Coventry City Council

Audit and Procurement Committee Annual Report to Council

2025-26

To be considered at the City Council meeting
on the 8th September 2026

Audit and Procurement Committee Annual Report 2025-26

Introduction by Chair of Audit and Procurement Committee

In May 2026, the Council appointed me as the new Chair of the Audit and Procurement Committee.

I am pleased to present this report which outlines the Committee's work over the municipal year 2025-26.

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 2025-26 and ensuring that the Committee continues to make a positive contribution to the overall governance arrangements within the Council. In terms of priorities for 2026-27 these include ensuring that:

- There are adequate opportunities for the training and development of councillors on the Committee.
- The Council has appropriate arrangements in place to ensure the timetable for the publication of the 2025-26 unaudited and audited Statement of Accounts is met and work on rebuilding audit assurance is appropriately progressed.

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 Shakila Nazir
Chair, Audit and Procurement Committee

1 Activity of the Council's Audit and Procurement Committee

During 2025-26, the Council's Audit and Procurement Committee met on six occasions. Meetings were held in June, July, September and November 2025, as well as in February and March 2026.

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 2025-26 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 September 2025. 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 2024-25, the Chief Internal Auditor co-ordinated the development of the Council's Annual Governance Statement. The draft Statement was considered by the Committee in June 2025. 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; improving performance management, implementation of the new Global Internal Audit Standards in the UK Public Sector, identifying opportunities to strengthen the Council's formal risk management approach, and work to continue embedding new leadership behaviours.

1.2 **Financial Management and Accounting –** In February 2026, the Committee received the final statement of accounts for 2024-25 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 2024-25 was considered in July 2025. 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 2025-26 were considered in September 2025, February 2026 and March 2026.

- A treasury management activity update was considered in November 2025. 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** - The following reports were received from the Council's external auditors, Grant Thornton in 2024-25:

- External Audit Plan 2024-25 and related audit reports. These reports were considered in September 2025. The Audit Plan and risk assessment provided details of the planned scope and timings of the audit of the Council's accounts for 2024-25. Alongside this, the 2024-25 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.

- Auditor's Annual Report 2024-25. This report was considered in November 2025 and detailed the external auditors judgements on the Council's value for money arrangements. Although some areas for improvement were identified, no key recommendations were made.

- Audit Findings Report 2024-25 and independent Auditor's report, including disclaimer of opinion. This report was considered in February 2026 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 the 27th February 2026 and therefore a disclaimer of opinion was issued. The statutory backstop dates reflect legislation passed by Government to address the backlog in completion of local authority accounts.

- External Audit Plan 2025-26. This report was considered in March 2026. The Audit Plan and risk assessment provided details of the planned scope and timings of the audit of the Council's accounts for 2025-26, and the 2025-26 review of key IT controls. The Audit Plan reflects the continued application of the backstop arrangements and the objective of rebuilding audit assurance following the prior period disclaimers.

1.4 **Internal Audit** – In June 2025, 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 2024 to March 2025, against the agreed Internal Audit Plan for the same period. This highlighted the Internal Audit Service had delivered 89% of the agreed work plan by the 31st March 2025, 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 2024-25, 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 2025-26 and Internal Audit Strategy 2025-28 – 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, which was approved by the Committee. The Committee also approved the Internal Audit Strategy 2025-28, which is a requirement of the new professional standards for Internal Audit and sets out the vision, strategic objectives and supporting initiatives for the Internal Audit Service.

- Progress reports on Internal Audit work – Monitoring reports were received in February 2026 and March 2026. 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 Professional Standards update – In November 2025, the Committee received an update on the new professional standards for Internal Audit. This included the essential conditions relating to the Committee for governing the Internal Audit function, including approval of a new set of performance objectives for the Service.

- Recommendation Tracking Report – In March 2026, 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

2025 to January 2026, 61% of the recommendations followed up had been implemented.

1.5 **Fraud and Error**- The following fraud reports were considered in 2025-26:

- Annual Fraud and Error Report - This report was considered by the Committee in September 2025 and summarised the Council's response to anti-fraud and error activity for the financial year 2024-25. 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 2024-25, the work was focused on collating and submitting the datasets for the next exercise.
  - 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 February 2026 which provided an up-date on anti-fraud and error activity in 2025-26. This included delivery of fraud awareness sessions to employees.

1.6 **Procurement** – Reports relating to procurement were received in September 2025 and March 2026. 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 September 2025 and November 2025 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 2025-26, this included the following:

- Whistleblowing Annual Report 2024-25 – 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 ten whistleblowing disclosures received, in one case, management action was taken to make improvements and in one case, a disciplinary investigation was instigated. In the remaining eight 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 2024-25 - This report provided information regarding the number and outcome of Local Government and Social Care Ombudsman complaints received and investigated during 2024-25 along with outlining the actions taken by the Council where a complaint was upheld by the Ombudsman. Of the 101 complaints, 22 were investigated and 17 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 2025 and March 2026. 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 2024-25 – 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 87% of FOI requests on time and 71% of Subject Access Requests. Three Information Commissioners Office complaints were received during the year and three security incidents were reported to the Information Commissioners Office.

- Coventry Municipal Holdings– This report provided assurance that the Council's trading entities have adhered to the requirements under the Group Governance Agreement and confirmed that the accounts for all active companies for the year ending 31st March 2025 had received unqualified audit opinions.