOLVED that the Annual Audit Letter 2014/15 be approved.**

28. **Internal Audit Plan 2015-16**

The Committee considered a report of the Executive Director of Resources, which set out the draft Internal Audit Plan for 2015-16.

The draft Internal Audit Plan documented the outcome of the audit planning process for 2015-16 and provided a mechanism for allowing the Audit and Procurement Committee to "discharge its responsibility to consider the Head of Internal Audit's Annual Report and Opinion and a summary of internal audit activities (actual and proposed) and the level of assurance given within the Annual Governance statement incorporated in the Annual Accounts'. The report also enabled the Committee, as a key stakeholder of the Internal Audit Service, to comment on the content and scope of the proposed internal Audit Plan.

The Committee noted that normally the plan would be presented to them in April each year but that it had been delayed this year whilst the Legal and Democratic Services Review was undertaken. Whilst the second stage of the review was due to start shortly, it was envisaged that any impact from this would not occur until the later stages of the 2015-16 financial year or 2016-17.

The report set out the background to the plan, along with the planning process. In relation to the scope of the audit work, a key factor for limiting the work undertaken was the level of audit resource available. For 2015-16 the resources available were 880 days for audit and corporate fraud work. This was a reduction of just under 400 days when compared with 2014-15 and was due to the fact that one post had been deleted through the early retirement / voluntary redundancy process and a further two posts were vacant pending the outcome of the current service review.

In considering the resources available for 2015-16, this was believed to be sufficient for the work required to report on key risks and controls in the year and to prepare for the annual opinion and report.

The Committee noted that a key requirement in developing the Audit Plan was to align resources to the Council's corporate risk register. Whilst there were currently 13 corporate risks, the Audit Plan would consider only four of these areas during 2015-16. The reasons why there would be no audit coverage in relation to the remaining 9 risks was set out within the report.

Appendix 1 of the report set out the audit areas under the key driver headings of corporate risk, key / audit priorities, financial systems, regularity and other. Against each of the audit areas, the level of risk was identified, along with the planned audit days.

**RESOLVED that the draft Internal Audit Plan for 2015-16 be approved.**

## 29. **Half Year Internal Audit Progress Report 2015-16**

The Committee considered a report of the Executive Director of Resources which provided an update on the internal audit activity for the period April to September 2015, against the Internal Audit Plan 2015-16.

The Committee noted that the key target facing the Internal Audit Service is to complete 90% of its work plan by the 31<sup>st</sup> March 2016. As at the end of September 2015, the Service was on track to meet its target in that it had achieved its planned performance of 43% by the end of quarter two. Despite the performance to date, the Service still faced significant challenges in completing 90% of the plan by the end of March 2015 given that delays in individual audits could have a major impact given the reduction in the size of the audit plan for 2015-16.

Appendix one of the report submitted detailed the audits finalised between April and September 2015, along with the level of assurance provided. Appendix two provided a summary of findings from key audit reports completed and, in all cases, the relevant managers had agreed to address the issues raised in line with the timescales indicated. These reviews would be followed up in due course and outcomes reported to the Committee.

The Committee noted that there were also a number of audits ongoing and further audits at draft report stage.

Having considered the report and the matters referred to in Appendix two, the Committee requested that further information be provided to them in respect of the budgeted income for the Performing Arts Service and that a further report be submitted to the Committee following the December follow up audit of Care Director Expenditure.

In addition, the Committee raised the issue of the Council's cyber security, what level of assurance can be provided that the Council's IT network is secure and whether there is the possibility of transferring the risk to other organisations to manage on the Council's behalf. It was agreed that a briefing note would be submitted to the next scheduled meeting on this matter.

**RESOLVED that the Audit and Procurement Committee:**

- 1. Note the performance as at quarter two against the Internal Audit Plan for 2015-16.**
- 2. Having considered the summary findings of the key audit reviews attached at Appendix two, request:-**
  - a) Further information on the budgeted income for the Performing Arts Service.**
  - b) A further report following the December follow up audit of Care Director Expenditure.**
- 3. Request that a briefing note be submitted to the next meeting of the Committee in relation to the Council's cyber security and the possible transfer of risk to other organisations to manage on the Council's behalf.**

**30. 2014-15 Annual Freedom of Information/Data Protection Act Report**

The Committee considered a report of the Executive Director of Resources, which provided an overview of the number of requests for information received under the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 (EIR) and the Data Protection Act 1998 (DPA).

Under the Freedom of Information Act, the Council is required to provide the public with a means for requesting information held by the Authority, subject to any exemptions that may apply. In addition, Section 39 of Freedom of Information Act required the Council to process requests for environmental information under the Environmental Information Regulations 2004. The EIR process, whilst similar to FOIA, promoted 'proactive dissemination' of information and provided fewer grounds for the Council to withhold information. Both FOIA and EIR permit personal data, as defined by the Data Protection Act 1998, to be withheld where the applicant is not the subject of the data.

The Council is obliged to respond to information requests within 20 calendar days, provided that the requests are in writing, an address for responding to has been provided and it contains sufficient information for the Council to be able to confirm or deny whether information is held, subject to any exemptions. The Information

Commissioner's Office (ICO) monitors and publishes information about those authorities who respond to 85% or less of requests within 20 working days. During 2014/15, the Council received 1,307 requests (1,237 FOIA and 70 EIR) of which 1,029 (79%) were completed within 20 working days. Although the Council did not record the reasons why requests exceeded the statutory timescales, this could be due to delays in identifying whether information is held/and or internal deliberations around the application of any valid exemptions.

The Data Protection Act 1998 requires the authority to process personal data in accordance with the principles of the Act, which includes providing a means for an individual to request access to information that the Council processes about them, subject to any exemptions that may apply. Requests have to be responded to if the applicant has provided sufficient information to identify and confirm who they are and a payment of the statutory £10 fee, if applicable, has been made. DPA requests have to be completed within 40 calendar days. During 2014/15, the Council received 224 DPA subject access requests, of which 154 (69%) were completed within 40 calendar days.

For all requests, the Council was required to inform the requester of its internal review process to consider complaints in regard to how requests had been handled. This process was handled by the Information Governance Team. After a review had been completed, the applicant had a right to complain to the ICO for an independent ruling on the outcome of the review. The ICO would issue a decision notice on whether the complaint had been upheld, partially upheld or not upheld and, where applicable, the actions the authority had to undertake.

The Council received 20 requests for FOIA/EIR internal reviews and the report set out the grounds for the review, along with the outcome. The Council did not receive any ICO complaints during the course of the year in relation to FOIA/EIR requests. In addition, the Council received 15 requests for DPA internal reviews and the grounds for the review and the outcome was also set out in the report. The Council received 8 ICO complaints during the course of the year in respect of DPA requests and the Committee noted that none of the complaints were upheld.

The Committee were advised that, while the percentage of requests responded to within the statutory time limits had fallen during the year, staff turnover within the Information Governance Team and across the Council, as well as changes to the way in which requests were handled had impacted on the performance rate. The team had also been restructured and there were currently 2 vacant posts, including the Senior Information Governance Officer, which were in the process of being recruited to. The recent programme of ER/VR had an impact as well in that the people who routinely dealt with requests for information were no longer employed by the Council.

Whilst the Committee noted that the report indicated that there were no specific financial implications in relation to the report submitted, they were of the view that it would be helpful to have an understanding of the cost implications of undertaking FOIA/EIA and DPA requests, such as officer time incurred. It was agreed that future reports should include this information.

**RESOLVED that the Audit and Procurement Committee:-**

- 1. Note the Council's performance for responding to access to information requests report, the number and outcome of internal reviews and the number and outcome of complaints made to the Information Commissioners Office.**
- 2. Request that following the appointment of the Senior Information Governance Officer, a further update report be submitted to the Committee and the relevant Cabinet Member on the performance for responding to requests for information.**
- 3. Request that future reports include detail on the level of costs, such as officer time, incurred in responding to Freedom of Information Act, Environmental Information Regulations and Data Protection Act requests.**

**31. Complaints to the Local Government Ombudsman 2014-15**

The Committee considered a report of the Director of Public Health, which set out the complaints about Coventry received by the Local Government Ombudsman (LGO) during 2014/15 and the outcomes.

The Local Government Ombudsman (LGO) offers an independent, impartial and free service to any member of the public dissatisfied with the way that a Council has dealt with their complaint. The Council advises complainants that they have the option to contact the Ombudsman once the Council's own complaints process has been exhausted.

Each year the Ombudsman writes to the Chief Executive through the Annual Review Letter. This was received in June 2015 and included summary statistics for 2014/15 that showed that the Ombudsman recorded 110 complaints and enquiries relating to Coventry City Council. This was very close to the figure of 108 recorded for the previous year 2013/14. The Committee noted that there is always a slight difference between this figure and the numbers recorded by the Council as some enquiries to the LGO will result in advice being given without the need for contact between the Ombudsman and local authority.

There were 107 decisions made for Coventry in 2014/15 and the LGO investigated 27 complaints, this was more than 19 of the previous year. There were 9 upheld cases in 2014/15 (33% of the total investigated) which compared favourably with 10 (53%) for the previous year. The Ombudsman did not issue formal reports of maladministration for any of the complaints upheld during 2014/15. This compares to one for the previous year.

Of the 27 complaints investigated, 9 were upheld and 18 were not upheld. The report provided a breakdown of the complaints by service area and a comparison between the complaints received by service area during the previous year. In addition, comparative data was provided between Coventry and its nearest neighbours which showed that whilst Coventry was slightly above average on the total number of complaints investigated (27 against an average of 23) it performed better than average in relation to the number of complaints upheld (33% against

an average of 40%). Full details of the complaints investigated, the outcome and, where necessary the action required by the Council, was provided as an Appendix to the report.

**RESOLVED that the Audit and Procurement Committee:**

- 1. Note the Council's performance in relation to complaints to the Local Government Ombudsman.**
- 2. Are assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.**

**32. European Funding**

The Committee considered a briefing note from the Executive Director of Resources, which provided an update on the European Funding the Council had received and how it was managed.

Since 2010, the Council had received £45.2m of European Funding, covering both capital and revenue schemes, and would continue to finalise the European Programme until December 2015. Table 1 of the briefing note set out the projects that the Council had developed and invested into, covering historic projects, job creation and business grants, and one-off major schemes. The briefing note also set out in Table 2, the potential new allocation from the European Structural and Investment Fund (ESIF). The Committee noted that the Council had been provisionally allocated £15.9m from 2015 to 2019.

The Committee further noted that there was a rigorous governance process in the application/bid stage for European Funding which was required by the Department for Communities and Local Government, which administered the grant on behalf of Central Government. Locally, the Resources and New Projects Team within the Place Directorate co-ordinated the European Funding regimes on behalf of the Council. In addition, a dedicated Project Manager and Team were appointed to manage each individual project delivery.

Cabinet and Cabinet Member approval was sort in advance of bidding applications and project delivery, in order to seek approval in line with the Council's delegated financial limits. Further reports were provided by the Project Lead and through quarterly budgetary control reporting.

The briefing note indicated that European Funding was issued to the City Council based on the bidding round, but was not generally issued on a 100% basis. Match funding (contributions from another source) was often required to fully match and fund the total costs of the project. Each month or quarter, grant claims were submitted to the DCLG for review. DCLG would then select 10% audit checks from each claim, for which the City Council was required to provide evidence. Upon successful completion of the 10% check, the claim would be paid to the City Council. All claims had to be evidenced from the ledger for actual payment (defrayal) with supporting invoices and bank statements.

**RESOLVED that the Audit and Procurement Committee note the position in relation to European Funding.**

33. **Sub Regional Procurement Strategy 2015-2020**

The Committee considered a report of the Executive Director of Resources, which set out the proposed Sub-Regional Procurement Strategy for 2015-2020.

The Committee noted that the report was to also be considered by the Finance and Corporate Services Scrutiny Board (1) on 11<sup>th</sup> November and the Cabinet Member for Strategic Finance and Resources on 7<sup>th</sup> December 2015.

Through the shared procurement service, Coventry City Council, Solihull Metropolitan Borough Council and Warwickshire County Council agreed the first Sub-Regional Procurement Strategy in June 2010, which ran for 5 years, expiring in June 2015.

In July 2014, the Local Government Association (LGA) published the National Procurement Strategy, giving local authorities a structure for the outcomes that need to be achieved to deliver procurement good practice, based round the four themes of Making Savings; Supporting Local Economies; Demonstrating Leadership; and Modernisation.

For the shared procurement service to work effectively with contracts being let by one authority on behalf of the two other authorities, it is important that there are shared goals and desired outcomes. If there were no agreed direction on strategy, contracts could be let that were commercially sound without delivering the Council's priorities. The proposal is therefore that a sub-regional procurement strategy will clarify expectations and required outcomes leading to the delivery of Council priorities.

The shared procurement service management team reviewed the procurement vision contained in the existing strategy in the light of the current and future national context and pressures that need to be addressed by local government procurement professionals. The revised Sub-Regional Procurement Strategy for the period 2015-2020 has therefore been based around the National Procurement Strategy themes and priorities for local government and was appended to the report submitted.

Across the three upper tier authorities, the Coventry, Solihull and Warwickshire (CSW) sub-region spends approximately £883m each year on bought in goods, services and works. Spending this money well through effective procurement would be fundamental to achieving organisational success for the three authorities and supporting prosperity across the sub-region.

**RESOLVED that the Audit and Procurement Committee support the proposed Sub-Regional Procurement Strategy 2015-2020.**

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.



**35. Procurement Progress Report**

The Committee considered a report of the Executive Director of Resources which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 3rd August, 2015. Details of the latest positions in relation to individual matters were set out in an appendix attached to the report.

In considering the report, the Committee requested that additional information be provided into the level of savings identified in relation to the Health and Wellbeing Service and Supervised Child Contact.

**RESOLVED that the Audit and Procurement Committee:**

- 1. Note the current position in relation to the Commissioning and Procurement Services.**
- 2. Do not intend to make recommendations to either the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**
- 3. Do not require changes to the format in which the information is provided at this time.**

**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 5.15 pm)