

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm
on Monday, 2 February 2026

Present:

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

Other Member Present: Councillor G Lloyd (Chair of Scrutiny Co-ordination Committee)

Employees (by Directorate):

Finance and Resources B Hastie (Director of Finance and Resources (Section 151 Officer)), P Helm, T Pinks, K Tyler

Law and Governance M Salmon

Others Present: Andrew Smith, Grant Thornton (External Auditor)
Megan Hancox, Grant Thornton (External Auditor)

Apologies: There were no apologies

Public Business

45. Declarations of Interest

There were no disclosable pecuniary interests.

46. Minutes of Previous Meeting

The minutes of the meeting on 24th November 2025 were agreed and signed as a true record. There were no matters arising.

47. 2024/25 Statement of Accounts

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) that sought approval for the 2024-25 Statement of Accounts for publication on the Council's behalf. Appendices to the report from the External Auditor, Grant Thornton, provided: the Coventry City Council's Statement of Accounts 2024-25; the Audit Findings Report 2024-25 for Coventry City Council; and the Auditor's Report 204-25. These documents detailed the position in relation to 2024-25 and dealt with the necessary matters required in

advance of the Government deadline for the completion of audit work. Officer from Grant Thornton attended the meeting to support this item of business.

In 2024, the Government passed legislation designed to address the backlog in the completion of local authority accounts. This legislation specified 'backstop' deadlines for the completion of audit work relating to particular financial years. The deadline for the Statement of Accounts 2024-25 was set as 27th February 2026. In the event of uncompleted audits, auditors would be required to issue either qualified opinions or disclaimers, as appropriate.

Grant Thornton had provided an Audit Findings Report for the work carried out on the audit of 2024-25 accounts since 1st July 2025. As part of this, and due largely to the tight timescale surrounding the backstop, they had drafted a partially disclaimed opinion for 2024-25 and proposed 'management letters of representation' for the Council to review.

At the time of publication of the report, the Auditor's Report 2024-25 (Appendix 3 to the report) has not been received from Grant Thornton. In light of the backstop date for the publication of the 2024-25 audited accounts being 27th February 2026 and with the agreement of the Chair, Councillor Lakha, the Auditors Report 2024-25 was circulated and published separately and prior to the meeting in order to ensure that sufficient time was provided for the Committee to give full consideration to the document and the contents of the report.

Although a significant amount of audit work had been carried out on the 2024-25 accounts this had not been sufficient for the auditor to issue an opinion without disclaimer. As a result, Grant Thornton was intending to issue a disclaimed opinion, reflecting the fact that there had been insufficient time to gain full assurance. Appendix 1 to the report detailed the work that had been carried out on the 2024-25 accounts and clarified which items remained incomplete.

There were no regulatory penalties for missing the accounting deadlines. However, failure to comply with the accounting deadlines would likely result in additional work for officers and the Council's auditors, which would be reflected in additional audit costs.

Coventry City Council remained classified as a Public Interest Entity (PIE) in 2024/25 due to an historic issue of bonds which were freely tradable on the Stock Exchange. This classification required the Local Authority to meet a number of ethical standards specific to PIE organisations. One of these ethical standards related to a 70% cap on non-audit fees for PIEs for the average of the fees paid in the last three consecutive years of audit fees. The cap was used to control non-audit spending (for Coventry City Council, this related to Teachers Pension Audit and Housing Benefit Audit work) to ensure it didn't exceed a certain percentage of the audit fees.

Due to the audit backstop legislation, and the subsequent reduced audit fees for 2021/22, 2022/23 and 2023/24, presented to Audit and Procurement Committee on 25th November 2024 (minute 35/24 referred), the non-audit fees for 2024-25 were in breach of this ethical standard. In these exceptional circumstances, owing to the backstop, Grant Thornton had been awarded an exemption by the Financial Reporting Council (FRC). The waiver on the fee cap was awarded on the grounds

of the specific costs involved and the circumstances around the backstop. There is an obligation on the Council through the work of the Audit and Procurement Committee to satisfy itself as to the continued independence of Grant Thornton UK LLP to act as auditor, given the nature of fees earned by Grant Thornton UK LLP in relation to the fees cap, as applicable in these exceptional circumstances.

As a result of the backstop legislation passed in September 2024, a disclaimer of opinion was issued for 2023-24. For the 2024-25 audit, Grant Thornton had continued to rebuild assurance, focusing on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances. As was expected, they had not concluded all the necessary work including reserves, grants received in advance and capital financing requirements due to the disclaimed opinion on opening balance in 2023-24. This 'limited assurance' over the opening balances for 2024-25 resulted therefore in 'no assurance' over the closing reserves balance also due to the uncertainty over the opening amount.

In June 2025, the National Audit Office (NAO) published its "Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06" for auditors which set out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. This included assessments over risk of material misstatements of opening balance figures and reserves; designing and performing specific substantive procedures, such as proof-in-total approach; special considerations for fraudulent reporting, property, plant & equipment, and pension related balances. It was expected that Grant Thornton's strategy for rebuilding assurance would be discussed, as part of the planning for 2025-26 audit plan.

The Council had received claims in respect of Equal Pay. Due to the process currently being at an early stage, it was management's view that there was no reliable assessment of the validity, potential success or value of claims at this stage. Disclosure of Counsel advice regarding open litigation was excluded under the Local Audit and Accountability Act 2014 to prevent undue influence on the outcome of claims. Grant Thornton had not received management's assessment of the probability of the claims being successful or an estimation of any associated liabilities and had therefore not concluded work in this area.

Members asked questions and received responses at the meeting from officers and Grant Thornton on matters that included: valuations of land and buildings; equal pay claims process and liability; officer access to the accounts; IFRA 16; the pension scheme; future backstop dates for the accounts; external auditor fees. The Committee received assurance that these were a good set of accounts and financial management at the Authority was robust.

The Committee thanked Grant Thornton and the Council's Finance Officers for the work they had undertaken on the accounts.

RESOLVED that the Audit and Procurement Committee:

1) Notes the details presented in the 2024-25 Audit Findings Report.

- 2) **Accepts the disclaimed opinions provided by the external auditor in relation to elements of the 2024-25 accounts.**
- 3) **Grants authorisation for the requested letter of representation for 2024-25, to be signed and returned to the external auditors.**

48. **2025/26 Second Quarter Financial Monitoring Report (to September 2025)**

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer), that had also been considered by Cabinet at its meeting held on 16th December 2025 (their Minute 45/24 referred). that advised of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2025. The net revenue forecast position after management action was for spend in 2025-26 of £3.3m over budget. Whilst not a wholly comparable position, at the same point in 2024-25, there was also a projected overspend of £10.2m.

The Council continued to face budget pressures within Adults Social Care, Property Services and Development, City Services and Regeneration and Economic Development. These financial pressures were being caused by a combination of continued service demand, complexity and market conditions in social care, legacy inflation impacts, and income shortfalls due largely to the economic climate.

The Council's capital spending was projected to be £184m and included major schemes progressing across the city. The size of the programme and the nature of the projects within it continued to be fundamental to the Council's role within the city. Although prevailing inflation rates looked to be stabilising, legacy inflationary pressures continued to affect capital projects. The position would continue to be monitored to ensure projects were delivered within available resources.

RESOLVED that the Audit and Procurement Committee, having considered the proposals in the report, notes the report and confirms that it has no further recommendations to make to Cabinet.

49. **Internal Audit Plan 2025-26 - Half Year Progress Report**

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) that provided an update on the internal audit activity for the period April to September 2025, against the Internal Audit Plan for 2025-26. The report was the first monitoring report for 2025-26, which was presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'. Appendices to the report provided: the Audit Reviews Completed between April and September 2025; and the Summary Findings from Key Audit Reports.

The Internal Audit Plan for 2025-26 was presented to the Audit and Procurement Committee at its meeting on 23rd June 2025 (minute 4/25 referred) and provided for 650 days of internal audit work in 2025-26. As the Plan was agreed at the start of the financial year, it was always likely to be subject to some amendments due to

changes in the risk environment, requests from service areas to reschedule work, and other exceptions, with significant changes reported to the Committee. As a result of unplanned absence in the Service and the time taken to implement the agreed service redesign, it had been necessary to make changes to the Audit Plan given the reduction in available resources, therefore the Plan was now based on the provision of 550 days of internal audit work in 2025-26. This had been accommodated through re-programming some internal audit work into the 2026-27 Audit Plan and changes in the risk environment impacting on the requirement for audit involvement. The key target was for the Internal Audit Service to complete 90% of its work plan by 31st March 2026. A chart in the report provided analysis of progress against planned work for the period April to September 2025 based on the revised audit plan of 550 days.

At the end of September 2025, the Service had completed 45% of the Audit Plan against a benchmark of 50% (which reflected delivery of 100% of the Plan.) Whilst this showed the Service to be on track to achieve the target of 90% by the end of 2025-26, the impact of the unplanned absence in particular would be visible in the quarter three performance which was due to be reported to the Audit and Procurement Committee in March 2026. Notwithstanding this, the Service remained committed to achieving the target by the end of the financial year. It was the view of the Chief Internal Auditor that these changes would not, in any significant respects, impact on the ability to deliver the annual internal audit conclusion.

At its meeting in November 2025 (minute 26/25 referred), the Audit and Procurement Committee approved the performance indicators for the Internal Audit Service for 2025-26, in line with the Global Internal Audit Standards in the UK Public Sector. Whilst some of these indicators were measured on an annual basis, there were two that were measured quarterly and these were summarised in a table in the report. The report also provided details of comments made by customers, in addition to the high customer feedback scores.

It was noted that the indicator relating to the percentage of audit recommendations implemented as planned was not exclusively a reflection of Internal Audit performance, as management were responsible for completing agreed actions. However, notwithstanding this, the Internal Audit Service were in the process of putting in place additional measures to support the gradual improvement of implementation rates which included further development of the directorate trackers, specific discussions at the draft report stage on the importance of the timely implementation of agreed actions, and enhancements to the follow up process to make officers more accountable for lack of progress.

Appendix One to the report listed the audits finalised between April and September 2025, along with the level of assurance provided. At 30th September 2025 there were no audits at Draft Report Stage, and the on-going audits were Property Disposals, Ransomware Threat, Our Lady of Assumption Catholic Primary School, Occupational Therapy Equipment, Commercial Property Rent, Purchasing Cards (Children's and Education), and Noise Team Rotas. Details of a selection of key reviews completed in this period were provided at Appendix Two to the report, in all cases the relevant managers had agreed to address the issues raised in line with the timescales stated. These reviews would be followed up in due course and the outcomes reported to the Audit and Procurement Committee.

RESOLVED that the Audit and Procurement Committee:

- 1) Notes the performance as at quarter two against the Internal Audit Plan for 2025-26.**
- 2) Notes the summary findings of the key audit reviews attached at Appendix Two to the report.**

50. Half Yearly Fraud and Error Report 2025-2026

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) that provided a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service during the first half of the financial year 2025-26.

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

The report documented the Council's response to fraud and error during the first half of the financial year 2025-26 and was presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference 'to monitor Council policies on whistle blowing and the fraud and corruption strategy'. The Internal Audit Service was responsible for leading on the Council's strategic response to the risk of fraud and error, the work of the team had focused on three main areas during 2025-26: National Fraud Initiative; Referrals and Investigations considered through the Council's Fraud and Corruption Strategy; and Fraud Awareness. A summary of the key activity that had taken place during 2025-26 was set out in detail in the report.

A National Fraud Initiative exercise, led by the Cabinet Office, took place every two years and matched electronic data within and between public bodies, with the aim of detecting fraud and error. The follow up of matches could also provide assurance that the Council's own arrangements for preventing and detecting fraud / error were effective. The results of the last exercise were released in January 2025 and formed part of the planned programme of work for 2025-26. It was noted that matches relating to Housing Benefit / Council Tax Support / Single Person Discounts fell under the responsibility of the Revenues and Benefits Service. Given the number of matches released, a risk-based approach was used in following up the matches. To date, around 700 matches had been processed and a table in the report provided a breakdown of those areas where overpayments / forward savings had been identified to date. Where overpayments were identified, these were subject to standard recovery arrangements.

From time to time, the Internal Audit Service received referrals or were asked to assist with investigations relating to employee misconduct and other fraud against the Council involving external individuals. A further table in the report indicated the

number of referrals by source in 2025-26, along with figures for the previous three financial years. It was important to note that there was no mechanism for determining the number of reports the Council should receive on an annual basis and it was very difficult to anticipate or identify the reasons behind fluctuations in numbers. It was noted that this information only reflected referrals made in respect of concerns relating to fraud and corruption and did not include other matters raised under the Whistleblowing Policy.

Of the 18 referrals received, eleven have led to a full investigation. The reasons for referrals not resulting in a full investigation included (a) initial assessment / fact finding does not find any evidence to support the allegations (b) appropriate action had already been taken, e.g. the fraud had been prevented, and (c) the nature of the event meant it was impractical to pursue further. Two further investigations were carried forward from 2024-25. All investigations related to fraud / theft or other activities linked to obtaining a financial benefit. Five out of the 13 investigations were still on-going, whilst of the remaining eight:

- In one case, the employee resigned during the disciplinary investigation.
- In three cases, the concern was not substantiated.
- In one case, a formal re-setting of standards took place.
- In one case involving a direct payment, the direct payment was ended.
- In one case involving the theft of ICT equipment, the employee was dismissed and was prosecuted by the police.
- In one case involving European grant funding provided to four local businesses (who were connected to each other), a sum of £138k was recovered and returned to central government.

In 2025-26 to date, the Internal Audit Service continued to support training sessions with employees from Adult Social Care to raise awareness of the types of fraud that could occur within the social care environment, and particularly within direct payments. The Service was also in discussion with colleagues from Customer Services around how the single resident record which was in development could be used to detect / prevent fraud in claims for financial assistance.

Within auditing standards there were clear expectations around the level of oversight that the Audit and Procurement Committee should have in relation to the risk of fraud within the Council. This included an expectation that appropriate detail was provided around significant fraud for which principles had been applied. In the period April 2025 to September 2025, the report detailed two significant frauds that had been concluded. Whilst in both cases, the investigations related to previous financial years, associated legal processes had not been concluded until 2025-26. Further to these cases: the service area had taken action to review their processes for verifying grant claims and put in place additional measures to minimise risk; and Digital Services had worked closely with Internal Audit to strengthen arrangements with a specific software package procured which should provide a more efficient and robust solution in the longer term.

RESOLVED that the Audit and Procurement Committee, notes the anti- fraud and error activity undertaken during the first half of the financial year 2025-26.

51. **Whistleblowing Annual Report 2024-2025**

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) that provided a summary of the concerns raised under the Council's Whistleblowing Policy during 2024-25 along with the Council's response to the issues, including any organisational learning to prevent similar reoccurrences.

Whistleblowing was the making of a protected disclosure as found in Part IVA of the Employment Rights Act 1996 (and as amended by the Public Interest Disclosure Act 1998) and was reflected in the Council's Whistleblowing Policy 2017. This qualified employees (including agency workers) for legal protection against detriment or unfair dismissal if they made a disclosure in the public interest. To qualify, the disclosure must also fall within one of the following grounds: a criminal offence; breach of any legal obligation; miscarriages of justice; danger to health and safety; damage to the environment; and the deliberate concealing of information about any of these grounds. The Council's Whistleblowing Policy was clear that all concerns raised about actual or potential misconduct or wrongdoing in the Council were taken seriously. Matters relating to fraud and corruption were considered by the Chief Internal Auditor and all other concerns which fell under one of the grounds were considered by the Council's Monitoring Officer.

The report provided a summary of the concerns raised under the Council's Whistleblowing Policy during 2024-25 and the Council's response to the issues and was presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference "to monitor Council policies on whistleblowing and the fraud and corruption strategy". In order to protect the confidentiality of whistleblowers and other parties involved, no information was included in the report that could lead to the identification of a whistleblower or the subject of the whistleblowing or compromise the confidentiality of an on-going investigation.

During 2024-25, the Council received ten whistleblowing disclosures. Of these, three disclosures were made by a third party and as such, the legal protection afforded to employees who raise concerns did not extend to these individuals. However, the Council considered that any disclosure made by members of the public should be treated in the same way as disclosures made by employees and consequently had made every reasonable effort to protect all individuals under the whistleblowing process. Further, four disclosures did not satisfy the grounds for whistleblowing as they did not relate to one of the prescribed concerns required in order to qualify under the Council's policy. In such cases, the individual was advised of the appropriate route to raise their concern. A summary of the disclosures made by type and service area, and a summary of the responses to the disclosures were detailed in tables in the report.

Employees were able to resolve matters using other routes if they wished to do so, for example through discussion with their line manager or reporting concerns to one of the "prescribed persons" set out in the Public Interest Disclosure (Prescribed Persons) Order 2014, such as the Health and Safety Executive.

Where appropriate, responsible officers would identify learning points from any issues raised and ensure that they were acted upon to prevent similar issues recurring. If required, this included consideration of whether there were any systematic improvement actions for the wider organisation. In one case considered in 2024-25, management action was agreed. Whilst these actions were specific to the concerns raised, rather than organisation-wide improvements, opportunities to learn from disclosures would continue to be considered as part of the investigation process.

RESOLVED that the Audit and Procurement Committee, notes the summary of whistleblowing concerns raised during 2024-25 and confirms its satisfaction with the actions taken to respond to the issues raised.

52. Outstanding Issues

There were no outstanding issues.

53. Work Programme 2025-2026

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 2025/2026.

RESOLVED that the Audit and Procurement Committee, notes the Work Programme for 2025/2026.

54. 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.

(Meeting closed at 3.40 pm)