



Audit and Procurement Committee

Time and Date

2.00 pm on Monday, 22nd June, 2026

Place

Council House

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 10)
To agree the minutes of the meeting held on 16th March 2026
4. **Annual Governance Statement 2025/26** (Pages 11 - 40)
Report of the Director of Law, Governance and Safer Communities
5. **Internal Audit Annual Report 2025/26** (Pages 41 - 68)
Report of the Director of Finance and Resources
6. **Internal Audit Plan 2026/27** (Pages 69 - 78)
Report of the Director of Finance and Resources
7. **Outstanding Issues** (Pages 79 - 84)
Report of the Director of Law, Governance and Safer Communities
8. **Work Programme 2026/2027** (Pages 85 - 86)
Report of the Director of Law, Governance and Safer Communities
9. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Private business

Nil

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

Friday, 12 June 2026

Note: The person to contact about the agenda and documents for this meeting is Lara Knight, Governance Services, Email: lara.knight@coventry.gov.uk

Membership: Councillors A Bryant, D Clark, M Heaven, S Nazir (Chair), C Phillips, H Rehman, K Sandhu (Deputy Chair)

By invitation Councillor R Brown

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>

Lara Knight

Telephone: (024) 7697 2642

e-mail: lara.knight@coventry.gov.uk

Public Document Pack Agenda Item 3

Coventry City Council

Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm on Monday, 16 March 2026

Present:

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

Employees (by Directorate):

Finance and Resources E Dewar, P Helm, T Pinks, K Tyler

Law and Governance R Amor, A West

Apologies: Councillor J Blundell

Public Business

55. Declarations of Interest

There were no disclosable pecuniary interests.

56. Minutes of Previous Meeting

The minutes of the meeting on 2nd February 2026 were agreed and signed as a true record. There were no matters arising.

57. Exclusion of Press and Public

RESOLVED that the Audit and Procurement Committee agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 66 below headed 'Six Monthly Procurement Progress Report' on the grounds that the report involves the likely disclosure of information as defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

58. 2025-26 External Audit Plan (Grant Thornton)

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) in relation to the 2025/26 External Audit Plan provided by the Council's external auditor, Grant Thornton.

The Audit Plan provided details of the planned scope and timing of the audit of the Council's accounts. As the focus of the audit is risk based, Grant Thornton had

been liaising with the Council's management to update their understanding of the nature of risks that could impact on the audit plan. The findings from this work were detailed in the 'Informing the risk assessment' report set out in Appendix 2 to the report.

The auditors design an audit programme that is tailored to address and assess the risks. Key risks identified in the Audit Plan are:

- Management override of controls
- The revenue cycle includes fraudulent transactions
- The expenditure cycle includes fraudulent transactions
- Valuation of land and buildings and investment properties
- Valuation of the pension net asset/liability.
- Accounting for the Group and related disclosures
- Valuation of long-term investments
- Equal pay claims

In support of the audit of the accounts, Grant Thornton review the controls in place for the Council's key financial systems. The latest outcome from this work is detailed in the '2024/25 IT audit findings' report which was presented to the Audit and Procurement Committee alongside the 2024/25 Audit Plan in September 2025. Although there were some areas for improvement identified, there were no significant deficiencies in IT controls relevant to the audit of financial statements. The 2025/26 IT audit had been scheduled for April 2026 and will specifically review the Business World Cloud Migration which took place in February 2026, with findings and assurances being fed into the Main Audit.

In September 2024, the Government passed legislation designed to address the backlog in the completion of local authority accounts. This legislation specified deadlines for the completion of audit work for particular financial years. In the event of uncompleted audits by the specific deadlines, auditors would be required to issue either qualified opinions or disclaimers, as appropriate.

Primarily due to delays in the publishing of the audited 2019/20 accounts, the publication and audit of the Council's subsequent four years, 2020/21, 2021/22, 2022/23 and 2023/24 accounts were delayed. As the deadline for publishing the audited accounts in relation to these years was 28th February 2025, there was not sufficient time to carry out the full audit for these years, and the external auditor issued disclaimed opinions for these years.

The audit of the 2024/25 accounts was signed off and approved in February 2026, however, to reflect the fact that the Council's prior four years accounts have not been audited, reliance could not be placed on brought forward balances. This resulted in the 2024/25 audited accounts continuing to be issued with a disclaimed opinion.

The Audit Plan for 2025/26 reflected the continued application of the backstop arrangements and acknowledges limited assurance over opening balances and reserves. The Council's strategic objective remains the rebuilding of audit assurance following the prior period disclaimers.

Whilst the Plan refers to rebuilding assurance over time, further detailed discussion was scheduled with Grant Thornton later in March regarding the scope, phasing and timing of regaining assurance work during 2025/26 and beyond. The outcome of those discussions will be reported back to the Committee as appropriate.

Members asked questions and received information about the approach to specific risks.

RESOLVED that the Audit and Procurement Committee:

- 1) Note the details presented in the 2025/26 Audit Plan.**
- 2) Note the findings detailed in the ‘Informing the audit risk assessment – 2025/26’ report.**

59. 2025/26 Third Quarter Financial Monitoring Report (to December 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 10th February 2026 (their Minute 60/25 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 December 2025. The net revenue forecast position after management action was for spend in 2025/26 of £1.6m over budget. Whilst not a wholly comparable position, at the same point in 2024/25, there was a projected overspend of £7.0m.

The Council continued to face budget pressures within Adult 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 £174m 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 Council will continue to monitor this position and ensure projects are delivered within available resources.

Members of the Committee asked questions and received assurance on matters including changes in the forecast since the previous quarter’s report.

RESOLVED that, the Audit and Procurement Committee note the content of the report and confirms that it has no recommendations for the Cabinet.

60. Quarter Three Internal Audit Progress Report 2025/2026

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) which provided an update on the internal audit activity for the period April to December 2025, against the Internal Audit Plan for 2025-26. The report was presented in order for the Audit and

Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

At its meeting on the 2nd February 2026, the Audit and Procurement Committee had received an update on the resource position within the Internal Audit Service and noted that the Internal Audit Plan had been amended to 550 days, which reflected the impact of unplanned absence in the Service and the time taken to implement the agreed service redesign.

The key target facing the Internal Audit Service is to complete 90% of its work plan by the 31st March 2026. As at the end of December 2025, the Service had completed 53% of the Audit Plan against a benchmark of 75% (which reflects delivery of 100% of the Plan.) It was recognised that performance was below expectation, with the impact of the unplanned absence being visible in the quarter three performance. However, notwithstanding this, based on an assessment of performance as at February 2026, it was predicted that the Service would achieve over 80% of the plan by the end of March 2026. It was also noted that whilst the audits which were required to be completed to achieve 90% of the plan may not be finalised by the end of March 2026, the work in support of them would be substantially complete.

It was the view of the Chief Internal Auditor that these issues would not, in any significant respects, impact on the ability to deliver the annual internal audit conclusion.

Appendix 1 of the report provided a list of the audits finalised between April and December 2025, along with the level of assurance provided. At 31st December 2025, the following audits were in progress:

- Ransomware Threat
- Noise Team Rotas
- Property Disposals
- Allowances and Overtime
- Security Certificates
- Governance over AI
- Housing Benefits (Domestic Abuse refuse cases)
- Payroll
- Commercial Property Rent
- Purchasing Cards (Children's and Education)
- Formal Follow Up – Broad Heath Primary School

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 three against the Internal Audit Plan for 2025-26.**
- 2. Notes the summary findings of the key audit reviews (attached at Appendix Two).**

61. Internal Audit Recommendation Tracking Report

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) which provided an update on the progress made in implementing internal audit recommendations between January 2025 and January 2026.

The Global Internal Audit Standards in the UK Public Sector requires that “Internal auditors must confirm that management has implemented internal auditor’s recommendations or management’s action plans following an established methodology.” As reflected within its terms of reference, the Audit and Procurement Committee is required to receive reports on Internal Audit’s follow up process.

Given the number of audits that the Internal Audit Service completes every year, it was critical that it has a robust procedure in place for ensuring that it obtains appropriate assurance that audit recommendations have been implemented but does so in an efficient and proportionate way. Where appropriate, Internal Audit defines within its audit reports the follow up process to those responsible for the system / area under review and a date is agreed by when this will take place.

The key consideration that determined the follow up procedure adopted was the level of assurance provided in the audit report, with the follow up procedure being either a self-assessment process or a formal follow up review.

Overall, it was believed that the procedure achieves the right balance between ensuring action is taken in response to risks identified by Internal Audit and allowing the Service to focus on delivering the Annual Audit Plan.

Of the 281 actions followed up, 61% had been implemented based on both the formal and self-assessment follow up method. This compared to 65% the previous year.

The implementation rate of 45% for formal follow up reports had decreased since the previous year (53%) although it was noted that this may have reflected the smaller number of actions followed up by this process in the current period.

The implementation of 63% for self-assessment had also decreased since last year (72%). It was noted that this may reflect that additional scrutiny was now being applied to self-assessments with clarity being sought where managers did not provide sufficient information to support their assessment.

Directorate trackers were in place for each Director to assist them to monitor progress and ensure that actions will be implemented by the due date. In addition,

the quarterly performance indicator forms part of the Leadership Board dashboard. Further measures had also recently been taken to support the gradual improvement of implementation rates. This 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. The Chief Internal Auditor was due to attend Leadership Board in April 2026 to discuss the follow up process further.

After the follow up had been completed, the results were collated within Internal Audit. If progress was not consistent with expectations, audit management would determine the next course of action.

Based on the reasons for the lack of progress, the following courses of action were available:

- Revised implementation dates are agreed for outstanding actions.
- Concerns raised through the management structure to ensure senior managers are aware of both the lack of progress made and the risks still facing a service.
- As a last resort, to ask the Audit and Procurement Committee to intervene and seek prompt action from the relevant manager.

RESOLVED that the Audit and Procurement Committee, notes the progress made in implementing audit recommendations and confirms its satisfaction with this and the proposed action by the Chief Internal Auditor for audits where actions remain outstanding.

62. **Corporate Risk 2026**

The Audit and Procurement Committee considered a report of the Director of Finance and Resources (Section 151 Officer) that set out the outcome of the review of the Corporate Risk Register 2026, and incorporated an overview of the Council's corporate risk profile and the controls in place to address these risks.

The Audit and Procurement Committee's Terms of Reference requires the Committee to monitor the effective development and operation of risk management within the Council. It was agreed in March 2024 that the Audit and Procurement Committee would receive the Corporate Risk Register twice a year in line with the 2024 Grant Thornton value for money report.

It was noted that by having arrangements in place to identify and manage risks, the Council increased its ability to achieve corporate and operational objectives and reduces the chance of failure. Good risk management also increased the Council's ability to cope with developing and uncertain events. The Corporate Risk Register should identify the risks that threaten the successful implementation of the One Coventry Plan.

The Corporate Risk Register had been reviewed in consultation with the Leadership Board and the allocated Risk Owners. It identified the main risks facing the Council, the impact of the risk, the inherent risk score before risk mitigation,

the risk mitigations, the risk score after the mitigations are applied and where responsibility lies for the Council's response. The report also indicated what the risk score had been when the Committee last received a report in September 2025.

The report indicated that two risks had been added to the Register:

- Risk 42 – Statutory Engineering Inspections
- Risk 43 – Elections

No risks had been removed following this review of the Risk Register.

The residual score for Risk 1 – Finance had been reduced reflecting the Council's financial resilience for the three year settlement period.

It was reported at the meeting that the residual risk score for Risk 35 - The threat of Cyber-attack to the delivery of One Coventry priorities had recently been increased.

Members asked questions and received answers about the approach to risks associated with the all-out elections to take place in May, the risks associated with equal pay claims and how this was being approached and the measures in place to support well-being of councillors.

RESOLVED that, the Audit and Procurement Committee:

1. **Notes the content of the Corporate Risk Register, indicating that they have satisfied themselves that corporate risks are being identified and managed.**
2. **Confirms that they did not identify any areas where they require additional information.**
3. **Approves the bringing of a further risk management report to the Audit and Procurement Committee in September 2026.**

63. **Outstanding Issues**

The Audit and Procurement Committee considered a report of the Director of Law and Governance that confirmed there were no outstanding issues.

RESOLVED that the Audit and Procurement Committee notes that there were no outstanding issues.

64. **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 issues considered by the Committee during the Municipal Year 2025/2026.

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

65. **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.

66. **Six Monthly Procurement Progress Report**

The Audit and Procurement Committee considered a report of the Director of Law and Governance, which provided an update on the procurement and commissioning undertaken by the Council since the last report to Committee on 22nd September 2025. Details of the latest positions in relation to individual matters were set out in the Appendices to the report.

The report contained information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972 as amended. The grounds for privacy were that it contained information relating to the financial and business affairs of a particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighed the public interest in disclosing the information.

The report indicated that since the last Committee when the procurement report had been presented, the Procurement Panel had received 24 reports and the Procurement Board 29 reports.

In addition, there had been a total of 35 exceptions. An exception to the Contract Procedure Rules may be granted subject to conditions, such as urgency, single source availability, technical nature etc. An exception could not be granted where a breach of any UK legislation would be incurred.

Members asked questions and received assurances at the meeting from officers on individual matters.

RESOLVED that the Audit and Procurement Committee:

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

67. **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 3.30 pm)



Coventry City Council

Public report

Report to

Audit and Procurement Committee

22nd June 2026

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Law, Governance and Safer Communities

Ward(s) affected:

City Wide

Title:

Annual Governance Statement 2025-26

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide details of the results of the annual review of effectiveness of the Council's governance arrangements and seek approval for the Annual Governance Statement, which forms part of the Statement of Accounts for 2025-26.

Recommendations:

Audit and Procurement Committee is recommended to:

- 1) Consider the findings of the review of effectiveness of the Council's governance arrangements and confirm its satisfaction with the level of assurance provided that arrangements are fit for purpose.
- 2) Consider and approve the Annual Governance Statement (attached at Appendix One to the report), which will accompany the 2025-26 Statement of Accounts.

List of Appendices included:

Appendix One – Annual Governance Statement 2025-26

Background papers:

None

Other useful documents:

Annual Governance Statement 2024-25

[Agenda for Audit and Procurement Committee on Monday, 23rd June, 2025, 2.30 pm - Coventry City Council](#)

Local Code of Corporate Governance

[Agenda for Audit and Procurement Committee on Monday, 22nd September, 2025, 2.30 pm - Coventry City Council](#)

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: Annual Governance Statement 2025-26

1. Context (or background)

- 1.1 Coventry City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this responsibility, the City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.2 To demonstrate such arrangements, the City Council has adopted a Local Code of Corporate Governance, which is consistent with the principles reflected in the CIPFA / SOLACE framework and guidance 'Delivering Good Governance in Local Government' (2016).
- 1.3 The Annual Governance Statement ('AGS') explains how Coventry City Council has complied with the Code and in doing so, reflects the requirements of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2024, which requires all relevant bodies to conduct a review of the effectiveness of its system of governance and prepare an Annual Governance Statement. The AGS also details key governance / control issues that the Council faces in the coming year.
- 1.4 For 2025-26, the Council is required to publish its unaudited Statement of Accounts by 30th June 2026. The AGS forms part of the Statement and consequently is required to be approved at this time to support the Council in meeting this deadline.

2. Options considered and recommended proposal

- 2.1 Whilst processes are in place to monitor key elements of the governance framework through-out the year, for example through the work of Internal Audit, the Corporate Governance Steering Board and the Council's Audit and Procurement Committee, an annual review is also undertaken as part of the production of the AGS for the year. The purpose of the review is to provide assurance that the arrangements set out in the Local Code of Corporate Governance continue to be fit for purpose and identify key governance issues for the forthcoming year. This annual review considers information from a number of sources with the outcomes reviewed and agreed by the Corporate Governance Steering Board and Leadership Board. For 2025-26, this has included:
 - The outputs from the Internal Audit Service, reflected in an annual report that identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.
 - Light touch review of the conclusions of the review of the Annual Governance Statement by the Chief Internal Auditor.

- An assessment of compliance with arrangements for declaring interests and gifts and hospitality (members and officers)
- Review of arrangements for meetings, publication of decisions and engagement.
- Levels of complaints and whistleblowing disclosures made.
- Review of the One Coventry Plan and other key strategies such as the Medium-Term Financial Strategy and the Sustainability and Climate Change Strategy.
- Reports from external bodies during the year including reports from the Council's external auditors.
- Consideration of the Council's Corporate Risk Register.
- Review of the Annual Performance report for Coventry Municipal Holdings.
- An annual assessment by each Director of the adequacy of governance arrangements / internal controls in relation to their service areas.
- An assessment of the Council's compliance with the principles and standards of the CIPFA Financial Management Code, which supports good practice in financial management and demonstrating financial sustainability.
- Assessment of the role of the Section 151 (S151) Officer against the requirements stated in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016.)

2.2 Based on the outcomes of the review, the overall opinion that has been reached is that reasonable assurance can be provided that the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The basis of this opinion includes the following key findings from the review:

- The Chief Internal Auditor's conclusion 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.
- There is evidence that the Register of Interests for members is effectively maintained and there is a high level of compliance with the annual declarations of interest exercise for officers.
- A self-assessment of the Council's compliance with the Financial Management Code which has concluded that in overall terms the Council is able to demonstrate compliance with the Code, with an improvement action highlighted to formally report on performance more regularly to Members. The Council received a better-than-expected Financial Settlement for 2026-27 as part of the Fair Funding Review. This announcement included a multi-year settlement for

the period 2026/27 to 2028/29. The Medium-Term Financial Strategy 2026-29 reflects this positive financial position whilst recognising that the financial benefits of the reforms will be implemented gradually over time and also maintaining caution around continuing pressures surrounding demand for social care and other citizen demand driven services impacted by external national and international factors.

- The One Coventry Plan recognises the importance of continued financial sustainability and the Council's role as partner, enabler and leader as key to achieving outcomes.
- The number of complaints to the Local Government / Social Care Ombudsman is comparable to similar local authorities / West Midlands Combined Authority.
- Assurance obtained from Directors that there are no significant concerns in relation to governance within their service areas.
- The conclusion that the role of the S151 Officer within the Council meets the principles of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

2.3 The AGS also details the key governance issues that the Council faces in the coming year. Section 5.2 of the Statement, attached at Appendix One to the report, provides details of these areas. Whilst the process of identifying the issues is co-ordinated by the Head of Governance Services, it incorporates the views and opinions of senior officers, the Council's Governance Steering Board and Leadership Board. The key issues come from the following processes:

- A review of progress against the actions planned to address significant issues highlighted in the Annual Governance Statement for 2024-25.
- New issues identified as part of the review of effectiveness outlined in section 2.5.

The outcomes from these processes are expanded upon below.

2.4 **Update on issues raised in the Annual Governance Statement 2024-25** – An update on the progress against planned actions in relation to the issues raised in the last AGS is provided in section 5.1 of the Statement attached at Appendix One to the report. A review of the 18 issues highlighted in the AGS action plan for 2024-25 has found that these fall into two categories, namely:

2.4.1 Issues which have now been addressed – Two issues have been closed as they are no longer viewed as a significant governance issue facing the Council and will not be carried forward:

- Transparency Code: Work has been carried out to ensure the Council has effective arrangements in place to comply with the Code which is now overseen by the Corporate Governance Group and Internal Audit has given reasonable assurance that data is being reported appropriately.

- Performance Management: A central performance team is now in place, a new corporate leadership dashboard has been developed with monthly leadership board sessions focused on performance and revised reporting arrangements for the One Coventry Plan have been introduced. The Scrutiny Co-ordination Committee completed a deep dive into One Coventry indicators that were not yet meeting target.

2.4.2 Carry forward to the 2026-27 Action Plan - A number of governance issues remain in the Annual Governance Statement. These are detailed in section 5.2 of the Statement attached at Appendix One to the report, along with the actions the Council plans to take in 2026-27 in relation to these issues. In summary, the issues that have been carried forward are as follows:

- Integrate and sustain improvement in Children and Education Services
- Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy
- Management of demand in relation to homelessness and the associated costs of housing families in temporary accommodation
- Governance over the programme of capital projects
- City of Culture
- Further development of the Council's IT disaster recovery plans and processes
- To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security
- Embedding new methods of consultation and engagement
- Continued Communication of the Employee Code of Conduct
- Health Check / Assurance Framework for the Council's group of companies
- Production of Statement of Accounts for 2025/26 in line with the Government backstop deadlines to address the audit back log
- Management compliance with HR policies and procedures
- Peer Challenge action plan
- Internal Audit Professional Standards
- Risk Management
- Embedding Leadership behaviours

2.5 **New Governance Issues** – Two new issues have been identified for including in the AGS. These are also detailed in section 5.2 of the Statement attached at Appendix One to the report, along with the actions the Council plans to take in 2026-27 in relation to these issues. These issues were identified as part of the review undertaken to support the production of the AGS as detailed in 2.1 of the report and are summarised below:

- Maintaining effective Governance and Decision-making
- Artificial Intelligence - Governance and Management

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

- 4.1 Timescales for specific actions which are being taken to address significant governance issues are included in the AGS. The action plan will be subject to quarterly monitoring by the Corporate Governance Group to ensure that issues are addressed in the timescales outlined.

5. Comments from the Director of Finance and Resources (Section 151 Officer) 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

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.

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>

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 that exists is that planned actions are not implemented. This risk is managed through the Council's governance framework which includes arrangements to provide oversight of planned actions through reporting to senior management and designated committees / boards. Defined processes also exist to gain assurance that agreed actions arising from the work of Internal Audit, External Audit or another external agency have been implemented on a timely basis.

- 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:**Name and job title:**

Adrian West
Head of Governance

Directorate:

Law, Governance and Safer Communities

Tel and email contact

Tel: 024 7697 1007
Email: adrian.west@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/ approver name	Title	Directorate	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Law and Governance	04/06/26	5/6/2026
Tina Pinks	Finance Manager Corporate Finance	Finance and Resources	04/06/26	07/06/26
Karen Tyler	Chief Internal Auditor	Finance and Resources	04/06/26	8/6/2026
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources (Section 151 Officer)	-	04/06/26	11/06/26
Julie Newman	Director of Law, Governance and Safer Communities (Monitoring Officer)	-	04/06/26	09/06/26
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	04/06/26	05/06/26

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

1. Scope of responsibility

- 1.1 Coventry City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. Coventry City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 1.2 In discharging this overall responsibility, Coventry City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Coventry City Council has an approved Code of Corporate Governance, which is consistent with the principles reflected in the Chartered Institute of Finance and Accountancy (CIPFA) / SOLACE framework and guidance “Delivering Good Governance in Local Government (2016)”. A copy of the Code is available on our website at: [Local Code of Corporate Governance 2025-26 - Appendix 1.pdf](#)
- 1.4 The Annual Governance Statement explains how Coventry City Council has complied with the Code and also meets the requirements of Regulation 6(1) (b) of The Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement and the Accounts and Audit (Amendment) Regulations 2024.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, 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 services and value for money.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Coventry City Council policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.
- 2.3 The governance framework has been in place at Coventry City Council for the year ended 31st March 2026 and up to the date of approval of the Statement of Accounts.

3. The governance framework

The key principles, approach and review processes that comprise the authority's governance arrangements are set out in the City Council's Code of Corporate Governance. Key elements include the following:

- 3.1 There is a governance / internal control environment that supports the Council in establishing, implementing, and monitoring its policies and objectives. The Council's overarching objectives are contained in published policy documents including the One Coventry Plan. These high-level plans are supported by a range of thematic policies, strategies and delivery plans, service plans, and detailed work programmes.
- 3.2 The One Coventry Plan 2022-2030 was formally adopted by the Council in March 2023 following a period of extensive engagement. To deliver the Council's long term vision of working together to improve the city and the lives of those who live, work and study in Coventry, the One Coventry Plan sets out the priorities of increasing the economic prosperity of the city and region, improving outcomes and tackling inequalities within our communities and tackling the causes and consequences of climate change, through continued financial sustainability and the Council's role as a partner, enabler, and leader. The delivery of the One Coventry Plan is supported by a range of policies and strategies and a performance management framework. A copy of the One Coventry Plan is available on our website at: www.coventry.gov.uk/strategies-plans-policies/draft-one-coventry-plan/9 and the performance management framework is at: [Managing performance and measuring progress against our plans – Coventry City Council](#)
- 3.3 Throughout this process, clear channels of communication exist with all sections of the community and other stakeholders, to ensure the Council considers local needs and communicates both expected and actual outcomes for citizens and service users. This is evidenced through the Council's formal decision-making and performance management processes.
- 3.4 In October 2015, Coventry City Council agreed to join the West Midlands Combined Authority, which is a model of governance for local authorities to act together to drive economic prosperity for the area. A Combined Authority is a statutory body in its own right supported by a devolution agreement with the Government and a constitution which sets out the terms of their funding and powers.
- 3.5 The control environment to ensure delivery of the Council's objectives is laid down in the Council's Constitution and performance management framework. The Constitution sets out how the Council operates, including:
 - Roles and responsibilities of both Councillors and officers, including the Head of Paid Services, Monitoring Officer, and Chief Financial Officer.
 - How decisions are made and the procedures in place to ensure that these are efficient, transparent, and accountable to local citizens. The Constitution includes the Council's senior management structure and a scheme of delegation which sets out the principles for decision making and responsibility for functions. The Council facilitates policy and decision making via a Cabinet structure with Cabinet Member portfolios. There are scrutiny boards covering

all portfolios and an overarching Scrutiny Co-ordination Committee. The Member decision making, advisory and scrutiny bodies are shown at <http://www.coventry.gov.uk/howthecouncilworks>

- 3.6 Coventry City Council has developed a comprehensive set of policies and procedures, including those relating to the standards expected of Members and officers. These are subject to regular review to ensure the Council continues to enhance and strengthen its internal control environment. Systems exist to ensure compliance with policies and procedures, including statute and regulations. Internal Audit, through its annual risk-based plan assesses compliance with key procedures and policies.
- 3.7 The Council has an Equality, Diversity and Inclusion Commitment which is available on our website at: [Equality, diversity and inclusion commitment – Coventry City Council](#). This sets out the Council's commitment to meeting all areas of the public sector equality duty and to ensure equality of opportunity, both as a provider and commissioner of services and as a large employer. The commitment is implemented through setting equality objectives linked to the One Coventry Plan. In 2025, a new set of equality objectives were approved and are available on our website at: www.coventry.gov.uk/diversity-inclusion/equality-objectives-2022-25. Progress is monitored and reported to the Cabinet Member (Policing & Equalities) and an annual report of completed Equality Impact Assessments is available at: www.coventry.gov.uk/diversity-inclusion/equality-impact-assessments
- 3.8 The Council's Risk Management Policy and Strategy defines processes for identifying, assessing, managing, and monitoring financial and operational risks. The Strategy recognises the need for risk registers at service, directorate and corporate level which are updated and reviewed regularly. The Corporate Risk Register is reviewed quarterly by Leadership Board and is reported to the Audit and Procurement Committee on a six-monthly basis.
- 3.9 The Council, through its Whistleblowing and Complaints Procedures, has documented processes in place to deal with concerns raised by both employees and members of the public. These policies have been widely communicated and are subject to regular review to ensure they are working effectively. In addition, the Council's Fraud and Corruption Strategy reinforces the Council's commitment to creating an anti-fraud culture, whilst having effective arrangements in place in responding to allegations of fraud and corruption.
- 3.10 An Audit and Procurement Committee provides independent assurance to the Council on various issues, including risk management and control and the effectiveness of the arrangements the Council has for these matters. The Committee's terms of reference were developed in conjunction with CIPFA guidance, and the Committee carries out a periodic self-assessment to measure its effectiveness, based on recommended CIPFA practice.
- 3.11 For the financial year 2025-26, the Director of Finance and Resources was the nominated Section 151 Officer, with the delegated responsibility for ensuring there are arrangements in place for proper administration of financial affairs. The Council last carried out an assessment of the role of the Section 151 Officer against the requirements stated in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) in April 2026. This assessment

concluded that the Authority meets the five principles laid out in the CIPFA statement, namely:

- The Chief Financial Officer (CFO) in a local authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.
- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.
- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.
- The CFO in a local authority must be professionally qualified and suitably experienced.

The Director of Finance and Resources is a key member of the Council's Leadership Board with a critical role in strategic planning for the organisation. The Board also includes the Chief Executive and Monitoring Officer (the Director of Law, Governance and Safer Communities), who, along with the Director of Finance and Resources, collectively have leadership responsibility for good governance as principal statutory officers. There remains a wider leadership structure in place which is critical to the overall senior leadership function.

3.12 The Annual Governance Statement also includes a review of the effectiveness of the system of internal control within group activities, where the Council is in a relationship with another entity to undertake significant activities. The following describes the group activities for the year ended 31st March 2026:

- In November 2021, the Council incorporated Coventry Municipal Holdings Limited (CMH) to manage most of its wholly owned companies and strengthen the governance arrangements for these investments. In setting up these arrangements, the Council took account of lessons learnt from issues encountered by other local authorities and the recommendations made in Public Interest Reports issued by Grant Thornton on such matters. A Group Governance Agreement is in place which sets out the governance structure and training has been provided by the Council's legal advisors to those officers appointed as directors. The CMH group comprises of the following subsidiaries:
 - Tom White Waste Limited (and its subsidiaries A & M Metals Limited and Tom White Waste (LACO) Limited)

- Coombe Abbey Park Limited (and its subsidiaries No Ordinary Hospitality Management Limited and Coombe Abbey Park (LACO) Limited)
- No Ordinary Hotels Limited (dormant)
- Coventry Technical Resources Limited
- Coventry Regeneration Limited

In accordance with the Group Governance Agreement, the subsidiaries are required to produce annual business plans and in addition, CMH produce an annual performance report covering all of group's performance. A Shareholder Committee is in place which oversees the group's performance.

- The Coventry and Solihull Waste Disposal Company Limited was incorporated on 24th February 1992 and is owned jointly by Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council.
- The UK Battery Industrialisation Centre Limited was incorporated on 27th February 2018 and the Council is currently the sole shareholder with one share which has a nominal value of £1. The purpose of the company is to run the National Battery Development Facility.
- The Friargate Joint Venture Project Limited was incorporated on 17th December 2018. This is a 50/50 joint venture with Friargate Holdings 2 Limited, established to develop new buildings within the Friargate district of the city.
- Sherbourne Recycling Limited (SRL) was incorporated on the 25th February 2021 and Coventry City Council along with seven other local authorities acquired shares in the company on the 1st April 2021. The purpose of the company is to operate the material recycling facility (MRF), which sorts the dry mixed recyclable waste received from the eight local authorities and other commercial customers. Sherbourne Recycling Trading Limited is a trading subsidiary of Sherbourne Recycling Limited who own 100% of the shares in this entity. All commercial contracts will be secured through this entity with the waste being processed by SRL on an arm's length transaction.
- The Coventry and Warwickshire Growth Hub Limited was incorporated on the 24th July 2014 and was previously owned by the Coventry and Warwickshire Local Enterprise Partnership Limited. Following the closure of the Local Enterprise Partnership, on the 2nd November 2023, Coventry City Council and Warwickshire County Council acquired ownership of the Company as joint shareholders. The purpose of the company is to provide a central co-ordination point for publicly funded business support. Due to funding changes, during 2026-27, the Coventry and Warwickshire Growth Hub will transition to the West Midlands Growth Hub, which will be a subsidiary of the West Midlands Growth Company Ltd.

4. Review of effectiveness

4.1 Processes are in place to assess key elements of the governance framework throughout the year, for example, through the work of Internal Audit and the Council's Audit and Procurement Committee. A review of the effectiveness of the governance framework is also undertaken annually as part of the production of the Annual Governance Statement. This is informed by the work of senior managers within the authority, who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's conclusion on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 Arrangements to assess the effectiveness of the governance framework include:

- Regular and detailed monitoring of the Council's performance, by both Leadership Board and Members against targets and objectives set out in the One Coventry Plan. In 2024-25, the Council established a new Directorate to co-ordinate activity and further strengthen the Council's performance management arrangements. This includes the development of a corporate leadership dashboard and service plan metrics which are reported on quarterly.
- Regular meetings of the Council's Governance Group to consider on-going and emerging governance issues and co-ordinate actions required. Updates on this work are provided to Leadership Board.
- Consideration of ethical governance matters by the Ethics Committee, including reflecting on national governance failings to identify if there are any lessons learnt for the Council to take forward.
- On-going reviews of the Council's Constitution, overseen by the Constitution Advisory Panel and subject to approval by Full Council. These reviews include areas such as standing orders, financial procedures, and the scheme of delegation.
- Regular reviews of the Council's strategies and procedures to ensure they continue to reflect the needs of the Council.
- An annual review and update of the Council's Local Code of Corporate Governance which is subject to approval by the Audit and Procurement Committee.

4.3 The review of effectiveness has also been informed by:

- Reports from the external auditors and other inspection agencies.
- The Council's Corporate Risk Register.
- Directors' Statements of Assurance. An annual assessment of the adequacy of governance arrangements / internal controls in relation to their service areas by each Director.

- An assessment of the Council’s compliance with the principles and standards of the CIPFA Financial Management Code, which supports good practice in financial management and demonstrating financial sustainability. The assessment was last formally updated in November 2025 and concluded that in overall terms, the Council is able to demonstrate compliance with the Code, with only two improvement actions highlighted to build on the arrangements already in place and demonstrate delivery in full.
- The work of the Internal Audit Service during 2025-26. The Service works to a risk-based audit plan, which is approved annually by the Council's Audit and Procurement Committee. An annual report is also produced and presented to the Committee, which includes the Annual Internal Audit Conclusion. For 2025-26, the Chief Internal Auditor concluded that reasonable assurance could 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. The report also identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.

4.4 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Procurement Committee and can provide reasonable assurance that the Council’s governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework and that a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Significant governance issues

5.1 Table one below provides an update on the governance issues that were raised in the 2024-25 Annual Governance Statement.

Table one

No	Governance issues identified in 2024-25	2025-26 update
1	Integrate and sustain improvement in Children and Education Services	<p>The Children’s and Education Service Plan for 2025/26 was completed in July 2025 integrating the priorities for Children’s and Education Services in one overarching plan. The plan focuses on six key areas of focus aligned with Children’s and Education Services vision. Progress against the Performance measures are monitored quarterly. The Service Plan is an annual plan and will be refreshed in May 2026 for 2026/7.</p> <p>During the last 12 months, a key priority has been the delivery and implementation of the national social care reforms establishing Families First Partnership Programme working closely with partners to develop a Family Help model and the design of a Multi-Agency Child Protection Team.</p>

		<p>The service has made measurable progress in reducing numbers of children subject to child protection plans and children in care, alongside a significant reduction in agency staffing. Quality Assurance activity evidences purposeful, strength-based practice.</p> <p>Investment in local sufficiency, including expansion of children’s homes and the use of needs-led decision-making tools, is improving placement stability and value for money.</p> <p>The service demonstrates a strong commitment to learning, inclusion and anti-racist practice, supported by a developing workforce offer and effective partnerships.</p> <p>Children’s Services was awarded an “outstanding” rating by Ofsted following an inspection in March 2026.</p> <p>Special Educational Needs and Disabilities (SEND) pressures and sufficiency challenges remain, and there is clear and credible trajectory of improvement, with well-defined priorities in place to further strengthen outcomes for children and families over the next year.</p> <p>The Children’s Services Workforce Strategy 2025-2028 was developed in June 2025. The strategy sets out the key priorities for ensuring that the workforce support Coventry families to achieve their aspirations and enable children and young people to achieve their desired outcomes.</p> <p>The strategy focuses on three key priorities (Achieving a stable workforce, an effective wellbeing offer and comprehensive effective learning and development opportunities, including promoting equality, diversity and inclusion.</p> <p>A workforce action plan is refreshed each year and progress monitored and reviewed through the Workforce Development board, chaired by the Director of People Services. All actions in 2025/26 have been implemented. A new action plan for 2026/27 is currently being developed.</p> <p>During the last 12 months; leaders have further strengthened the workforce. Highlights include retention of social workers, reduced reliance on agency workers; implemented progression pathways; stronger integration of residential workforce and payment of market supplement for</p>
--	--	---

		residential managers; expanded in house training provision; provided more accessibility to wellbeing activities; continued to promote flexible working; relaunched clinical supervision offer; leaders have embraced diversity and inclusion and adopted a clear anti-racist position, practice and attitudes are tangibly changing as a result.
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy	<p>The 2025-26 financial outturn position was a £3.2m underspend which was contributed to corporate reserves. Following forecast outturn overspends throughout the financial year (£1.6m overspend at Q3) this underspend position was achieved by proactive management actions throughout the year.</p> <p>The activities relating to savings plans identified to set the 2025/26 budget continue to be monitored by Leadership Board.</p> <p>The Council approved a balanced budget for 2026/27 in February 2026, and due to a favourable settlement announced in February 2026 on the back of the Governments new Fair Funding was not required to identify any new savings, instead investing surplus in areas identified as key priorities for the city.</p>
3	Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation	<p>An update on actions planned for 2024/25 is below:</p> <ul style="list-style-type: none"> • Both Supported Temporary Accommodation buildings for single people are opened and fully operational • Ribbon Court is opened and fully operational providing flats for small families • BEAM have delivered 38 Private Sector Rented (PRS) properties in the first 10 months of the contract • The proposed Spring Housing project is no longer being delivered due to circumstances outside of our control • Consultation with PRS landlords to relaunch Lets Rent Coventry and source additional homes has been completed and the scheme is delivering an increased number of properties • Faseman development has commenced on site • Work to minimise voids with contracted providers and meet occupancy rates have been achieved • Housing Network contract to provide 200 bed spaces for single people has been delivered and has achieved the anticipated savings • There have been no families in Bed and Breakfast since Sept 2024

		<ul style="list-style-type: none"> • A report regarding options to secure additional permanent properties was presented to Leadership board on 16th April • Staff have been recruited for the new prevention team and commenced work on the 5th May • New housing related support contracts went live on the 1st April following a full procurement process • Single Homeless Accommodation Project was delayed but went live on the 20th April
4	Governance over the programme of capital projects	The Commercialisation Board is producing a capital project delivery protocol which will set out a Council wide best practice approach for the delivery of capital projects. This will be rolled out across the Council during 2026/27. It anticipates that the Commercialisation Board retains oversight for mayor capital projects.
5	City of Culture legacy	<p>The Charity Commission's Compliance Case into the Coventry City of Culture Trust remains open.</p> <p>The Council has reconfirmed (in January 2026) that it continues to cooperate with the Charity Commission's investigations and awaits their findings.</p>
6	Further development of the Council's IT disaster recovery plans and processes	<p>Testing of High Availability (failover and resilience) capabilities happens regularly as 'natural testing' throughout the year when performing maintenance.</p> <p>Successfully tested automatic failover of internet connectivity from our primary to secondary connection in January 2026</p> <p>Significantly contributed to the final Draft Cyber Incident Response plan for the Council.</p> <p>Digital Services are now attending business continuity forum meetings.</p> <p>Ongoing Cyber Security Awareness campaigns have taken place, with a focus on the importance of business continuity planning</p> <p>Took part in a Council wide Cyber Incident response exercise in January 2026 facilitated by Coventry, Solihull and Warwickshire (CSW) Resilience.</p> <p>Concluded a restructure that establishes Business Relationship Partners for service areas to support them with business continuity planning when a Cyber event occurs.</p>
7	To further strengthen	Performed service area specific and Council wide

	the Council's arrangements and internal control environment around IT / Cyber Security	<p>attack simulations (phishing tests) to raise awareness.</p> <p>Regular and consistent staff communication to increase cyber vigilance</p> <p>Continued progress towards meeting the emerging Local Authority baseline derived from the National Cyber Security Centre's Cyber Assessment Framework.</p> <p>Continued business as usual activity to reduce known vulnerabilities via regularly patching, auditing and security assessments. Including decommissioning and/or isolation of legacy systems or infrastructure.</p>
8	Embedding new methods of consultation and engagement	As part of the proposed restructure of the Policy and Communications function, the effectiveness of the Council's approach to consultation and engagement has been reviewed to identify areas where it can be strengthened, including methodologies, forward planning and feedback. A new engagement framework is still being developed which will outline the importance of undertaking good consultation and engagement and so improve the standard of this function across the Council. This also links to the new equality objective "To increase opportunities for residents in Coventry, from a diverse range of backgrounds, to influence the Council's decision-making processes."
9	Employees Code of Conduct	<p>The Code of Conduct, including the Nolan Principles, is part of induction and managers induction.</p> <p>Trained on the Code is part of the disciplinary process</p> <p>The planned shorter version of the Code is being worked on during this summer</p>
10	Health Check / Assurance Framework for the Council's group of companies	The agreed actions have been followed up and whilst the majority of actions have been implemented, four actions were assessed as being outstanding. A further follow up exercise is due to be undertaken in April 2026. Once all actions have been implemented, the assurance framework will be defined and documented.
11	Transparency Code	Considerable further work has been undertaken to ensure the Council has effective arrangements in place to comply with the Code including an annual review of published information overseen by the Corporate Governance Group. A follow up Internal Audit in December 2025 gave reasonable assurance

		that data is being reported in accordance with the Local Government Transparency Code. This is now business as usual and as a result will not be carried forward to the 2026/27 action plan.
12	Production of Statement of Accounts for 2024/25 in line with the Government backstop deadlines to address the audit back log.	<p>Actions were delivered in line with the planned timescales:</p> <p>The 2024-25 Draft Statement of Accounts was published for public scrutiny on 30th June 2025.</p> <p>The 2024-25 Final Statement of Accounts was presented to Audit & Procurement Committee on 2nd February 2026 alongside the Grant Thornton Audit Findings Report and the letter of opinion, followed by publication on 19th February 2026 ahead of the statutory deadline.</p>
13	Management compliance with key HR policies and procedures.	<p>Process and compliance: Strengthened right to work and sponsorship compliance through the implementation of a clear process for Skilled Worker supplementary employment, revised visa eligibility rules for applicants, improved right to work pre-screening within Tribepad and introduction of a Certificate of Sponsorship checklist for skilled worker visa applicants. Right to work renewals centralised in the Employment Relations Team to enhance oversight and provide assurance of timely follow-up in cases where ongoing checks were not in place.</p> <p>Guidance, assurance and training: Developed a comprehensive right to work guidance document for the recruitment team and delivered targeted training and communications to recruitment teams, managers, and the Job Shop, ensuring consistent understanding of visa requirements, roles and responsibilities, and document annotation standards.</p>
14	Peer Challenge action plan	<p>A review of progress against all Peer Challenge report recommendations was complied, reviewed and discussed at Change Board in February 2026.</p> <p>The majority of actions have now been satisfactorily implemented and incorporated as business as usual but there are a small number that still require work. It was agreed that we will monitor and review again in twelve months.</p> <p>On diversity of workforce, the Diversity and Inclusion Board receives regular updates on position and progress. The overall workforce is now broadly representative of the city ethnicity profile but despite some progress the profile of staffing at Grade 10 and above is not yet representative.</p>

		Senior Leadership Network membership has increased in diversity.
15	Performance Management	<p>A central performance team is now in place with a senior manager leading the work.</p> <p>A new corporate leadership dashboard has been developed and monthly leadership board sessions focus on performance.</p> <p>A revised One Coventry report has been introduced and approved by the Leader. A six-monthly update report has also been introduced. The Scrutiny Co-ordination Committee completed a deep dive into One Coventry indicators that were not yet meeting target.</p>
16	Internal Audit professional standards	<p>Work has been undertaken to address some of the new requirements, including development of an Internal Audit strategy, and discussion of the essential conditions for the governance of Internal Audit with the Audit and Procurement Committee. However, further activity is still required to fully align with the new standards.</p>
17	Risk Management	<p>Action on this has been delayed due to resourcing issues. However, the corporate risk register is regularly reviewed by Leadership Board and the Audit and Procurement Committee and risks are also considered as part of the quarterly statutory officer meetings.</p>
18	Embedding leadership behaviours	<p>Owning and Driving Performance (ODP) has been extended down to grade 8 managers with approximately 604 employees having now completed the training. This has been supplemented by 'SWARM' sessions, an ODP teams channel for sharing the learning. Further advance coaches have been established to support the programme and its on-going work.</p> <p>The new behaviour framework for senior leaders is now included in the increment process which is now completed using an online form. The process actively references behaviour, appraisal outcomes and on-going professional development.</p> <p>ODP is a culture change and sits alongside the coaching apprenticeship and Coaching Culture platform. To maintain momentum a further 2 year programme has been developed using the tools and advanced coaches.</p>

- 5.2 The Council is seeking to continuously enhance its management arrangements to improve service delivery, efficiency, and value for money, whilst achieving its objectives. The review of effectiveness has informed identification of the following key challenges for 2026-27 (Table Two), along with the actions planned to address these matters to further enhance our governance arrangements.

Table Two

Ref	Governance issue	Planned actions 2026-27	Responsible officer	Timescale
1	Integrate and sustain improvement in Children and Education Services	<p>Deliver an integrated Children and Education Service Plan for implementation 2026/27, including:</p> <ul style="list-style-type: none"> Developing a test and learn pilot of the end to end pathway from Family Help to Multi Agency Child Protection in the East locality to test and evaluate and refine the model safely and to inform roll out in readiness for full integration of social care reforms in 2027. Developing a local SEND reform plan in response to the Schools White paper <p>Deliver an integrated Workforce Development Strategy and plan for 2026/27 for Children and Education Services</p>	Director of Children and Education Services	<p>May 2026 – March 2027</p> <p>September 2026 – March 2027</p>
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy	<p>The 2026-27 budgetary control position will be closely monitored to ensure that the key financial pressures being experienced by the Council can be mitigated and/or managed.</p> <p>Savings and cost reductions that were identified in both 2024-25 and 2025-26 across both years will continue to be presented to Leadership Board monthly reporting progress against savings targets</p>	Director of Finance and Resources / Head of Finance	March 2027

		<p>and where risk of non-delivery exists, actions will be sought to manage any shortfalls in the overall savings delivery plans.</p> <p>Assessment will continue of the Council's One Coventry Plan and how the Council's financial plans align to the objectives of the Plan.</p>		
3	<p>Management of demand in relation to homelessness and the associated costs of housing families in temporary accommodation</p>	<p>The homelessness service is demand led and experienced significant increase in demand during 2022-23 to 2024-25. Although Temporary Accommodation demand reduced during 2025-26 there are still a number of actions being taken to reduce this further:</p> <ul style="list-style-type: none"> • BEAM to deliver a minimum of 30 additional PRS properties in 2026-27 • Continue to develop Lets Rent Coventry and source additional permanent homes. • Continue to ensure that voids within contracted providers are minimised and meet target of 90% occupancy. • Monitor the newly commissioned supported accommodation contracts. • Continue to eliminate the use of B&B accommodation for families unless in an emergency. • Continue to eliminate the use of nightly accommodation, reducing costs and maximising income • Seek to reduce the number of families in temporary accommodation using the baseline of the 1st April 2026 • Progress the report regarding housing vehicles and implement/develop a recommendation for the 	<p>Head of Housing and Homelessness</p>	<p>March 2027</p>

		<p>Council to increase the number of permanent properties available.</p> <ul style="list-style-type: none"> • Launch and embed the newly revamped prevention service to maximise early prevention and increase successes. Monitor the service and make tweaks where appropriate • Develop a supported housing strategy and delivery plan for the city in line with legislation, government guidance and best practice • Launch SHAP accommodation for complex single people working with a 3rd sector partner. • Commission new supported housing utilising the West Midlands Combined Authority/Ministry of Housing Communities and Local Government Funding • To maintain or increase the percentage proportion of successful outcomes for both prevention and relief duties. • To work with Citizen Housing to free up 20 large family homes and move existing occupants who are currently under-occupying into more suitable sized accommodation • To develop a plan with communications colleagues to engage with residents to promote early prevention of homelessness and assist internal staff in identifying risk to prevent crisis 		
4	Governance over the programme of capital projects	Completion and implementation of the capital project delivery protocol by the Commercialisation Board setting out a Council wide best practice approach for the delivery of capital projects.	Director of Property Services and Development / Director of Finance and Resources	March 2027
5	City of Culture	Where requested, the Council will work to support the Charity Commission's Compliance Case into the	Strategic Lead – Culture and Events	March 2027

		Coventry City of Culture Trust whilst the investigation remains open.		
6	Further development of the Council's IT disaster recovery plans and processes	Support the work of the business continuity planning across the organisation, ensuring that ICT disaster recovery processes are enhanced, with supporting documents formalised and testing arrangements agreed. The scope of this activity includes supporting resilience planning at a city level in particular in relation to connectivity and digital infrastructure across the city	Director of Digital Services	March 2027
7	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	Implementation of the cyber security activities listed in the Digital Service Plan	Director of Digital Services	March 2027
8	Embedding new methods of consultation and engagement	Develop a new engagement framework outlining the importance of undertaking good consultation and engagement and so improve the standard of this function across the Council. This also links to the new equality objective "To increase opportunities for residents in Coventry, from a diverse range of backgrounds, to influence the Council's decision-making processes."	Director of Policy and Communications	July 2026
9	Continued Communication of the Employee Code of Conduct	Ascertain if it can be included in the annual appraisal Set up a new starter alert so the code of conduct is shared. A shorter handbook to be created	Head of Employee Relations	12 months
10	Health Check / Assurance Framework for the Council's group of companies	The remaining agreed actions from the Internal Audit Review will be followed up to ensure they have been implemented. Following this, work will be undertaken to define and document the assurance framework.	Director of Law, Governance and Safer Communities / Chief Internal Auditor	September 2026

11	Production of Statement of Accounts for 2025/26 in line with the Government backstop deadlines to address the audit backlog	<p>Maintain the level of resource required to deliver the following:</p> <ul style="list-style-type: none"> • Consolidation of 2025-26 draft Statement of Accounts and publication on our website for public scrutiny by 30th June 2026. • To support Grant Thornton in the audit on 2025-26 Statement of Accounts, in order to meet the Statutory deadlines for publishing 2025-26 audited accounts of 31st January 2027. • Continuing to work with External Auditors to address the regaining assurance work resulting from the audit backlog. 	Director of Finance and Resources	February 2027
12	Management compliance with HR policies and procedures	<p>Process, Systems and Compliance Improvements</p> <ul style="list-style-type: none"> • Strengthening visa compliance through targeted audits of employee records, improved accuracy of visa expiry data, and clearer identification of sponsored workers. • Reviewing and enhancing controls for restricted visa types, including student visas and supplementary employment, to ensure compliance. • Improving system data quality and reporting by refining visa classifications, correcting miscategorisation, and documenting the sponsorship process and review of work locations for sponsored workers. • Introducing additional management controls, including manager declarations. • Review and audit of sponsorship arrangements against Appendix D requirements to ensure ongoing compliance and readiness for external audit. 	Director of People and Facilities Management	April 2027

		<ul style="list-style-type: none"> Enhancing monitoring and assurance arrangements through improved reporting, automated alerts, and strengthened oversight of sponsorship reporting responsibilities. 		
13	Peer Challenge action plan	To implement the action plan arising from the Peer Challenge report, including taking further steps to improve diversity across the organisation at all levels.	Leadership Board	March 2027
14	Internal Audit Professional Standards	To ensure the Internal Audit Service complies with the new Global Internal Audit Standards in the UK Public Sector.	Chief Internal Auditor	March 2027
15	Risk Management	To consider the Council's formal risk management approach and identify opportunities to strengthen arrangements.	Director of Law, Governance and Safer Communities / Chief Internal Auditor / Insurance Manager	March 2027
16	Embedding Leadership behaviours	Work to continue embedding the performance approach we have developed along with the new senior manager behaviours to continue on our journey of being a high support high challenge organisation	Director of People and Facilities Management	March 2027
17	Maintaining effective Governance and Decision-making	<p>Ensure appropriate arrangements are in place to support the outcome of the all-out elections in May 2026 including:</p> <ul style="list-style-type: none"> Effective induction, training, development and support arrangements for new and returning councillors Ensure Governance Services is resourced to support Members effectively 	Director of Law, Governance and Safer Communities	September 2027

18	Artificial Intelligence - Governance and Management	<p>Ensure that the Council continues to develop appropriate governance and management arrangements in relation to AI including:</p> <ul style="list-style-type: none"> • Strengthen risk management by establishing a subgroup of the Information Management Strategy Group • Continue to develop the Council's Generative AI Policy, guidance and resources to ensure organisational needs are met, opportunities maximised and appropriate safeguards are in place • Strengthen measures to support data sensitivity and data loss prevention 	Director of Law, Governance and Safer Communities / Director of Digital Services	March 2027
----	---	--	--	------------

5.3 We are satisfied that these steps will address the need for improvements that were identified in our review, and we will monitor their implementation and operation, as part of our next annual review.

Cllr George Duggins
Leader of Coventry City Council

Dr Julie Nugent
Chief Executive of Coventry City Council



Coventry City Council

Public report

Report to

Audit and Procurement Committee

22nd June 2026

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 2025-26

Is this a key decision?

No

Executive summary:

The purpose of this report is to present to the Audit & Procurement Committee the Internal Audit Annual Report for 2025-26, which includes a summary of the performance of Internal Audit and the Chief Internal Auditor's conclusion on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements for the financial year 2025-26.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the Internal Audit Annual Report 2025-26 (attached at appendix one.)
2. Note the summary findings of key audit reviews (attached at appendix two) that have not already been reported to Audit and Procurement Committee during municipal year 2025-26 and which are relevant to the Internal Audit conclusion.
3. Approve the performance objectives for the Internal Audit Service for 2026-27.
4. Approve the Internal Audit Charter as included in the Annual report.

List of Appendices included:

Appendix One – Internal Audit Annual Report

Appendix Two - Summary findings from key audit reports

Background papers:

None

Other useful documents:

Internal Audit Plan 2025-26 – Quarter Three Progress Report

[Agenda for Audit and Procurement Committee on Monday, 16th March, 2026, 2.30 pm - Coventry City Council](#)

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 2025-26

1. Context (or background)

- 1.1 The Audit and Procurement Committee approved the Council's Internal Audit Plan for 2025-26 at its meeting on 23rd June 2025. During the last financial year, the Committee received progress reports summarising completed audit activity in February 2026 and March 2026.
- 1.2 This report details the performance of the Internal Audit Service against the Plan for 2025-26, 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 work of the Internal Audit Service is governed by the Global Internal Audit Standards in the UK Public Sector which sets the standards for the professional practice of Internal Audit and serve as a basis for evaluating and elevating the quality of the internal audit function. The standards came into effect on the 1st April 2025 and replaced the Public Sector Internal Audit Standards which previously applied.

2. Options considered and recommended proposal**2.1 Annual Internal Audit Report**

The Internal Audit Annual Report 2025-26 is attached at Appendix One to this report. The report fulfils the requirements to:

- Report annually on the Internal Audit Service's conformance with the Standards, the results of the Quality Assurance and Improvement Programme and the extent to which the internal audit function's performance objectives are being met.
- Provide an overall conclusion on the overall adequacy and effectiveness of the Council's risk management, internal control and governance arrangements for consideration within the development of the Annual Governance Statement.
- Maintain an Internal Audit Charter which is approved by the Audit and Procurement Committee. The Charter sets out the purpose, mandate and position of Internal Audit within the local authority.

2.2 Internal Audit performance objectives 2026-27

The Audit and Procurement Committee must satisfy itself on the effectiveness of the Internal Audit Service. Receiving reports on the performance of the Service against defined performance objectives is a key way in which the Audit and

Procurement Committee meets this responsibility and is included in the Terms of Reference for the Committee. Under the new Standards, there is a requirement that the Audit and Procurement Committee approve the performance objectives for the Internal Audit Service on an annual basis.

There is an expectation within the Standards that the performance objectives should be those which are most impactful to advance the outcomes stated within the Standards, the Internal Audit Charter and the Internal Audit Strategy. In recognition of this, a revised set of performance objectives and measures were put in place for 2025-26, which are detailed below. It is the Chief Internal Auditor's view that these measures are appropriate to retain for 2026-27.

Internal Audit Performance Objectives and Measures 2026-27

Performance Objective	Measure	Target	Frequency
The Internal Audit Service delivers its mandate and charter through completion of a risk-based programme of work which supports delivery of the annual conclusion on the Council's effectiveness of its risk management, control and governance processes.	% of the Annual Internal Audit Plan (as adjusted and approved) completed.	90%	Quarterly
The Internal Audit Service advances its vision, mission and objectives outlined in the Internal Audit Strategy.	Average customer feedback score.	4.8 out of 5	Quarterly
	Audit initiatives as outlined in the Internal Audit Strategy 2025-2028 are delivered as planned.	All initiatives delivered by March 2028	Annual review of progress
	% of agreed audit recommendations implemented as planned. (This measure is not exclusively a reflection of Internal Audit performance as management are responsible for completing agreed actions.)	70%	Quarterly
Internal Audit is performed by competent professionals in conformance with the Global	All internal auditors are supported in undertaking CPD.	No target set (qualitative)	Annual review

Internal Audit Standards in the UK Public Sector.			
	Improvement actions identified from the Quality Assurance and Improvement Program are delivered as planned.	All actions delivered as planned	Annual review of progress

2.3 **Audit Activity**

A summary of the findings of a key audit that has not already been reported to the Committee during municipal year 2025-26 is included at Appendix Two. Where recommendations have been made, the relevant managers have agreed to address the issues raised in line with the timescales stated. The review will be followed up in due course and the outcome reported to the Audit and Procurement Committee.

2.4 Options considered – in the event that no action is taken to implement the Global Internal Audit Standards in the UK Public Sector, the Council will not meet its statutory obligations to provide an effective internal audit function.

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, Governance & Safer Communities**

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 conclusion 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 Global Internal Audit Standards as “an independent, objective assurance and advisory service 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 governance, risk management and control 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:

Karen Tyler
Chief Internal Auditor

Service Area:

Finance

Tel and email contact

Tel: 024 76972186
Email: Karen.tyler@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Law, Governance & Safer Communities	5/6/2026	5/6/2026
Tina Pinks	Finance Manager Corporate Finance	Finance	5/6/2026	11/6/2026
Oluremi Aremu	Head of Legal and Procurement Services	Law, Governance & Safer Communities	5/6/2026	11/6/2026
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources	-	5/6/2026	11/6/2026
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	5/6/2026	5/6/2026

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

Coventry City Council Internal Audit Service

Internal Audit Annual Report

2025-26

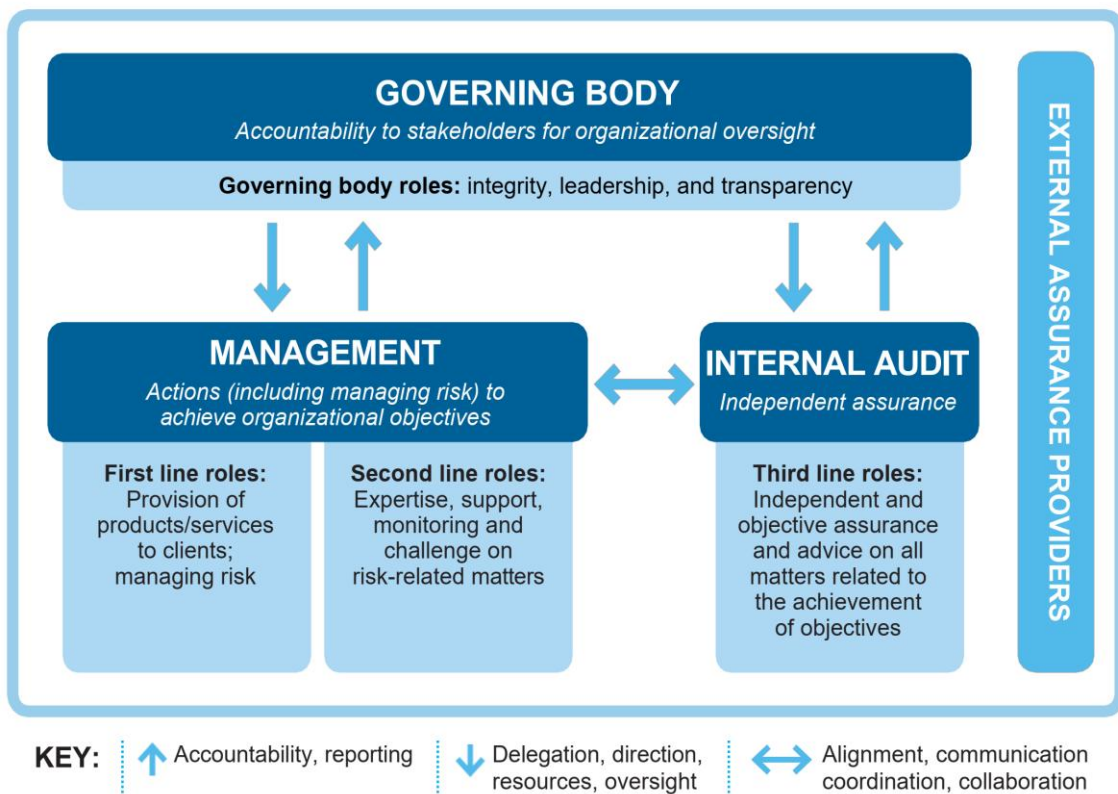


1. Introduction

1.1 Internal auditing is defined in the Global Internal Audit Standards in the UK Public Sector as:

“An independent, objective assurance and advisory service 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 governance, risk management and control processes.”

Internal audit is part of the Council’s governance framework, which follows the principles of the Three Lines Model, illustrated below:



The purpose of internal audit is defined in the Global Internal Audit Standards in the UK Public Sector as:

“Internal auditing strengthens the organisation’s ability to create, protect and sustain value by providing the board and management with independent, risk-based and objective assurance, advice, insight and foresight. It enhances the organisation’s:

- Successful achievement of its objectives.

- Governance, risk management, and control processes.
- decision making and oversight.
- Reputation and credibility with stakeholders.
- Ability to serve the public interest.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.”

1.2 The primary mandate for internal audit in UK local government is the Accounts and Audit Regulations 2015 which requires “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.” The Regulations also include internal audit’s rights of access to information and explanations necessary to achieve their intended purpose. The mandate is also reflected in the Internal Audit Charter, included in this report.

1.3 In April 2025, new professional standards for internal audit came into effect. The “Global Internal Audit Standards in the UK Public Sector” consist of the Global Internal Audit Standards of the Institute of Internal Auditors and the Application Note: Global Internal Audit Standards in the UK public sector issued by CIPFA. In addition, CIPFA have issued a “Code of Practice for the Governance of Internal Audit in UK Local Government” which is designed to work alongside the new internal audit standards.

The Global Internal Audit Standards in the UK Public Sector are split into five domains, each with a number of principles and standards which underpin them:

- Domain I – Purpose of Internal Auditing
- Domain II – Ethics and Professionalism
- Domain III – Governing the Internal Audit Function
- Domain IIIIV – Managing the Internal Audit Function
- Domain V – Performing Internal Audit Services

Internal Audit teams are not expected to demonstrate full compliance with the standards from the 1st April 2025. Instead, they will build up conformance over time.

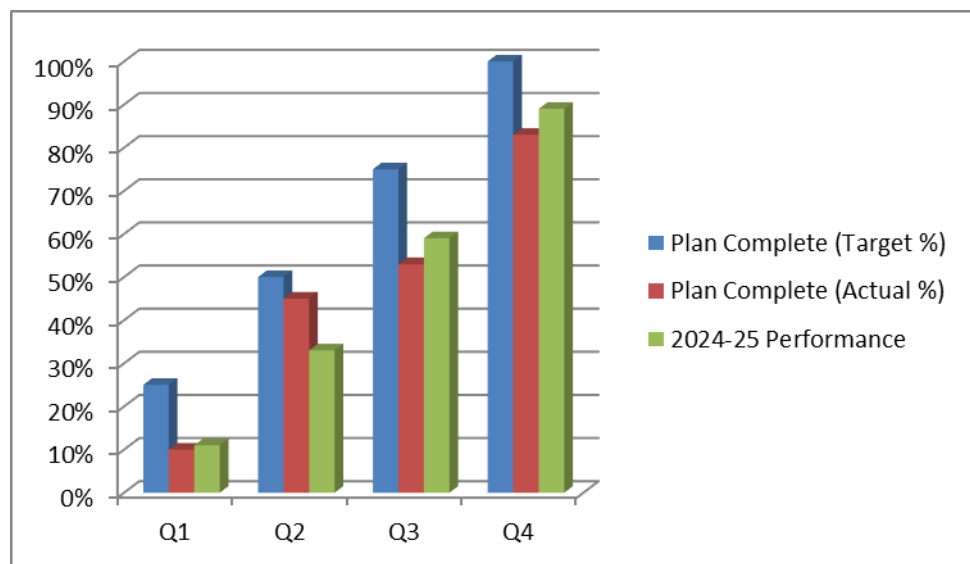
1.4 The standards include:

- The requirement for the Audit and Procurement Committee to assess the effectiveness and efficiency of the internal audit function, including its conformance with the standards, the results of the Quality Assurance and Improvement Programme and the extent to which the internal audit function’s performance objectives are being met.
- The requirement for the Chief Internal Auditor to provide on an annual basis an overall conclusion on the overall adequacy and effectiveness of Coventry City Council’s risk management, internal control, and governance arrangements
- The requirement for the Audit and Procurement Committee to approve the Internal Audit Charter.

This annual report is presented to the Audit and Procurement Committee to fulfill these requirements.

2 Performance of the Internal Audit Service

2.1 The key target for the Internal Audit Service is to complete 90% of its agreed work plan by 31st March 2026. Whilst the plan was originally developed on the basis of an estimate of 650 available audit days, this was subsequently amended to 550 days as a result of unplanned absence within the Service and the time taken to implement the agreed service redesign. This change was reported to the Audit and Procurement Committee in February 2026. Consequently, the performance of the Service has been assessed against the revised audit plan of 550 days. As illustrated by the chart below, the Service delivered 84% of this plan.



Whilst it is recognised that performance is below target, it is not viewed that this materially impacts on the ability to provide an annual audit conclusion. Of the nine audits which formed part of the 2025-26 audit plan, and which were not completed by the end of March 2026, one has now been finalised, one is at draft report stage and the remaining seven are ongoing / have been rescheduled.

2.2 At its meeting in November 2025, the Audit and Procurement Committee approved the performance indicators for the Internal Audit Service for 2025-26. The table below shows a summary of the performance for 2025-26 against these indicators.

Performance Measure	Target	Performance 2025-26
Average customer feedback score	4.8 out of 5	5
Audit initiatives as outlined in the Internal Audit Strategy 2025-28 delivered as planned	All initiatives delivered by March 2028	1 out of 3 planned initiatives delivered
% of agreed audit recommendations implemented as planned	70%	57%
All internal auditors are supported in undertaking CPD	No target set (qualitative)	1 auditor supported to undertake the level 7 apprenticeship
Improvement actions identified from the Quality Assurance and Improvement Program (QAIP) are delivered as planned	All actions delivered as planned	Actions still in progress

These are further expanded upon below:

Customer feedback – In addition to the high customer feedback scores, comments made by customers included:

- “The support provided from the initial meeting through to the final report stage was superb. As a large service, coordinating face-to-face meetings and compiling evidence throughout the investigation was no small task, yet it was managed seamlessly. We were kept well-informed at every stage of the process. The

- resulting action plan is thorough and will be invaluable in enhancing our processes, procedures, and practices for future enrolments.”
- “X's approachable and collaborative style created a positive environment that encouraged open and transparent discussions across all levels of the team. Her pragmatic and sensible attitude helped ensure the audit was not only thorough but also constructive. Rather than focusing solely on issues, she worked with us to identify practical improvements which has led to changes within the service. It has genuinely felt a valuable exercise.”
 - “Both X and X were professional, approachable, and supportive throughout, offering clear advice and guidance whenever needed.”
 - “X provided an excellent, fair, and reasonable assessment. She listened carefully and asked thoughtful questions about the processes.”
 - “We were given fair opportunity for comment and discussion and felt listened to.”

Internal Audit Strategy – During 2025-26, a revised structure put in place which included the establishment of an Internal Audit Delivery Manager post. Whilst recruitment to the post was delayed due to HR processes, the recruitment exercise has recently been completed. Further recruitment (due to a post becoming vacant) will take place in the near future. Whilst the other planned actions have been delayed due to resource challenges, some work has been done to progress them and they will be reprogrammed into 2026-27.

Implementation of agreed audit recommendations - It should be noted that the indicator relating to the percentage of audit recommendations implemented as planned is not exclusively a reflection of Internal Audit performance as management are responsible for completing agreed actions. However, notwithstanding this, during 2025-26 the Internal Audit Service put in place additional measures to support the gradual improvement of implementation rates. This 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.

Continuing Professional Development – Whilst one auditor has successfully commenced on the Internal Audit Professional Apprenticeship level 7, it is acknowledged that more work needs to be done in this area to put a structured approach in place across the Service. Notwithstanding this, all professionally qualified internal auditors have a responsibility to undertake CPD on an annual basis.

QAIP action plan – In addition to the three actions which are linked to the Internal Audit Strategy, the QAIP action plan includes two further actions (1) to update the Internal Audit Manual and (2) to undertake a housekeeping exercise on the retention of records. Whilst work has commenced on both these actions, they have not been fully completed at the current time.

3 Quality Assurance and Improvement Programme

3.1 The Global Internal Audit Standards in the UK Public Sector require that the Internal Audit Service develops and maintains a quality assurance and improvement programme that covers all aspects of internal audit activity. In 2025-26 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.
- Staff performance appraisals and regular one to ones.
- Feedback from customers.
- Action taken to improve methodologies and working papers for school audits.

3.2 Actions to work towards conformance with the new Standards have progressed, for example development of an Internal Audit Strategy and discussions with the Audit and Procurement Committee on the essential conditions for Internal Audit. However, there has not been an opportunity to undertake a full baseline assessment against the new Standards in 2025-26. As such, it is the Chief Internal Auditor's conclusion that the Internal Audit Service partially conforms with Global Internal Audit Standards in the UK Public Sector. It is not viewed that any non-conformance affects the overall scope or operation of internal audit activity (and it should be noted the Service did conform with the previous standards which were in force, which was confirmed through external quality assessment.)

3.3 The table below details the improvement plan for the Internal Audit for 2026-27. This also reflects the actions required this year to deliver the Internal Audit Strategy. Progress against these actions will be included in the next annual report to the Audit and Procurement Committee.

	Improvement Action	Responsible Officer	Timetable
1	Full assessment and development of action plan to ensure compliance with the new professional standards.	Chief Internal Auditor	December 2026
2	Competency framework established for Internal Audit team members.	Chief Internal Auditor	December 2026
3	Review and update of the Internal Audit Manual.	Chief Internal Auditor in-conjunction with the Internal Audit Service	March 2027

4	Undertake a housekeeping exercise on the retention of engagement records.	Chief Internal Auditor in-conjunction with the Internal Audit Service	March 2027
---	---	---	------------

4 Conclusion on the overall adequacy and effectiveness of Coventry City Council’s risk management, internal controls, and governance arrangements

4.1 The Global Internal Audit Standards in the UK Public Sector highlights that a key responsibility of Internal Audit is to provide an annual internal audit conclusion and report that can be used to inform the Annual Governance Statement. The conclusion must cover the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and internal control.

In providing the conclusion, 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.

4.2 Audit Activity – the table below details the audit reviews that have been carried out in the financial year 2025-26 along with the level of assurance provided.

Audit Area	Audit Title	Assurance	Previous Assurance level (if applicable)
2024-25 B/Fwd	Corporate Income	Significant	Significant
	CareDirector	Reasonable	Reasonable
	Building Control	Reasonable	n/a
	Property Disposals	Reasonable	Reasonable
Corporate Risk	New working arrangements in Waste Services	Reasonable	Reasonable
	Return of ICT equipment	Significant	n/a
	Coventry Municipal Holdings – conflicts of interest	Reasonable	n/a
	Allowances and Overtime	Reasonable	Reasonable
	Ransomware threat	Reasonable	n/a
	Security Certificates	Reasonable	n/a
	Governance over AI	Reasonable	n/a
Council / audit priorities	CWRT healthcheck	Verification	n/a

Audit Area	Audit Title	Assurance	Previous Assurance level (if applicable)
	Domestic abuse refuge cases	Reasonable	n/a
Financial Systems	Payroll	Significant	Significant
Regularity	Proactive invoice checks	Verification	n/a
	Turnaround Programme grant	Verification	n/a
	HUG 2 grant	Verification	n/a
	SHDF wave 2 grant	Verification	n/a
	Network North highways grant	Verification	n/a
	Homelessness grants	Verification	n/a
	Bus Subsidy grant	Verification	n/a
	Disabled Facility grant	Verification	n/a
	Annual Governance Statement	Reasonable	Reasonable
	Teachers Pension Statements	Verification	n/a
	Youth Justice grant	Verification	n/a
	Innovate UK grant	Verification	n/a
	Aldermoor Farm Primary School	Significant	Significant
	Cannon Park Primary School	Significant	Significant
	Eastern Green Primary School	Reasonable	Significant
	Gosford Park Primary School	Reasonable	Significant
	Grangehurst Primary School	Significant	Significant
	Holbrook Primary School	Reasonable	Significant
	Joseph Cash Primary School	Reasonable	Significant
	Manor Park Primary School	Reasonable	Significant
	Spon Gate Primary School	Reasonable	Significant
	Our Lady of Assumption Catholic Primary School	Reasonable	Reasonable
Directorate issues	Adult Education Enrolment	Limited	n/a
	SEND Home to School Taxi Provision	Significant	Limited
	Occupational Therapy Equipment	Reasonable	n/a
	Repairs & Maintenance Training Records	Reasonable	n/a
	Timesheets	Fact finding	n/a
	Noise Team rotas	Fact finding	n/a
	Purchasing cards (Children's & Education)	Reasonable	n/a
Follow ups	Management of Plant and Equipment	Limited	Limited
	Transparency Code	Reasonable	Limited
	IR35 in Schools	Reasonable	Limited

Audit Area	Audit Title	Assurance	Previous Assurance level (if applicable)
	Broad Heath Primary School	Significant	Limited
	EDT pay arrangements	Significant	Limited

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 2025-26 and other sources of assurance, specifically:

- The work of the Corporate Governance Steering Board of which the Chief Internal Auditor is a member of.
- Quarterly discussions with the Chief Executive, Monitoring Officer, S151 Officer and Director of HR.
- The Corporate Risk Register.
- Audits which were not finalised by the end of March 2026, but which were substantially complete.

4.3 Conclusion - It is the Chief Internal Auditor’s conclusion 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 reaching this conclusion, assurance can never be absolute. It cannot eliminate all risk and cannot provide absolute assurance of effectiveness.

4.4 Issues relevant to the preparation of the Annual Governance Statement – In undertaking the assessment of the Council's arrangements, the Chief Internal Auditor has reviewed whether, in her opinion, there are any areas that need to be considered when the Council produces its Annual Governance Statement for 2025-26.

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 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 2025-26, one issue has been identified for consideration in preparation of the Annual Governance Statement:

- Ensuring that the Council continues to develop appropriate governance and management arrangements in relation to AI. – Whilst reasonable assurance was provided that effective controls are in place, this issue has been identified due to the rapid nature of changes in AI and the need to ensure the Council keeps pace with the dynamic nature of managing risk in this area.

5 Internal Audit Charter

The Global Internal Audit Standards in the UK Public Sector require that the purpose, mandate and position of Internal Audit is defined in an Internal Audit Charter which is approved by the Audit and Procurement Committee. The Charter was last approved by the Committee in July 2022. However, it is now intended that Internal Audit will seek approval for the Charter on an annual basis as part of its annual report. Some minor amendments have made to the Charter for 2026-27 in light of the new Standards, and it is likely that further amendments will be made in forthcoming year.

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 Professional Practices Framework model charter but adapted where appropriate to reflect the Global Internal Audit Standards in the UK Public Sector and the operation of internal audit within Coventry City Council.

The primary mandate for internal audit in UK local government is the Accounts and Audit Regulations 2015 which requires "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance." The Regulations also include internal audit's rights of access to information and explanations necessary to achieve their intended purpose.

The 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 Leadership Board and the Senior Leadership Team (collectively and individually.)
- **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 advisory 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 Global Internal Audit Standards in the UK Public Sector, which encompasses the Global Internal Audit Standards of the Institute of Internal Auditors and the Application Note: Global Internal Audit Standards in the UK Public Sector issued by CIPFA. In addition, CIPFA have issued a "Code of Practice for the Governance of Internal Audit in UK Local Government" which is designed to work alongside the new internal audit standards. 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 & Resources (Section 151 Officer.) who is a member of Leadership Board and as such is sufficiently senior to allow Internal Audit to fulfil its mandate. The Director of Finance & 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 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 Global Internal Audit Standards in the UK Public Sector 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.

Appendix Two – Summary Findings from Key Audit Reports

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Governance and Management of AI</p> <p>December 2026</p> <p>Director of Digital Services, Strategic Lead for Digital Technology, Information Governance Manager</p>	<p>Overall Objective: To provide assurance that effective controls are in place for Artificial Intelligence governance and management.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - To ensure that the organisation's AI strategy and vision is aligned with its business goals. - To ensure that there are appropriate governance arrangements in place, including assignment of roles and responsibilities, policies and procedures, ethical principles, risk management and legal and regulatory compliance. - To ensure that there are appropriate management arrangements in place for the oversight of any AI projects and initiatives. - To ensure that an early adopters/pilot scheme has been in place prior to organisational roll out. - To ensure that data quality has been reviewed and that there are appropriate data management arrangements in place. e.g. sensitivity labels have been applied, and data management roles have been assigned. - To ensure that there are procedures in place for routinely monitoring access rights, e.g. through access reviews. - To ensure that routine sample searches are conducted to verify that users are only able to access authorised data. - To ensure that licence management arrangements are in place. - To ensure that a training programme/centre of excellence has been established. - To ensure that an evaluation process is in place for the use of AI. <p>Opinion: Reasonable Assurance</p> <p>Agreed Actions – risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> - An AI Board or Sub-Group should be considered. The introduction of AI Solution Highlight Reports should also be considered to ensure the Board is routinely updated on progress and key issues. (M)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none"> - The AI policy should be updated to include auditing/logging and training requirements. In addition, given the rapid nature of changes in AI, the policy should be reviewed at least every six months or after major changes in technology or regulations. (M) - Alongside the DPIA process the Council should develop an AI risk management framework, possibly based around the OWASP top ten AI risks. (M) - The Council should consider the completion of annual compliance checks for AI solution providers, including a review of the SOC2/ compliance reports, given the range of risks in AI solutions. (M) - The Council should develop a strategy to introduce DSPM without placing excessive demands on staff. For example, by initially identifying overshared files/folders and SharePoint sites. Alongside this, process data labels and DLP policies should be developed to prevent inappropriate sharing or exposure of sensitive data. (M) - Data retention policies/procedures should be determined for each Palantir AI solution development. In addition, privacy notice(s) should be updated to ensure that the processing of data using AI is transparent. (M) - A structured strategy to increase license take up should be considered. This may include monitoring user activity, identifying departments with low utilisation, and delivering targeted awareness and engagement campaigns to improve adoption. (M) - Each Palantir solution under development places a different level of demand on the training and support resources available. To identify and manage this demand effectively, each solution should be assessed for its likely training and support resource requirements. (M)

This page is intentionally left blank



Coventry City Council

Public report

Report to

Audit and Procurement Committee

22nd June 2026

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 Plan 2026-27

Is this a key decision?

No

Executive summary:

The purpose of this report is to share the draft Internal Audit Plan for 2026-27 with the Audit and Procurement Committee to allow the Committee to express its views on the extent and nature of the planned coverage.

Recommendations:

Audit and Procurement Committee is recommended to consider and approve the draft Internal Audit Plan for 2026-27 (Appendix One to the report)

List of Appendices included:

Appendix 1 - Draft Internal Audit Plan 2026-27

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:

Draft Internal Audit Plan 2026-27

1. Context (or background)

1.1 The Audit and Procurement Committee, within its terms of reference, is required 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'.

1.2 In terms of proposed audit activities, the draft Internal Audit Plan attached at Appendix One documents the outcome of the audit planning process for 2026-27. This report provides the mechanism for allowing the Audit and Procurement Committee to discharge its responsibility as highlighted above but also enables the Committee to support delivery of the Internal Audit Charter by approving the Internal Audit plan.

2. Options considered and recommended proposal

2.1 **Background** – Internal Audit is an essential part of the Council's corporate governance arrangements. In considering the Global Internal Audit Standards in the UK Public Sector, Internal Audit is defined as:

"An independent, objective assurance and advisory service 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 governance, risk management, and control processes."

The priorities of internal audit activity are determined through the development of an annual risk-based Internal Audit Plan. This report documents the planning process and identifies the outcome of this process, namely the draft Internal Audit Plan for 2026-27.

In developing the Audit Plan, the Service aims to achieve the following objectives:

- To allow the Chief Internal Auditor to provide the Council with an annual conclusion on the effectiveness of the organisation's risk management, internal control and governance arrangements.
- To provide a quality Internal Audit Service in line with the Global Internal Audit Standards in the UK Public Sector, to assist the Council in achieving its aims and objectives.
- To provide the Service with a degree of flexibility to allow it to be able to respond to the changing needs of stakeholders during the year and provide relevant assurance.

- To provide a cost effective, targeted and value-added service to our customers. This requires the Service to achieve a balance between delivering standard audit reviews and responding to new / emerging risks faced by the Council, both at the operational and corporate level.
- Ensuring that the level and skills of audit resources available is appropriate to meet the audit needs of the Council.

2.2 **Draft Audit Plan 2026-27** – The results of the initial assessment of priorities are shown in Appendix One. Key points to note include:

- The draft plan is based on an allocation of priorities against the current level of audit resources available. For 2026-27, it has been assessed that the resources available are 590 days for audit and corporate fraud work. It should be noted that this is a draft assessment, given that the timetable for current recruitment activity cannot be stated with any certainty at this time. Updates on the resource position and any resulting change to the audit plan will be provided in future reports to the Committee.
- In focusing the available resources to develop a plan which meets the needs of the Council and adds value, the following approach has been taken:
 - An initial risk assessment has been undertaken, which considers the Council's corporate risk register, and any priorities identified from consultation with Directors, and other senior managers, alongside other priorities linked to areas of risk which have been highlighted by the Chief Internal Auditor.
 - Where appropriate to do so, the audits of key financial systems are undertaken on a bi-annual basis (e.g. where there is a history of the system being well controlled).
 - A cyclical programme of school audits with the strategy that all local authority maintained schools are audited every five years.
 - A flexible and responsive approach to issues highlighted by senior officers with dialogue to ensure resources are directed in accordance with their priorities.
 - A flexible approach to corporate fraud investigations, offering expert advice and support rather than undertaking the Investigating Officer role.
- Areas of planned work include:
 - Corporate Risks – the focus of audit coverage in 2026-27 in regards to the corporate risk register is aligned to those areas where it is clear Internal Audit can make a contribution to the management of these risks, including emerging issues linked to these activities. This includes reviews linked to health and safety risk, Children's Services safeguarding responsibilities, ICT & Digital risks and statutory engineering inspections.

- Regularity – this includes work to meet the assurance requirements of grant funding received by the Council, support for the development of the Annual Governance Statement and declarations of interest exercise. In respect of grant funding the required audit work represents less than 10% of the overall audit plan and consequently does not significantly impact on the Service’s ability to undertake its core assurance related work.
- Directorate risks – this audit area includes those issues highlighted through dialogue with Directors which could affect the achievement of operational objectives or reflect specific directorate risks.
- Contingency – The plan also includes an element of contingency to allow the Service to respond to emerging risks throughout the year.

As a result, it is believed that the draft Audit Plan for 2026-27 is sufficient for the work required to report on governance, the management of risks and internal controls in the year and to prepare our annual conclusion and report.

- 2.3 Options considered – in the event that an agreed plan of internal work is not undertaken, the Council will not meet its statutory obligations to provide an effective internal audit function.

3. Results of consultation undertaken

- 3.1 There is an on-going process of consultation with Senior Officers across the Council to inform development of the Audit Plan and areas of specific focus throughout the year.

4. Timetable for implementing this decision

- 4.1 The Internal Audit Plan is an annual plan and is based on a completion date of 31st March 2027. Progress is monitored by the Audit and Procurement Committee. In addition to the planned quarterly progress reports, the Internal Audit Service is required to produce an annual report. This report is due in June / July 2027 and will include the conclusion of the Chief Internal Auditor on the adequacy of the Council’s risk management, internal control and governance arrangements, highlighting issues relevant to the preparation of the Annual Governance Statement.

5. Comments from the Director of Finance and Resources and the Director of Law, Governance & Safer Communities

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 effective planning of audit activity across the organisation 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 Global Internal Audit Standards in the UK Public Sector as "an independent, objective assurance and advisory service 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 governance, risk management, and control 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. The 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:

Karen Tyler
Chief Internal Auditor

Service:

Finance and Resources

Tel and email contact

Tel: 024 7697 2186
Email: Karen.tyler@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Service Area	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Law, Governance & Safer Communities	5/6/2026	5/6/2026
Tina Pinks	Finance Manager Corporate Finance	Finance and Resources	5/6/2026	11/6/2026
Oluremi Aremu	Head of Legal & Procurement Services	Law, Governance & Safer Communities	5/6/2026	11/6/2026
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Resources	-	5/6/2026	11/6/2026
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	5/6/2026	5/6/2026

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

Appendix One – Internal Audit Plan 2026-27

KEY DRIVER	AUDIT AREA	PLANNED DAYS
Corporate Risk		
	Control over IT assets	15
	Children’s Services reform	15
	Statutory compliance (DPS)	15
	Lifting operations and equipment regs	7
	Children’s Services safeguarding (use of AI)	15
Council / Audit Priorities		
	Payment Recovery Audit	3
	CMH - compliance with the GGA	10
	EDI - inclusive recruitment panels	10
	CWRT Health check	3
	Governance of charities	5
	Flexitime policy	20
Financial Systems		
	Business Rates	15
	Proactive invoice checks	3
	Council Tax	15
	Corporate Income	20
	Housing Benefits / CTS	15
	Adult social care income and expenditure	30
Regularity		
	Grants	29
	Code of corporate governance	6
	Schools	77
Directorate risks		
	Working arrangements in Waste Services	10
	Crisis and Resilience Fund	15
	Waste recycling	10
	Fleet KPI's	10
	Highways asset implementation plan	10
	Children’s Services cash administration	5
	Direct payments monitoring	15
Other		
	Contingency	60
	Fraud	27
	Follow up	31
	2025/26 B/Fwd	69
	Total Days Available	590

This page is intentionally left blank



Public report Committee Report

Audit and Procurement Committee

22nd June 2026

Name of Cabinet Member:

N/A

Director approving submission of the report:

Director of Law, Governance and Safer Communities

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 Resources and the Director of Law, Governance and Safer Communities

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 authors:

Names and job titles:

Michelle Salmon
Governance Services Officer

Lara Knight
Governance Services Co-ordinator

Directorate:

Law, Governance and Safer Communities

Email contact:

michelle.salmon@coventry.gov.uk
Lara.knight@coventry.gov.uk

Enquiries should be directed to the above persons.

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

Appendix 1

Further Reports Requested to Future Meetings

No.	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
	Nil					

* Identifies items where a report is on the agenda for the 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
	Nil				

Audit and Procurement Committee

Work Programme 2026/27

22nd June 2026

Annual Governance Statement 2025/26
Internal Audit Annual Report 2025/2026
Internal Audit Plan 2026/27 and Internal Audit Strategy 2025-2028

27th July 2026

Revenue and Capital Outturn 2025/2026
Audit and Procurement Committee Annual Report to Council 2025/2026
2025 Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA) 2000

21st September 2026

First Quarter Revenue and Capital Monitoring Report (to June 2026)
Annual Fraud and Error Report 2025/26
Local Code of Corporate Governance 2026/27
Six Monthly Corporate Risk Report
Six Monthly Procurement Progress Report (Private)

23rd November 2026

2025/26 Statement of Accounts (Grant Thornton)
Treasury Management Update 2026/27 – Half Year Progress Report
Quarter Two Revenue and Capital Monitoring Report 2026/27 (to September 2026)
Information Governance Annual Report 2025
Coventry Municipal Holdings Limited - Compliance with Group Governance Agreement
Complaints to the Local Government and Social Care Ombudsman 2025/26

18th January 2027

Internal Audit Plan 2026/27 – Half Year Progress Report
Internal Audit Professional Standards Update
Half Year Fraud and Error Report 2026/27
Whistleblowing Annual Report 2025/26

15th March 2027

2026/27 External Audit Plan (Grant Thornton)
Internal Audit Recommendation Tracking Report
Quarter Three Revenue and Capital Monitoring Report 2025/2026 (to December 2026)
Quarter Three Internal Audit Progress Report 2025/2026
Six Monthly Corporate Risk Report
Six Monthly Procurement Progress Report (Private)

This page is intentionally left blank