



Audit and Procurement Committee

Time and Date

2.30 pm on Monday, 24th June 2024

Place

Diamond Rooms 1 and 2 - Council House, Coventry

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 6)
To agree the minutes of the meeting held on 3rd June 2024
4. **Exclusion of Press and Public**
To consider whether to exclude the press and public for the private items of business for the reasons shown in the reports.
5. **Local Code of Corporate Governance 2024/25** (Pages 7 - 30)
Report of the Director of Law and Governance
6. **Internal Audit Annual Report 2023/2024** (Pages 31 - 48)
Report of the Director of Finance and Resources
7. **Internal Audit External Quality Assessment** (Pages 49 - 68)
Report of the Director of Finance and Resources
8. **Outstanding Issues** (Pages 69 - 74)
Report of the Director of Law and Governance
9. **Work Programme 2024/2025** (Pages 75 - 76)
Report of the Director of Law and Governance
10. **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

11. **Consideration of Approval of Severance Package** (Pages 77 - 92)
Report of the Director of Regeneration and Economy

(Listing Officer: Kim Mawby - Email: kim.mawby@coventry.gov.uk)
12. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Julie Newman, Director of Law and Governance, Council House, Coventry

Friday, 14 June 2024

Note: The person to contact about the agenda and documents for this meeting is Michelle Salmon, Governance Services, Email: michelle.salmon@coventry.gov.uk

Membership:

Councillors M Ali, J Blundell, R Brown (By Invitation), A Hopkins, A Jobbar, R Lakha (Chair), P Male and B Singh (Deputy Chair)

By invitation:

Councillor R Brown – Cabinet Member for Strategic Finance and Resources

Public Access

Any member of the public who would like to attend the meeting in person is encouraged to contact the officer below in advance of the meeting regarding arrangements for public attendance. A guide to attending public meeting can be found here: <https://www.coventry.gov.uk/publicAttendanceMeetings>

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, 3 June 2024

Present:

Members: Councillor R Lakha (Chair)
 Councillor M Ali
 Councillor A Hopkins
 Councillor A Jobbar
 Councillor Lepoidevin (Substitute for Councillor J Blundell)
 Councillor P Male
 Councillor B Singh

Employees
(by Service Area):

City Services and Commercial	A Walster
Finance and Resources	K Tyler
Human Resources	S Newing
Law and Governance	M Salmon

Apologies: Councillor J Blundell

Public Business

61. Declarations of Interest

There were no disclosable pecuniary interests.

62. Minutes of Previous Meeting

The minutes of the meeting held on 18th March 2024 were agreed and signed as a true record.

Further to minute 57/23 headed 'Internal Audit Recommendation Tracking Report', the Chief Internal Auditor confirmed that a report with further details on the outcome of the EQA self-assessment would be submitted to the next meeting of the Committee.

63. 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 67 below headed 'Consideration of Approval of Severance Packages', on the grounds that the item involves the likely disclosure of information defined in Paragraph 1, 2 and 3 of Schedule 12A of the Act, as it contains information relating to individuals, the financial and business affairs of a particular person (including the

authority holding that information) and information relating to labour relations matters and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

64. **Outstanding Issues**

The Audit and Procurement Committee considered a report of the Director of Law and Governance that identified issues on which a further report/information had been requested or was outstanding so that the Committee were aware of them and could manage their progress.

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

Appendix 2 of the report provided details of items where information had been requested outside formal meetings along with the date these had been completed. The Committee noted that the action relating to the first item listed in the Appendix had now been actioned and this matter could be discharged.

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

65. **Work Programme 2024/2025**

The Audit and Procurement Committee considered a report of the Director of Law and Governance that detailed the Work Programme of scheduled issues to be considered by the Committee during the Municipal Year 2024/2025.

The Committee were informed that in respect of the outstanding reports of the External Auditor (Grant Thornton) listed under 'Date to be confirmed' on the Work Programme, Members would be briefed on the matter at the next meeting of the Committee.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2024/2025.

66. **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.

67. **Consideration of Approval of Severance Packages**

The Audit and Procurement Committee considered a private report of the Director of City Services and Commercial and the Director of Human Resources that sought approval of severance packages for employees' retirements which had occurred due to changes in the waste collection service and review of facility time for trade union representatives.

Part 21 of the Council's constitution required that any severance package for an employee of the Council which exceeds £100,000 should be determined by the Audit and Procurement Committee. The calculation of the value of an exit package included the costs to the Authority, as well as payments / benefits to the employee.

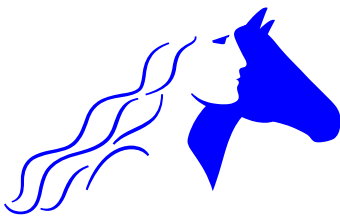
RESOLVED that the Audit and Procurement Committee approves the severance payments on early retirements as calculated.

68. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 3.20 pm)

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Coventry City Council

Public report Committee Report

Audit and Procurement Committee
Ethics Committee

24th June 2024
27th June 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Law and Governance

Ward(s) affected:

N/A

Title:

Local Code of Corporate Governance 2024/25

Is this a key decision?

No

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 2024/25 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 2024/25.

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 - 3rd 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 One Coventry 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 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. In 2023 the Code was reviewed in the light of best practice and has this year been updated again 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 Leadership Board. 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 2024/25. The Council is required to undertake an annual review of the effectiveness of these arrangements and publish an Annual Governance Statement.

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

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

Report author:

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Director of Law and Governance

Service Area:

Law and Governance

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Enquiries should be directed to the above person

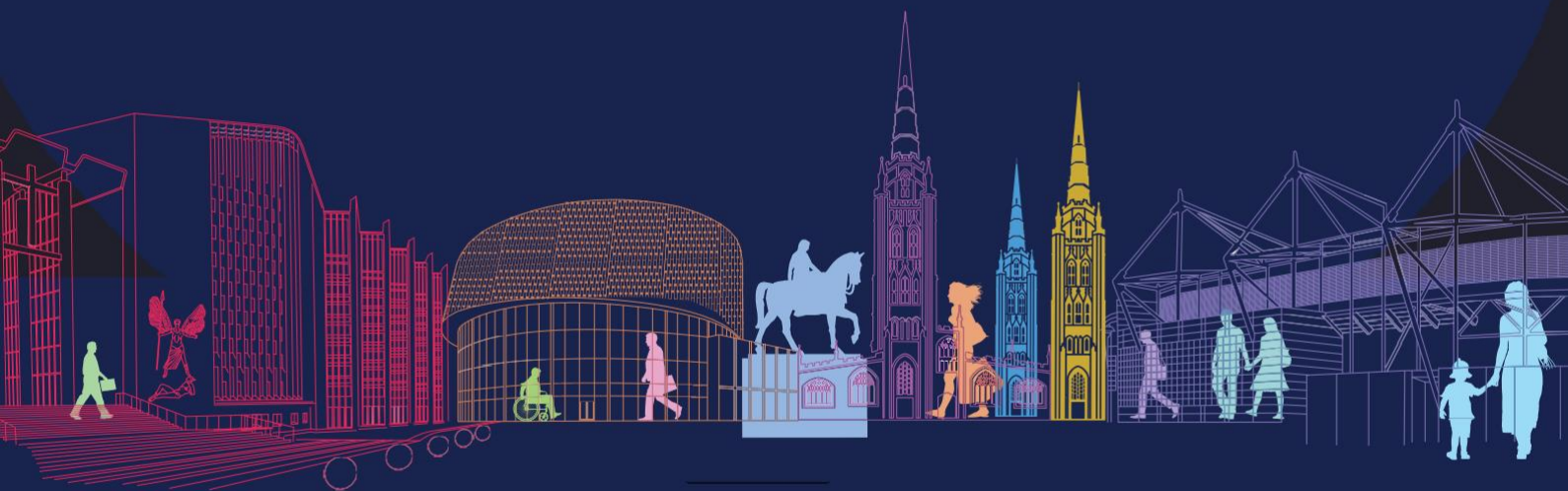
Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Adrian West	Head of Governance	Law and Governance	3.4.24	5.4.24
Michelle Salmon	Governance Services Officer	Law and Governance	3.4.24	3.4.24
Karen Tyler	Chief Internal Auditor	Finance and Resources	3.4.24	5.4.24
Names of approvers for submission: (officers and members)				
Graham Clark	Lead Accountant – Business Partnering	Finance and Resources	3.4.24	3.4.24
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	14.5.24	14.5.24

This report is published on the council's website: www.coventry.gov.uk/council-meetings

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Local Code of Corporate Governance

2024/25

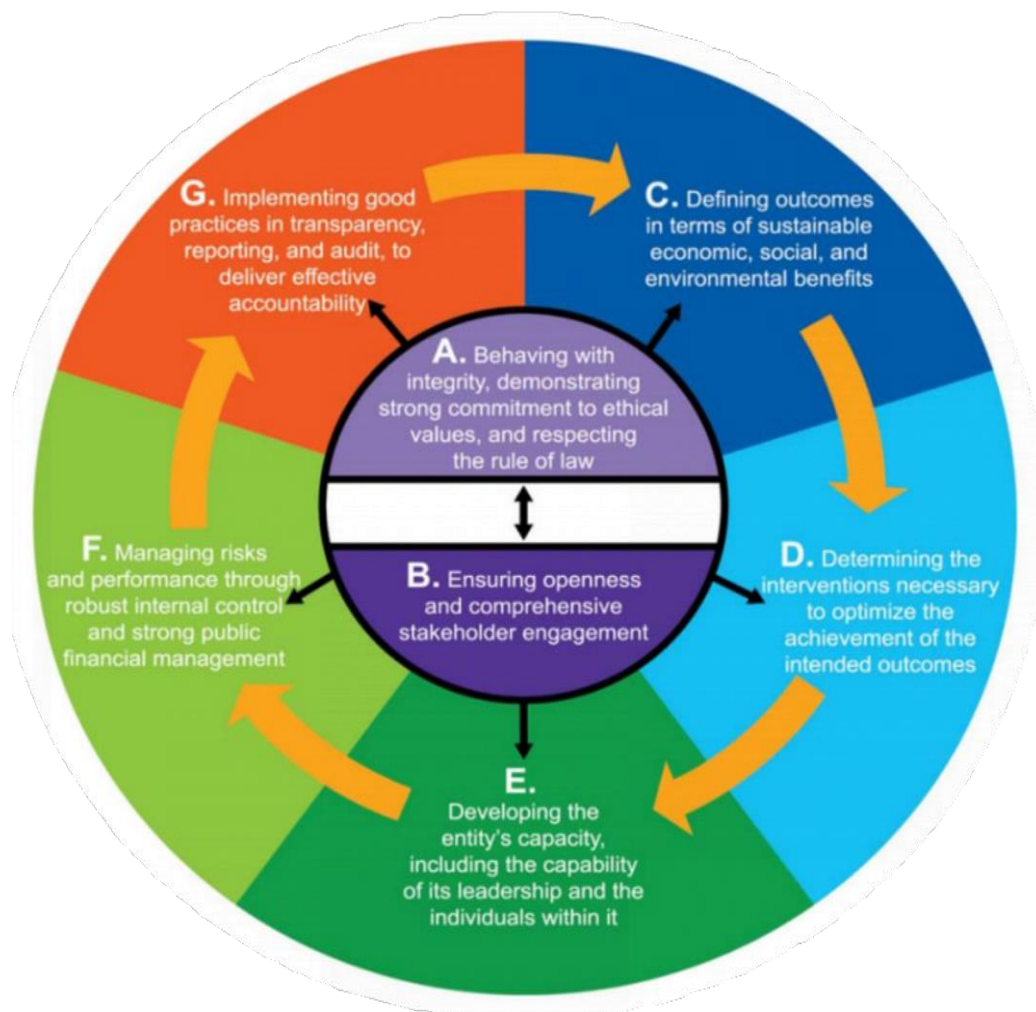


Introduction

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. 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 our wider communities. 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". Our People Plan sets out our HR ambitions for our workforce over the next three years and has our One Coventry Values at its centre.

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

Formal 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 is aware that better outcomes and solutions are achieved through strong engagement between organisations, residents and communities. We aim to use different ways of connecting and working with residents to collectively identify priorities and co-produce actions so that better decisions are made.

The Council recognises the importance of partnership working, creating opportunities to solve problems and the importance of inclusive community engagement.

The Council engages with citizens/residents and stakeholders in a variety of ways both digitally and non-digitally. We 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 engagement platform designed for residents to engage with the Council. You can use it to take part in consultations, 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. All consultations and engagement opportunities are available in hard copies at our libraries. Posters are also displayed giving people a phone number to call to request information in different languages or different formats. Opportunities are also promoted through the many newsletters that are sent out from the Council as well as partner newsletters.

In the case of large-scale projects, leaflets/ "Street News" are produced and delivered to business and residential properties within a geographical location of proposed new developments/transport schemes. One off public

meetings/drop in sessions are also held.

Peer engagement is recommended working alongside Community Leaders in geographical or special interest groups to encourage involvement. The Council has a network of Community Messengers who share information with community and resident groups, as well as a Faith Compact. This 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.

In addition, the Council engages with businesses within the City of Coventry to understand the barriers to entry in tendering for contract opportunities and how these barriers can be addressed through the Council's Contract Procedure Rules.

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 focused 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 receive a report reviewing progress bi-annually toward targets, and an annual performance report reporting progress against performance indicators is published and 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, services or works 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 of 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 procuring goods, services or works.

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. The One Coventry performance monitoring tool identifies areas of focus to ensure resource is appropriately targeted against need.

3. Maximising outcomes

The Medium Term Financial Strategy (MTFS) 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

Our People Plan outlines what we as a Council and a responsible employer are going to do to deliver the workforce vision and objectives, particularly around organisational design, 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 Director of Partnerships and Performance at the Council. The One Coventry Partnership aims to facilitate and grow cross organisational working with partner organisations such as the Universities, West Midlands Police and voluntary and community sector partners. The Partnership is chaired by the Director of Partnerships and Performance to improve outcomes through more joined up and relevant local services.

We are also part of the Coventry and Warwickshire Anchor Alliance, working collaboratively with other organisations to make the biggest positive impact on the lives of local people.

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 Members is key to the success of the One Coventry Plan. The strategy provides the framework for 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 Members. Delivery of the strategy is overseen by a Cabinet Member Advisory Panel, which has cross-party representation and makes recommendations to the Cabinet Member responsible for Member training.

The Council has a Corporate Learning and Development offer in place which is centered around embedding diversity, equity & inclusion and also 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' priorities 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 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 when a risk should be reported to the Leadership Team, so that they can consider if it should be included in the Corporate Risk Register. The Corporate Risk Register contains those risks which threaten the achievement of One Coventry priorities, and it is kept under review by the 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.

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 effectively 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 Leadership Board (LB.).

There is an effective appraisal framework in place for our employees who have an appraisal which considers their performance, targets and development needs every year [As part of the appraisal process all senior leaders are set a diversity & inclusion objective which is monitored and reviewed on an annual basis.](#)

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 is working towards compliance 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 annually through the One Coventry Performance Report and review every 6 months with stakeholders to provide assurance of collective progress against targets and identify areas requiring focus. 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 is 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.

Services participate in peer reviews which are designed to support the council's performance by identifying its areas of strength and areas for development. An LGA Peer Challenge was undertaken in January 2024. Learning from this Peer Challenge is being used to develop action plans across the organisation that will be monitored by Cabinet Members in their regular briefings with Directors and by the Leadership Board. The LGA peer challenge team will be invited back to look at progress made against these action plans.

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 Leadership Board..

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.



Coventry City Council

Public report

Report to

Audit and Procurement Committee

24th June 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Finance and Resources

Ward(s) affected:

City Wide

Title:

Internal Audit Annual Report 2023-24

Is this a key decision?

No

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 2023 to March 2024 against the agreed Audit Plan for 2023-24 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 2023-24 (as documented in section 2.4 of the report).

Recommendations:

Audit and Procurement Committee is recommended to note and consider:

- 1) The performance of Internal Audit against the Audit Plan for 2023-24.

- 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 to the report) that have not already been reported to Audit and Procurement Committee during municipal year 2023-24 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 – Internal Audit Reviews Completed in 2023-2024
Appendix Two - Summary Findings from Key Audit Reports

Background papers:

None

Other useful documents:

Internal Audit Plan 2023-24 – Quarter Three Progress Report
<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CIId=553&MIId=13050&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 2023-24

1. Context (or background)

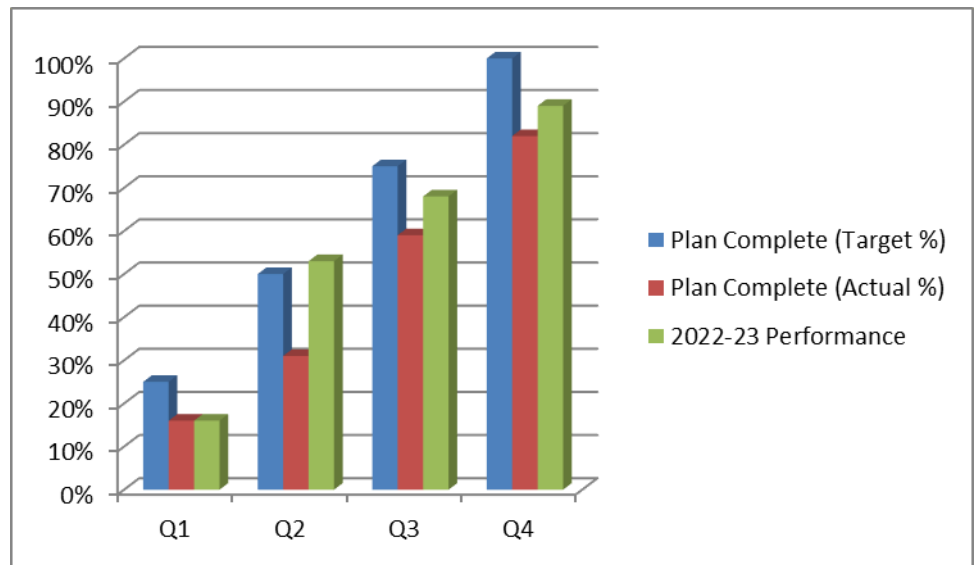
- 1.1 The Audit and Procurement Committee approved the Council's Internal Audit Plan for 2023-24 at its meeting on 24th July 2023. During the last financial year, the Committee received progress reports summarising completed audit activity in December 2023 and March 2024.
- 1.2 This report details the performance of the Internal Audit Service against the Plan for 2023-24, 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 2023-24 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 31st March 2024. Whilst the plan was originally developed on the basis of an estimate of 480 available audit days, this was subsequently amended to 400 days following long term unplanned absence in the Service. This change was reported to the Audit and Procurement Committee in March 2024. As a result, the performance of the Service has been assessed against the revised audit plan of 400 days. As illustrated by the chart overleaf, the Service delivered 82% of this plan.

Chart One: Performance of Internal Audit 2023-24



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 nine audits which formed part of the 2023-24 audit plan, and which were not completed by the end of March 2024, two have now been finalised, one is at draft report stage and the remaining six 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 2023-24, compared with performance in 2022-23. There are three areas where performance is below expectations. Whilst there are a number of reasons for this, for example the audit area was more complex than originally envisaged and has taken longer to complete than the original time estimated, 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.

Table One: KPIs for the Internal Audit Service

Performance Measure	Target	Performance 2023-24	Performance 2022-23
Planned Days Delivered	100%	88%	96%
Productive Time of Team (% of work time spent on audit work)	90%	92%	91%

Draft Report to Deadline (Draft issued in line within two weeks of deadline)	80%	64%	60%
Final Report to Deadline (Final issued within two weeks of deadline)	80%	92%	92%
Audits Delivered within Budget Days (Where budget days have not been exceeded by more than 50%)	80%	54%	84%

2.1.3 The Public Sector Internal Audit Standards are based on the Global Internal Audit Standards. Following a review of the Global Standards by the Institute of Internal Auditors, a new set of standards will come into force in January 2025. As a result, the Internal Audit Service will be looking to develop a revised set of performance indicators which are aligned to the new standards. Work is currently ongoing to assess what performance measures will be required and further updates on this will be provided to the Audit and Procurement Committee in due course.

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 2023-24, 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.
- An external assessment of the Service's conformance with the Standards through independent external validation of the self-assessment.
- Staff performance appraisals.

Specific improvement actions which have been delivered against the improvement plan in 2023-24 are:

- The external quality assessment of the Internal Audit Service's conformance with the Public Sector Internal Audit Standards has been undertaken.
- A formal mechanism for capturing customer feedback has been introduced.

2.2.2 In considering the results of the quality assurance and improvement programme, it has been concluded that the Internal Audit Service conforms with the Public Sector Internal Audit Standards, with no key areas of non-compliance. 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

	Improvement Action	Responsible Officer	Timetable
1	Identify Internal Audit’s contribution to the review of effectiveness of the control environment within the Internal Audit Charter	Chief Internal Auditor	June 2024
2	Confirm that the Internal Audit activity is organisationally independent within the Annual Internal Audit report	Chief Internal Auditor	June 2024
3	Require the Audit and Procurement Committee to approve the annual Internal Audit Plan.	Chief Internal Auditor	July 2024
4	Development and application of a data-analytics strategy	Chief Internal Auditor	March 2025
5	Review and update of the Internal Audit Manual	Chief Internal Auditor in-conjunction with the Internal Audit Service	March 2025
6	Development of an audit universe to support the audit planning process	Chief Internal Auditor	2025-26
7	Undertake a formal assurance mapping exercise	Chief Internal Auditor	2025-26
8	Complete a review of the structure of the Internal Audit Service	Chief Internal Auditor / Director of Finance and Resources	July 2024
9	As part of the audit planning process confirm that there are sufficient resources to deliver grant certification work in the context of the wider Audit Plan	Chief Internal Auditor	July 2024
10	Undertake a housekeeping exercise on retention of engagement records	Chief Internal Auditor in-conjunction with the Internal Audit Service	August 2024

2.3 Audit Activity 2023-24

2.3.1 Appendix One details the audit reviews that have been carried out in the financial year 2023-24 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.

Table Three: Definitions of Assurance Levels

Assurance Opinion	What does this mean?
Significant	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.
Reasonable	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.
Limited	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.
No	There are major, fundamental weaknesses in the level of control for managing the significant inherent risks within the system. The weaknesses 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 2023-24 are included in Appendix Two to the report. 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 2022-23** – In the 2022-23 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 In providing the opinion, the Chief Internal Auditor confirms that the Internal Audit Service is organisationally independent. The Service reports functionally to the Audit and Procurement Committee and has an approved Internal Audit Charter which sets out the purpose, authority, responsibility and position of the Internal Audit Service within the Council.

2.4.3 **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 2023-24 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.
- The findings of the Local Government Association's Corporate Peer Challenge which was undertaken in January 2024.

It is the Chief Internal Auditor's opinion that **reasonable 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 cannot provide absolute assurance of effectiveness.

2.4.4 **Audit work undertaken** – Appendix One to the report details the audit reviews that have been carried out in the financial year 2023-24 along with the level of assurance provided. In considering the outcome of audit activity for 2023-24, 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
2023-24	42	6	14%
2022-23	56	3	5%
2021-22	47	2	4%

Whilst table four above indicates that the percentage of audits with “limited” or “no” assurance in 2023-24 is higher in comparison to the previous two years, other factors are also considered in the assessment of the control environment as part of forming the opinion. These include:

- The impact that the weaknesses identified have on the overall Council control environment.
- In 2021-22 and 2022-23 a higher number of grant audits and fact-finding reviews were undertaken, which may have impacted on the number of “limited” or “no” assurance audits in these years. Consequently, the increased number in 2023-24 is not necessarily in itself an indicator that the overall control environment has worsened.

As such, it has been assessed that the reasonable assurance opinion remains appropriate, based on the definitions of assurance in table three in section 2.3.1 of the report.

2.4.5 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 2023-24.

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 2023-24, the following issues have been identified for consideration in preparation of the Annual Governance Statement:

- **Transparency Code** – This reflects the findings of a review of the Council’s arrangements for publishing data in accordance with the Local Government Transparency Code. The review highlighted that not all required data was being published and there was an opportunity to improve the accessibility of the data to the public.

- **Management compliance with key HR policies and procedures** – This reflects the findings of a number of reviews linked to compliance with HR policies and procedures, specifically pre-employment checks, enabling attendance and IR35 and recognition that the Council’s arrangements should be strengthened in light of the risks involved.

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 Director of Finance and Resources and the Director of Law and Governance

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 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?**
<https://www.coventry.gov.uk/strategies-plans-policies/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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Chief Internal Auditor

Service Area:

Finance and Resources

Tel and email contact

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Law and Governance	5/6/2024	5/6/2024
Tina Pinks	Finance Manager Corporate Finance	Finance and Resources	5/6/2024	6/6/2024
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources	-	5/6/2024	6/6/2024
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	5/6/2024	10/6/2024
Councillor R Lakha	Chair of Audit and Procurement Committee	-	5/6/2024	5/6/2024

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix One – Internal Audit Reviews Completed in 2023-24

Audit Area	Audit Title	Assurance
2022-23 B/Fwd	Climate Change risk assessment	Fact finding
	Compliance with pre-employment checks*	Limited
	Payroll 22-23	Significant
	Business Rates 22-23	Moderate
	Formal Follow up – Information Governance risk management*	Moderate
Corporate Risk	Enabling Attendance*	Limited
	Equality and Diversity in pay decisions	Significant
	CWRT loan book health check	Fact finding
	Off-contract agency spend	Reasonable ¹
	End user computing	Reasonable
Council / Audit Priorities	Transparency Code*	Limited
	IR35	Limited
Financial Systems	Accounts Payable	Significant
	Payroll	Significant
Regularity	Growth Hub core grant	Verification
	Family Hubs and Start for Life grant	Verification
	Turnaround Programme grant	Verification
	Changing Places capital grant	Verification
	Homelessness grants	Verification
	Teachers Pension Statements	Verification
	Energy Bill Support Scheme – post payment assurance	Verification
	John Gulson Primary School	Reasonable
	Hollyfast Primary School	Reasonable
	Whitmore Park Primary School	Reasonable
	Stoke Park Primary School	Reasonable
	Disabled Facility grant	Verification
	Bus Subsidy grant	Verification
	Homes Upgrade grant	Verification
	Innovate UK MACAM grant	Verification
	Annual Governance Statement	Reasonable
	Local Authority Delivery phase 3 grant	Verification
	Risk management	Reasonable
	Supporting families claim	Verification
	IR35 in Schools	None
	Declarations of Interest	Verification
	Digital spaces grant	Verification
Directorate Issues	Sports Assets maintenance programme	Reasonable

¹ From 2023-24 the term moderate assurance has been revised to reasonable assurance.

Audit Area	Audit Title	Assurance
	ICT Storeroom physical security	Reasonable
	Pot hole pro stage 2 health check	Fact finding
Formal Follow-up	Resourcelink Self Service delegated authority	Limited
	Statutory compliance	Reasonable
	Limbrick Wood Primary School	Limited

(*) Audit findings reported to Audit and Procurement Committee during municipal year 2023-24.

Appendix Two – Summary Findings from Key Audit Reports

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>IR35 in Schools</p> <p>April 2024</p> <p>Payroll Operations Manager</p>	<p>Overall Objective: To provide assurance that local authority-maintained schools are complying with IR35 rules.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - Sufficient guidance, support and training is provided to schools in respect of IR35 requirements. - Arrangements are in place to ensure that accurate CEST forms are completed and sent to Payroll for approval prior to payment being made. - Status Determination Statements are issued on a timely basis, with processes in place to deal with disagreements. - Where it is determined that IR35 rules apply, starter forms are completed and returned to Payroll to ensure accurate Income Tax and National Insurance contributions are deducted and contributions paid to the HMRC. <p>Opinion: No Assurance. There is a fundamental lack of awareness in Schools of the off-payroll / IR35 process, resulting in a significant level of non-compliance with the requirements to appropriately determine the status of workers they engage. As such, there is a significant risk that Schools are not making deductions for tax and national insurance when they should be, which could lead to financial penalties being imposed.</p> <p>Agreed Actions – risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Re-write the guidance for Schools on off-payroll working / IR35 to provide more basic, simple and relatable instructions which include School specific examples. (H) • Republish and relaunch the guidance to Schools. This should include an appropriate training offer. (H) • Take further action to raise awareness with Schools around off-payroll working / IR35 on a periodic basis. (H) • Ensure that appropriate action is taken in relation to the case highlighted where deductions should have been made. (H)

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Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none">• Develop a central log of CEST checks which are received from Schools which is used to ensure that appropriate action is taken on a timely basis. (M)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>IR35</p> <p>May 2024</p> <p>Payroll Operations Manager Employee Benefits and Payroll Manager</p>	<p>Overall Objective: To provide assurance that the Council has appropriate arrangements in place to ensure that IR35 rules are complied with.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - Arrangements are in place to ensure that accurate CEST forms are completed and retained for all individuals engaged by the Council prior to payment being made. - Status Determination Statements are issued on a timely manner. - Where it is determined that IR35 rules apply, accurate Income Tax and National Insurance contributions are deducted, and contributions paid to the HMRC. <p>Opinion: Limited Assurance. In our last review, we noted that as the new arrangements had yet to become fully operational, it was too early to fully assess their effectiveness. However, the findings from this review have highlighted that processes have not become robustly embedded, and as a result, the required checks are not consistently being undertaken by managers. Consequently, there is a risk that the Council is not making deductions for tax and national insurance when they should be.</p> <p>Agreed Actions – risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Review the individuals / suppliers that were identified as not having a CEST check and consider whether to request the engaging officer to complete the check or whether, taking into account the circumstances, it is more appropriate to accept the risk of non-compliance. (H) • Review and update the guidance on off-payroll working / IR35. (H) • Once developed, action should be taken to relaunch the guidance and raise awareness with managers of the necessity to complete checks for all engagements. (H) • Take further action to raise awareness with managers around off-payroll working / IR35 on an on-going periodic basis. (H) • Re-write the guidance used by Procurement to assist in the decision-making process for the identification of IR35 / off payroll suppliers and consider any training needs for officers. (H) • Develop a central log of suppliers referred from Procurement which is used to ensure that appropriate action is taken on a timely basis. (H)

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Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none">• Consider the residual risk relating to the limitations of the procurement process and take appropriate action to (a) introduce additional controls, or (b) formally accept the risk. (H)• Take appropriate action to transfer responsibility for ensuring compliance with IR35 rules for barristers to Legal Services, including adding the individual to the “blanket” CEST form if the barrister is confirmed to be self-employed. (M)• Take action to ensure that the links to the training videos in respect of IR35 work as intended. (M)



Coventry City Council

Public report

Report to

Audit and Procurement Committee

24th June 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Finance and Resources

Ward(s) affected:

City Wide

Title:

Internal Audit External Quality Assessment

Is this a key decision?

No

Executive summary:

The purpose of this report is to share the results of the External Quality Assessment of the Internal Audit Service and the updated Internal Audit Charter with the Audit and Procurement Committee.

Recommendations:

Audit and Procurement Committee is recommended to:

- 1) Note the results of the External Quality Assessment, including the improvement action plan.
- 2) Approve the updated Internal Audit Charter.

List of Appendices included:

Appendix One – External Quality Assessment Final Report
Appendix Two – Internal Audit Charter

Background papers:

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 has now been undertaken, with the final report issued in May 2024. The Standards require that the results of the assessment are discussed with the Audit and Procurement Committee.

2. Options considered and recommended proposal

- 2.1 There are two options available for conducting external assessments; a full external assessment; or a self-assessment with independent external validation. The preferred option to use a self-assessment approach was approved by the Audit and Procurement Committee at its meeting on 26th June 2023 and consequently, a tri-party arrangement was entered into with Solihull MBC and Sandwell MBC with each Council acting as the assessor for another. The assessment for Coventry CC was undertaken by the Head of Audit at Sandwell MBC who has over 30 years internal audit experience.
- 2.2 The independent external validation was based on the review a self-assessment checklist completed by the Internal Audit Service, along with interviews and a review of a number of key documents. The overall conclusion reached by the assessor was that "from the evidence reviewed as part of the independent validation of the self-assessment **Coventry City Council's Internal Audit Service conforms to the requirements of the Public Sector Internal Audit Standards and the requirements of the Local Government Application Note, with no key areas of non-compliance with the standards identified.**"
- 2.3 Notwithstanding the overall conclusion of the assessment, a number of improvement actions to further build on conformance were identified, both by the Chief Internal Auditor in completing the self-assessment and by the assessor. These are detailed in the full report attached as Appendix One to the report. The assessor has recommended that these are included in an action plan, with completion monitored by the Audit and Procurement Committee. This action plan has been included in the Internal Audit Annual Report and is also detailed overleaf:

	Improvement Action	Responsible Officer	Timetable
1	Identify Internal Audit's contribution to the review of effectiveness of the control environment within the Internal Audit Charter	Chief Internal Auditor	June 2024
2	Confirm that the Internal Audit activity is organisationally independent within the Annual Internal Audit report	Chief Internal Auditor	June 2024
3	Require the Audit and Procurement Committee to approve the annual Internal Audit Plan.	Chief Internal Auditor	July 2024
4	Development and application of a data-analytics strategy	Chief Internal Auditor	March 2025
5	Review and update of the Internal Audit Manual	Chief Internal Auditor in-conjunction with the Internal Audit Service	March 2025
6	Development of an audit universe to support the audit planning process	Chief Internal Auditor	2025-26
7	Undertake a formal assurance mapping exercise	Chief Internal Auditor	2025-26
8	Complete a review of the structure of the Internal Audit Service	Chief Internal Auditor / Director of Finance and Resources	July 2024
9	As part of the audit planning process confirm that there are sufficient resources to deliver grant certification work in the context of the wider Audit Plan	Chief Internal Auditor	July 2024
10	Undertake a housekeeping exercise on retention of engagement records	Chief Internal Auditor in-conjunction with the Internal Audit Service	August 2024

Progress in completing the action plan will be included in future reports to the Audit and Procurement Committee.

- 2.4 One of the improvement actions highlighted in the table above (action plan reference 1) is to "Identify Internal Audit's contribution to the review of effectiveness of the control environment within the Internal Audit Charter." As such, the Charter has been updated to reflect this (Section 7) and is included in Appendix Two to the report. The Public Sector Internal Audit Standards require that the Charter is approved by the Audit and Procurement Committee and this report provides an opportunity to do this.

3. Results of consultation undertaken

None

4. Timetable for implementing this decision

4.1 Timescales for implementing improvement actions have been identified and are included in the action plan.

5. Comments from the Director of Finance and Resources and the Director of Law and Governance

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 1st 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?

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

The risk that the action plan is not implemented is managed through oversight by the Audit and Procurement Committee.

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:

Karen Tyler
Chief Internal Auditor

Service Area:

Finance and Resources

Tel and email contact

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Michelle Salmon	Governance Services Officer	Law and Governance	5/6/2024	5/6/2024
Tina Pinks	Finance Manager Corporate Finance	Finance and Resources	5/6/2024	6/6/2024
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources	-	5/6/2024	6/6/2024
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	5/6/2024	10/6/2024
Councillor R Lakha	Chair of Audit and Procurement Committee	-	5/6/2024	5/6/2024

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Coventry City Council

Internal Audit: External Quality Assessment -
Independent Validation

May 2024

Produced by:

Peter Farrow, Head of Audit – Sandwell Council and West Midlands Fire Service

1 Introduction

- 1.1 As part of the Public Sector Internal Audit Standards there is a requirement for an external assessment of the internal audit service to be carried out at least once every five years and that this may be satisfied by either arranging for a full external assessment or by undertaking a self-assessment with independent validation.
- 1.2 The Council chose the option to undertake a self-assessment with independent validation as the preferred choice, and that the independent validation would be undertaken by Peter Farrow, the Head of Audit at Sandwell Council as part of a tri-reciprocal arrangement between Coventry, Solihull and Sandwell Council.
- 1.3 The Chartered Institute of Public Finance and Accountancy's (CIPFA) have produced a local government application note for the Public Sector Internal Audit Standards. The application note states that if an externally validated self-assessment is chosen, then the checklist included in the application note is recommended. Therefore, this checklist was completed by the internal audit team and formed the basis of the external validation.

As part of the external validation 1-1 interviews were also held with the following:

- Chief Operating Officer (Section 151 Officer)
 - Chair of the Audit and Procurement Committee
 - Chief Internal Auditor
- 1.4 A focus group meeting with members of the internal audit service was also held.
 - 1.5 Finally a number of key documents produced by Audit Services were also reviewed alongside the self-assessment including the latest Internal Audit Plan and Internal Audit Annual Report and examples of Terms of Reference and Internal Audit Reports for individual reviews.

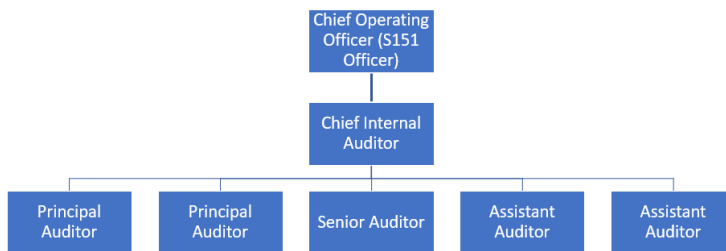
2 Conclusion

- 2.1 From the evidence reviewed as part of the independent validation of the self-assessment Coventry City Council's Internal Audit Service conforms to the requirements of the Public Sector Internal Audit Standards and the requirements of the Local Government Application Note, with no key areas of non-compliance with the standards identified.
- 2.2 As part of the comprehensive self-assessment exercise undertaken, the service area had already identified a number of actions that would help build on their conformance with the standards, and as part of the external validation a limited number of other areas were identified which will assist in this process. These are included in section 3 of this report.

3 Observations, Findings and Suggested Actions

Background

3.1 The Council has an in-house internal audit team managed by the Chief Internal Auditor who in turn reports to the Chief Operating Officer (Section 151 Officer). The Chief Internal Auditor is an experienced and qualified individual. Many of the team also hold professional audit qualifications. They operate in accordance with an Internal Audit Charter approved by the Council’s Audit and Procurement Committee.



3.2 In their 1-1 interviews both the Chief Operating Officer and the Chair of the Audit and Procurement Committee explained that they hold the internal audit team, and the Chief Internal Auditor in high-regard for the support provided to them in their roles and across the wider Council, and they were very appreciative of the work the internal audit function at the Council undertakes.

3.3 In the focus group the members of the internal audit team demonstrated their knowledge of the Public Sector Internal Audit Standards and were actively engaged in working to ensure they continue to provide a modern and effective internal audit service to the Council.

3.4 Internal Audit is an essential part of the Council’s corporate governance. In considering the Public Sector Internal Standards, Internal Audit is defined 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”.

3.5 The priorities of the internal audit activity are determined through the development of an annual risk-based Internal Audit Plan clearly setting out the planned programme of work for the year ahead. The Plan is also shared with the Audit and Procurement Committee.

3.6 A score is allocated to the outcome of each review in order to reflect the level of assurance that can be obtained from that review. This also helps inform the annual Chief Internal Auditor opinion given at the end of the year. The scores used are as follows:

Assurance Level	Assurance Criteria
Significant	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.
Reasonable	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.
Limited	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.
No	There are major, fundamental weaknesses in the level of control for managing the significant inherent risks within the system. The weaknesses 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.

- 3.7 The Internal Audit team provide regular monitoring reports to the Audit and Procurement Committee, which helps ensure they remain well informed on the outcome of individual reviews. Within this, there is a particular focus on reviews given Limited or No assurance.

Internal Audit Self-Assessment

- 3.8 As indicated above, as part of the self-assessment exercise undertaken using the model provided by CIPFA in their local government application note for the Public Sector Internal Audit Standards, the Internal Audit Service had already identified a number of actions detailed in the table below that would help further develop their compliance with the standards. These were reviewed as part of this external validation process and it was felt that the actions, provided a fair and accurate reflection of the service area. These actions are noted in the table below.
- 3.9 The completion of the self-assessment tool was a significant piece of work undertaken by the Internal Audit team, in which each of the many standards are listed, and how conformance to each standard was evidenced was recorded alongside them. This was a very useful exercise in order to help facilitate this independent assessment.

Required actions from the self-assessment exercise

Action Point	Required Action
1	Within the Internal Audit Charter identify internal audit's contribution to the review of effectiveness of the control environment, as set out in the Accounts and Audit (England) Regulations 2015 - the charter will be updated and presented to Audit and Procurement Committee as part of the 23/24 Annual Internal Audit Report.
2	Confirm to the board, at least annually, that the internal audit activity is organisationally independent - this will be included in the Annual Internal Audit Report for 23/24 presented to Audit and Procurement Committee.
3	Internal auditors to have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques. In exercising due professional care internal auditors consider the use of technology based audit and other data analysis techniques – a data analytics strategy and training plan will be developed.

4	Internal audit activity's plan of engagements to be based on a documented risk assessment - work is ongoing to consider how this can be documented in a more meaningful way and be underpinned by an Audit Universe.
5	Policies and procedures are regularly reviewed and updated to reflect changes in working practices and standards - work is ongoing to update the Audit Manual.
6	An assurance mapping exercise to be carried out as part of identifying and determining the approach to using other sources of assurance - whilst other sources of assurance are considered informally, the Service will look to complete a formal assurance mapping exercise.
7	The Head of Audit to develop and implement retention requirements for all types of engagement records - a housekeeping exercise will be undertaken.

Additional observations

3.10 In addition to the above actions arising from the self-assessment exercise, the independent validation has made the following further observations for consideration:

Suggested actions from the independent validation

Action Point	Suggested action
8	<p>The internal audit team has five audit posts reporting to the Chief Internal Auditor. At the time of this review there had been a vacancy at Principal Auditor level, with the second Principal Auditor also indicating that they had accepted a role at another local authority. In order to deliver the Internal Audit Plan, it is important that the team are supported in order to enable them to recruit back to their full establishment.</p> <p>Management response – accepted. Following an unsuccessful recruitment exercise, the structure of the establishment is currently being reviewed to ensure it is fit for purpose and enable the Service to be adequately resourced.</p>
9	<p>The 2023/24 Internal Audit Plan was presented to the Audit and Procurement Committee on 24 July 2023. The recommendation to the report was for the committee to consider the Plan and provide any comments on the content and scope of the proposed Plan. Ideally the recommendation put to the Audit and Procurement Committee should be for them to also approve the Plan as referenced in the Internal Audit Charter.</p> <p>Management response – accepted</p>
10	<p>As part of their regularity work, during 2022/23 the Internal Audit team were required to undertake a considerable number of grant certification work. This to some extent was increased by the need to certify grants relating to the Covid-19 pandemic. Whilst grant related work has since reduced, the Service should continue to consider the impact of such work in the context of the wider Internal Audit Plan and the use of resources.</p>

	Management response – accepted.
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4 Recommendation

It is recommended that the results of the actions identified by the Internal Audit Service through the completed self-assessment using CIPFA's local government application note, and the suggested actions arising from the external validation process are used to populate an Action Plan identifying the responsible officer and timetable for implementation. The successful completion of the actions in the Action Plan should then be monitored by the Chief Internal Auditor and the Audit and Procurement Committee.

5 Acknowledgements

I would like to pass on my thanks for their valuable time and contribution to this independent validation exercise, to Karen Tyler – Chief Internal Auditor, Barry Hastie – Chief Operating Officer (Section 151 Officer), Councillor Ram Lakha OBE – Chair of the Audit and Procurement Committee, and to the officers within the Internal Audit team.

INTERNAL AUDIT CHARTER

COVENTRY CITY COUNCIL INTERNAL AUDIT SERVICE

1. INTRODUCTION

This document defines the purpose, authority, responsibility, and position of the Internal Audit Service within Coventry City Council. The charter is based on the Institute of Internal Auditor's model charter but adapted where appropriate to reflect the Public Sector Internal Audit Standards and the operation of internal audit within Coventry City Council

The Public Sector Internal Audit Standards require the following terms to be defined within the Charter for the purposes of internal audit activity:

- **Senior Management** – This refers to members of the One Coventry Leadership Team and the Senior Leadership Team.
- **Board** – This refers to the Audit and Procurement Committee who have responsibility for overseeing the work of Internal Audit.

2. PURPOSE AND MISSION

The purpose of Coventry City Council's Internal Audit Service is to provide independent, objective assurance and consulting services designed to add value and improve Coventry City Council's operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. The Internal Audit Service helps Coventry City Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

3. STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The Internal Audit Service will govern itself by adherence to the Public Sector Internal Audit Standards which encompass the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. The Chief Internal Auditor will report periodically to senior management and the Audit and Procurement Committee regarding the Internal Audit Service's conformance to the Standards.

4. AUTHORITY

The Chief Internal Auditor will report functionally to the Audit and Procurement Committee and administratively to the Council's Director of Finance and Resources (Section 151 Officer.) The Director of Finance and Resources also has responsibility for ensuring that the Internal Audit service is appropriately

resourced, in consultation with the Chief Internal Auditor. The Chief Internal Auditor has unfettered access to other senior managers as required, including the Chief Executive.

To establish, maintain and assure that Coventry City Council's Internal Audit Service has sufficient authority to fulfil its duties, the Audit and Procurement Committee will:

- Approve the Internal Audit Service's Charter
- Approve the risk-based internal audit plan
- Receive communications from the Chief Internal Auditor on the Internal Audit Service's performance relative to its plan and other matters
- Make appropriate inquiries of management and the Chief Internal Auditor to determine whether there is inappropriate scope or resource limitations.

The Chief Internal Auditor will have unrestricted access to and communicate and interact directly with the Audit and Procurement Committee, including in private meetings without management present if required.

The Audit and Procurement Committee authorises the Internal Audit Service to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information. (There is also provision for this within the Account and Audit Regulations 2015.)
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives and issue reports.
- Obtain assistance from other specialised services from within or outside of Coventry City Council in order to complete the engagement.

5. INDEPENDENCE AND OBJECTIVITY

The Chief Internal Auditor will ensure that the Internal Audit Service remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Chief Internal Auditor determines that independence or objectivity may be impaired in fact or appearance the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgement on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement

internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for Coventry City Council or its subsidiaries.
- Initiating or approving transactions external to the Internal Audit Service.
- Directing the activities of any Coventry City Council employee not employed by the Internal Audit Service, except to the extent that such employees have been appropriately assigned to the Internal Audit Service or to otherwise assist internal auditors.

Where the Chief Internal Auditor has or is expected to have roles and / or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Chief Internal Auditor will confirm to the Audit and Procurement Committee, at least annually, the organisational independence of the Internal Audit Service.

The Chief Internal Auditor will disclose to the Audit and Procurement Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

6. ROLE OF INTERNAL AUDIT IN FRAUD-RELATED WORK

Managing the risk of fraud and corruption is the responsibility of senior management, but the Chief Internal Auditor, through development of Coventry City Council's Fraud and Corruption Strategy ensures that the Internal Audit Service is notified of all suspected or detected fraud, in order to co-ordinate the Council's approach to such activity. This includes, on occasions, undertaking independent investigations into suspected or detected fraud. In addition, the Internal Audit Service undertakes proactive reviews and co-ordinates the Council's response to the National Fraud Initiative. Whilst such activity comes under the remit of the Internal Audit Service, it is reported separately to internal audit activity. A clear separation of work is maintained within the Internal Audit

Service when fraud-related work is carried out to ensure there are no conflicts of interest and objectivity is maintained.

Other than stated, the Internal Audit Service has no direct operational responsibility or authority over any other activities.

7. SCOPE OF INTERNAL AUDIT ACTIVITIES

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit and Procurement Committee, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for Coventry City Council. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Coventry City Council's strategic objectives are appropriately identified and managed.
- The actions of Coventry City Council's officers, directors, employees, and contractors are in compliance with Coventry City Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Coventry City Council.
- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Accounts and Audit (England) Regulations 2015 require relevant authorities to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement. The Internal Audit Service is a key contributor through co-ordinating activity and highlighting issues from Internal Audit work which should be considered by the Corporate Governance Steering Board in undertaking the review. The Service also prepares the draft Annual Governance Statement, based on the assessment by the Corporate Governance Steering Board for approval by Senior Management and the Audit and Procurement Committee.

The Chief Internal Auditor will report periodically to senior management and the Audit and Procurement Committee regarding:

- The Internal Audit Service's purpose, authority, and responsibility.
- The Internal Audit Service's plan and performance relative to its plan.

- The Internal Audit Service's conformance with the Public Sector Internal Audit Standards and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit and Procurement Committee.
- Results of audit engagements or other activities.
- Any response to risk by management that may be unacceptable to Coventry City Council.

The Chief Internal Auditor also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Service may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Service does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

8. RESPONSIBILITY

The Chief Internal Auditor has the responsibility to:

- Submit, at least annually, to the Audit and Procurement Committee a risk based internal audit plan for review and approval.
- Communicate to senior management and the Audit and Procurement Committee the impact of any resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in Coventry City Council's business, risks, operations, programmes, systems, and controls.
- Communicate to the Audit and Procurement Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Audit and Procurement Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit Service collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter.

- Ensure trends and emerging issues that could impact Coventry City Council are considered and communicated to the Audit and Procurement Committee as appropriate.
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Service.
- Ensure adherence to Coventry City Council's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to the Audit and Procurement Committee.
- Ensure conformance of the Internal Audit Service with the Standards, with the following qualifications:
 - If the Internal Audit Service is prohibited by law or regulation from conformance with certain parts of the Standards, the Chief Internal Auditor will ensure appropriate disclosures and will ensure conformance with all other parts of the Standards.
 - If the Standards are used in conjunction with requirements issued by other authoritative bodies, the Chief Internal Auditor will ensure that the Internal Audit Service conforms with the Standards, even if the Internal Audit Service also conforms with the more restrictive requirements of other authoritative bodies.

9. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The Internal Audit Service will maintain a quality assurance and improvement programme that covers all aspects of the Internal Audit Service. The program will include an evaluation of the Internal Audit Service's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Internal Audit Service and identify opportunities for improvement.

The Chief Internal Auditor will communicate to the Audit and Procurement Committee on the Internal Audit Service's quality assurance and improvement programme, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside Coventry City Council.

Audit and Procurement Committee

24th June 2024

Name of Cabinet Member:

N/A

Director approving submission of the report:

Director of Law and Governance

Ward(s) affected:

N/A

Title:

Outstanding Issues

Is this a key decision?

No

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 25th 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

N/A

3. Results of consultation undertaken

N/A

4. Timetable for implementing this decision

N/A

5. Comments from the Director of Finance and the Director of Law and Governance

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 Audit and Procurement Committee.

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:

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Law and Governance

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Enquiries should be directed to the above person.

This report is published on the council's website: <https://edemocracy.coventry.gov.uk>

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.	Corporate Risk	Audit and Procurement Committee 18 th March 2024 - Minute 54/23	September 2024 (Report added to Work Programme 2024/25)	Roger Martin		

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

Appendix 2

Information/Action Requested Outside Meeting

No.	Subject/Report	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1.	Procurement and Commissioning Progress Report	Audit and Procurement Committee 18th March 2024 - Minute 59/23	Members requested further information on the procurement of mobile phone contracts and the amount from the budget being spent on spot contracts	Rob Amor	

Audit and Procurement Committee

Work Programme 2024/25

3rd June 2024 – Additional Meeting

Consideration of Approval of Severance Packages (Private)

24th June 2024

Local Code of Corporate Governance
Internal Audit Annual Report 2023/2024
Internal Audit External Quality Assessment
Consideration of Approval of Severance Packages - 2 reports (Private)

22nd July 2024

Revenue and Capital Outturn 2023/2024
RIPA Annual Compliance Report 2024
Audit and Procurement Committee Annual Report to Council 2023/2024
Internal Audit Plan 2024/2025
Annual Fraud and Error Report 2023/2024

30th September 2024

First Quarter Revenue and Capital Monitoring Report (to June 2024)
Whistleblowing Annual Report 2023/2024
Annual Governance Statement 2023/2024
Corporate Risk Report
Six Monthly Procurement Progress Report (Private)

25th November 2024

Treasury Management Update 2024-25 – Half Year Progress Report
Half Year Internal Audit Report 2024/2025
Half Year Fraud and Error Report 2024/2025
Quarter Two Revenue and Capital Monitoring Report 2024/2025 (to September 2024)

3rd February 2024

Interim Value for Money Audit Findings Report (Grant Thornton)
Information Governance Annual Report 2023
Complaints to the Local Government and Social Care Ombudsman 2023/2024
Coventry Municipal Holdings Group Accounts 31st March 2023 and 31st March 2024

17th March 2025

Corporate Risk Report
Internal Audit Recommendation Tracking Report
Quarter Three Revenue and Capital Monitoring Report 2024/2025 (to December 2024)
Quarter Three Internal Audit Progress Report 2024/2025
Six Monthly Procurement Progress Report (Private)

Future Items – Date to be Confirmed

Data Analytics, Including Use of Artificial Intelligence

External Audit Plan Year Ending March 2022 (Grant Thornton)

External Audit Plan Year Ending March 2023 (Grant Thornton)

External Auditor's Annual Report 2022/2023 (Grant Thornton)

External Auditor's Annual Report 2023/2024 (Grant Thornton)

Audited 2021/22 Statement of Accounts and Audit Findings Report (Grant Thornton)

Audited 2022/23 Statement of Accounts and Audit Findings Report (Grant Thornton)

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