Coventry City Council

Public report
Cabinet

Audit and Procurement Committee 21st September 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:
Regaining Assurance Strategy for Coventry City Council - Presentation by Grant Thornton

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Is this a key decision?
No

Executive summary:

This report introduces Grant Thornton's Regaining Assurance Strategy for Coventry City Council. The strategy explains how external audit assurance will be rebuilt following disclaimed audit opinions for 2020/21 to 2024/25 under the statutory backstop arrangements.

Grant Thornton has provisionally assessed the regaining assurance audit as Category B under the Ministry of Housing, Communities and Local Government framework. This means that an International Standards on Auditing compliant approach is considered achievable within the build-back period, but with significant operational difficulties. The main challenges concern the complexity of statutory reserves, property valuations, and the scale of substantive testing.

The phased work programme covers the 2025/26 to 2027/28 audits. A disclaimer of opinion is expected for 2025/26 and 2026/27, with an unmodified opinion anticipated for 2027/28, subject to satisfactory completion of the programme and no new significant issues. Delivery depends on high-quality accounts and working papers, timely audit access and effective internal controls.

Recommendations:

The Audit and Procurement Committee is recommended to:

1) Consider and comment on Grant Thornton's Regaining Assurance Strategy, including the proposed audit opinion trajectory, work programme, risks and timetable.
2) Note that appropriate arrangements are in place to support delivery and monitor progress.
3) Request that material changes to the timetable, risks or anticipated audit opinion trajectory are reported through future external audit updates and Audit Findings Reports.

List of Appendices included:

The following appendices are attached to the report:

Appendix 1 – Regaining Assurance Strategy for Coventry City Council - Presentation by Grant Thornton

Background papers

None

Other useful documents

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: Regaining Assurance Strategy for Coventry City Council - Presentation by Grant Thornton

1. Context (or background)

1.1. The measures introduced to address the national backlog in local government audit included statutory backstop dates. As a result, Grant Thornton issued disclaimed audit opinions for Coventry City Council for the financial years 2020/21 to 2024/25. A disclaimer means that the auditor was unable to obtain sufficient appropriate audit evidence to form an opinion on the financial statements; it does not, by itself, indicate that the accounts are misstated.

The next stage is to rebuild sufficient audit evidence over current-year transactions, closing balances and relevant opening balances. Grant Thornton has therefore developed a Regaining Assurance Strategy. The strategy describes the anticipated audit opinion trajectory, the areas requiring build-back work, key delivery risks and the milestones for the 2025/26 to 2027/28 audit cycle.

Grant Thornton's provisional Category B assessment reflects its view that an ISA-compliant approach is achievable within the build-back period, but with significant operational difficulties. Particular challenges include the complexity of statutory reserves, property asset valuations. The Committee's oversight will be important in maintaining visibility of progress, risks, dependencies and any changes to the planned trajectory.

2. Options considered and recommended proposal

2.1. The scope and form of external audit work, and the audit opinion ultimately issued, are matters for the appointed external auditor. The reasonable options for the Committee are therefore to receive and scrutinise the strategy, seek further assurance or clarification where required, and determine how progress should be reported through its work programme.

The recommended proposal is that the Committee considers the Grant Thornton presentation at Appendix 1 and examines the proposed three-year build-back programme. In particular, Members are invited to focus on the assumptions and dependencies underpinning delivery, the significant operational difficulties reflected in the Category B assessment, the adequacy of Council capacity and evidence, and the arrangements for reporting slippage or emerging issues.

Grant Thornton's plan prioritises 2025/26 in-year transactions and closing balances. Assurance over statutory reserves, property assets, pensions and prior-year balances will then be rebuilt in phases across the 2025/26, 2026/27 and 2027/28 audits. The anticipated return to an unmodified opinion in 2027/28 is a planning estimate rather than a guarantee and remains dependent on satisfactory completion of the programme and the absence of new significant issues.

Council officers will support the programme by providing high-quality draft financial statements, comprehensive and timely working papers, prompt access to records and staff, and continued focus on the operation of internal controls. Grant Thornton will refresh the timetable in subsequent Audit Findings Reports if material changes arise. This provides a proportionate basis for the Committee to monitor delivery while respecting the external auditor's independence and responsibility for the audit opinion.

3. Results of consultation undertaken

3.1. No public, staff or trade union consultation has been undertaken because this report introduces an external audit strategy and does not propose a change to Council policy or service delivery.

4. Timetable for implementing this decision

4.1. Following consideration by the Committee, Grant Thornton and Council officers will continue delivery of the build-back programme.

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

5.1. Financial Implications

MHCLG Section 31 grant funding of £145,948 has been provided to Coventry to cover the extra internal and external resources needed to rebuild audit assurance.

Grant Thornton's audit fee will be agreed and reported to the Audit and Procurement Committee in due course. The strategy also identifies a requirement for considerable Council finance team capacity, particularly in relation to statutory reserves and historic evidence. This cover report does not seek approval for new expenditure.

5.2. Legal Implications

There are no direct legal implications arising from the Committee's consideration of the presentation. The external audit must be undertaken in accordance with the applicable statutory framework and International Standards on Auditing (UK). The external auditor remains independently responsible for determining the nature and extent of audit work and for the opinion issued on the Council's financial statements. The Committee should continue to exercise its established governance and oversight role in relation to the external audit process.

6. Other implications

6.1. How will this contribute to the One Coventry Plan?

(https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan)

The proposal supports the One Coventry Plan enabling priority of continued financial sustainability. Rebuilding external audit assurance will strengthen transparency and accountability over the Council's financial statements, support effective governance and provide Members and stakeholders with clearer assurance over the Council's financial position.

6.2. **How is risk being managed?**

The principal risks are that the volume and technical complexity of the required work, constraints on finance and audit capacity. These risks will be mitigated through detailed audit planning, timely access for Grant Thornton and regular monitoring between officers and the auditors.

6.3. **What is the impact on the organisation?**

The strategy will require sustained input from Corporate Finance and other services that hold financial records or support material balances, including property and pensions information. This may create competing workload pressures and will require careful prioritisation and coordination.

6.4. **Equalities / EIA?**

An Equality Impact Assessment has not been undertaken because the report concerns the external audit approach and the Committee's oversight of the programme; it does not propose a change to policy, service delivery, staffing arrangements or access to services.

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

There are no direct climate change or environmental implications arising from consideration of the external auditor's strategy.

6.6. **Implications for partner organisations?**

Grant Thornton is the Council's appointed external auditor and will lead delivery of the audit strategy. The Ministry of Housing, Communities and Local Government and Public Sector Audit Appointments are national stakeholders in monitoring and supporting the build-back process.

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