

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at
3.00 pm on Monday, 24 July 2017

Present:

Members: Councillor S Bains (Chair)
 Councillor R Brown
 Councillor L Harvard
 Councillor P Seaman
 Councillor R Singh
 Councillor K Taylor

Employees (By Directorate):

People M Burn

Place P Baggott, B Hastie, P Jennings, L Knight, S Lock, H Lynch,
 K Tyler

Other Representatives: M Stocks, Grant Thornton
 S Turner, Grant Thornton

Apologies: Councillor H Sweet, substitute Councillor P Seaman

Public Business

14. Helen Lynch

The Chair, Councillor Bains reported that Helen Lynch, Legal Services Manager was attending her last meeting of the Committee prior to leaving the City Council to take up a new appointment at Durham County Council. The Committee thanked her for all her work over the past four years and wished her well in her future career.

15. Declarations of Interest

Councillors Harvard and Taylor informed of their appointments as Members of the Board of Whitefriars Housing Group. They remained in the meeting for the consideration of all business.

16. Minutes of Previous Meeting

The minutes of the meeting held on 26th June 2017 were agreed and signed as a true record.

Further to Minute 6 headed 'Internal Audit Annual Report 2016/17' the Committee were informed that a meeting had been arranged to discuss the controls in place regarding the management of vehicles and equipment and the finding would be reported to members in due course.

17. **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 24 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.

18. **Work Programme 2017/18**

The Committee considered a report of the Deputy Chief Executive (Place), which set out the work programme for the Committee for the coming year.

RESOLVED that:

1. **The work programme for 2017/18 be approved.**
2. **Officers to arrange an additional meeting in January 2018 to consider the Information Management Strategy Update currently scheduled for 13th November and to look at including additional items scheduled for future meetings.**
3. **The Statement of Accounts 2016/17 be submitted to the meeting on 11th September, 2017.**
4. **A full updated Audit Findings Report 2016/17 be submitted to the meeting on 11th September, 2017.**

19. **Outstanding Issues**

The Committee considered a report of the Deputy Chief Executive (Place), which identified those issues on which further reports / information had been requested or were outstanding so that Members were aware of them and could manage their progress.

Appendix 1 to the report outlined where a report back had been requested to a future meeting along with the anticipated date for further consideration of the issue. Where a request had been made to delay the consideration of the report back, the proposed revised date was identified along with the reason for the request. Appendix 2 set out items where additional information was requested outside of the formal meeting along with the date when this had been completed.

RESOLVED that the Audit and Procurement Committee note the outstanding issues report.

20. **Audit Findings Report 2016/17**

The Committee considered a report of the External Auditor, Grant Thornton, on the Audit Findings for the City Council for the year ending 31st March, 2017. Mark Stocks and Simon Turner, of Grant Thornton, attended the meeting to present their report.

The report highlighted the key issues affecting the results of Coventry City Council and the preparation of the group and financial statements for the year ending 31st March 2017. It was also used to report their audit findings to management and those charged with governance in accordance with the requirements of International Standards on Auditing (UK and Ireland) 260, and the Local Audit and Accountability Act 2014.

Under the National Audit Office Code of Audit Practice, the External Auditors were required to report whether, in their opinion, the Council's financial statements gave a true and fair view of the financial position of the Council and its income and expenditure for the year and whether they had been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. They were also required to carry out sufficient work to satisfy themselves on whether the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ("the value for money (VFM) conclusion").

The Committee were advised that the audit was substantially complete, although procedures were being finalised in respect of the testing of leases; review of the final version of the financial statements; obtaining and reviewing the management letter of representation; updating post balance sheet events review, to the date of signing the opinion; and the whole of Government Accounts.

The Committee were also informed that in light of the ongoing work relating to leases, it would be necessary to defer consideration of the 'Audited 2016/17 Statement of Accounts', to the next meeting of the Committee on 11th September. The Committee were assured that this acceptable since the Statement of Accounts was required to be signed off by the statutory deadline of 30th September, 2017.

The Auditor had identified two adjustments affecting the Council's financial position. The draft financial statement for the year recorded total comprehensive income and expenditure of £60,942k, the audited financial statements showed a figure of £57,746k. A number of adjustments were recommended. Reference was made to the fact that the Council had produced draft accounts to a good standard with an overall high level of compliance with disclosure requirements. Identified errors and omissions, which did not impact on the Council's overall financial position, had subsequently been corrected. It was anticipated that an unqualified opinion in respect of the financial statements would be provided.

The report highlighted that the Value for Money work was complete and the External Auditors had concluded that the Council had in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Matters arising from the financial statements audit and the review and the review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources had been discussed with the Director of Finance and Corporate Services. A number of recommendations had been made which were set out in an Action Plan attached at Appendix A to the report. These recommendations had been discussed and agreed with the Director of Finance and Corporate Services and the Finance Team.

RESOLVED that:

- 1. The Audit findings, as presented by the Council's External Auditor, be noted.**
- 2. It be noted that the Audited 2016/17 Statement of Accounts was to be deferred to the next meeting on 11th September, 2017.**
- 3. A full updated Audit Findings Report 2016/17 be submitted to 11th September meeting.**

21. Audited 2016/17 Statement of Accounts

RESOLVED that the 2016/17 Statement of Accounts be deferred to the next meeting on 11th September, 2017.

22. Audit and Procurement Committee Annual Report to Council 2016/17

The Committee considered the Audit and Procurement Committee's Annual Report, which was to be submitted to the City Council at their meeting on 5th September 2017. The report provided an overview of the Committee's activity during 2016/17.

During the previous municipal year, the Committee met on eight occasions. The report detailed all the routine reports considered during this time which were based around the clearly defined expectations of the services and functions that report to the Committee such as internal and external audit and financial functions.

The Committee also considered ad-hoc reports which focused on either a specific concern or developments that impacted directly on the Committee. These included the Information Management Strategy; 2015/16 Annual Freedom of Information / Data Protection Act Report; Regulation of Investigatory Powers Act 2000 Annual Report; Ombudsman Complaints Annual Report; Corporate Risk Register; Code of Corporate Governance; and the Whistleblowing Policy.

In 2017/18, the Committee's initial focus would be ensuring that action was taken in response to disclosures made in the Annual Governance Statement; ensuring that any issues raised by the external auditors in the audit of the Council accounts were addressed on a timely basis, ensuring that Members of the Committee were appropriately supported through training and development; and that any actions arising from the outcome of the annual review of the Council's Code of Corporate Governance were effectively implemented.

RESOLVED that the Audit and Procurement Committee recommends that the Council considers the Annual Report 2016/17 at their meeting on 5th September, 2017.

23. Information Governance Annual Report 2016/17

The Committee considered a report of the Director of Finance and Corporate Services, which set out the Council's performance in relation to handling requests for information, managing data protection security incidents and completing data protection training demonstrating the Council's commitment to the strategy and compliance with relevant legislation.

Data Protection and transparency legislation were identified as important factors in the Council's Information Management Strategy. Compliance and performance had improved from the previous year's position, following the Information Commissioner's Office (ICO) audit report received in 2016. Recommendations from that audit report had been implemented. However, the Committee noted that there was still work to be done to embed these actions within the Council in order to gain full compliance. The General Data Protection Regulation (GDPR) would come into force on 25th May 2018 and would introduce major changes to the Data Protection Act 1998 (DPA). This would be an additional challenge that would introduce stricter rules around the way the Council captured, used and retained personal information and would attract higher financial penalties for non-compliance.

Under the Freedom of Information Act 2000 (FOIA) the Council were required to respond to requests from members of the public for information it holds, subject to any exemptions that may apply. The Environmental Information Regulations 2004 (EIR), require Public Authorities to consider disclosure of environmental information under EIR rather than FOIA. Both FOIA and EIR encourage proactive publication of information, however, the EIR provides fewer grounds for public authorities to withhold information.

The DPA required the authority to process personal data in accordance with the principles of the Act, which included providing access to information the Council processed about them, subject to any exemptions. These were also known as Subject Access Requests (SARs). DPA security breaches occur when there is unlawful or unauthorised processing of personal data, or where there is accidental loss, damage or destruction to personal data. The Council was required to report serious breaches to the ICO. It was also required to have in place technical and organisational measures to minimise occurrence of such incidents. DPA training was one of the organisational measures the Council was required to have in place.

The Information Commissioner's Office (ICO) oversees FOIA, EIR and DPA compliance, promotes good practice and deals with complaints from members of the public who are not satisfied with the response they receive. The ICO also investigates data protection breaches reported to them and can exercise enforcement powers that include civil monetary penalties.

During 2016/17, 1,374 FOI/EIR requests were received. The Council responded to 68% of requests within 20 working days. There were 15 requests for internal review and 3 complaints were referred to the ICO. The Council also received 144

SARs during 2016/17, with 68% completed within 40 calendar days. There were 3 requests for internal review and 3 complaints were referred to the ICO. The report provided details on the outcome of these reviews and complaints and also provided comparative data over a 3 year period.

There were 138 information security incidents reported during 2016/17, with most as a result of information disclosed in error or lost as a result of stolen hardware. Whilst it was not a requirement under the current legislation to report breaches to the ICO, this was recommended where there was a likelihood of significant harm to the individuals or a large number of individuals were affected. Under the GDPR the Council were required to report breaches to the ICO with 72 hours from the time the Council was made aware of the incident. 2 incidents were reported to the ICO during the period, with both being concluded with no enforcement action due to sufficient remedial measures taken by the Council.

The Committee were also advised that DPA mandatory e-learning training was launched on 4th November 2016, with all staff with access to computers expected to completed it on an annual basis. By the end of 2016/17, 57% of the Council's employees had completed the training. It was acknowledged that a number of staff did not have access to computers as part of their work role and alternative training was being considered for those employees. The Committee were informed that these staff had also been including in the training figures and it was the intention to bring a revised updated figure to the next meeting. To support the training, there had also been a "Data-Day" event and a communications campaign held to raise Data Protection awareness. Completion of Data Protection training had also now been included in the appraisal document.

The Committee asked about the actions which could be taken to reduce the number of FOI requests; enquired about the Data Protection training and asked for further information on the information security incidents. The Committee also asked about the current Data Protection training for Members and recommended that annual mandatory training be introduced for all members.

RESOLVED that the Audit and Procurement Committee:-

- 1. Note the Council's performance on Freedom of Information, Subject Access and other Data Protection Act requests, covering the number of responses within statutory time limits, outcome of internal reviews and number and outcome of complaints made to the Information Commissioner's Office.**
- 2. Note the data security incidents reported, including the number, nature and risk level.**
- 3. Note the Data Protection Act training completed, including the number of employees that have completed the training.**
- 4. Request that arrangements be made for annual mandatory training on Data Protection for all members.**

24. **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

25. **Procurement and Commissioning Progress Report**

The Committee considered a report of the Deputy Chief Executive (People) which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 3rd April 2017. Details of the latest positions in relation to individual matters were set out in an appendix to the report.

RESOLVED that:

1. **The current position in relation to the Commissioning and Procurement Services be noted.**
2. **No recommendations be made to either the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**

26. **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 4.35 pm)