

# **Audit and Procurement Committee Annual Report to Council 2024-25**

To be considered at the City Council meeting  
on the 2<sup>nd</sup> September 2025

## **Audit and Procurement Committee Annual Report 2024-25**

### **Introduction by Chair of Audit and Procurement Committee**

I am pleased to present this report which outlines the Committee's work over the municipal year 2024-25.

The Audit and Procurement Committee is a key component of the Council's governance framework, supporting good governance and strong public financial management. Over the last year, the Committee has continued to discharge its key responsibility effectively, namely providing independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's financial reporting and governance processes. The Committee has provided oversight of key matters such as the Annual Governance Statement, Internal Audit activity and actions to ensure the regulatory deadlines for the publication of the Council's accounts have been met. Alongside this, the Committee has considered additional information which provides assurance over the governance arrangements for procurement activity.

I am looking forward to building on the good work done in 2024-25 and ensuring that the Committee continues to make a positive contribution to the overall governance arrangements within the Council. In terms of priorities for 2025-26 these include ensuring that:

- The Council's risk management, governance, internal control and financial management arrangements continue to operate effectively, especially in light of the ongoing financial pressures caused by inflation, increasing service demands and difficult conditions within social care markets.
- The deadlines relating to the publication of the Council's 2024-25 unaudited and audited Statements of Accounts are achieved and the Council has appropriate arrangements in place to ensure the timetable is met in forthcoming years.

I hope that this Annual Report helps to demonstrate to Coventry residents and the Council's other stakeholders the vital role that is carried out by the Audit and Procurement Committee and the contribution that it makes to the Council's overall governance arrangements.



**Councillor Ram P. Lakha OBE  
Chair, Audit and Procurement  
Committee**

## **1 Activity of the Council's Audit and Procurement Committee**

During 2024-25, the Council's Audit and Procurement Committee met on eight occasions. Meetings were held in June, July, September and November 2024, as well as in January, February and March 2025.

The Committee receives a range of:

- Routine reports based on the clearly defined expectations of services / functions that report to the Audit and Procurement Committee, e.g. internal / external audit and financial management.
- Ad-hoc reports which focus on either a specific concern or developments that impact directly on the Committee.

The details of the reports considered in 2024-25 are expanded upon below.

### **1.1 Governance** – The Committee received the following reports linked to the Council's governance arrangements:

- The Council's Local Code of Governance was considered by the Committee in June 2024. The Local Code sets out the Council's specific arrangements for putting the principles of good governance into practice. It draws on examples provided in the "Delivering Good Governance in Local Government Framework" published by CIPFA / Solace but also reflect systems and processes which are specific to the Council. The Committee satisfied itself that the Local Code accurately represents the Council's governance arrangements and noted the legal requirement to produce an Annual Governance Statement.
- As part of the Annual Accounts process for 2023-24, the Chief Internal Auditor co-ordinated the development of the Council's Annual Governance Statement. The draft Statement was considered by the Committee in September 2024. The Statement provides assurance that the Council's governance arrangements have been fit for purpose during the year, based on an assessment using a range of sources. As well as highlighting a number of ongoing governance issues that remain a focus for the Council, the Statement also acknowledged the following new governance issues identified from the work undertaken to produce the Statement; producing and rolling out a Supplier Code of Conduct, improving arrangements to ensure management compliance with key HR policies and procedures, and implementing the action plan arising from the Peer Challenge report.

### **1.2 Financial Management and Accounting** – In February 2025, the Committee received the final statement of accounts for 2023-24 alongside the External Auditor's Audit Findings report. As a result of the audit findings a number of relatively minor changes were made to the draft accounts.

Following assurances received by the Committee in relation to these matters, the accounts were approved for publication. Additionally, the following reports were received in year:

- The revenue and capital outturn position for 2023-24 was considered in July 2024. The report showed the Council's financial position in relation to management accounts used to monitor performance through the year.
- Quarterly monitoring reports of the Council's performance against its revenue and capital budgets during 2024-25 were considered in September 2024, January 2025 and March 2025.
- A treasury management activity update was considered in November 2024. The report highlighted investment activity carried out by the Council and provided assurance that the Council was managing investments in accordance with its Investment Strategy.

**1.3 External Audit** - External audit activity undertaken to enable the Council's Statement of Accounts for 2019-20 and subsequent years to be finalised has also impacted on the normal timetable of reports that the Committee receives from the external auditors. However, the following reports were received from the Council's external auditors, Grant Thornton in 2024-25:

- Audit Findings Report for 2020-21 and the Audit Report for 2021-22 and 2022-23, alongside the disclaimer of opinions due to the backstop for 2020-21, 2021-22 and 2022-23. These reports were considered in November 2024. The reports explained it had not been possible to complete the audit work on the financial statements for these years by the statutory backstop date of 13<sup>th</sup> December 2024 and therefore disclaimer of opinions have been issued. The Committee gained assurance around the implications of this.
- External Audit Plan 2023-24 and related audit reports. These reports were also considered November 2024. The Audit Plan and risk assessment provided details of the planned scope and timings of the audit of the Council's accounts for 2023-24. Alongside this, the 2023-24 IT audit findings report was presented. This related to the audit work completed on the Council's IT controls which are relevant to the financial statements. Although some areas for improvement were identified, no significant deficiencies in IT controls were highlighted.
- Interim External Auditor's Annual Report 2023-24. This report was considered in January 2025 and detailed the external auditors judgements on the Council's value for money arrangements. A key recommendation was made in respect of ensuring the Council publishes the 2024-25 unaudited accounts by 30<sup>th</sup> June 2025 and makes appropriate preparations for subsequent years, when the timetable for publishing unaudited and audited accounts will shorten. The report noted that the Council has employed significant extra resource to support this.

- Audit Findings Report 2023-24 and draft Annual Report, including disclaimer of opinion. This report was considered in February 2025 and detailed the findings of the audit of the financial statements. Whilst some audit work was completed, the results of which were detailed, the reports explained that it was not possible to conclude the work by the statutory backstop date of 28<sup>th</sup> February 2025 and therefore a disclaimer of opinion was issued.

**1.4 Internal Audit** – In June 2024, the Audit and Procurement Committee received the Internal Audit Annual Report. This report had two main purposes:

- To summarise the Council's Internal Audit activity for the period April 2023 to March 2024, against the agreed Internal Audit Plan for the same period. This highlighted the Internal Audit Service had delivered 82% of the agreed work plan by 31<sup>st</sup> March 2024, against a target of 90%.
- To provide the Committee with the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control and governance arrangements. Based on the work of Internal Audit in 2023-24, the Chief Internal Auditor concluded that 'reasonable' assurance could be provided that there was generally an effective and adequate framework of governance, risk management and internal control in place to help the organisation meet its objectives.

Other Internal Audit reports considered during the year include:

- Internal Audit Plan for 2024-25 – This report considered the outcome of the Internal Audit planning process and provided the Committee as a key stakeholder of the Internal Audit Service, the opportunity to comment on the scope and coverage outlined in the plan.
- Progress reports on Internal Audit work – Monitoring reports were received in November 2024 and March 2025. These reports provided updates on the performance of the Service, along with a summary of the key findings from a sample of audit reviews carried out in the relevant periods. In considering these reports, the Committee agreed with the focus of improvements identified and the timescales agreed for implementation.
- Internal Audit External Quality Assessment – This report set out the results of the External Quality Assessment of the Internal Audit Service. The Public Sector Internal Audit Standards require that a Quality Assurance and Improvement Programme is maintained. This includes the requirement for an external assessment to be undertaken every five years to evaluate the internal audit activity's conformance with the Standards and Code of Ethics. The overall conclusion reached by the assessor was that the Internal Audit Service conforms to the

requirements of the Public Sector Internal Audit Standards, with no key areas of non-compliance identified.

- Recommendation Tracking Report – In March 2025, a report on action taken by service areas in implementing agreed audit recommendations was presented. This highlighted the levels of compliance with the implementation of agreed actions and the approach undertaken by Internal Audit to follow up recommendations. In the period January 2024 to January 2025, 65% of the recommendations followed up had been implemented.

**1.5 Fraud and Error-** The following fraud reports were considered in 2024-25:

- Annual Fraud and Error Report - This report was considered by the Committee in July 2024 and summarised the Council's response to anti-fraud and error activity for the financial year 2023-24. This included:
  - Work to assist in the administration of the debt recovery process of business support grants paid fraudulently or in error.
  - A summary of the work undertaken in relation to the National Fraud Initiative, a data matching exercise led by the Cabinet Office. In 2023-24, overpayments of £8k were identified, alongside forward savings of £169k.
  - A summary of the work undertaken in relation to corporate fraud investigations during the year.
- Half Yearly Fraud and Error Update - A report was received in January 2025 which provided an up-date on anti-fraud and error activity in 2024-25. This included delivery of fraud awareness sessions to employees.

**1.6 Procurement** – Reports relating to procurement were received in September 2024 and March 2025. This area is considered under the private part of the agenda and are progress reports summarising procurement activity considered by the Procurement Board and Panels in the relevant period, as well as providing details of savings made. The reports also provided assurance around the effectiveness of governance arrangements for Procurement Board and Panels and details of exceptions to Contract Procedure Rules which had been granted. The Committee in considering these reports noted the content of reports and sought assurance around specific activity highlighted.

**1.7 Salaries** – Within its terms of reference, the Committee is responsible for determining any salary or severance package for an employee of the Council (except the Chief Executive) of £100k or over. The Committee received reports in June 2024 linked to the discharge of this function.

**1.8 Other** - The Audit and Procurement Committee also supports the Council in considering other areas linked to risk management, internal control and governance and in 2024-25, this included the following:

- Whistleblowing Annual Report 2023-24 – This report provided a summary of the concerns raised under the Council's Whistleblowing Policy during the year and the Council's response to the issues. Of the eleven whistleblowing disclosures received, in five cases, management action was taken to make improvements whilst in six cases, the matter was not substantiated / further action was not required.
- Regulation of Investigatory Powers Act 2000 Annual Compliance Report – This report focused on providing oversight of the Council's compliance with this Act. There were no directed surveillance applications granted during the year and no reported instances of the Council having misused its powers under the Act.
- Complaints to the Local Government and Social Care Ombudsman 2023-24 - This report provided information regarding the number and outcome of Local Government and Social Care Ombudsman complaints received and investigated during 2023-24 along with outlining the actions taken by the Council where a complaint was upheld by the Ombudsman. Of the 80 complaints, eight were investigated and three were upheld. No formal reports of maladministration were issued by the Ombudsman.
- Corporate Risk Register– The Committee received reports relating to the Corporate Risk Register in September 2024 and March 2025. The reports provide details of the current Corporate Risk Register with an overview of the changes since the last Register was considered and details of the controls in place to address identified risks. The Committee noted the Risk Registers having satisfied themselves that risks are being identified and managed.
- Information Governance Annual Report 2023-24 – This report considered the Council's performance in relation to handling requests for information, managing data protection security incidents and completing data protection training, as well as highlighting the outcome of internal reviews carried out by the Council and complaints considered by the Information Commissioners Office. The Council completed 81% of FOI requests on time and 84% of Subject Access Requests. No Information Commissioners Office complaints were received during the year. Three security incidents were reported to the Information Commissioners Office (two self-reports and one complaint.)
- Coventry Municipal Holdings Group Accounts – This report set out the accounts for Coventry Municipal Holdings limited for the year ending 31<sup>st</sup> March 2023 and where available to the year ending 31<sup>st</sup> March 2024 and also confirmed that each of the trading entities adhered to the requirements under the Group Governance Agreement.