

**Coventry City Council**  
**Minutes of the Meeting of the Audit and Procurement Committee held at**  
**1.30 pm on Monday, 12 November 2018**

Present:

Members:                   Councillor R Brown (Chair)  
                                  Councillor P Akhtar  
                                  Councillor S Bains  
                                  Councillor T Sawdon  
                                  Councillor R Singh  
                                  Councillor H Sweet  
                                  Councillor K Taylor

Employees (by Directorate):

Place:                       V Castree, P Hammond, P Jennings, R Moon, M Rennie,  
                                  K Tyler, A Walster

Others in Attendance       M Stock, Grant Thornton (External Auditor)

### **Public Business**

**33.       Declarations of Interest**

There were no disclosable pecuniary interests.

**34.       Minutes of Previous Meeting**

The minutes of the meeting held on 10<sup>th</sup> September 2019 were agreed and signed as a true record.

**35.       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 42 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.**

**36.       Outstanding Issues**

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) that 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 an issue where a report back had been requested to a meeting, along with the anticipated date for consideration of the matter. Appendix 2 provided details of items where information had been requested outside formal meetings, along with the date when this had been completed. The following items on Appendix 2 were to be updated. Item one was completed 9 October 2018. Item three was completed 10 August 2018.

An additional item was to be added on 'Fraud annual report 2017-18' following the Audit and Procurement meeting on 10 September 2018. This was to include the following:

The Committee requested that:

- (a) Welfare checks are undertaken in respect of any whistleblowers
- (b) Information is provided on the number of exemptions / discounts awarded by the Council in 2017/18
- (c) The next committee report in relation to fraud provides clearer details on "fraud" and "error" including distinguishing those actions taken to prevent fraud.

**RESOLVED that the Audit and Procurement Committee note the outstanding issues report and agrees that those issues that are complete can be discharged from the report.**

**37. Work Programme 2018/19**

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 the Audit and Procurement Committee approve the work programme for 2018/19.**

**38. The 2017-18 Annual Audit Letter for Coventry City Council (Grant Thornton)**

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, 2018. Mark Stocks of Grant Thornton, attended the meeting to present the report.

The report highlighted the key issues affecting the results of the Council and the preparation of the group and financial statements for year ended 31st March 2018. It was reported that the external auditors had not found any cause for concern during their work. The 2016-17 report had focussed on the Council's ongoing financial stability and the external auditors were satisfied that work had been undertaken on financial planning during 2017-18.

The external auditor drew attention to Appendix B and the small fee variations listed. There were a result of a technical change in accounting standards.

Members of the Committee asked questions and received responses on the following areas:

- Listed debt - an explanation was given as to what listed debt was and how it can be traded on the Stock Exchange
- Clarification was sought that in the table on page 24 of the report pack, where risks had been identified and no action listed in the findings and conclusions column, that investigations into the risk had concluded appropriate risk responses were in place. The auditor clarified that they are a set of risks which apply to Local Authorities and it is a requirement of auditing standards that these are assessed. Coventry City Council had measures in place to manage these risks so no further action was required.
- If there were major issues with the Councils' finances, where would these become evident? The external auditor indicated they would be seen through the Annual Audit Letter. The external auditors have statutory powers should a Local Authority be failing to meet standards and these would be used if issues arose, and external auditors would work closely with the Leader, Cabinet Members and Management Team.
- Whether the Council had been affected by Carillion going bankrupt – there had been one academy school with a contract with them, but no direct City Council contracts were with Carillion.
- That the IT action plan in Appendix C will be reviewed for the 2018-19 Audit letter.

**RESOLVED that the Audit and Procurement Committee noted the audit findings, as presented by the Council's External Auditors.**

### 39. **Internal Audit Plan 2018-19 - Half Year Progress Report**

The Committee considered a report of the Deputy Chief Executive (Place), which provided them with an update on the internal audit activity from the period April to September 2018, against the Internal Audit Plan for 2018-19.

At the end of September 2018, the Service had completed 49% of the Audit Plan against a planned target of 49% and was on track to meet its key target by the end of 2018-19. The final report to deadline target of 80% was below target with 74% achieved during quarter 2.

Members asked questions and received answers on the following:

- Schools Audits and how these work in an environment where many schools are faced with reduced budgets and how issues identified within an audit are escalated. Audit work alongside the Schools Finance Team, and have a small schools audit programme based on identified risk.

- That there are still Elected Members who have not completed their GDPR training and the potential cost to the organisation of this should there be a data breach. The Chair of the Committee agreed to write to Elected Members and emphasise the importance of completing this training. It was agreed support should be offered to Members who may need assistance in accessing the training online.

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

- 1) **Noted the performance as at quarter two against the Internal Audit Plan for 2018-19.**
- 2) **Considered the summary findings of the key audit reviews (attached at Appendix Two).**
- 3) **The Chair of the Audit and Procurement Committee to write to Elected Members who have not yet completed the mandatory GDPR training, outlining the possible financial implications of failing to do so.**

40. **City Council Treasury Management Investment Activity**

The Committee considered a report outlining the Council's Treasury Management Investment Activity. The report detailed the Council's Lending List and outlined the most recent investments made by the Council.

Officers outlined that there has been a change of emphasis since the last report to now use Collective Investment Funds. These are funds operated by financial intuitions who pool money from several investors and use that money to invest in products that the Council would otherwise have been unable to invest in. This approach is potentially more volatile than previous investments, but by choosing products which will react differently to market events, any losses against an individual product will be offset by gains elsewhere.

This approach has been implemented in response to a steer to look at ways to generate income which do not impact on service delivery.

**RESOLVED that the Audit and Procurement Committee noted the report on City Council Treasury Management Investment Activity.**

41. **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.

42. **Procurement and Commissioning Progress Report**

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (People) that provided an update on the procurement and commissioning undertaken by the Council. Details of the latest positions in relation to individual matters were set out in an Appendix to the report.

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

- 1) Notes the current position in relation to the Commissioning and Procurement Services.**
- 2) Agrees that there are no recommendations to be made to either the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**

**43. Finance and Governance Arrangements - Coombe Abbey**

The Committee received a presentation from the Director of Streetscene and Regulatory Services and the Director of Project Management and Property Services on the finance and governance arrangements for Coombe Abbey Hotel.

**RESOLVED that the finance and governance arrangements for Coombe Abbey Hotel be noted.**

**44. 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 3.10 pm)