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## Coventry City Council

### Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm on Monday, 13 June 2016

Present:

Members: Councillor S Bains (Chair)  
Councillor R Brown  
Councillor J Clifford  
Councillor T Sawdon  
Councillor H Sweet

Employees (by Directorate):

Resources P Baggott, P Jennings, L Knight

Apologies: Councillor J Lepoidevin

#### **Public Business**

1. **Declarations of Interest**

There were no declarations of disclosable pecuniary interests.

2. **Minutes of Previous Meeting**

The minutes of the meeting held on 11<sup>th</sup> April 2016 were agreed and signed as a true record.

There were no matters arising.

3. **Draft Work Programme 2016-17**

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

As the proposed agenda for the meeting scheduled for 25<sup>th</sup> July 2016 was considered to be substantial, and it had been further proposed to defer the consideration of the Internal Audit Annual Report 2015/16 to that meeting, the Committee requested that officers liaise with the Chair outside the meeting to establish whether any items could be rescheduled to later meetings.

**RESOLVED that the work programme be approved and that officer liaise with the Chair about possible rescheduling of items currently earmarked for the meeting on 25<sup>th</sup> July 2016.**

4. **Unaudited 2015/16 Statement of Accounts**

The Committee considered a report of the Executive Director of Resources, which set out the unaudited statement of accounts for 2015/16.

In addition to the report, the Committee received a presentation setting out the key elements of the statement of accounts and issues to be aware of. These included:

- End of Year Financial Reporting
- Narrative Statement
- Comprehensive Income and Expenditure Statement
- CIES vs Outturn
- Reserves Trend
- The Balance Sheet
- Collection Fund
- Fall in Fixed Asset Value
- Arena Coventry Limited
- Long Term Investments
- Pensions
- Pensions Liability
- Officers Remuneration
- Pooled Budget
- Other Items Within the Accounts
- Highways Assets Accounting

Having considered the report and presentation, the Committee expressed concern regarding the way that reserves for Schools was reported given that they were unable to be used by the Council. The Committee requested that officers investigate whether, within the prescribed format for the Statement of Accounts, there was any alternative way to report this particular reserve.

In addition, the Committee requested that the Cabinet Member for Strategic Finance and Resources be invited to attend the meeting of the Committee on 25<sup>th</sup> July 2016, when the Audited Statement of Accounts were to be considered.

**RESOLVED that the Committee:**

- 1. Note the Unaudited Statement of Accounts.**
- 2. Request that officers investigate whether there are alternative ways in which they can report schools reserves, whilst complying with the prescribed reporting procedures for the Statement of Accounts.**
- 3. Invite the Cabinet Member for Strategic Finance and Resources to attend the meeting of Committee on 25<sup>th</sup> July 2016 for the consideration of the Audited Statement of Accounts.**

**5. Annual Governance Statement 2015-16**

The Committee considered a report of the Executive Director of Resources, which sought approval of the Annual Governance Statement, which formed part of the Statement of Accounts for 2015-16.

Coventry City Council had responsibility for ensuring that its business was conducted in accordance with the law and proper standards, and that public money was safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this responsibility, the City Council was responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

To demonstrate such arrangements, the City Council had approved and adopted a Code of Corporate Governance, which was consistent with the principles of effective governance as reflected in the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'.

The Annual Governance Statement ('AGS') explained how Coventry City Council had complied with the Code and in doing so, reflected the requirements of the Accounts and Audit Regulations 2015, which required all relevant bodies to prepare an Annual Governance Statement. The AGS also detailed key governance / control issues identified through the assessment that the Council faced in the coming year.

The Annual Governance Statement, attached as Appendix 1 to the report, highlighted those areas that the Council considered required internal control / governance improvements. The Committee noted that the assessment had been co-ordinated by the Acting Chief Internal Auditor, but also incorporated the views and opinions of senior officers.

Key disclosures come from a review of progress against disclosures highlighted in the Annual Governance Statement 2014/15 and new disclosures identified as part of the assessment process. A review of the seven disclosures highlighted in the Annual Governance Statement 2014-15 found that the disclosures fell into two categories, namely 'carry forward to the 2015/16 Statement' and 'closed from 2014/15 Statement'. The report detailed the specific matters in each of the categories and provided an update on the current position. Two new disclosures were identified for the 2015/16 Statement. The first related to actions identified following the Information Commissioner's audit and the implementation of the Council's wider Information Management Strategy. This issue was identified as part of the review undertaken to support the production of the Annual Governance Statement. The second action to undertake a review of a number of the key procedures that underpinned the governance framework, namely the Risk Management Strategy, the Code of Corporate Governance, the Whistleblowing Strategy and the Fraud and Corruption Strategy, arose in light of considerations such as new professional guidance being issued.

Having considered the report submitted, the Committee were concerned that the planned review of the Code of Corporate Governance had been postponed during 2015/16 and was now planned for 2016/17. They requested a briefing note to explain the reason for the postponement and assurance that this matter would be reviewed during 2016/17.

In addition, the Committee expressed further concern regarding the robustness of the CareDirector system and the moderate assurance given, particularly in light of the significant finances involved. The Committee requested that this matter be included in the Internal Audit Plan for 2016/17.

With regard to Council Tax discounts and exemptions, the report indicated that an audit review of procedures in March 2016 highlighted areas for improvement in respect of the consistent application of processes in relation to the award of exemptions and discount, including management oversight. Although the report further indicated that actions had been agreed with management to address this, the Committee stated their concern that this issue be monitored and requested that a further report be submitted in respect of this matter. The Committee also requested that the Half Year Fraud report for 2015/16 which had been considered in December 2015 be re-circulated for information, insofar as it related to Council Tax.

**RESOLVED that the Committee :-**

- 1. Approve the Annual Governance Statement attached as Appendix One to the report submitted, which accompanies the 2015/16 Statement of Accounts.**
  - 2. Request a briefing notes on the reasons for postponing the review of the Council's Code of Corporate Governance during 2015/16 and assurance that this would be carried out during 2016/17.**
  - 3. Request that CareDirector be retained on the Internal Audit Plan for 2016/17.**
  - 4. Request a further report on the areas of improvement highlighted in respect of the consistent application of processes in relation to the award of exemptions and discounts for Council Tax, including management oversight, to ensure that this matter is monitored and assurance received that the recommendations are implemented.**
- 6. 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 5.00 pm)