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### Audit and Procurement Committee

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#### **Time and Date**

2.30 pm on Monday, 26th June 2023

#### **Place**

Diamond Rooms 1 and 2 - Council House, Coventry

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#### **Public Business**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 12)  
To agree the minutes of the meeting held on 20<sup>th</sup> March 2023
4. **Outstanding Issues** (Pages 13 - 18)  
Report of the Chief Legal Officer
5. **Work Programme 2023/2024** (Pages 19 - 20)  
Report of the Chief Legal Officer
6. **Local Code of Corporate Governance** (Pages 21 - 42)  
Report of the Chief Legal Officer
7. **Internal Audit External Quality Assessment** (Pages 43 - 48)  
Report of the Chief Operating Officer (Section 151 Officer)
8. **Internal Audit Annual Report 2022/2023** (Pages 49 - 64)  
Report of the Chief Operating Officer (Section 151 Officer)
9. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

#### **Private business**

**Nil**

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Julie Newman, Chief Legal Officer, Council House, Coventry  
Friday, 16 June 2023

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Michelle Salmon, Governance Services, Email: [lara.knight@coventry.gov.uk](mailto:lara.knight@coventry.gov.uk) / [michelle.salmon@coventry.gov.uk](mailto:michelle.salmon@coventry.gov.uk)

Membership:

Councillors S Agboola, M Ali, J Blundell, R Lakha (Chair), E Ruane, T Sawdon, and B Singh (Deputy Chair)

By invitation:

Councillor R Brown, Cabinet Member for Strategic Finance and Resources

**Public Access**

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Michelle Salmon

Governance Services

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**Coventry City Council**  
**Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm**  
**on Monday, 20 March 2023**

Present:

Members: Councillor R Lakha (Chair)  
Councillor S Agboola  
Councillor M Ali  
Councillor R Auluck  
Councillor J Blundell  
Councillor T Sawdon  
Councillor B Singh

Employees  
(by Service area):

Finance: P Jennings, R Martin, T Pinks, K Tyler

Law and Governance R Amor, S Harriott, L Knight

## **Public Business**

### **57. Declarations of Interest**

There were no disclosable pecuniary interests.

### **58. Minutes of Previous Meeting**

The minutes of the meetings held on 30<sup>th</sup> January and 27<sup>th</sup> February 2023, were agreed, and signed as true records.

### **59. Exclusion of Press and Public**

**RESOLVED** that the Audit and Procurement Committee agrees to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 68 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.

### **60. 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 Members were aware of them and could manage their progress.

Appendix 1 to the report provided details of issues where a report back had been requested to a meeting, along with the anticipated date for consideration of the Matter.

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.

**RESOLVED that the Audit and Procurement Committee notes the Outstanding Issues report.**

**61. Work Programme 2022/23**

The Audit and Procurement Committee considered a report of the Director of Law and Governance which set out the Work Programme of scheduled issues to be considered by the Committee during the Municipal Year 2022/2023.

The Chair advised the Committee that there had been an indication from the External Auditors, Grant Thornton, that it was hopeful that the outstanding end of year accounts for 2019/20 would be finalised by the end of April 2023. It was agreed that, if necessary, an additional meeting of the Committee would be arranged to agree the finalised accounts.

**RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2022/2023.**

**62. 2022/23 Third Quarter Financial Monitoring Report (to December 2022)**

The Committee considered a report of the Interim Chief Executive (Section 151 Officer), which had previously been considered at the meeting of Cabinet on 14th February 2023, that set out the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2022. The headline revenue forecast for 2022/23 was for net expenditure to be £8.5m over budget. At the same point in 2021/22 there was a projected overspend of £2.5m. Appendices to the report provided: Revenue Position - Detailed Directorate breakdown of forecast outturn position; Capital Programme - Analysis of Budget/Technical Changes; Capital Programme - Analysis of Rescheduling; and Prudential Indicators.

The Council continued to face budget pressures due to increased volumes and higher costs of placements within Children's Services and costs incurred due to the previous refuse drivers' industrial dispute within Streetscene and Regulatory Services. A range of other smaller but still significant overspends were also being reported in several other services including Business, Investment and Culture, Transportation and Highways and Finance.

As reported at Quarter 2 (minute 44/22 referred), significant additional costs were also being faced due to inflationary pressures affecting the Council, with the approved local government pay award and costs affecting contracts for energy and social care amongst others. The in-year and ongoing impact of these inflationary pressures was a serious factor affecting the Council's ability to manage its budgetary position.

The Council's capital spending was projected to be £159.5m and included major schemes progressing across the city. The size of the programme and the nature of the projects within it continued to be fundamental to the Council's role within the city. There was limited evidence that inflationary pressures referenced above were affecting capital projects this year and the assumption was that stand-alone projects that were already in-progress would be delivered as planned. It was more likely that future projects that had not yet started might need to be re-evaluated to determine their deliverability within previously defined financial budgets.

The Council's services had moved to a business-as-usual position with activity and impacts arising from the Covid pandemic having reduced significantly. Some pockets of service activity continued to be affected but this was not resulting in a large financial cost. The Council did not expect to receive any Government support linked to Covid within the 2022/23 financial year.

The emerging inflationary risks facing the Council and the wider local government sector had renewed the imperative to maintain financial discipline and prioritise the Council's medium-term financial position. This would be a key focus of the Council's activities over the remainder of the year and several key measures were set out in Section 5 of the report to help minimise the size of any budgetary overspend.

With regard to the rescheduling of Capital Programme funds relating to works at the Albany Theatre, the Committee sought assurance over the implications of rescheduling, that works were progressing and would be completed at the revised end date. The Committee were advised that it would be for the Albany Theatre and its contractors to ensure that works were delivered and, whilst there would be no direct penalty to the Theatre as a result of the delay, they would not receive the funds during this financial year. The Interim Chief Executive (Section 151 Officer) indicated that further investigations would be made on the progress with the project and that this would be relayed to the Committee outside of the meeting.

**RESOLVED that, the Audit and Procurement Committee notes the report, there were no recommendations to be forwarded to the Cabinet, and that additional information requested in relation to the Albany Theatre Capital Programme delay be forwarded to members of the Committee.**

63. **Quarter Three Internal Audit Progress Report 2022-23**

The Audit and Procurement Committee considered a report of the Interim Chief Executive (Section 151 Officer), which provided an update on the internal audit activity for the period April to December 2022, against the Internal Audit Plan for 2022-23. The report was presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

The Internal Audit Plan for 2022-23 was presented to the Audit and Procurement Committee at its meeting on 27<sup>th</sup> June 2022. The Plan provided for 560 days of internal audit work in 2022-23. However, as a result of unplanned absence in the Service from quarter three onwards, it had been necessary to make changes to

the Audit Plan given the reduction in available resources. As such, the Plan was now based on the provision of 430 days of internal audit work in 2022-23. The Service have accommodated the change in the 2022-23 Audit Plan through reprogramming some internal audit work into the first quarter of 2023-24, at which time priority will be given to the completion of those reviews which are important to the delivery of the annual internal audit opinion.

The key target facing the Internal Audit Service is to complete 90% of its work plan by 31st March 2023. As at the end of December 2022, the Service had completed 68% of the Audit Plan against a benchmark of 75% (which reflects delivery of 100% of the plan) and was on track to complete 90% of the audits within the revised audit plan by the end of 2022-23.

Appendix 1 of the report provided a list of the audits finalised between April and December 2022, along with the level of assurance provided. At 30<sup>th</sup> December 2022, the following audits were in progress:

- Limbrick Wood Primary School
- Annual Governance Statement
- Climate Change Risk Assessment
- Mobile Devices – Formal Follow Up
- Cyber Resilience – Formal Follow Up
- Pre-Employment Checks
- Pothole Pro Health Check
- Accounts Payable
- Statutory Compliance
- Parking Enforcement – Formal Follow Up.

Details of a selection of key reviews completed in this period were provided at Appendix Two. In all cases, the relevant managers had agreed to address the issues raised in line with the timescales stated. These reviews would be followed up in due course and the outcomes reported to the Committee.

In relation to the limited assurance for Care Director 21-22, the Committee expressed concern regarding the number of recommendations which had not yet been addressed. The Committee were advised that an upgrade had been implemented by the software developer that was out of the Council's control and had resulted in the programme not operating as it should have. Considerable work had been undertaken to create work around protocols to maintain service until the error was rectified. The Chief Internal Auditor indicated that she had been working closely with the Adult Management Team to progress the outstanding recommendations and was now confident that they understood the actions required along with the reasons for the recommendations.

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

- 1) **Notes the performance at quarter two against the Internal Audit Plan for 2022-23.**
- 2) **Notes the summary findings of the key audit reviews attached as Appendix two to the report submitted.**

#### 64. **Half Yearly Fraud and Error Report 2022-23**

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

Fraud in the public sector had a national focus through the publication of "Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy stated that the level of fraud in the public sector was significant, the current trends in fraud activity included areas which Coventry City Council did not have responsibility for, such as social housing, and the levels of identified / reported fraud against the Council remained at relatively low levels, in both numbers and value.

The report documented the Council's response to fraud and error during the first half of the financial year 2022-23 and was presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference 'to monitor Council policies on whistle blowing and the fraud and corruption strategy'.

The Internal Audit Service was responsible for leading on the Council's response to the risk of fraud and error. The establishment of Internal Audit included a Corporate Fraud and Error Officer post to support delivery of this work. The post became vacant at the end of March 2022. The Committee noted that a recruitment exercise was undertaken which was unsuccessful and it was viewed that, given the unique remit of the post, it was unlikely that it could be filled in its current format.

Consequently, the role and responsibilities of the post have been reviewed and it has been agreed that the budget will be transferred to the Revenues and Benefits Service and a new post of Revenues and Benefits Compliance Officer will be created. This role will focus on fraud and error work specifically linked to Revenues and Benefits (including the investigation of National Fraud Initiative matches relating to council tax and benefits.) The Internal Audit Service will retain responsibility for corporate fraud referrals, co-ordination of the National Fraud Initiative exercise (including the investigation of specific match types) and other ad hoc proactive work linked to the strategic response to fraud. It is viewed that this will provide more resilient arrangements moving forward and will enable the Internal Audit Service to better focus its resources on the Council's strategic response to the risk of fraud.

In the interim, arrangements have been put in place to pass referrals relating to council tax and benefits to the Revenues Service. Whilst proactive reviews of council tax exemptions and discounts have not been undertaken in 2022-23, as a rolling programme of work this is not viewed as critical and will form part of the new role within Revenues and Benefits. In light of this, the work of the team has focused on three main areas during 2022-23, namely:

- Business Support Grants
- National Fraud Initiative

- Referrals and Investigations considered through the Council's Fraud and Corruption Strategy.

The report provided a summary of the key activity that had taken place during 2022-23 to date under each of the focus areas.

Within International Auditing Standards there were clear expectations around the level of oversight that the Audit and Procurement Committee should have in relation to the risk of fraud within the Council. This included an expectation that appropriate detail was provided around significant fraud. The Council had applied the following principles when defining significant fraud:

- A financial impact in excess of £10,000.
- Frauds of under £10,000 could be included if the Chief Internal Auditor considered this justified by the nature of the fraud.
- In terms of establishing when a fraud had occurred, this was normally defined as occurring when the disciplinary process had been concluded, although in cases not involving employees, this would be linked to other management action, such as criminal prosecution.

In the period April 2022 to September 2022, no significant frauds have been concluded.

**RESOLVED that the Audit and Procurement Committee notes the anti- fraud and error activity undertaken during the first half of the financial year 2022-23.**

## 65. Corporate Risk

The Audit and Procurement Committee considered a report of the Interim Chief Executive (Section 151 Officer), that provided the Committee with the outcome of the review of the Corporate Risk Register 2023-24, incorporating an overview of the Council's corporate risk profile and the controls in place to address these risks.

The Audit and Procurement Committee's Terms of Reference requires the Committee to monitor the effective development and operation of risk management within the Council. The Council's Risk Management Policy identifies that the Committee will receive an annual risk management report.

The Corporate Risk Register should identify the risks that threaten the successful implementation of the One Coventry Plan. The report submitted provides the Committee with the outcome of the review of the Corporate Risk Register 2023-24

The Corporate Risk Register, set out at Appendix 1 to the report, had been reviewed in consultation with Strategic Leadership Team and the allocated Risk Owner. It identified the main risks facing the Council, the impact of the risk, the inherent risk score before risk mitigation, the risk mitigations, the risk score after the mitigations are applied and where responsibility lies for the Council's response.

The report indicated that the Corporate Risk Register covers only those risks that were viewed as the most critical for the Council and which were considered at a



corporate level. Risk management activity continues throughout the Council dealing with those of a lower level.

The Committee noted that there had been some changes to the Corporate Risk Register and the report highlighted the risks that had been added to the Register, risks where there had been a significant change of focus, and risks where the residual risk score had changed. It was further noted that there had been no risks removed from the Register since the last annual report was submitted to the Committee.

During discussions around specific risks, the Committee indicated that it was difficult to assess changes to risks and requested that an additional column be added for the next report indicating the risk score from the previous year. In addition, the Committee highlighted a number of high-profile issues which they thought required further consideration for inclusion on the Corporate Risk Register. These included:

- The effectiveness of public engagement – this was particularly relevant to the forthcoming local election and the new requirement for voters to have ID in order to be able to vote.
- The City of Culture Trust and Legacy – in light of the Trust having recently gone into administration and the Council’s financial input, consideration should be given to financial and reputational risks to the Council.
- Coventry Municipal Holdings – given the Council’s involvement with a number of businesses which it doesn’t entirely manage, the Committee felt there could be areas of risk for the Council.

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

- 1) **Notes the content of the Corporate Risk Register, having satisfied themselves that corporate risks are being identified and managed.**
- 2) **Agrees that consideration be given to the inclusion of the following items onto the Corporate Risk Register:**
  - a. **Effectiveness of Public Engagement**
  - b. **City of Culture Trust and Legacy**
  - c. **Coventry Municipal Holdings.**
- 3) **Requests that for future reports, an additional column be provided in the Corporate Risk Register to identify the risk score from the previous year.**

66. **Annual Compliance Report 2023 - Regulatory & Investigatory Powers Act (RIPA) 2000**

The Audit and Procurement Committee considered a report of the Chief Legal Officer, which outlined the Council’s use of the Regulation of Powers Act 2000 (RIPA), which governed the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.

The report indicated that the Council used powers under RIPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of 6 months or more or were related to the underage sale of alcohol and tobacco. There were three processes available to local authorities under RIPA: the acquisition of communications data; directed surveillance; and covert human intelligence sources (“CHIS”).

The Act set out the procedures that the Council must follow if it wished to use directed surveillance techniques or acquire communications data in order to support core function activities (e.g., typically those undertaken by Trading Standards and Environmental Health). The information obtained as a result of such operations can later be relied upon in court proceedings providing RIPA was complied with.

The Home Office Code for Covert Surveillance and Property Interference recommended that elected members, whilst not involved in making decisions or specific authorisations for the local authority to use its powers under Part II of the Act, should review the Council’s use of the legislation and provide approval to its policies. The Council adopted this approach for the oversight of the authority’s use of Parts I and II of the Act.

2019 saw the implementation of Part 3 of the Investigatory Powers Act 2016 (IPA). The IPA consolidated all existing powers available to law enforcement and other agencies. The legislation also ensured that the powers conveyed were fit for the fast-moving digital age and introduced the Office for Communications Data Authorisation (OCDA) which is now responsible for independently authorising all applications for communications data. This has removed the requirement for local authorities to seek judicial approval for communications data.

The Committee noted that, for the period 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022, no applications were made for either the Use of Directed Surveillance or Covert Human Intelligence sources or the Use of Acquisitions and Disclosure of Communications Data.

**RESOLVED that, having considered the report, the Audit and Procurement Committee notes the report and determines that there are no recommendations to be forwarded to the Cabinet Member for Policing and Equalities.**

67. **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.

68. **Procurement and Commissioning Progress Report**

The Audit and Procurement Committee considered a report of the Chief Legal Officer which provided an update on the procurement and commissioning undertaken by the Council since the last report to Committee on 26th September 2022. Details of the latest positions in relation to individual matters were set out in the Appendices to the report. The report contained information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972 as

amended. The grounds for privacy were that it contained information relating to the financial and business affairs of a particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighed the public interest in disclosing the information.

The report indicated that since the last Committee when the procurement report had been presented, the Procurement Panel had received 45 reports and the Procurement Board 53 reports.

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

- 1) Notes the current position in relation to the Commissioning and Procurement Services.**
  - 2) Agrees that no recommendations are to be made to the Cabinet Member for Strategic Finance and Resources, Cabinet or Council, on any of the matters reported.**
69. **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 4.50 pm)

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Audit and Procurement Committee

26<sup>th</sup> June 2023

**Name of Cabinet Member:**

N/A

**Director approving submission of the report:**

Chief Legal Officer

**Ward(s) affected:**

N/A

**Title:**

Outstanding Issues

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**Is this a key decision?**

No

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**Executive summary:**

This report is to identify those issues on which further reports / information has been requested or are outstanding so that Members are aware of them and can monitor their progress.

**Recommendations:**

The Audit and Procurement Committee is recommended to:

- 1) Consider the list of outstanding items as set out in the Appendices to the report, and to ask the Director concerned to explain the current position on those items which should have been discharged.
- 2) Agree that those items identified as completed within the Appendices to the report, be confirmed as discharged and removed from the outstanding issues list.

**List of Appendices included:**

Appendix 1 - Further Report Requested to Future Meeting  
Appendix 2 - Information Requested Outside Meeting

**Other useful background papers:**

None

**Has it or will it be considered by Scrutiny?**

No

**Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:  
Outstanding Issues**

**1. Context (or background)**

- 1.1 In May 2004, the City Council adopted an Outstanding Minutes system, linked to the Corporate Forward Plan, to ensure that follow-up reports can be monitored and reported to Members.
- 1.2 At their meeting on 25<sup>th</sup> January 2017, the Audit and Procurement Committee requested that, in addition to further reports being incorporated into the Committee's Work Programme, a report be submitted to each meeting detailing those additional reports requested to a future meeting along with details of additional information requested outside the formal meeting.
- 1.3 Appendix 1 to the report outlines items where a report back has been requested to a future Committee meeting, along with the anticipated date for further consideration of the issue.
- 1.4 In addition, Appendix 2 to the report sets out items where additional information was requested outside the formal meeting along with the date when this was completed.
- 1.5 Where a request has been made to delay the consideration of the report back, the proposed revised date is identified, along with the reason for the request.

**2. Options considered and recommended proposal**

- 2.1 N/A

**3. Results of consultation undertaken**

- 3.1 N/A

**4. Timetable for implementing this decision**

- 4.1 N/A

**5. Comments from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer**

- 5.1 Financial implications

N/A

- 5.2 Legal implications

N/A

**6. Other implications**

- 6.1 **How will this contribute to achievement of the One Coventry Plan?**  
<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

N/A

**6.2 How is risk being managed?**

This report will be considered and monitored at each meeting of the Cabinet.

**6.3 What is the impact on the organisation?**

N/A

**6.4 Equalities / EIA**

N/A

**6.5 Implications for (or impact on) climate change and the environment**

N/A

**6.6 Implications for partner organisations?**

N/A

**Report author:**

**Name and job title:**

Lara Knight  
Governance Services Co-ordinator

**Service Area:**

Law and Governance

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Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Service area</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
-				
<b>Names of approvers: (Officers and Members)</b>				
-				

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## Appendix 1

### Further Reports Requested to Future Meetings

	Subject	Minute Reference and Date Originally Considered	Date for Further Consideration	Responsible Officer	Proposed Amendment to Date for Consideration	Reason for Request to Delay Submission of Report
1.	Internal Audit Annual Report 2019-2020 - Further information requested on the progress of recommendations made in respect of the audit of IT Disaster Recovery.	Minute 6/20 19 October 2020  Minute 61/21 21 <sup>st</sup> March 2022	When the formal follow-up review of the audit is undertaken, the findings be reported to Committee  Following the conclusion of the review, expected week commencing 21 <sup>st</sup> March 2022, a report would be submitted to the Committee once the audit had been completed	Karen Tyler		
2.	Internal Audit Plan 2022/23 – Half Year Progress Report	Minute 47/22 30 <sup>th</sup> January 2023	Information on revisions to the audit plan for quarters 3 and 4	Karen Tyler		

\* Identifies items where a report is on the agenda for your meeting.

**Appendix 2****Information/Action Requested Outside Meeting**

<b>No.</b>	<b>Subject/Report</b>	<b>Minute Reference and Date Originally Considered</b>	<b>Information Requested / Action Required</b>	<b>Responsible Officer</b>	<b>Date Completed</b>
1	2022/23 Second Quarter Financial Monitoring Report (to September 2022)	Minute 44/22 30 <sup>th</sup> January 2023	Information to be circulated to the Committee on the amounts of Household Support Fund money distributed across the city by ward or, if not available, by constituency.	Paul Jennings	
2	2022/23 Third Quarter Financial Monitoring Report (to December 2022)	Minute 62/22 20 <sup>th</sup> March 2023	Information to be circulated to the Committee on the delay to the works at the Albany Theatre which resulted in the rescheduling of funds within the Capital Programme.	Paul Jennings	

## Audit and Procurement Committee

### Work Programme 2023/2024

#### 26th June 2023

Local Code of Corporate Governance  
Internal Audit Annual Report 2022/2023  
Internal Audit External Quality Assessment

#### 24th July 2023

2022/2023 Revenue and Capital Outturn  
Audit and Procurement Committee Annual Report to Council 2022/2023  
Internal Audit Plan 2023/2024  
Annual Fraud and Error Report 2022/2023  
Statement of Accounts 2019/2020  
Audit Findings Report 2019/2020 (Grant Thornton)

#### 2<sup>nd</sup> October 2022

Quarter One Revenue and Capital Monitoring Report 2023/2024  
Whistleblowing Annual Report 2022/2023  
Annual Governance Statement 2022/2023  
Coventry Municipal Holdings Group Accounts  
Six Monthly Procurement Progress Report (Private)

#### 27th November 2023

Quarter Two Revenue and Capital Monitoring Report 2023/2024  
Treasury Management Update  
Half year Internal Audit Report 2023/2024  
Half year Fraud and Error Report 2023/2024

#### 29th January 2024

Information Governance Annual Report 2022  
Complaints to the Local Government and Social Care Ombudsman 2022/2023  
Quarter Two Revenue and Capital Monitoring Report 2023/2024  
Treasury Management Update  
Internal Audit Recommendation Tracking Report

**18th March 2024**

External Audit Plan Year Ending March 2023 (Grant Thornton)  
RIPA (Regulation of Investigatory Powers Act) Annual Report 2024  
Corporate Risk  
Quarter Three Revenue and Capital Monitoring Report 2023/2024  
Quarter Three Internal Audit Progress Report 2023/2024  
Six Monthly Procurement Progress Report (Private)

**Date to be confirmed**

Data Analytics, Including Use of Artificial Intelligence  
Audited 2020/2021 Statement of Accounts  
Audit Findings Report 2020/2021 (Grant Thornton)  
External Audit Plan Year Ending March 2022 (Grant Thornton)  
External Auditor's Annual Report 2021/2022 (Grant Thornton)

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Audit and Procurement Committee  
Ethics Committee

26<sup>th</sup> June 2023  
29<sup>th</sup> June 2023

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director approving submission of the report:**

Chief Legal Officer

**Ward(s) affected:**

N/A

**Title:**

Local Code of Corporate Governance

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**Is this a key decision?**

No

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**Executive summary:**

The Local Code of Corporate Governance sets out Coventry City Council's arrangements for meeting the seven principles of good governance as defined in the CIPFA/Solace Framework 'Delivering Good Governance in Local Government'. The Framework recommends that Local Authorities develop and maintain a Local Code of governance as it provides a structure to help individual authorities with their approach to governance.

The Council adopted a Local Code of Corporate Governance in 2017. The Code has recently been reviewed in the light of best practice and updated to reflect the current governance arrangements in place within the Council. An up to date and robust Local Code provides clarity over an authority's governance and supports the legal requirement to undertake an annual review of effectiveness of the Council's governance arrangements and produce an Annual Governance Statement.

**Recommendations:**

Audit and Procurement Committee is recommended to:

- 1) Consider the Local Code of Corporate Governance 2023/24 and confirm its satisfaction that the Code accurately represents the Council's governance arrangements.

Ethics Committee is recommended to:

- 1) Consider the Local Code of Corporate Governance 2023/24.

**List of Appendices included:**

The following appendix is attached to the report:

Appendix - Local Code of Corporate Governance

**Background papers:**

None

**Other useful documents:**

Code of Corporate Governance Report – Audit and Procurement Committee - 3<sup>rd</sup> April 2017  
Delivering Good Governance in Local Government: Framework (2016 edition)  
Delivering Good Governance in Local Government: Guidance for English Local Authorities (2016 edition)

**Has it or will it be considered by Scrutiny?**

No

**Has it or will it be considered by any other Council Committee, Advisory Panel, or other body?**

No

**Will this report go to Council?**

No

**Report title:** Local Code of Corporate Governance

**1. Context (or background)**

- 1.1. The CIPFA / Solace Framework defines governance as “the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.” Coventry City Council has a range of measures in place to ensure that governance in the organisation is managed effectively and works hard to ensure that these arrangements are robust and meet best practice. This is achieved through a range of policies, plans, procedures such as the Constitution (including codes of conduct for Members and employees), the Council Plan, the Medium-Term Financial Strategy and policies on whistle blowing, tackling fraud and corruption, and managing risk.
- 1.2 The attached Local Code of Corporate Governance (Appendix 1 to the report) is a refresh of the previous code with extensive work undertaken with internal stakeholders to ensure it reflects the current position of the organisation and our One Coventry approach. The Local Code sets out the Council’s specific arrangements for putting the principles of good governance into practice. It draws on examples provided in the Framework but also reflects systems and processes which are specific to the Council.

**2. Options considered and recommended proposal**

- 2.1 The “Delivering Good Governance in Local Government Framework” published by CIPFA / Solace sets the standard for local authority governance. The Framework is designed to help local authorities develop an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework recommends that Council’s adopt a Local Code of governance. By setting out specifically how the Council puts the principles of good governance into practice, there is a greater degree of clarity and transparency over the arrangements in place, which in turns supports the annual review of effectiveness and development of the Annual Governance Statement.
- 2.2 The principles of good governance as detailed in the Framework are as follows:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
  - Ensuring openness and comprehensive stakeholder engagement
  - Defining outcomes in terms of sustainable economic, social, and environmental benefits
  - Determining the interventions necessary to optimise the achievement of the intended outcomes
  - Developing the entities capacity, including the capability of its leadership and the individuals within it
  - Managing risks and performance through robust internal control and strong public financial management
  - Implementing good practices in transparency, reporting and audit, to deliver effective accountability
- 2.3 The Council adopted a Local Code of Corporate Governance in 2017. The Code has recently been reviewed in the light of best practice and updated to reflect the current governance arrangements in place within the Council. The review encompassed discussions with stakeholders from across the organisation. In addition, the updated Code has been considered by the Strategic Leadership Team, the One Coventry Leadership Team, and the Extended Leadership Team. Consideration of the Code by the Audit and Procurement Committee supports comprehensive understanding of governance across the organisation and will assist the Committee in discharging its role in relation to the Annual Governance Statement.

### **3. Results of consultation undertaken**

3.1. No consultation has been undertaken.

### **4. Timetable for implementing this decision**

4.1 The Local Code of Governance reflects the Council's governance arrangements which are intended to be in place for the financial year 2023/24. The Council is required to undertake an annual review of the effectiveness of these arrangements and publish an Annual Governance Statement.

### **5. Comments from Chief Operating Officer (Section 151 Officer) and Chief Legal Officer**

#### **5.1. Financial Implications**

There are no specific financial implications associated with this report. Internal control / governance has clear and direct effects on finance within the Council. Since these vary widely, it is not useful to attempt to summarise them here, beyond noting that all systems and controls are designed to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

#### **5.2. Legal Implications**

There is no legal requirement to adopt a Local Code. However, having an up to date and robust Local Code reflects best practice and helps to demonstrate the Council's commitment to good governance. It also supports the legal requirement to undertake an annual review of the effectiveness of the Council's governance arrangements and produce an Annual Governance Statement.

### **6. Other implications**

#### **6.1. How will this contribute to the One Coventry Plan?**

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The governance framework comprises the systems and processes (i.e., the internal control environment) and culture and values, by which the authority is directed and controlled, and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

#### **6.2. How is risk being managed?**

The key risk is that the governance arrangements set out in the Local Code are not effective and / or are not complied with. This risk is managed through the requirement to undertake an annual review and produce an Annual Governance Statement. Where areas for improvement are identified, these are included in the Annual Governance Statement action plan.

#### **6.3. What is the impact on the organisation?**

None

#### **6.4. Equalities / EIA?**

None



**6.5. Implications for (or impact on) climate change and the environment?**

None

**6.6. Implications for partner organisations?**

None

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This report is published on the council's website: [www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

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# Local Code of Corporate Governance

2023/24

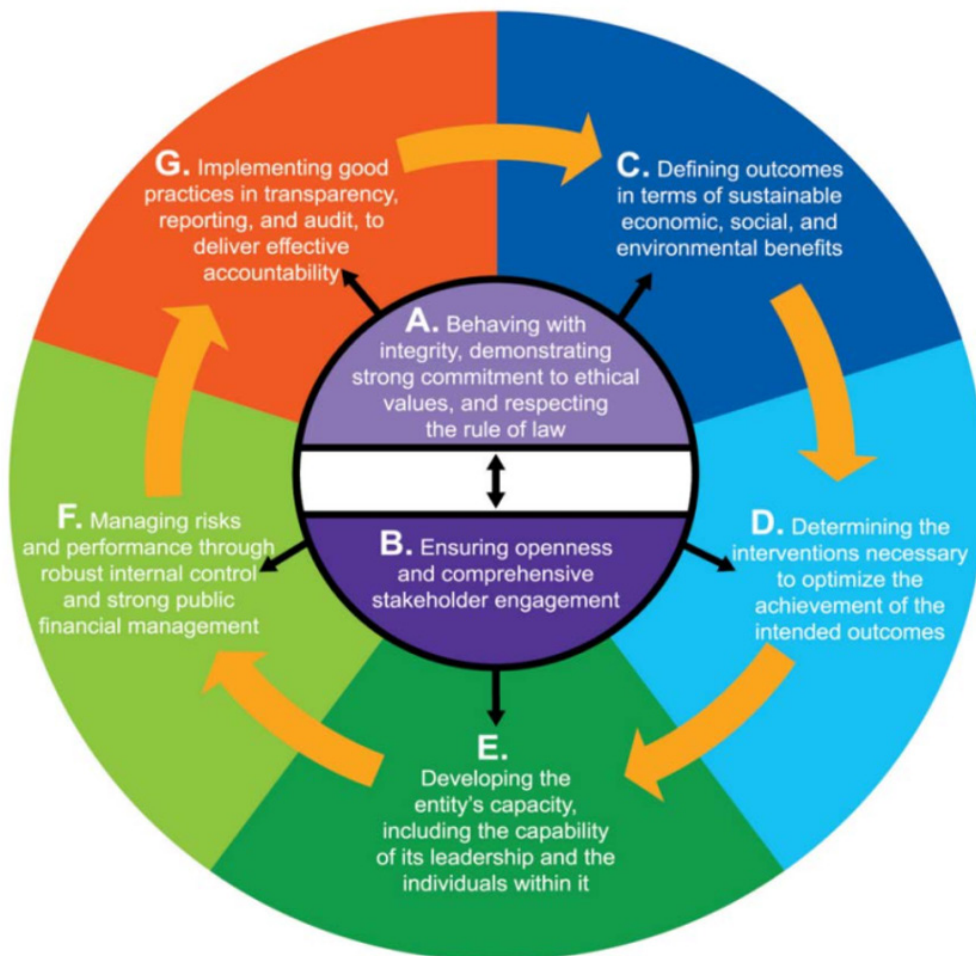


## Introduction

Governance in the public sector can be described as the arrangements put in place to ensure that the intended outcomes for stakeholders are achieved while acting in the public interest at all times. In simple terms it is about:

How the Council operates to ensure it is doing the right things in the right way

Our governance arrangements are based on a series of principles\*, as shown in the diagram below:



Source: CIPFA / SOLACE framework – *Delivering Good Governance in Local Government* (2016)

### To explain this further:

Achieving the intended outcomes (doing the right thing) requires arrangements for:

- Being clear about what the Council wants to achieve for people, the environment and the economy

- Being clear about the actions needed to achieve the Council’s aims
- Making sure the Council has the skills, ability and money to achieve its’ aims
- Making sure the Council manages risks, budgets and performance
- Making sure that the Council operates in an open, accountable and transparent way

All of the above mean the Council needs to have in place ways to ensure the Council is acting in the public interest (doing it the right way). This means the Council needs to:

- Behave with integrity and demonstrate a strong commitment to ethical values and respect the rule of law
- Ensure the Council is open and engaged with our communities and stakeholders

As an example:

The Council’s One Coventry Plan is how we define the outcomes we are planning to achieve (Principle C)...



.....And in developing our plan we have engaged with people across the city using a variety of different methods (Principle A)



Our work is underpinned by the One Coventry Values (Principles A, E)



Our Local Code of Corporate Governance sets out our arrangements for meeting the principles, helping us to ensure that we deliver our intended outcomes and are accountable to those who live, work and visit Coventry. The law requires us to undertake an annual review to reflect on how well our governance arrangements have been operating in practice during the year and provide an opinion on this.

This is published in our Annual Governance Statement. The Statement also includes a plan of any actions we are taking to improve governance. The Council is committed to continuous improvement and we recognise that good governance is dynamic - as things change, the way in which we work needs to change as well to ensure that we can continue to do the right things in the right way.

The full Local Code of Governance for Coventry City Council is outlined in this document. The Code is reviewed every year and approved by the Audit and Procurement Committee to ensure its up-to-date and accurately reflects how the Council operates.

## Principle A:

# Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

## 1. Behaving with integrity

The Council has a Code of Conduct for Elected Members. The aim of the Code of Conduct is to create and maintain public confidence in the role of Elected Members, Co-opted Members and local government. It sets out general principles of behaviour expected of all Elected Members and Co-opted Members. It provides a guide to modelling the behaviour that is expected and covers standards including respect; bullying, harassment and discrimination; confidentiality and use of position as well as arrangements for declaring interests. Elected Members receive training on the Code of Conduct.

There is a Code of Conduct in place for Employees which forms part of their terms and conditions of employment and is based on the Seven Principles of Public Life.

Our 'One Coventry Values' have been co-created with the support and input of all employees across the Council so they are reflective of how we want to be represented both as colleagues and to the wider community. The One Coventry Values are "Open and Fair", "Nurture and Develop", "Engage and Empower", "Create and Innovate", "Own and Be Accountable" and "Value and Respect".

A Supplier Code of Conduct has been approved and communicated to suppliers and work continues to embed the Code to ensure providers of goods and services act with integrity with respect for individuals and the environment.

## 2. Demonstrating strong commitment to ethical values

The Council has an Ethics Committee who promote and maintain high standards of conduct by Members and co-opted members. The Ethics Committee monitor the operation of the Code of Conduct for Elected and Co-opted Members, consider complaints made against Elected and Co-opted Members, and monitor the operation of the Code of Conduct for employees.

There is a register of Interests for Members which can be viewed on the website. Officers are expected to declare financial and non-financial interests to their line manager and the Council undertakes an annual declarations of interest exercise in relation to all officers Grade 9 and above.

Gifts and hospitality are declared. The Ethics Committee review Members' and Officers' declarations of gifts and hospitality every 6 months. These are published as part of the Ethics Committee papers.

A Member Officer Protocol offers guidance on some of the issues which are commonly experienced between Members and Officers when working together. Officers and Members both serve the public, but they have different roles. Officers are employees of the Council and are politically neutral. Their role is to advise Members and implement the policies of the Council to the best of their abilities. Members are office holders and will often belong to a political party. They are obliged to exercise their own judgement in respect of matters before them but may also legitimately pursue party political objectives. Employees are answerable to the Chief Executive, not to individual Members (whatever office they hold), but there should be good communication between senior officers and Members with special responsibility for their area of work.

### **3. Respecting the Rule of Law**

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Council has three statutory posts who are responsible for ensuring the rule of law, as set out in the Constitution is applied – The Chief Executive, Section 151 Officer and the Monitoring Officer. There is a Monitoring Officer Protocol in place.

The Council has a Whistleblowing Policy. This enables employees to report concerns about wrongdoing which are in the public interest. This policy is important as it protects the individual who raised the concerns from suffering any detriment. There is also information on the staff intranet which advises employees how they can raise concerns about work (including Whistleblowing), entitled "I have a concern".

A Group Governance Agreement is in place which sets out the legal framework for the operation and management of Coventry Municipal Holdings Ltd and its subsidiaries. Coventry Municipal Holdings Ltd and the Council's Joint Venture companies are accountable to the Coventry Shareholder Committee which represents the interests of the Council as shareholder.



## Principle B:

# Ensuring openness and comprehensive stakeholder engagement

## 1. Openness

Meetings are open to the public and information is displayed on our website. A weekly public notice is published and displayed at the Council House. Papers are published on the website five working days before a meeting and wherever possible, items are discussed in public. If items are discussed in private, a reason is given for this.

Key Decisions (those which involve financial implications of over £1m or impact substantially on two or more Wards) are published.

Decisions taken by Cabinet and Member Committees are available on the website.

## 2. Engaging with citizens and stakeholders

The Council engages with citizens/residents and stakeholders in a variety of ways including our website and social media. We also publish a magazine, Citivision, which is delivered to every house in the city and includes news, views and features about the work of the Council and life in Coventry. The magazine includes information about how you can get in touch with your local councillors and reports on the many events taking place in the city.

The Let's Talk Coventry website is an online platform designed for residents to engage with the Council. You can use it to take part in consultations and surveys, share ideas and join in with discussions. We also use the site to keep residents and stakeholders up to date with how your feedback has led to action from the council.

Information on comments, compliments and complaints is on our website on the speak up, we're listening section. The Council is committed to putting local people and their needs at the heart of what it does. We want to ensure that people have a positive and trouble-free experience with us in all transactions and interactions. However, sometimes things go wrong. When things go wrong, we encourage people to speak up, so that we can make things right.

The Council has a network of Community Messengers who share information with community and resident groups, as well as a Community Resilience Team, whose role is to develop community initiatives with local people.

The Council has a Faith Partnership which is a joint commitment between faith communities and Coventry City Council to a set of principles that guide engagement, aiming to improve collaborative partnerships, and to promote open, practical working at all levels.

## Principle C:

# Defining outcomes in terms of sustainable economic, social and environmental benefits

## 1. Defining outcomes

The Council defines its outcomes in the One Coventry Plan – this is our strategic, corporate plan. The One Coventry Plan is focussed on the needs and aspirations of our communities. It also contains the One Coventry Performance Framework which contains the targets we will be working to deliver. Members and senior officers regularly monitor how well the Council is delivering work towards meeting the targets. The Cabinet take a report every six months on progress toward target. These reports are published and are discussed publicly.

## 2. Sustainable economic, social and environmental benefits

The One Coventry Plan focusses on economic, social and environmental benefits. The Plan is underpinned by a number of strategies which help us to deliver the plan. This includes the Medium Term Financial Strategy (which helps us to plan our spending over a three year period), the Climate Change and Sustainability Strategy and the Health and Wellbeing Strategy.

Every decision making report contains information on how the decision will impact on people and the environment. For significant policy changes full Equality Impact Assessments are undertaken.

The Council has a Social Value and Sustainability Policy. This means that we look at maximising the wider benefit for our city through meeting our needs when we purchase goods and services in a way that achieves value for money for the life of the contract. This means that whilst the cost of the contract is important we also look at what else can be gained – for example, apprenticeship opportunities or environmentally friendly working practices.

## Principle D:

# Determining the interventions necessary to optimize the achievement of the intended outcomes

## 1. Identifying the right course of action

Decision making reports contain information on the options considered which includes outlining the impact of doing nothing. Financial and legal implications are explained, and the reports contain information on how the work contributes to the One Coventry Plan as well as how risks are managed. The report also includes information on the impact on equalities, including the identification any groups that the decision may have an impact on (including a positive impact) and how any potential adverse impacts on groups will be mitigated. The implications of decisions on climate change, the environment and partners are also outlined in decision making reports.

The Joint Strategic Needs Assessment (JSNA) brings together evidence about the health and wellbeing of Coventry residents to help inform the right course of action. This information is used by the Council and health partners to enable us to work together to improve the health and wellbeing of Coventry residents.

There are Procurement Boards and Panels who use the information provided to make informed decisions when we purchase goods and services. This includes considering the Social Value and Sustainability Policy when deciding who to buy our goods and services from.

The One Coventry Policy Forum has been established to provide a collaborative approach, to work to ensure they are complementary. This includes peer challenge and oversight of policies across the council, This helps to ensure we are working as One Coventry to identify the right course of action to collectively achieve our objectives.

## 2. Planning action

The Council has a One Coventry Plan Performance Management Framework which helps us ensure we achieve what we aim to do. It does so by setting out how we plan and organise our resources to achieve the things we want to do – our vision and priorities, as set out in the One Coventry Plan. By aligning our resources, actions and activities to the Council's vision, priorities and desired outcomes, it helps us measure how public money is turned into results.

## 3. Maximising outcomes

MTFS (Medium Term Financial Strategy) sets out how we plan to manage our finances for the next three years and how we can closely align resources to the priorities set in the One Coventry Plan. This plan is refreshed annually and considered by Scrutiny, Cabinet and Council.

## Principle E:

# Developing the Council's capacity including the capability of its leadership and the individuals within it

## 1. Developing capacity

The Council has a People Plan which is our workforce strategy. It outlines what we as a Council and a responsible employer are going to do to deliver the workforce vision and objectives, particularly around organisational development and leadership. The People Plan details how we intend to improve capacity, capability and processes to deliver the Council's priorities.

The Council recognises the importance of partnerships in developing capacity in our city. This can be seen through the introduction of a Chief Partnerships Officer at the Council. We are also working with Anchor institutions in the city to grow employment opportunities and retain money in the City by encouraging the purchase of local goods and services. Anchor institutions are large organisations based in the City who have a significant stake in the area – this includes NHS Organisations, Universities and large employers.

## 2. Developing strong leaders

The Council has a Members Training and Development Strategy which is designed to ensure our Members are properly supported to help them meet the demands of the role. Members need the skills and knowledge to be able to deliver Coventry's ambitions. A well-trained and informed cohort of Elected Members is key to the success of the One Coventry Plan. The strategy provides the framework for Elected Members to access a programme of training that meets their needs, as well as the needs of the organisation to deliver the ambition set out in the One Coventry Plan. The strategy will help to continue to support the development of a training culture for Elected Members.

The Council has Corporate Learning and Development offer in place which includes a strand on leadership and management development. Strengthening the leadership and management capability of our workforce will enable us to address some of the challenges we face as an organisation and will put us in a better position to deliver our 'One Coventry' ambitions through our One Coventry Plan.

## Principle F:

# Managing risks and performance through robust internal control and strong public financial management

## 1. Managing risk

The Risk Management Policy and Strategy sets out the mechanisms for the identification and management of risks in the Council. This includes requirements for both service and directorate registers to be maintained and sets out when risks should be reported to the Strategic Leadership Team to consider if it should be included in the Corporate Risk Register. The Corporate Risk Register contains the most significant risks the Council faces and is kept under review by the Strategic Leadership Team and the Audit and Procurement Committee. In addition, risk registers are maintained for significant projects the Council is working on and all decision-making reports must explain how risks will be managed.

## 2. Managing performance

Performance against the One Coventry Performance Management Framework is reported to Scrutiny, Cabinet and Council.

Members who are not on the Cabinet assist with managing performance through the scrutiny process. The Council has six scrutiny boards which are responsible for keeping a check on decisions and how they are made. They help to provide transparency and enable decisions and policy to be challenged. Scrutiny plays a part in developing Council policy, reviewing Council Services, and making sure the Council is acting efficiently and efficiently. Scrutiny meetings are open to the public and welcome suggestions and comments from the public on items to scrutinise.

Performance management takes place across the organisation. There are a number of Officer groups at which performance is discussed in different levels of details. This includes the Strategic Leadership Team (SLT), One Coventry Leadership Team (OCLT) and Extended Leadership Team (ELT).

Employees have an annual appraisal which considers their performance, targets and development needs.

Performance management of the Council's subsidiaries is undertaken by Coventry Municipal Holdings Ltd who are accountable to a Shareholder Committee.

### **3. Robust internal control**

Officers are responsible for implementing appropriate systems of internal control to manage risks within their services. The Council's Internal Audit Service are responsible for providing independent assurance that internal control processes are operating effectively and advising on actions to improve systems and processes where necessary. The Internal Audit Charter defines the purpose, authority, responsibility and position of Internal Audit within the Council.

The Council has a Fraud and Corruption Strategy which sets out the Council's arrangements for responding to the risk of fraud and corruption.

The Council has an Audit and Procurement Committee who ensure there is sufficient assurance over governance, risk and internal control and oversee the work of Internal Audit.

### **4. Managing data**

The Council's information governance framework ensures that personal information is held and processed in a confidential and secure manner while ensuring compliance with the relevant statutory and regulatory requirements. Key roles have been identified to ensure appropriate oversight and accountability. A corporate information risk register has been developed for regular review by the Information Management Strategy Group, which is chaired by the Senior Information Risk Officer. Guidelines and training are in place to support the safe collection, storage and use of data and a reporting system is in place to identify data incidents which are investigated and used to identify lessons learned. Information about incidents and near misses are reported annually to the Audit and Procurement Committee.

### **5. Strong financial management**

The Council's Medium Term Financial Strategy sets out the financial planning foundations that support the setting of the Council's revenue and capital budgets and the Constitution sets out the budget and policy framework procedure rules, financial procedure rules, and rules for contracts. Budgetary control arrangements are in place including defined responsibilities of budget holders and budget managers. Quarterly financial monitoring reports are presented to Cabinet and Audit and Procurement Committee, along with out-turn reports. An annual assessment is undertaken of both the Council's compliance with the CIPFA Financial Management Code, which provides guidance for effective and sustainable financial management in local authorities and the role of the S151 Officer (The Chief Operating Officer) against the CIPFA Statement of the Role of the Chief Financial Officer in Local Government.

## Principle G:

# Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### 1. Implementing good practice in transparency

The Council complies with the Local Government Transparency Code, which sets out which information we should be publishing and the timeframe for doing so.

Our report templates are standardised and designed to make sure that it is clear why a decision has been taken and that the appropriate information is provided to explain the decision. The reports and minutes of meetings are published and meetings are open to the public.

### 2. Implementing good practices in reporting

We report our performance through the One Coventry Performance Report. This is available on our website.

We compile our Statement of Accounts on an annual basis. The Statement of Accounts gives residents and other interested parties clear information about the Council's finances and operational and financial performance. The statement summarises; the cost of services provided by us in the year; how services were paid for and our assets and liabilities at the year end. The Statement of Accounts is available on our website. The Council's External Auditors assess the Council's arrangements for providing value for money as part of their audit on the Statement of Accounts.

The Coventry Municipal Holdings Ltd Board provide the Shareholder Committee and Scrutiny Co-ordination Committee with a summary of the activities and financial performance of Coventry Municipal Holdings Ltd Group over the preceding year.

### 3. Assurance and effective accountability

The Council are subject to a number of external reviews and inspections including OFSTED and CQC, as well as external audit. The outcomes of these inspections and reviews are published. Governance and oversight of these reviews and inspections are undertaken through the local authority. For example, recommendations from the OFSTED review of Children's Services are addressed through the Children's Services Improvement Board.

Services participate in peer reviews which are designed to support the council's performance by identifying its areas of strength and areas for development. A Peer Review is conducted by a team of people with experience and knowledge of the service being reviewed.

Improvement plans are developed and monitored to implement recommendations from reviews and inspections and this is overseen by Cabinet Members in their regular briefings with Directors and by the One Coventry Leadership Team.

The Council has an Audit and Procurement Committee who ensure that there is sufficient assurance over governance, risk and control within the Council. They also monitor the implementation of internal audit and external audit recommendations.

The Council produces an Annual Governance Statement which provides accountability to stakeholders on how well it has delivered on governance over the course of the previous year.





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Coventry City Council

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## Public report

**Report to**

Audit and Procurement Committee

26<sup>th</sup> June 2023

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director approving submission of the report:**

Chief Operating Officer (Section 151 Officer)

**Ward(s) affected:**

City Wide

**Title:**

Internal Audit External Quality Assessment

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**Is this a key decision?**

No

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**Executive summary:**

The purpose of this report is to share the planned approach for the External Quality Assessment of the Internal Audit Service with the Audit and Procurement Committee to allow the Committee to express its views on the form and scope of the Assessment.

**Recommendation:**

Audit and Procurement Committee is recommended to approve the approach for conducting the External Quality Assessment of the Internal Audit Service.

**List of Appendices included:**

None

**Background papers:**

None

**Other useful documents:**

None

**Has it or will it be considered by Scrutiny?**

No other Scrutiny consideration other than the Audit and Procurement Committee

**Has it, or will it be considered by any other Council Committee, Advisory Panel, or other body?**

No

**Will this report go to Council?**

No

**Report title:**

Internal Audit External Quality Assessment

**1. Context (or background)**

- 1.1 The Public Sector Internal Audit Standards require that a Quality Assurance and Improvement Programme (QAIP) must be developed and maintained. The Programme is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The Programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.
- 1.2 The QAIP must include both internal and external assessments. External Assessments must be completed at least once every five years and an assessment for the Internal Audit Service at Coventry City Council is now due. The Standards require that the form / scope of the assessment and the qualifications and independence of the external assessor is discussed with the Audit and Procurement Committee.

**2. Options considered and recommended proposal**

- 2.1 There are two options available for carrying out external assessments: a full external assessment, or a self-assessment with independent external validation. It is viewed that from a practical perspective, a self-assessment with independent external validation is the most appropriate approach given that it provides an opportunity for the self-assessment and supporting evidence to be compiled over a period of time and provides a baseline for the assessor to work from, allowing for a more efficient process overall. As it is expected that the self-assessment is fully evidenced, the risk of inaccurate statements is not viewed as significant. In addition, the assessor will conduct interviews with key stakeholders as part of the validation process which provides a further mechanism for ensuring the integrity of the assessment.
- 2.2 It is intended that the scope of the assessment will include all of the Public Sector Internal Audit Standards. The Standards cover:
- The Code of Ethics – rules of conduct covering the principles of integrity, objectivity, confidentiality, and competency.
  - Attribute Standards – address the characteristics of organisations and parties performing internal audit activities.
  - Performance Standards – describe the nature of internal audit activities and provide quality criteria against which the performance of these services can be evaluated.
- 2.3 Informal discussions with some neighbouring local authorities, has identified the opportunity to enter into a tri-party arrangement with Solihull MBC and Sandwell MBC, with each Council acting as the assessor for another. As such, it is proposed that Coventry CC will undertake the assessment for Solihull MBC, and Sandwell MBC will undertake the assessment for Coventry. The assessor at Sandwell MBC is the Head of Audit. He is a qualified accountant with over 30 years internal audit experience and is the Head of Audit for a number of public sector organisations alongside Sandwell, including Wolverhampton City Council, the West Midlands Combined Authority, Sandwell Children's Trust, and the West Midlands Fire Service.
- 2.4 This approach is the preferred option given that (a) it is the most cost-effective way for the assessment to be undertaken (in comparison for example to using the services of the Institute of Internal Auditors or CIPFA) (b) the assessor has detailed knowledge of the

practice of internal audit within the local government sector and (c) it will provide an opportunity to share good practice and learn from each other. In addition, the use of a tri-party approach avoids the risk of a conflict of interest occurring.

- 2.5 The results of the External Quality Assessment will be reported to the Audit and Procurement Committee, alongside any improvement action plans which result from the assessment.

### **3. Results of consultation undertaken**

- 3.1 None

### **4. Timetable for implementing this decision**

- 4.1 It is intended that the self-assessment will be compiled by the end of September 2023, with the independent external validation taking place in November 2023.

### **5. Comments from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer**

- 5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

- 5.2 Legal implications

The Public Sector Internal Audit Standards adopted from 1<sup>st</sup> April 2013 state that external assessments must be conducted once every five years by a qualified, independent assessor or assessment team from outside the organisation.

### **6. Other implications**

- 6.1 **How will this contribute to achievement of the One Coventry Plan?**

Internal Auditing is defined in the Public Sector Internal Audit Standards as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis and reflected in the annual Internal Audit Plan.

- 6.2 **How is risk being managed?**

The risk that the external validation of the assessment is not sufficiently robust is managed through (a) a tri-party arrangement which mitigates the risk of a conflict of interest occurring and (b) the competence of the assessor who has undertaken assessments for other local authorities and has specific experience of internal audit within local government.

**6.3 What is the impact on the organisation?**

None

**6.4 Equalities / EIA**

None

**6.5 Implications for (or impact on) climate change and the environment**

No impact

**6.6 Implications for partner organisations?**

None

**Report author:**

**Name and job title:**

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Paul Jennings	Finance Manager Corporate Finance	Finance	07/06/23	12/06/23
<b>Names of approvers: (officers and members)</b>				
Barry Hastie	Chief Operating Officer (Section 151 Officer)	-	07/06/23	16/06/23
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	07/06/23	07/06/23

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Coventry City Council

## Public report

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### Report to

Audit and Procurement Committee

26<sup>th</sup> June 2023

### Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

### Director approving submission of the report:

Chief Operating Officer (Section 151 Officer)

### Ward(s) affected:

City Wide

### Title:

Internal Audit Annual Report 2022-23

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### Is this a key decision?

No

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### Executive summary:

This report to the Audit and Procurement Committee has two purposes:

- To summarise the Council's Internal Audit activity for the period April 2022 to March 2023 against the agreed Audit Plan for 2022-23 and the Public Sector Internal Audit Standards.
- To provide the Audit and Procurement Committee with the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements for the financial year 2022-23 (as documented in section 2.4 of this report).

### Recommendations:

Audit and Procurement Committee is recommended to note and consider:

- 1) The performance of Internal Audit against the Audit Plan for 2022-23.
- 2) The results of the Quality Assurance and Improvement Programme and the Chief Internal Auditor's statement on conformance with the Public Sector Internal Audit Standards.
- 3) The summary findings of key audit reviews (attached at appendix two) that have not already been reported to Audit and Procurement Committee during municipal year 2022-23 and which are relevant to the opinion on the overall adequacy and effectiveness of Coventry City Council's internal control environment.

- 4) The opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements.

**List of Appendices included:**

Appendix One - Audits completed in 2022-23

Appendix Two - Summary findings from key audit reports

**Background papers:**

None

**Other useful documents:**

Internal Audit Plan 2022-23 – Quarter Three Progress Report

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=553&MId=12768&Ver=4>

**Has it or will it be considered by Scrutiny?**

No other Scrutiny consideration other than the Audit and Procurement Committee.

**Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:**

Internal Audit Annual Report 2022-23

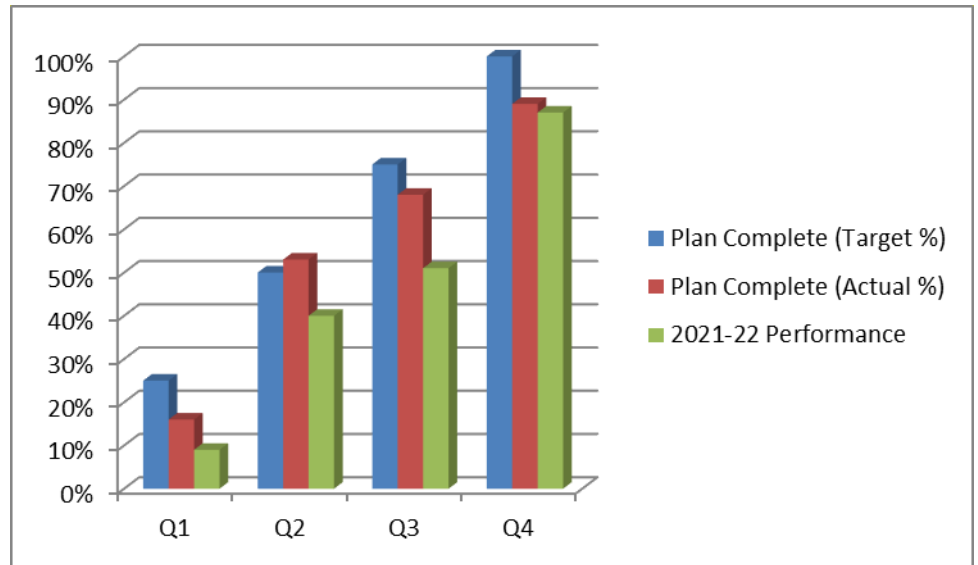
**1. Context (or background)**

- 1.1 The Audit and Procurement Committee approved the Council's Internal Audit Plan for 2022-23 at its meeting on 27<sup>th</sup> June 2022. During the last financial year, the Committee received progress reports summarising completed audit activity in January 2023 and March 2023.
- 1.2 This report details the performance of the Internal Audit Service against the Plan for 2022-23, which is presented in order for the Audit and Procurement Committee to discharge its responsibility, as reflected in its term of reference - *“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”*.
- 1.3 The report is split into the following sections:
- Assessment of the performance of the Internal Audit Service against its key targets.
  - The results of the Quality Assurance and Improvement Programme and the Chief Internal Auditor's statement on conformance with the Public Sector Internal Audit Standards.
  - A summary of the audit activity in 2022-23 and highlighting issues that have not been reported to the Audit and Procurement Committee previously and are relevant to the overall opinion.
  - The Chief Internal Auditor's opinion on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control and governance arrangements.

**2. Options considered and recommended proposal****2.1 Performance of the Internal Audit Service**

- 2.1.1 The key target for the Internal Audit Service is to complete 90% of its agreed work plan by 31<sup>st</sup> March 2023. Whilst the plan was originally developed on the basis of an estimate of 560 available audit days, this was subsequently amended to 430 days following unplanned absence in the Service from quarter three onwards. This change was reported to the Audit and Procurement Committee in March 2023. As a result, the performance of the Service has been assessed against the revised audit plan of 430 days. As illustrated by the chart overleaf, the Service delivered 89% of this plan.

**Chart One: Performance of Internal Audit 2022-23**



Whilst it is recognised that performance is slightly below target, it is not viewed that this materially impacts on the ability to provide an annual audit opinion. Of the six audits which formed part of the 2022-23 audit plan, and which were not completed by the end of March 2023, one has now been finalised, two are at draft report stage and the remaining three are ongoing / have been rescheduled.

2.1.2 In addition to the delivery of the Plan, the Service has a number of other key performance indicators (KPIs) which underpin its delivery. These KPIs are aimed at ensuring that the audit process is completed on a timely basis. The table below details the performance of Internal Audit for 2022-23, compared with performance in 2021-22.

**Table One: KPIs for the Internal Audit Service**

Performance Measure	Target	Performance 2022-23	Performance 2021-22
<b>Planned Days Delivered</b>	100%	96%	93%
<b>Productive Time of Team</b> (% of work time spent on audit work)	90%	91%	91%
<b>Draft Report to Deadline</b> (Draft issued in line within two weeks of deadline)	80%	60%	47%
<b>Final Report to Deadline</b> (Final issued within two weeks of deadline)	80%	92%	88%

<b>Audits Delivered within Budget Days</b> (Where budget days have not been exceeded by more than 50%)	80%	84%	76%
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Whilst performance in one area is below target (draft report to deadline) this should be viewed in the context that draft reports are not issued in all cases, e.g., grant certification work, and as such, the performance data is based on a smaller number of audits where draft reports have been issued. Ongoing monitoring of internal audit work and identifying opportunities for improvement remains a key focus for management, in line with the Public Sector Internal Audit Standards.

## 2.2 **Quality Assurance Improvement Programme**

2.2.1 The Public Sector Internal Audit Standards require that the Internal Audit Service develops and maintains a quality assurance and improvement programme that covers all aspects of the internal audit activity. In 2022-23, the Programme included the following:

- On-going supervision and review of audit work. This includes day-to-day supervision of audits, weekly performance management meetings and formal reviews of all completed work. All draft audit reports are subject to review by the Chief Internal Auditor.
- Review and update of the Service's internal self-assessment against the Public Sector Internal Audit Standards.
- Planning for an external assessment against the Standards to be undertaken in 2023-24.
- Staff performance appraisals.

Specific improvement actions which have been delivered against the improvement plan in 2022-23 are:

- Two members of staff have commenced on the Internal Audit Practitioner Level 4 Apprenticeship, which encompasses two Institute of Internal Audit (IIA) certifications: the IIA Certificate in Internal Audit and Business Risk and the Internal Audit Practitioner.
- Delivery of in-house training sessions on the audit process and issues relevant to Internal Audit's activity, such as ethics.
- Review and update of the school audit programme to closer align internal audit's work to the School's Financial Value Standard.

2.2.2 In considering the results of the quality assurance and improvement programme, it has been concluded that the Internal Audit Service partially conforms with the Public Sector Internal Audit Standards, and it is recognised that there are improvement opportunities to achieve full conformance. Where improvements have been identified, it is not considered that this materially impacts on the overall scope or operation of the internal audit activity.

2.2.3 Table two below details the current improvement plan for Internal Audit. Progress against these actions will be included in the next annual report to the Audit and Procurement Committee.

**Table Two: Internal Audit Improvement Plan**

<b>Public Sector Internal Audit Standards</b>	<b>Specific Standard</b>	<b>Improvement Action</b>
Code of Ethics	Competency	Development of a formal training strategy for Internal Audit and skills matrix
Attribute standards	Proficiency and due professional care	Development and application of a data-analytics strategy
Attribute standards	Quality Assurance and Improvement Programme	External Quality Assessment to be undertaken
Attribute standards	Quality Assurance and Improvement Programme	Introduction of a formal mechanism for capturing customer feedback
Performance standards	Managing the Internal Audit activity	Review and update of the Internal Audit Manual
Performance standards	Managing the Internal Audit activity	Development of an audit universe to support the audit planning process
Performance standards	Managing the Internal Audit activity	Review and update of audit report template

**2.3 Audit Activity 2022-23**

2.3.1 Appendix One details the audit reviews that have been carried out in the financial year 2022-23 along with the level of assurance provided. Table three below provides definitions to support the level of assurance applied to audit reviews carried out by the Service. (Note - from 2023-24 onwards, moderate assurance will be reclassified as reasonable assurance.)

**Table Three: Definitions of Assurance Levels**

<b>Assurance Opinion</b>	<b>What does this mean?</b>
<b>Significant</b>	There is an appropriate level of control for managing all the significant inherent risks within the system. Testing shows that the controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically.
<b>Moderate</b>	There are generally appropriate levels of control for managing the majority of the significant inherent risks within the system. Some control failings have been identified from the systems evaluation and testing that need to be corrected. The control failings do not put at risk achievement of the system's objectives.
<b>Limited</b>	There are weaknesses in the level of control for managing the significant inherent risks within the system. A number of control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.
<b>No</b>	There are major, fundamental weaknesses in the level of control for managing the significant inherent risks within the system. The weaknesses

Assurance Opinion	What does this mean?
	identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.

2.3.2 **Other** – A summary of the findings of key audits that have not already been reported to the Committee during municipal year 2022-23 are included at Appendix Two. In all cases, the relevant managers have agreed to address the issues raised in line with the timescale stated. These reviews will be followed up in due course and the outcome reported to the Audit and Procurement Committee.

2.3.3 **Follow up of Disclosures made in the Internal Audit Annual Report 2021-22** – In the 2021-22 Internal Audit Annual report no issues were identified for consideration in preparation of the Annual Governance Statement.

2.4 **Annual Report - Opinion on the Overall Adequacy and Effectiveness of Coventry City Council's Risk Management, Internal Control and Governance Arrangements**

2.4.1 The Public Sector Internal Audit Standards (PSIAS) highlights that a key responsibility of Internal Audit is to provide an annual internal audit opinion and report that can be used to inform the Annual Governance Statement. The opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and internal control.

2.4.2 **Audit Opinion / Disclosures** – In the Chief Internal Auditor's view, sufficient assurance has been obtained to form a reasonable conclusion on the adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements. This takes into account the internal audit work performed during 2022-23 and other sources of assurance, specifically:

- The work of the Corporate Governance Steering Board of which the Chief Internal Auditor is a member of.
- The Corporate Risk Register.
- Assessment by the Senior Leadership Team of the Council's compliance with the Financial Management Code.

It is the Chief Internal Auditor's opinion that **moderate assurance** can be provided that there is generally an effective and adequate framework of governance, risk management and internal control in place designed to meet the Council's objectives. This means that there is generally an appropriate level of control for managing the majority of the significant inherent risks to the Council's objectives to a reasonable level. Through Internal Audit work, actions are agreed to improve the governance, risk management and the internal control environment and assist the Council in achieving its objectives. A defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis.

In giving this opinion, assurance can never be absolute. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness.

2.4.3 **Audit work undertaken** – Appendix One details the audit reviews that have been carried out in the financial year 2022-23 along with the level of assurance provided. In considering the outcome of audit activity for 2022-23, an assessment is initially made of the number of 'limited' or 'no' assurance audits (as these require immediate improvements) in comparison with the results from the previous two years.

**Table Four: Comparison of Audit Assurance Levels**

Financial Year	Number of Audits	Number of Audits With 'limited' or 'no' Assurance	Percentage of Audits with 'limited' or 'no' Assurance
2022-23	56	3	5%
2021-22	47	2	4%
2020-21	49	6	12%

Table four above indicates that the percentage of audits with “limited” or “no” assurance in 2022-23 is consistent with the previous year. Consequently, it is the Chief Internal Auditor’s opinion that providing an opinion of moderate assurance remains appropriate based on the definition of assurance in table three in section 2.3.1 and other factors that have been considered in the assessment of the control environment which include:

- The impact that the weaknesses identified have on the overall Council control environment.
- Whether there is any specific change in audit focus / approach that may have impacted on the number of 'limited' or 'no' assurance audits. Specifically, in 2022-23, the following factors may have impacted on the number of “limited” or “no” assurance audits:
  - The number of grant schemes which required verification by Internal Audit as part of the grant terms and conditions was higher than normal, due to several additional Covid-19 specific grants which had been provided to the Council and which required verification in 2022-23. Given that this work has to be delivered by the deadline set by the grant funder in order to avoid the risk of clawback, these reviews were given priority.
  - A small number of fact-finding reviews have been undertaken as in some circumstances this approach is viewed as a more appropriate way of responding to identified / emerging risks. This includes reviews linked to providing advice and the assessment of risks and as such, a formal assurance level is not provided given the specific scope of such reviews.

2.4.4 **Issues relevant to the preparation of the Annual Governance Statement** – In undertaking the assessment of the Council's arrangements, the Chief Internal Auditor has reviewed whether, in her opinion, there are any areas that need to be considered when the Council produces its Annual Governance Statement for 2022-23.

From a general point of view, whilst any audit where 'limited' or 'no' assurance was provided requires attention, an assessment is also made as to whether the review has a significant corporate impact and consequently needs to be considered in the producing the Annual Governance Statement, or whether the review is limited to specific working practices in service areas which do not have a wider bearing on the Council’s control environment.



For 2022-23, no issues have been identified for consideration in preparation of the Annual Governance Statement.

### **3. Results of consultation undertaken**

3.1 None

### **4. Timetable for implementing this decision**

4.1 There is no implementation timetable associated with this report, although the opinion of the Chief Internal Auditor on the adequacy of the Council's risk management, internal control and governance arrangements is a key source in the preparation of the Annual Governance Statement.

### **5. Comments from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer**

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

The City Council is required by the Accounts and Audit Regulations 2015 to approve, and subsequently publish, the Annual Governance Statement alongside the Statement of Accounts. The opinion of the Acting Chief Internal Auditor on the adequacy of the Council's risk management, internal control and governance arrangements as included in the Annual Report is a key source in the preparation of the Annual Governance Statement. Reporting on progress regarding the delivery of the Annual Audit Plan ensures that the Council meets its statutory obligations in respect of maintaining an internal audit function and represents good governance.

### **6. Other implications**

6.1 **How will this contribute to achievement of the One Coventry Plan?**

Internal Auditing is defined in the Public Sector Internal Audit Standards as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis and reflected in the annual Internal Audit Plan.

6.2 **How is risk being managed?**

In terms of risk management, there are two focuses:

- Internal Audit perspective – The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes

(i.e., planning and quality assurance) within the Service, with the outcomes included in reports to the Audit and Procurement Committee. Delays in the delivery of individual audits could occur at the request of the customer, which could impact on the delivery of the plan. This risk is managed through on-going communication with customers to agree timing and identify issues at an early stage to allow for remedial action to be taken.

- Wider Council perspective - The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure action is taken.

**6.3 What is the impact on the organisation?**

None

**6.4 Equalities / EIA**

None

**6.5 Implications for (or impact on) climate change and the environment**

No impact

**6.6 Implications for partner organisations?**

None

**Report author:**

**Name and job title:**

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**Service Area:**

Finance

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Michelle Salmon	Governance Services Officer	Law and Governance	07/06/23	07/06/23
Paul Jennings	Finance Manager Corporate Finance	Finance	07/06/23	12/06/23
<b>Names of approvers: (officers and members)</b>				
Barry Hastie	Chief Operating Officer (Section 151 Officer)	-	07/06/23	16/06/23
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	07/06/23	07/06/23

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## Appendix One – Internal Audit Reviews Completed in 2022-23

Audit Area	Audit Title	Assurance
<b>2021-22 B/Fwd</b>	Budgetary Control	Significant
	ICT Monitoring, Logging and Event Management	Moderate
	Plas Dol-y-Moch Recruitment	Fact Finding
	Formal Follow Up – IT Disaster Recovery and Business Continuity *	Moderate
<b>Corporate Risk</b>	EDI in Recruitment *	Moderate
	CWRT Loanbook Health Check	Health Check
	Software Asset Management*	Moderate
	Motion Service Desk	Significant
	Physical Security and Environmental Protection	Significant
<b>Council / Audit priorities</b>	IR35 Compliance	Moderate
<b>Financial Systems</b>	Payroll 21-22	Significant
	Business Rates 21-22*	Limited
	CareDirector 21-22*	Limited
	Accounts Payable	Significant
	Council Tax	Significant
	Accounts Receivable	Significant
<b>Regularity</b>	Baginton Fields School	Moderate
	Arts Council grant	Verification
	John Shelton Community Primary School	Moderate
	PSDS grant core	Verification
	PSDS grant schools	Verification
	Homelessness Top Up grant	Verification
	Protect and Vaccinate Grant	Verification
	Growth Hub core grant	Verification
	Growth hub peer to peer grant	Verification
	Disabled facility grant	Verification
	Teachers Pension Statements	Verification
	Bus subsidy grant	Verification
	Highways grants	Verification
	Adult Weight Management grant	Verification
	Contain Outbreak Management Fund grant	Verification
	Sherbourne Fields Teaching School grant	Verification
	Allesley Primary School related party transactions	Fact Finding
	Test and Trace grant	Verification
	Innovate UK Savor grant	Verification
	Innovate UK Urban Air Port grant	Verification
	Drug Treatment Crime and Harm Reduction activity grant	Verification
	Test and Trace Support Payments grant	Verification
	Templars Primary School	Significant
	Post Payment Assurance Business Grants	Verification
	Green Homes Grant	Verification
	Limbrick Wood Primary School	Limited
	Annual Governance Statement	Verification
	Supporting Families Programme	Verification

	Biodiversity Net Gain grant	Verification
	Declarations of Interest	Verification
<b>Directorate Issues</b>	Transfer of Coventry Communications Centre to Whitley Depot	Significant
	Cash controls Homes for Ukraine	Fact Finding
	ICT Storeroom Physical Security	Fact Finding
	Pot Hole Pro Business Case Health Check – stage one	Health Check
	Statutory Compliance	Moderate
<b>Formal Follow Ups</b>	Health and Safety Audit Programme	Moderate
	Asset Management, Patching & Secure Configuration	Moderate
	Cyber resilience	Moderate
	Mobile Devices	Moderate
	Parking Enforcement	Moderate

(\*) Audit findings reported to Audit and Procurement Committee during municipal year 2022-23

## Appendix Two – Summary Findings from Key Audit Reports

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p><b>Limbrick Wood Primary School</b></p> <p><b>September 2023</b></p> <p><b>Head Teacher</b></p>	<p><b>Overall Objective:</b> To provide assurance that robust systems and controls exist to support the effective management of the School's resources.</p> <p><b>Key controls assessed:</b></p> <ul style="list-style-type: none"> <li>- Effective systems are in place to manage the School's finances.</li> <li>- All expenditure is committed in line with documented procedures, is appropriately authorised and is accounted for.</li> <li>- All income due to the School is collected, accounted for and banked in full.</li> <li>- Effective systems exist over the School's banking arrangements.</li> <li>- All School assets are securely held minimising the risk of theft and losses.</li> </ul> <p><b>Opinion:</b> Limited Assurance. We acknowledge that the School has been without a Business Manager for more than a year. However, by not putting in place arrangements to ensure that the School can access adequate financial expertise, this has undermined the robustness of the system of internal control and has resulted in a number of lapses in the School's finance administration. Consequently, this places at risk the School's ability to ensure effective management of the School's resources, alongside increasing the risk of fraud and error occurring.</p> <p><b>Agreed Actions – risk level high (H) or medium (M):</b></p> <ul style="list-style-type: none"> <li>• Take appropriate action to ensure that official purchase orders are raised / issued at the time the order is placed with the supplier. (H)</li> <li>• Ensure that in respect of all purchases, the School complies with procurement rules / legislation or where exceptions to this are required, approval is sought in advance from the Governing Body. (M)</li> <li>• Improve the controls over purchasing card arrangements. (M)</li> <li>• Ensure that in the event that banking discrepancies are identified, these should be investigated and the outcome reported to the Head Teacher. (H)</li> <li>• Ensure that safe keys are allocated to named individuals and are held securely. (M)</li> <li>• Ensure that bank statements are reconciled on a timely basis. (H)</li> <li>• Take action to resolve issues around outstanding debts and ensure that all debts are pursued in accordance with the debtor's policy. (M)</li> <li>• Ensure virements are reported in accordance with the provisions of the Fair Funding Scheme of Delegation. (M)</li> </ul>

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none"> <li>• Ensure that the register of business interests is updated on an annual basis and includes all appropriate staff at the School. (M)</li> <li>• Put in place appropriate arrangements to ensure the School has access to an adequate level of financial expertise. (H)</li> </ul>

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