



Audit and Procurement Committee

2nd February 2026

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor R Brown

Director Approving Submission of the report:

Director of Finance and Resources (Section 151 Officer)

Wards affected:

All

Title: 2024-25 Statement of Accounts

Is this a key decision?

No

Executive Summary:

The purpose of this report is to gain Audit and Procurement Committee's approval for the 2024/25 Statement of Accounts.

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

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

The Audit and Procurement Committee is approving these accounts for publication on the Council's behalf.

Please note at the time of publication of this report, the Auditor's Report 2024-25 (Appendix 3 to this report) has not been received from Grant Thornton. In light of the backstop date for the publication of the 2024/25 audited accounts being 27th February 2026 and with the agreement of the Chair, Councillor Lakha, the Auditors Report 2024-25 will be circulated and published separately and prior to the meeting in order to ensure that sufficient time is

provided for the Committee to give full consideration to the document and the contents of this report.

Recommendations:

Audit and Procurement Committee is recommended to:

- (1) Note the details presented in the 2024/25 Audit Findings Report
- (2) Accept the disclaimed opinions provided by the external auditor in relation to elements of the 2024/25 accounts
- (3) Grant authorisation for the requested letter of representation for 2024/25, to be signed and returned to the external auditors.

List of Appendices included:

Appendix 1 - Statement of Accounts 2024-25

Appendix 2 - Audit Findings Report 2024-25

Appendix 3 - Auditor's Report 2024-25 (To be circulated and published prior to the meeting).

Other useful background papers:

None

Has it been or will it be considered by Scrutiny?

The Audit and Procurement Committee will review the documentation submitted to them by the Council's external auditor.

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

No

Will this report go to Council?

No

Title: 2024-25 Statement of Accounts

1. Context (or background)

- 1.1 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. The relevant deadline for the accounts of 2024/25 is 27th February 2026.
- 1.2 The documents from Grant Thornton which are attached as Appendices to this report detail the position in relation to 2024/25, and deal with the necessary matters required in advance of the Government deadline.
- 1.3 Although a significant amount of audit work has been carried out on the 2024/25 accounts this has not been sufficient for the auditor to issue an opinion without disclaimer. As a result, Grant Thornton is intending to issue a disclaimed opinion, reflecting the fact that there has been insufficient time to gain full assurance.
- 1.4 Appendix 1 details the work that has been carried out on 2024/25 accounts and clarifies which items remain incomplete.

2. Options considered and recommended proposal.

- 2.1 A decision not to agree to these recommendations would result in the Council not meeting the statutory deadline of 27th February 2026 for approving and publishing the 2024/25 accounts.

3. Results of consultation undertaken

None

4. Timetable for implementing this decision

- 4.1 If the Committee approve the proposed recommendations, the auditors disclaimed opinions will be appended to the 2024/25 accounts. These accounts will then be published on the Council's website as soon as is practicable, and in advance of 27th February 2026.

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 regulatory penalties for missing the accounting deadlines. However, failure to comply with the accounting deadlines would likely result in additional work for officers and the Council's auditors, which would be reflected in additional audit costs.

Public Interest Entity (PIE) Ethical Standards

Coventry City Council remained classified as a Public Interest Entity (PIE) in 2024/25 due to an historic issue of bonds which are freely tradable on the Stock Exchange. This classification requires the Local Authority to meet a number of ethical standards specific to PIE organisations.

One of these ethical standards relates to a 70% cap on non-audit fees for PIEs for the average of the fees paid in the last three consecutive years of audit fees. The cap is used to control non-audit spending (for Coventry City Council, this relates to Teachers Pension Audit & Housing Benefit Audit work) to ensure it doesn't exceed a certain percentage of our audit fees.

Due to the audit backstop legislation, and the subsequent reduced audit fees for 2021/22, 2022/23 and 2023/24, presented to Audit & Procurement Committee on 25th November 2024, the non-audit fees for 2024/25 are in breach of this ethical standard.

In these exceptional circumstances, owing to the backstop, Grant Thornton have been awarded an exemption by the Financial Reporting Council (FRC). The waiver on the fee cap was awarded on the grounds of the specific costs involved and the circumstances around the backstop.

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

Regaining Assurance

As a result of the backstop legislation passed in September 2024, a disclaimer of opinion was issued for 2023/24.

For the 2024/25 audit, Grant Thornton has continued to rebuild assurance, focusing on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances. As was expected, they have not concluded all the necessary work including reserves, grants received in advance and capital financing requirements due to the disclaimed opinion on opening balance in 2023/24.

This 'limited assurance' over the opening balances for 2024/25 results therefore in 'no assurance' over the closing reserves balance also due to the uncertainty over the opening amount.

In June 2025, the National Audit Office (NAO) published its "Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06" for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. This includes assessments over risk of material misstatements of opening balance figures and reserves; designing and performing specific substantive procedures, such as proof-in-total approach; special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

It is expected that Grant Thornton's strategy for rebuilding assurance will be discussed, as part of the planning for 2025/26 audit plan.

Contingency Liability for Equal Pay

The Council has received claims in respect of Equal Pay. Due to the process currently being at an early stage, it is management's view that there is no reliable assessment of the validity, potential success or value of claims at this stage.

Disclosure of Counsel advice regarding open litigation, is excluded under the Local Audit and Accountability Act 2014 to prevent undue influence on the outcome of claims.

Grant Thornton has not received management's assessment of the probability of the claims being successful or an estimation of any associated liabilities and have therefore not concluded work in this area.

5.2 Legal implications

The statement of accounts has been prepared in accordance with statutory requirements, detailed in:

- The Local Government Act 2003 (Regulation 21);
- Section 3 of the Local Audit and Accountability Act 2014 which requires local authorities to prepare a statement of accounts.
- Accounts and Audit Regulations 2015; and
- Code of Practice on Local Authority Accounting in the United Kingdom

Local authorities must produce their accounts in accordance with the Code of Practice on Local Authority Accounting. In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of Section 21(2) of the Local Government Act 2003.

The Accounts and Audit Regulations 2015 require the Chief Finance Officer to certify that the Statement of Accounts present a true and fair view of the financial position of the Council at the end of the year to which it relates and its income and expenditure for that year.

On 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for 2024/25 financial statements by 27th February 2026. Where audit work is not concluded, this will result in either a qualification or disclaimer of opinion.

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?

N/a

6.3 What is the impact on the organisation?

It remains important for the Council to ensure timely and accurate reporting of the Councils financial position.

6.4 Equalities / EIA

No impact

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

No impact

6.6 Implications for partner organisations?

No impact

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