

**Coventry City Council**  
**Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm**  
**on Monday, 24th July 2023**

Present:

Members:                   Councillor R Lakha (Chair)  
                                  Councillor S Agboola  
                                  Councillor J Blundell  
                                  Councillor R Brown  
                                  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    S Bennett

Apologies:                Councillors M Ali and T Sawdon

## **Public Business**

### **9.       Declarations of Interest**

There were no disclosable pecuniary interests.

### **10.     Minutes of Previous Meeting**

The Minutes of the meeting held on 26th June 2023 were agreed and signed as a true record.

There were no matters arising.

### **11.     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 the Committee were aware of them and could manage their progress.

Appendix 1 to the report provided details of issues where a report had been requested to a meeting along with the anticipated date for consideration of the issue. The Committee noted that there were no issues in Appendix 1.

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. The Committee received an oral update at the meeting in relation to action taken in relation to the Corporate Risk Register (Minute 65/22) and requested that the information now reported in relation to the three items the

Committee had requested be added to the Register be circulated to the Committee in due course. The action taken in relation to the Annual Governance Statement (Minute 5/23), which discharged this matter, was noted.

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

12. **Work Programme 2023/24**

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.

It was noted that an additional meeting of the Committee had been arranged for 11th September 2023 to consider the following items:

Statement of Accounts 2019/2020  
Audit Findings Report 2019/2020

**RESOLVED that the additional meeting of the Committee to be held on 11th September 2023 be added to the Work Programme.**

13. **Revenue and Capital Outturn 2022/23**

The Committee considered a report of the Chief Operating Officer (Section 151 Officer) which outlined the final revenue and capital outturn position for 2022/23 and which reviewed treasury management activity and 2022/23 Prudential Indicators reported under the Prudential Code for Capital Finance.

The report had also been considered by Cabinet (their Minute 13/23 refers) and Council (their Minute 35/23 refers).

The overall financial position included the following headline items:

- An overspend of £6.7m, balanced by a contribution from legacy COVID reserves.
- Capital Programme expenditure of £146.9m
- A reduction in the level of available Council revenue reserves from £140m to £123m

Further detail included:

- An overspend of £9.4m within Streetscene, and Regulatory Services includes the combined impact of the refuse drivers' strike, strike mitigation costs and the loss of commercial refuse service income as a result of the strike.
- An overspend of £4.1m within Childrens' Services reflecting high placement costs and social worker recruitment and retention pressures.
- An overspend of £2.7m in Adults' Social Care reflecting an increased number of high-cost complex cases.
- An overspend of £2.7m on Business & Investment Culture which represents significant energy inflationary pressure, as well as running costs and

business rates for the Collection Centre in advance of construction start dates.

- A net underspend of £13.5m within central budgets including lower superannuation costs, interest income from loans and higher than budgeted investment income, and a surplus from the Coventry and Warwickshire Business Rates Pool.

The underlying revenue position has improved by £1.8m since Quarter 3 when an overspend of £8.5m was forecast. In particular the improved position relates to improvements within Contingency and Central budgets which were set out in the report.

The prudent management of the Councils financial position throughout the Covid crisis enabled the Council to retain some resources to manage any legacy issues. £6.7m of this has been used to balance the position at the end of 2022/23. Although the Covid crisis is no longer a significant threat to the Councils service delivery and financial position, the cost-of-living crisis and growing levels of inflation have had tangible impacts on demand for both Childrens and Adults services. The complexity of need, support required and sufficiency of the external market to provide for this has directly impacted the Councils financial outturn reported up to 31<sup>st</sup> March 2023 and will be an ongoing financial challenge in 2023/24.

In considering the report, the Committee asked for further information in relation to:

- a) Details of loss of commercial income (£1.3m) resulting from the Refuse Service dispute
- b) A breakdown of information in relation to the Council's Reserves, including an understanding of what is included in the Innovation and Development Fund and how much has been spent. The Committee noted that consideration of the City Council's Reserves was included in the Work Programme for the Finance and Corporate Resources Scrutiny Board (1) for 2023/24.

**RESOLVED that the report be noted and that officers be requested to provide the Committee with the information requested in a) and b) above.**

#### 14. **Audit and Procurement Committee Annual Report to Council 2022/23**

The Audit and Procurement Committee considered their Annual Report to Council that provided an overview of its activity during 2022-2023. The report would be submitted to the City Council at their meeting on 5<sup>th</sup> September 2023.

The report included an introduction by the Chair, Councillor R Lakha, and indicated that the Audit and Procurement Committee is a key component of the Council's governance framework, supporting good governance and strong public financial management. Over the last year, the Committee has continued to discharge its key responsibility effectively, namely providing independent assurance on the adequacy of the risk management framework, the internal

control environment and the integrity of the Council's financial reporting and governance processes.

The report indicated that, during the year, the Committee has provided oversight of key matters such as the Annual Governance Statement, Internal Audit activity and challenges in meeting the regulatory deadlines for the publication of the Council's accounts. Alongside this, the Committee has considered additional information which provides assurance over the governance arrangements for procurement activity.

The Annual report detailed priorities for 2023-24 which include ensuring that:

- The Council's risk management, governance, internal control, and financial management arrangements continue to operate effectively, especially in light of the inflationary pressures facing the country.
- Matters relating to the publication of the Council's Statements of Accounts are resolved, with an expectation that the 2019-20 accounts are published before the end of 2023.

The Annual report also detailed activity in the following areas:

- Governance
- Financial Management and Accounting
- External Audit
- Internal Audit
- Fraud and Error
- Procurement
- Salaries

Other reports were considered during this period, which were linked to risk management, internal control, and governance, including the Whistleblowing Annual Report 2021/22; Complaints to the Local Government and Social Care Ombudsman 2021/22; the Corporate Risk Register; the Information Governance Annual Report 2021/22; and the Regulation of Investigatory Powers Act 2000 Annual Compliance Report.

The Committee agreed to recommend that the City Council consider the Annual Report for 2022-2023 at their meeting on 5th September 2023.

**RESOLVED that the Audit and Procurement Committee recommends that the City Council considers the Audit and Procurement Committee Annual Report 2022-2023 at their meeting on 5th September 2023.**

#### 15. Internal Audit Plan 2023/24

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) that submitted the draft Internal Audit Plan for 2023-24, attached as an appendix to the report, to enable the Committee to express its views on the extent and nature of the planned coverage.

In terms of proposed audit activities, the draft Internal Audit Plan documented the outcome of the audit planning process for 2023-24. The report set out the mechanism for allowing the Audit and Procurement Committee to discharge its responsibility but also enabled them, as a key stakeholder of the Internal Audit Service, to comment on the content and scope of the proposed Internal Audit Plan.

The report indicated that the draft plan is based on an allocation of priorities against the current level of audit resources available. For 2023-24, it has been assessed that the resources available are 480 days for audit and corporate fraud work. However, due to unplanned absence within the Service at the current time (which has been factored in as far as possible), this assessment may be subject to some adjustment during the course of the year. In the event that there are significant changes to the level of resources available for 2023-24 which impact on the delivery of the Audit Plan, this will be reported to the Audit and Procurement Committee.

In addition to the 480 available audit days, the Service also has two trainee posts as part of the longer-term strategic plan for the Service. Given the nature of these posts, it is not viewed as appropriate to formally include them within the assessment of resources for 2023-24, although they will provide support to the Team in delivery of audit work.

In focusing the available resources to develop a plan which meets the needs of the Council and adds value, the following approach has been taken:

- An initial risk assessment has been undertaken, which considers the Council's corporate risk register and any priorities identified from consultation with Directors, and other senior managers, alongside other priorities linked to areas of risk which have been highlighted by the Chief Internal Auditor. Where appropriate, an assessed risk level has been included in Appendix One. Where the risk has been assessed as medium rather than high, this generally reflects the findings of previous audit reviews in the respective area / an initial assessment of the control environment.
- The approach to undertaking annual audits of the Council's key financial systems has been reviewed and where appropriate to do so (e.g., where there is history of the system being well controlled) it has been determined that full audits will be undertaken on a bi-annual basis. However, where it has been agreed that there are areas of identifiable risk within these systems, these have been included as specific engagements within the draft audit plan for 2023-24, e.g., Housing Benefit (HB) subsidy.
- A risk-based approach to the audit of schools, rather than a cyclical programme of audit work.
- A flexible and responsive approach to issues highlighted by senior officers with dialogue to ensure resources are directed in accordance with their priorities.
- A flexible approach to corporate fraud investigations, offering expert advice and support rather than undertaking the Investigating Officer role.

Areas of planned work include:

- Corporate Risks
- ICT
- Council/Audit priorities
- Regularity
- Directorate risks

The report concluded that it is believed that the draft Audit Plan for 2023-24 is sufficient for the work required to report on governance, the management of risks and internal controls in the year and to prepare the annual opinion and report.

**RESOLVED that the draft Internal Audit Plan for 2023-34, as appended to the report, be noted.**

#### 16. **Annual Fraud and Error Report 2022/23**

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) that provided a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service for the financial year 2022-23.

The report documents the Council's response to fraud and error during 2022-2023 and was presented to the Committee in order to discharge its responsibility, as reflected in its terms of reference 'to monitor Council policies on whistleblowing and the fraud and corruption strategy'.

The report indicated that during 2022-2023 the work of the Team has concentrated on the following three main areas, key activities of which were outlined in the report:

- **Business Support Grants** – In response to Covid-19, the government announced that there would be support for businesses in the form of grant funding schemes. A summary of the schemes and number/value of grants issued was provided in the report, together with a summary of the current position in respect of the recovery of grants paid fraudulently/in error identified across all of the grant schemes. The Committee noted that where the Council have taken all reasonable steps to recover the grant but have been unsuccessful, they are able to refer the debt to the Department of Business, Energy, and Industrial Strategy (BEIS). In addition to the work on debt recovery in 2022-23, Internal Audit have also led on complying with the evidence requirements for sample checks undertaken by BEIS across all of the grant schemes.
- **National Fraud Initiative** – This exercise is led by the Cabinet Office and takes place every two years, matching electronic data within and between public bodies with the aim of detecting fraud and error.
- **Referrals and investigations** considered through the Council's Fraud and Corruption Strategy. A table in the report detailed the number of referrals by source in 2022-23, together with figures for the previous three financial years.

The report also indicated that between April 2022 to March 2023, one significant fraud had been concluded, details of which were contained in the report.

The Local Government Transparency Code requires local authorities to publish information in relation to fraud on an annual basis and this information was provided in the report.

**RESOLVED that the Annual Fraud and Error report 2022-2023 be received and noted.**

17. **Any Other Items of Urgent Public Business**

There were no other items of urgent public business.

(Meeting closed at 4.00pm)