

Public Document Pack



COTSWOLD
DISTRICT COUNCIL

Wednesday, 20 April 2022

Tel: 012856233181
e-mail - democratic@cotswold.gov.uk

AUDIT COMMITTEE

A meeting of the Audit Committee will be held in the Council Chamber, at the Council Offices, Trinity Road, Cirencester on **Thursday 28 April 2022 at 4.00pm**

Rob Weaver
Chief Executive

To: Members of the Audit Committee:

(Councillors Stephen Andrews, Tony Berry, Patrick Coleman, Mark Harris, Nick Maunder, Nigel Robbins and Ray Theodoulou)

Recording of Proceedings – The law allows the public proceedings of Council, Cabinet, and Committee Meetings to be recorded, which includes filming as well as audio-recording. Photography is also permitted.

As a matter of courtesy, if you intend to record any part of the proceedings please let the Committee Administrator know prior to the date of the meeting.

AGENDA

1. **Apologies**
2. **Substitute Members**
To note details of any substitution arrangements in place for the meeting.
3. **Declarations of Interest**
To receive any declarations of interest from Members and Officers, relating to items to be considered at the meeting.
4. **Minutes (Pages 5 - 12)**
To confirm the minutes of the meeting of the Committee held on 27th January 2022.
5. **Public Questions**
To deal with questions from the public within the open forum question and answer session of fifteen minutes in total. Questions or supplementary questions from each member of the public should be no longer than two minutes each and relate issues under the Committee's remit.
6. **Member Questions**
To deal with written questions by Members, relating to issues under the Committee's remit, with the maximum length of oral supplementary questions at Committee being no longer than one minute. Responses to any supplementary questions will be dealt with in writing following the meeting.
7. **Draft Accounting Policies 2021/22 (Pages 13 - 30)**
Purpose
This report presents the accounting policies to be included in the 2021/22 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2021/22. Approving the accounting policies in advance of preparation of the accounts represents best practice.

Recommendation
It is recommended that:
a) The Audit Committee considers and approves the accounting policies for 2021/22.
8. **Corporate Risk Register Update (Pages 31 - 40)**
Purpose
To update the Committee on the changes to the Council's corporate risk register at the end of 2021/22 Q4.

Recommendation(s)
To note the updates to the Council's corporate risk register.

9. **Annual Governance Statement Action Plan (Pages 41 - 50)**

Purpose

This report presents an update on the Governance Action Plan for 2021/22.

Recommendation(s)

To note progress against items in the Governance Action Plan for 2021/22.

10. **Updated Procurement and Contract Management Strategy (Pages 51 - 72)**

Purpose

To present an updated draft Procurement and Contract Management Strategy as per the Internal Audit recommendation. The draft strategy covers updates on Social Value, Climate Emergency and Modern Slavery.

Recommendation(s)

That the Proposed Procurement and Contract Management Strategy be approved prior to presentation at Cabinet.

11. **Counter Fraud and Enforcement Unit Report (Pages 73 - 82)**

Purpose

To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.

Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.

The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council's existing authorisation arrangements.

Recommendation

That the Audit Committee notes the report and the work plans at Annex A.

12. **Whistle Blowing Policy (Pages 83 - 100)**

Purpose

To present the Audit Committee with an updated Whistle-Blowing Policy for comment. To update and replace the existing Whistle-Blowing Policy to highlight key legislation and the roles and responsibilities of Members, Officers and other parties.

Recommendation

That the Committee considers the Whistle-Blowing Policy to comment thereon to Cabinet, to aid its deliberations and decision making.

13. **Internal Audit Progress Report (Pages 101 - 124)**

Purpose

To present a summary of the audit work concluded since the last meeting of this Committee.

Recommendation

That the Committee considers the report at Annex A and comments as necessary.

14. **Internal Audit Plan 2022/23 and Internal Audit Charter (Pages 125 - 142)**

Purpose

To present the Internal Audit Plan for consideration and approval.

To present the updated Internal Audit Charter for consideration and approval.

Recommendation(s)

That the Proposed 2022/23 Internal Audit Annual Plan and the Internal Audit Charter be approved.

15. **Work Plan 2022/23 (Pages 143 - 144)**

Purpose

To consider the Work Plan for the Audit Committee.

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Minutes of a meeting of the Audit Committee held on Thursday, 27 January 2022.

Councillors present:

	Nigel Robbins
Stephen Andrews	Nick Maunder
Tony Berry	Ray Theodoulou

Officers present:

Jenny Poole - Deputy Chief Executive
Caleb Harris - Democratic Services Officer
Mike Butler, Strategic Support Officer - Land, Legal and Property – Publica
Andrew Sherbourne - Accounting Technician – Business Support Services - Publica
Lucy Cater - Assistant Director (SWAP)
Michelle Burge - Chief Accountant

Observers:

Councillor Mike Evemy, Deputy Leader and Cabinet Member for Finance

115 Apologies

There were apologies from the Chair of the Audit Committee Councillor Patrick Coleman and Councillor Mark Harris.

116 Substitute Members

Councillor Gary Selwyn who was substituting for Councillor Patrick Coleman.

117 Declarations of Interest

There were no declarations of interests for the Committee to note.

118 Minutes

The Committee considered the minutes from the meeting of the Audit Committee on the 23rd November 2021

RESOLVED: That the Committee considers the minutes as a true and accurate record of the meeting on the 23rd November 2021.

Voting Record

For 5, Against 0, Abstentions 1, Absent 1

119 Public Questions

There were no questions submitted by the public to the Committee.

120 Member Questions

There were no Member questions submitted for the Committee.

121 Internal Audit Monitoring Report

The Assistant Director (SWAP) Lucy Cater introduced the item to the Committee.

It was outlined that there are 4 final reports for information that were noted.

The Chair asked how much carryover there would be into the next year for work.

It was noted that any work would be carried off into the next year but this was based on the risk category of the items. An Audit planning consultation was given to the Chair Patrick Coleman. However, it wasn't circulated to Members, so it would be circulated if possible following this meeting.

The Committee noted 3 new items within the document relating to Coronavirus Business Grants and wished to know what was being examined. The Assistant Director outlined how working with the Counter Fraud Manager, they are assisting with the administration of the Omicron support schemes.

The Committee asked about Emergency Planning Team and the process for identifying vulnerable residents for these situations.

It was noted that as part of her work with emergency planning at a separate time, various measures were made to ensure residents were kept safe. It was also noted that any recommendations were carried out and that Publica would be asked about the desktop exercise.

The Committee noted the items that were scheduled on page 33 of the document pack that had no comments on this. These were explained that they were part of the Annual Audit report that was underway. It was also noted that the fire marshals were not well known in the building.

The Assistant Director noted that new processes for fire wardens had been implemented to reflect agile working, and the fewer number of people working in the office. The Deputy Chief Executive provided the suggestion of a reminder for Members that would be taken to Publica to ensure the change is understood.

The Committee noted the findings around statutory responsibilities are not clearly defined for Emergency Planning and questioned whether that the review of the responsibilities had come to the Constitution Working Group.

The Monitoring Officer explained that there is a Constitution Working Group, which is next meeting on the 10th February. An action was noted for that group to consider Emergency Planning responsibilities.

The Committee asked about the work being carried out against fraudulent activities with Covid grants, and when a report can be expected.

The Deputy Chief Executive assured the committee that any fraudulent activity, which is relatively small, is picked up during the processes for business grants, and a report would be given to the Committee by the Counter Fraud Manager as usual every 6 months.

RESOLVED: That the Committee **notes** and provides appropriate comments on the report presented.

122 Aged Debtor Analysis

The Chief Accountant introduced the item to the Committee and started by defining what is meant by Aged Debtors within this report.

An analysis was given on the outstanding position of Council Tax has reduced to £2.6 million to £1.4 million.

The Committee noted the importance of this document as being part of the underlying resources of the authority. This is particularly the case for longstanding debt which CDC is trying to recover.

The Deputy Chief Executive confirmed that work was always ongoing to recover the debt, and that significant outstanding debts and write-offs are examined by herself and the Chief Accountant if there is any concern.

The Committee noted page 52 and the criteria for recovering the debts that are over £5,000.

The Deputy Chief Executive explained that the debts will be chased rigorously and only if recovery is not possible, it would be brought to Cabinet under the existing financial rules of the Council for write-off.

The Committee asked if there was a summary document that could be provided to the Committee.

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The Chief Accountant indicated that she would take this suggestion away and consider a revised document for Members.

RESOLVED: That the Committee considered the report at Annex A and provided appropriate comments.

123 Grant Thornton Verbal Update

The Chair noted that there was no Member of Grant Thornton presented but a briefing note was provided to the Committee.

The note from Grant Thornton explained that due to the in-charge auditor for the financial statements had been given long-term medical leave from work.

It was explained that the additional evidence required was close to being provided to auditors, and that the final opinion would be issued within two weeks of this evidence being provided.

On the Value for Money assessment, it was explained in the briefing note that the sign off was set to be finalised before the end of March 2022.

124 Corporate Risk Register Update

The Strategic Support Officer introduced the update to the Committee on the Corporate Risk Register and the changes that have been made to the register at Annex A.

It was noted that at the last meeting Staff Morale and Cybersecurity risk were wished to be reviewed by the Committee. This work is ongoing for the Committee to make this more meaningful.

The Committee noted that some of the risks on the register had been present for a number of years and an opinion was given that these should be revised, or removed from the register.

The officer noted that some of these risks are under review and an updated risk would be presented if it needed to be kept on the register.

The Committee examined CRR034 within the document and the wording of Ubico's contractual responsibilities in case of a failure of service delivery.

The Deputy Chief Executive noted that the comments made by the Committee and undertook to re-examine this for risk so an explanation could be provided for clarity.

The Committee examined a number of different areas within the register including the Business Continuity Strategy in case of ICT failure and the concern on the impact of services in case of industrial action.

The Committee raised the layout of the document and how the item within the 'Risk Response and Further Action' needed to be reviewed to make it clearer.

The Deputy Chief Executive undertook to review the register and to ensure that information is listed correctly.

RESOLVED: That the Committee **notes** the updates to the Council's corporate risk register

125 Annual Governance Statement Update

The Strategic Support Officer introduced the update to the Committee on the Annual Governance Statement.

It was explained that the update was regarding the actions with the Annual Governance Statement and progress to date.

The Committee noted that there was a Governance Group and a Risk Group within the report and wished to know what these groups comprises of

The Strategic Support Officer noted that there was a governance group comprising of Publica officers all 3 councils. It was explained the Risk Group was set up with senior officers including Section 151 officers and Chief Executives, to look at risks across all the Councils. The terms of reference for these groups were offered for the Committee to see at the next meeting.

The Deputy Chief Executive informed Members that the governance group had met but there were no outputs for the Committee to note. It was explained how it was important to have the separation between Publica governance and risk areas as both areas required particular attention.

The Committee examined the Health and Safety focus within the Action Plan and the reference to the Agile Working Policy. It wished to know that beyond Health and Safety how the policy of remote work is being managed.

The Deputy Chief Executive explained that this Action Plan was for items which needed to be followed up. It was outlined to the Committee that a report had been considered by Cabinet the use of Council offices on 6th December 2021.

Further to this point, it was outlined that the Overview and Scrutiny Committee may wish to examine this report for further discussion.

RESOLVED: That the Committee **noted** the progress against items in the Governance Action Plan for 2021/22

126 CIPFA Prudential Code and Treasury Management Code

The Deputy Chief Executive introduced the report to the Committee.

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It was outlined to the Committee that the changes made by CIPFA are in consultation with the Department for Levelling Up, Housing and Communities to look at the borrowing arrangements for local authorities.

It was noted that the changes to the reporting and the strategies in the report will not come into effect until 2023-24.

The Deputy Chief Executive noted the changes within the report for the rules around borrowing and the treasury management plans.

The Chair noted this doesn't change the strategy for investments and borrowing.

The Deputy Chief Executive confirmed this and outlined the protocols for borrowing and not doing so for yield.

The Committee noted the guidance within the code and welcomed the approach of ensuring that the borrowing and investment guidance protects local authorities from high risk borrowing and investment strategies.

The Committee wished to know who decides what investments are defined as commercial or part of the investment and recovery strategy.

The Deputy Chief Executive noted that this responsibility was upon officers to refer back the CIPFA Prudential code and to justify this when business cases are brought to Members.

RESOLVED: The Committee has noted the CIPFA Prudential Code and Treasury Management Code

127 Medium Term Financial Strategy and Budget 2022/23

The Deputy Chief Executive introduced the report to the Committee, explaining the role of the Committee as a consultee with feedback reported to the Cabinet and Council for consideration. The Committee fulfils the role of being the Council's Treasury Management Advisory Panel. Therefore the Committee was asked to focus upon the Capital, Investment and Treasury Management Strategies.

The Deputy Chief Executive referred to an amendment to recommendation e) as a delegation would be sought from Council for the Deputy Chief Executive to finalise the terms of the Community Municipal Investment (renamed from Local Climate Bond) in consultation with the Deputy Leader and Cabinet Member with responsibility for Finance.

This change would provide flexibility for the £1 million investment to be offered to the market in phases and for the interest percentage to be set in line with market conditions at the time. The revised recommendation read as follows: That the Committee considers the opportunity to issue £1 million of Community Municipal Investments with the approval of the final terms being delegated to the Deputy Chief Executive in consultation with the Deputy Leader and Cabinet Member for Finance.

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The Deputy Chief Executive highlighted the changes that have taken place since the draft budget was considered by the Cabinet on 4th October 2021 and the consultation which took place in October and November 2021. These included changes in respect of the Provisional Local Government Settlement and the calculation of the Council Tax base.

It was highlighted that the Provisional Local Government Settlement was £54,000 higher than the level of Government funding anticipated in October 2021.

Following the agreement to take questions in turn as the report is presented, the Chair imposed a time-limit to close the meeting at 18:25 due to the meeting approaching the end of the session.

The Committee queried the cautious approach to Government funding within the Medium Term Financial Strategy. .

The Deputy Chief Executive explained that the Government had not implemented ‘negative Revenue Support Grant’, which would have reduced the Council’s core Government funding. However, the Deputy Chief Executive explained that going forward the future of key grants like the New Homes Bonus and the Rural Services Delivery Grant remained uncertain.

The Deputy Chief Executive continued presenting the report and highlighted to the Committee the updated Council Tax Base. A slight reduction in Council Tax income is now expected due to an increase in demand for the Local Council Tax Support scheme and Single Person Discount as well as a slower build of new properties than previously forecast.

In summary, the Deputy Chief Executive highlighted that the budget surplus of £180,000 from October 21 had reduced to £31,000 due to the various changes.

The Committee raised the concern of inflation and the availability of Government funding due to higher Government spending in the Covid-19 pandemic.

The Deputy Chief Executive highlighted how the inflation provision of 2.5% is kept under review within the Council’s budget setting cycle.

The Committee raised queries around the issuing and future management of Community Municipal Investments. This included queries around the repayment of any capital invested into the scheme.

The Deputy Chief Executive highlighted the work with Abundance, an experienced partner, who will be working with the Council on the issuing of the Investments to market. Delegation of decision making to the Deputy Chief Executive will be sought to finalise the terms of the investments, including setting the interest rate and the phasing of the release of investment to the market. These Investments are in line with the Council’s priority of tackling climate change, by investing in initiatives such as installing solar panels for the Council offices in Trinity Road and electric vehicle charging points across the District.

The Committee wished to clarify the current Treasury Management investment strategy of the Council and its approach to using its short-term cash surpluses.

Andrew Sherbourne highlighted the Treasury Management Strategy and explained that diversification was a central part of the Strategy to maintain a balanced portfolio of investments. Whilst an interest rate rise may assist with increasing investment income, this would also affect the cost of borrowing .

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The Committee recommended a change to wording at 10.7 to clarify that Officers make recommendations to Members rather than making investment decisions.

The Deputy Chief Executive committed to updating the text before Cabinet considered the Strategy. The Deputy Chief Executive clarified that Officers do make daily treasury management decisions, but investment decisions lay with Members with recommendations from Officers.

The Committee discussed the Council's ability to adjust treasury investments as conditions changed.

Andrew Sherbourne highlighted that the Council was holding a larger amount of cash than in previous years, due to the additional support provided by the Government to businesses and communities due to the response to the Covid-19 pandemic. This additional cash would decrease over time. Any additional, or alternative investment opportunities would be presented to the Committee if suitable.

The Committee raised a concern that the take up of the Community Municipal Investment offer being lower than expected.

The Deputy Chief Executive stated that the investment opportunities would be offered in stages and that Community Municipal Investments are only one option to raise finance for capital expenditure. The setting of the interest rate would be done closer to the date of issue as outlined in the recommendations.

RESOLVED: That the Committee has considered

- a) the Medium Term Financial Strategy,
- b) the Capital Strategy,
- c) the Investment Strategy,
- d) the draft Treasury Management Strategy,
- e) That the Committee has considered the opportunity to issue £1 million in Community Municipal Investments with the approval of the final terms being delegated to the Deputy Chief Executive in consultation with the Deputy Leader and Cabinet Member for Finance; and
- f) provided feedback for the Cabinet and Council to consider as part of the 2022/23 budget setting process.

128 Work Plan 2021/22

The Committee reviewed the work plan and had no changes which is wished to make.

RESOLVED: The Committee noted and accepted the work plan.

(END)

Agenda Item 7

 COTSWOLD DISTRICT COUNCIL	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 APRIL 2022
Report Number	AGENDA ITEM 07
Subject	DRAFT ACCOUNTING POLICIES 2021/2022
Wards affected	N/A
Accountable member	CLlr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	Jenny Poole, Deputy Chief Executive Email: jenny.poole@cotswold.gov.uk
Summary/Purpose	This report presents the accounting policies to be included in the 2021/22 Statement of Accounts. This provides Members with the opportunity to review and approve the policies in advance of the preparation of the Statement of Accounts 2021/22. Approving the accounting policies in advance of preparation of the accounts represents best practice.
Annexes	Annex A - Draft Statement of Accounting Policies – 2021/22
Recommendation	It is recommended that: a) The Audit Committee considers and approves the accounting policies for 2021/22.
Corporate priorities	Priority - Ensure that all services delivered by the council are delivered to the highest standard
Key Decision	NO
Exempt	NO
Consultees/ Consultation	None

1. BACKGROUND

- 1.1. The Council's External Auditor, Grant Thornton LLP recommend that Members formally approve the draft Statement of Accounting Policies to be included in the Statement of Accounts before the closedown process is undertaken.
- 1.2. Such approval demonstrates that those charged with governance have had the chance to consider and review the draft policies and are aware of the policies to be applied in closing the Council's accounts for 2021/22 in advance of the process.

- 1.3. The Committee will approve the Statement of Accounts, receive the Audit Findings Report, and sign the letter of Representation as those charged with governance at a future Audit Committee meeting

2. MAIN POINTS

- 2.1. The financial year ended on 31 March 2022. Finance staff are currently working on preparation of the draft Statement of Accounts, subject to audit for 2021/22. It is considered best practice for those charged with governance to review and approve the Accounting Policies prior to the meeting at which the Statement of Accounts will be approved.
- 2.2. The draft Accounting Policies are included at Annex A. They are prepared largely from the CIPFA guidance, adjusted as appropriate to be suitable for the Council. There may be certain matters arising during preparation of the Statement for accounts which will require the draft Accounting Policies to be updated. For example, CIPFA may issue updates to guidance. The final version of the Accounting Policies will be form part of the final audited Statement of Accounts when presented to this Committee.
- 2.3. The Council prepares its Statement of Accounts in accordance with proper accounting practices and regulations following the CIPFA Code of Practice on Local Government Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).
- 2.4. The Statement of Accounting Policies outlines the relevant accounting principles, bases, conventions, rules and practices applied by the authority in preparing and presenting its financial statements. They aid understanding of the Statements and aid comparison with other organisations. Proposed additions and changes to the accounting policies in 2021/22 are highlighted in yellow in Annex A. These changes provide additional information for the user of the accounts as suggested by CIPFA guidance notes and do not represent material change to the Statement of Accounting Policies in 2021/22.

3. FINANCIAL IMPLICATIONS

- 3.1. There are no direct financial implications of this report.

4. LEGAL IMPLICATIONS

- 4.1. There are no direct legal implications, except to the extent that compliance with the Accounting Code of Practice under which the accounts are prepared is mandatory.

5. EQUALITIES IMPACT

- 5.1. None.

6. CLIMATE AND ECOLOGICAL IMPLICATIONS

- 6.1. None.

7. RISK ASSESSMENT

7.1. If the Council's Accounting Policies are not followed, during preparation of the Statement of Accounts, external audit may decide that the Statement of Accounts is misstated. Officer training in advance of preparation of the Statement of Accounts and an associated Annual review of these policies mitigates the risk.

8. BACKGROUND PAPERS

8.1. None.

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Annex A Draft Accounting Policies 2021/22

i) General Principles

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the 31st March year-end. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, those regulations which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom* supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

These accounts have been prepared on the assumption that the Council is a going concern.

ii) Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not when physical cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as inventories [stock] on the Balance Sheet, where the value is material.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument ("what is due") rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. For all debts outstanding at the balance sheet date, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- The council has set a de-minimis level for accruals of creditors and debtors that are calculated manually in order to avoid additional time and cost in estimating and recording accruals. This level is set at £1,000 with the exception of any grant where applying the de-minimis level would affect the claim and accruals calculated using system automated reports.

iii) Cash and cash equivalents

Cash and cash equivalents are represented by cash in hand and deposits with financial institutions repayable, without penalty, on notice of not more than 24 hours. This includes bank call-accounts, Money Market Funds (MMF) and any other 'overnight-type' investments.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv) Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

v) Prior period, adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vi) Charges to revenue for non-current assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the services where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance - Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii) Council Tax and Non-Domestic rates – England

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

viii) Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority.

Prior to 2017/18, an accrual was made for the cost of holiday entitlement (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end. The cost of leave carried-forward into the next financial year would be entered into the accounts as a creditor as the leave will be a cost (either in monetary terms of lost productive time) in the new year. In 2017/18 the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited. Due to the vastly reduced number of staff at the Council, a balance is no longer maintained for the cost of untaken annual leave, as the figures involved are not material to the accounts.

Termination benefits

Termination benefits are amounts payable as a result of decisions by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or the employee in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pension reserve to remove the notional debits and credits for pension enhancements termination benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

ix) Post-employment benefits

Employees of the Authority are permitted to join of the Local Government Pension Scheme, administered by Gloucestershire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire County Council Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e.

an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of future earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the gross redemption yield on the Iboxx Sterling Corporate Index, AA over 15 years, at the IAS19 valuation date. This is a high quality corporate bond of equivalent term and currency to the liability.
- The assets of the Gloucestershire County Council Pension Fund attributable to the Authority are included in the balance sheet at their fair value.
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost- the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
 - net interest of the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability – charged to the pensions reserve as other comprehensive income and expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve as other comprehensive income and expenditure
 - contributions paid to the Gloucestershire County Council Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

x) Fair value measurement

The Authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

xi) Financial instruments

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Any borrowing that the Authority may undertake would be presented in the Balance Sheet at the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on

the loan against which the premium was payable or discount receivable when it was repaid, where material. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial assets are classified based on a principles based classification and measurement approach that reflects the business model for holding the assets (i.e. why are we holding the asset) and the characteristics of the cash flows. There are three main classifications:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

Financial Assets at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

Expected Credit Loss Model

The Council recognises material expected credit losses on its financial assets held at amortised cost, either on a 12-month or lifetime basis except for those where the counterparty is central government or another local Authority, where relevant statutory provisions prevent default. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors).

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Where credit risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets at Fair Value through Profit or Loss (FVPL)

Financial assets measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

Fair value is measured in accordance with the Council's Fair Value Measurements policy (see viii above). Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Council has chosen to apply statutory provisions for mitigating the impact of fair value movements on Pooled Investment Funds as directed in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2018 [SI 2018/1207]. This allows (where relevant criteria are met) for fair value gains and losses on Pooled Investment Funds to be reversed to an account established solely for the purpose of recognising fair value gains and losses – the Pooled Investment Funds Adjustment Account.

This statutory provision ceases on 31 March 2023.

Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets that are measured at fair value through other comprehensive income are recognised on the balance sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

xii) Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is only then credited to Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Most Section 106 grant contributions which the Council holds have conditions which require the contribution to be returned if the contribution remains unspent after 5 years. Although it is highly probable that the conditions will be met, it is not guaranteed. Section 106 contributions are therefore held on the balance sheet as creditors. Similarly, where grants have been received for specific projects these are treated as grants with conditions [creditors] until the project has begun or the item of equipment to which the grant relates has been purchased.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However a proportion of the charges for this Authority may be used to fund revenue expenditure. A share of the charges which are due to be payable to the Town and Parish Councils will remain in creditors (receipts in advance) until due.

xiii) Heritage assets

Heritage assets are those assets that are held and maintained principally for their contribution to knowledge and culture.

The Council owns the Corinium Museum in Cirencester. The museum contains a large number of artefacts, with a particular specialism in the Roman heritage of Cirencester and the surrounding area. Many of the items in the Museum collection meet the classification of Heritage Assets adopted by the Code [FRS102].

Where assets have been purchased or recently obtained, information on their cost or value will be available. The Code allows that where this information is not available, or cannot be obtained at a

value which is commensurate with the benefits to users of the financial statements, that the assets need not be recognised in the Balance Sheet. The majority of the Council's museum collection has not been included on the Council's Balance Sheet.

When purchased or where a value is available, heritage assets are recognised on the balance sheet at historic cost. Assets within the museum collection are deemed to have indeterminate lives; hence the Authority does not consider it appropriate to charge depreciation on those heritage assets on the Council's balance sheet. Due to the nature of the type of assets held, the Council's heritage assets are not subject to revaluation and will only be impaired if there is clear reason to suspect the assets have become impaired.

xiv) Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Intangible assets are measured initially at cost.

The depreciable amount of an intangible asset is amortised over its useful life (usually 4 years) to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. The Council carries no internally generated intangible assets on its balance sheet.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

xv) Inventories and long-term contracts

Inventories [stocks] are included in the Balance Sheet at cost.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi) Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or if it is classified as held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are subject to a review at year end to determine whether market conditions require properties to be revalued. Any gains or losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xvii) Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and building elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Authority as lessee

Finance leases

Property, plant and equipment held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value, measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority may be added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the asset – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in Accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating leases

Lease payments made under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased asset.

The Authority as lessor

Finance leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Any gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the

Capital Receipts Reserve in the Movement on Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the "Other Operating Expenditure" line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset (if material) and charged as an expense over the lease term on the same basis as rental income.

xviii) Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred.

The Council's capitalisation de minimis is £10,000, except for where the sum of a group of assets is significant, such as waste collection bins and boxes or ICT equipment.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The 'cost' of an asset acquired other than by purchase is deemed to be its fair value, unless the acquisition was for no monetary value. Where the purchase of an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are carried in the Balance sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- Surplus assets – 'highest and best use'
- all other classes of asset – 'current value', determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of 'current value' because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of 'current value'.

Items of equipment, which have short useful lives or low values (or both) are held on the balance sheet at depreciated historical cost, as an approximation of 'current value'.

Assets included in the balance sheet at current value are revalued to ensure that their carrying amount is not materially different from their value at year-end. All land and buildings are revalued at least every 5-years as part of a rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where items or property plant and equipment are revalued, and the valuers identifies an asset which has component parts that have significantly different useful lives, where one or more parts represent a significant proportion of the overall asset, then the asset may be componentised. With componentisation, one or more constituent parts may be identified, and the component parts separately valued for the accounts and depreciated over different useful lives to the main asset. Useful economic lives (and therefore depreciation calculations) will be based upon the asset lives recommended by the Council's valuers.

Upon revaluation, where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets. Assets are written-down over the useful life of the asset. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are under construction (and not yet available for use).

Depreciation is calculated on the following bases:

- Operational buildings and surplus property – depreciated on a straight-line basis, over a 40 year period (unless an asset life is deemed to be materially different to this by the Council's Valuer)
- Car Park depreciable components (surface) – 20 years
- Land is not depreciated
- Vehicles, plant, furniture and equipment – depreciated on a straight-line basis, over a 4-year period
- Investment property is not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, it will be reclassified back to non-current assets and valued at the lower of their carrying amount before being classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any accumulated revaluation gains held for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts received for disposal in excess of £10,000 are categorised as capital receipts and can then only be used for new capital investment [or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement)] Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

xix) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and certainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Any material contingent liabilities are disclosed in the notes to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in the notes to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xx) Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance, via the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then charged back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement & employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

xxi) Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital

Adjustment Account to reverse out the amounts charged so there is no impact on the level of council tax.

xxii) Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

Agenda Item 8



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 APRIL 2022
Report Number	AGENDA ITEM 8
Subject	CORPORATE RISK REGISTER UPDATE
Wards affected	All
Accountable member	CLlr Joe Harris, Leader Email: joe.harris@cotswold.gov.uk
Accountable officer	Robert Weaver, Chief Executive Email: robert.weaver@cotswold.gov.uk
Summary/Purpose	To update the Committee on the changes to the Council's corporate risk register at the end of 2021/22 Q4
Annexes	Annex A Corporate Risk Register 2021/22 Q4
Recommendation(s)	<i>To note the updates to the Council's corporate risk register</i>
Corporate priorities	Not Applicable
Key Decision	NO
Exempt	NO
Consultees/ Consultation	None



1. BACKGROUND

- 1.1 The Corporate Risk Register was updated by the risk owners at the end of Q4 and is attached at Annex A.

2. RISK REGISTER

- 2.1 The main changes to the register are:
- 2.2 **CRR-014 (Financial impact of changes in legislation):** Risk removed, this was too broad as a risk in itself. When similar risks are identified in the future, they will focus on the particular piece of legislation and the anticipated impact on the Council.
- 2.3 **CRR-024 (If the Council is unable to meet its savings targets), CRR-002 (If the Council fails to meet its income targets) and CRR-017 (If the level of pay inflation exceeds provision in the MTFS):** Risks removed, these all relate to budget pressures already covered under CRR-018.
- 2.4 **CRR-005 (A legal challenge to any Council decision) and CRR-007 (If the Council fails to consult properly):** Risks removed, no longer considered significant with Monitoring Officer, legal support and other professional staff appointments.
- 2.5 **CRR-011 (if key officers are unavailable to make time critical decisions):** Risk removed as the Council has retained staff (Chief Executive, s.151 Officer and Monitoring Officer) and deputies in post.
- 2.6 **CRR-016 (Compliance with GDPR and the transparency agenda):** Removed as this is no longer considered to be a significant risk.
- 2.7 **CRR-034 Waste and Recycling:** Although there is still a national shortage of qualified drivers, UBICO have been able to recruit staff which has reduced the current level of risk.
- 2.8 **CRR-011 Cyber security, and CRR-012 Data Security:** The current level of risk remains high in light of the heightened threat of cyber attacks.
- 2.9 **CRR-033 Leisure Services:** Usage numbers have seen an increase, showing a greater level of confidence to use facilities following Covid.
- 2.10 **CRR-035 Business Grants and Council Tax Rebates:** This is a new risk concerning the grants and rebate payments the Council is expected to make. Although the impact is significant, considering the overall amount expected to be paid out, the likelihood of failure is low as the Council already has sufficient controls built into its processes having been required to make previous Covid grants.



3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications of this report but there are a number of financial risks facing the Council which are set out in the risk register.

4. LEGAL IMPLICATIONS

- 4.1 None

5. RISK ASSESSMENT

- 5.1 The purpose of this report is to consider the range of risks facing the Council.

6. BACKGROUND PAPERS

- 6.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Previous version of Strategic Risk Register.

These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact democratic services via democratic@cotswold.gov.uk

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Cotswold District Council - Corporate Risk Register

Deliver the highest standards of service													
Risk ID	Description of Risk/Opportunity	Initial Risk Assessment			Existing Control, Mitigation or Contingency	Previous Residual Risk Score			Residual Risk Assessment			Direction of Travel	Risk Response & Further Action
		Impact	Likelihood	Score		Impact	Likelihood	Score	Impact	Likelihood	Score		
CRR-016	<p>If the government does not provide timely and adequate guidance on the proposed changes to the planning system then the Council will be unable to identify the type of Local Plan update that is required. Delays to preparing an updated Local Plan may result in an increase of speculative planning applications on the fifth anniversary of the local plan's adoption (2023).</p> <p>Risk Logged: April 2008</p> <p>Risk Owner: Chief Executive Responsible Officer: Publica Business Manager for Localities</p>	4	4	16	<ul style="list-style-type: none"> Local Plan Adopted in Aug 2018. Local Plan Programme Board reconvened with updated Terms of Reference and membership * Cabinet approved Local Development Scheme in 2021, which confirms LP update key milestones and estimated delivery date. 	3	4	12	3	4	12	→	<p>Partial update of Local Plan has restarted. However, the Government announced in May 2021 (via the Queen's Speech) its intention to publish a Planning Bill in the autumn 2021 and carry forward many of the proposed changes suggested by its white paper. The exact details are unknown at this stage but suggested changes are not comparable (in terms of scale and fundamentals) with recent updates and it will have a notable impact on the town planning profession and the Council's statutory duties. The Council's approach to partially updating the Local Plan (rather than a full update) is finely balanced but it continues to offer the most expeditious route to deliver Corporate Strategy actions. This position will need to be reviewed in light of the eventual Planning Bill. Risk of speculative applications has reduced in the short term. Forthcoming request will be made to Cabinet to reboot the partial update of the local plan project</p>
CRR-019	<p>If there are insufficient resources to deliver the objectives of the new Corporate Strategy and Plan then the expectations of our communities may not be met resulting in lower satisfaction and reputational damage.</p> <p>Risk logged: August 2014</p> <p>Risk Owner: S.151 Officer Responsible Officer: Publica Managing Director</p>	3	3	9	Medium Term Financial Strategy	3	3	9	3	3	9	→	<p>The financial implications of the Council's new Corporate Strategy have been included in the Medium Term Financial Strategy. The latest MTFS was approved by Council in February 2021 and includes additional funding for resources to support the Council's new priorities which were identified in 2020 within the revised MTFS (Sept 2020) and within the Recovery Investment Strategy which also allocates capital funding for investment in Council Priorities and to provide a revenue stream to the Council.</p> <p>This risk links to risk CRR-D02-028 regarding the Local Government Funding Settlement over the Medium Term. This is the biggest risk to the deliverability of the objectives in the new Corporate Strategy.</p>

CRR-028	<p>If the Local Government settlement over the medium term is unfavourable then the Council's savings target may need to increase.</p> <p>Risk logged: July 2015</p> <p>Risk Owner: S.151 Officer Responsible Officer: S.151 Officer</p>	4	4	<p>16</p> <ul style="list-style-type: none"> • Medium Term Financial Strategy • Only legacy Payments of New Homes Bonus in MTFS • Publica Transformation Programme • Recovery Investment Strategy approved by Council Sept 20 	3	3	9	3	3	9	→	<p>The MTFS was approved in Feb 2021. New Homes Bonus awarded for 2020/21 and 2021/22 is for one year only (no legacy payments from 2021/22). The significant changes to LG Funding (75% Business Rate Retention, Business Rate Reset, Fairer Funding Review and new Spending Round) have been delayed until 2022/23 and is reflected in the update of the MTFS which was approved by Council in Feb 21. MTFS includes savings targets to address changes to government funding.</p> <p>The Council approved a Recovery Investment Strategy in Sept 20 which aims to increase income to the Council to mitigate against reduced government funding.</p>
CRR-018	<p>Budget Pressure: if unavoidable budget pressures exceed provision within the MTFS, such as not making expected savings or failing to meet income targets, the Council may have to consider unplanned use of revenue reserves, raise Council Tax, find further savings and/or cut services.</p> <p>Risk logged: May 2010</p> <p>Risk Owner: S.151 Officer Responsible Officer: S.151 Officer</p>	4	4	<p>16</p> <ul style="list-style-type: none"> • Regular meetings with Members and Cabinet • MTFS and budget process • Publica Group Managers/Business Managers and Strategic Directors involved in budget process • Publica Transformation Programme • Recovery Investment Strategy 	3	3	9	3	3	9	→	<p>The 2020/21 budget was revised to reflect the impact of Covid 19. Key service providers (Publica, Ubico and SLM) have been engaged in the revised budget and have also fed in to the budget for 2021/22 approved in February 2021.</p> <p>The Council has determined its Priorities and the financial resources required to enable the Council to deliver against its priorities had been included in the MTFS and associated 2021/22 budget.</p> <p>Members and Officers are working on a plan to increase income to the Council to fund both new objectives from the new Corporate Strategy and to bridge the expected funding gap from 22/23 as a result of changes to local government funding.</p>
CRR-027	<p>If Publica does not deliver the agreed objectives in accordance with its business plan then the planned savings for the Council would not be delivered and consequently there would be a risk that services could not be delivered in line with the budget.</p> <p>Risk logged: August 2014</p> <p>Risk Owner: Chief Executive Responsible Officer: Publica Executive Director (Services)</p>	4	3	<p>12</p> <ul style="list-style-type: none"> • Programme Board • Local Political Support • National Political Support • Early Engagement with employees and Unions • Funding provided to develop detailed business case 	2	2	4	0	0	6	↑	<p>11April 2022 -The savings target for 21/22 is a further £0.5m and whilst some steps are in place to deliver this there are pressures building within the organisation in respect of pay capacity to deliver council objectives. The Council has recently approved some additional resource to help resolve some of these issues and steps are being taken to increase resource and deal with pay issues where the labour market is tight. Whilst the year end position is not yet clear early indications are that the budget targets will be met and there will be no budget overspend..</p>

CRR-032	Without clear and robust procurement procedures, Publica and Partner Councils will not benefit from the most economically advantageous procurement opportunities and may fail to comply with the law governing Public Procurement Rules. Risk logged: January 2021 Risk Owner: S.151 Officer Responsible Officer: Publica Executive Director for Commissioning	4	3	12	<ul style="list-style-type: none"> • Procurement rules approved by Council. • Publica Procurement Team able to provide procurement advice and assistance on major procurements. 	3	2	6	3	2	6	→	Draft Procurement and Contract Management Strategy out for consultation with view to be being approved by all Partners.
CRR-003	If Publica or the Council is unable to recruit suitable staff and retain them, particularly in some key service areas then the level of service delivery may be reduced. Risk logged: March 2008 Risk Owner: Chief Executive Responsible Officer: Publica Executive Director (Services)	3	4	12	<ul style="list-style-type: none"> • Financial incentives (market force supplement scheme) • Work with partners to address skill shortages 	3	3	9	3	3	9	→	11 April 2022 No change in rating. Quarterly performance reports enable any necessary mitigation to maintain service delivery levels to be discussed. A review of recruitment is underway and feedback from managers, staff (both Publica and Retained Council staff) clients and Councillors is being considered to help ensure the service meets users' needs and is both flexible and modern going forward. Career-graded posts are being introduced into a number of service areas to assist with retention and development of staff. A new professional development training offer has recently been promoted to staff as another retention measure. The pay and benefits system is being reviewed and consideration will be given to enhancing the pension scheme.
CRR-009	If staff morale and motivation is low in Publica then the level of service delivered may be reduced in some services. Risk logged: March 2008 Risk Owner: Chief Executive Responsible Officer: Publica Executive Director (Services)	4	5	20	<ul style="list-style-type: none"> • Communication • Comprehensive consultation and engagement process • Change management training • Joint Liaison Forum • 2020 Engagement Strategy - Gloucestershire Healthy Workplace Accreditation Award - Publica recognised as a Real Living Wage employer 	3	3	9	3	2	6	↓	13 Jan 2022 The IIP report identified some areas of weakness for us to work on and we held a Q&A session post sharing of IIP report. We have held some informal staff lunch get togethers to help re-introduce staff to the office environment and re-connect with colleagues face to face. We are delivering some key actions, including a new staff forum and relaunching the Trade Union liaison forum to help address some of the shortcomings identified in the IIP report.
CRR-001	If the Council's data is of poor quality or it does not make appropriate use of its data then the decisions it makes may be flawed. Risk logged: March 2008 Risk Owner: Responsible Officer: Publica Group Manager for Strategic Support	3	4	12	<ul style="list-style-type: none"> • Internal processes and self assessments • Internal audit assurance and support • Dedicated staff resource on performance management and data quality • Performance Management Framework 	3	3	9	3	3	9	→	13-Oct-2021 Additional mitigation has been put in place as part of a collective effort between Corporate Performance and Business Intelligence Teams to improve the accuracy and speed at which KPI data can be collected (moving some of the information into a live environment). A working group has been set up involving members of the scrutiny committee to develop improved assurance methods and metrics for councils relating to public services. Prototyping is in progress in relation to a live data assurance framework for Publica Services.

CRR-011	<p>Cyber Security: If the Council's IT System / infrastructure failed due to cyber-attacks and/or virus then system performance could be reduced leading to poor service delivery/financial impact.</p> <p>Risk logged: May 2013</p> <p>Risk Owner: S.151 Officer</p> <p>Responsible Officer: Publica Group Manager for Business Support</p>	5	4	20	<ul style="list-style-type: none"> Blocking of USB and other devices PSN compliance Revised policies Staff awareness training BCP in place, reviewed and tested Enhanced encryption software and other specialist cyber tools Investment in cyber training for the ICT Team All partner Councils achieved PSN accreditation in Oct 2021 Ongoing network Internal & External Penetration checks Regular review of User Privileges 	3	2	6	4	3	12	↑	<p>Level of risk has increased to reflect recent events. Although protection measures are already well established, these are reviewed and updated to ensure they remain effective against new risks</p> <ul style="list-style-type: none"> Submission for the re-accreditation of Cyber Essentials to be sent in February 2022 Progress on the Cyber Security updates and Action Plan is being reported to the Council and Publica on a regular basis. Continual update of Information Asset Register Ongoing Password Audits across our network to evaluate weak passwords Detailed review of Business Continuity & Disaster Recovery Plans in light of the GC situation. Ongoing investment in cyber training and a review of capacity planned Security systems updated to monitor and specifically block attacks related to identified vulnerability All emails received from at risk location are quarantined and inspected by ICT staff before being released
CRR-012	<p>Data Security: If there is a loss of data (both on site and as a result of remote/mobile working) / security failure in our IT systems then it could lead to a reduced level of service and have a negative impact on the Council's reputation and finances..</p> <p>Risk logged: May 2013</p> <p>Risk Owner: S.151 Officer</p> <p>Responsible Officer: Publica Group Manager for Business Support</p>	4	4	16	<ul style="list-style-type: none"> Blocking of USB and other devices PSN compliance Revised policies Staff awareness training BCP in place, reviewed and tested Enhanced encryption software and other specialist cyber tools Investment in cyber training for the ICT Team All Councils have PSN accreditation, which compliments the Cyber Essential Plus. 	3	2	6	3	3	9	↑	<p>Level of risk has increased to reflect recent events. Although protection measures are already well established, these are reviewed and updated to ensure they remain effective against new risks.</p> <ul style="list-style-type: none"> Additional online training to reinforce the need for staff to be aware of their responsibilities with regards to data security, passwords and GDPR is planned. Additional Phishing awareness training to educate employees on how to spot and report suspected phishing attempts is planned. All emails received from at risk location are quarantined and inspected by ICT staff before being released Immutable Storage, Network segmentation, Backup & DR processes in place (these are scheduled to be reviewed).
CRR-034	<p>If 'Waste' contractor does not meet their obligations under key contracts then it could lead to a fall in service standards, reduced customer service, a failure to meet legal requirements or an increase in costs to the Council.</p> <p>Risk logged: January 2022</p> <p>Risk Owner: S.151 Officer</p> <p>Responsible Officer: Publica Group Manager for Commissioning</p>	5	4	20	<ul style="list-style-type: none"> Regular meetings with Contractors to identify any major issues that may affect service delivery, agree contingency measures and feedback to the Council Although Covid rates have fallen following the vaccination programme, Covid prevention measures are still in place, including crew 'bubbles', social distancing in the depots and effective cleansing of cabs 	4	3	12	4	1	4	↓	<p>14.01.22 Whilst there is 1 case of omicron, the staff member is isolating and therefore this is protecting other staff members effectively. It is unclear what effects further variants of the virus will have, but the effective control measures will remain in place.</p> <p>17.03.22 Ubcico are continuing to be able to recruit enough drivers to be able to deliver all of the services, so whilst this risk hasn't disappeared within the transport industry, it does at least appear to have reduced.</p>

CRR-035	Business Grants and Council Tax Rebates: The Council is expected to undertake a further round of Business Grant Payments and Council Rebates. This will be quite extensive ensuring grant payments and rebates are applied correctly and verified. If there is a failure in how the applications are processed, this could result in a significant overpayment which may not be recovered from central government, creating a financial loss and reputational damage. Risk logged: January 2022 Risk Owner: S.151 Officer Responsible Officer: Publica Group Business Manager for Operational Services	5	3	15	Experience in payment of previous Covid Grants Verification process in place, including input from Counter Fraud Team Guidance expected from the NFI and Spotlight Comms to be published to manage expectations	5	2	10	5	2	10	→	Working with Civica to get validated sytem for processing applications in respect of the Council Tax Rebate scheme.

Opportunities													
ID	Description of Opportunity	Initial Assessment			Existing measures to ensure opportunity will be successfully exploited	Previous Residual Score			Residual Assessment			Direction of Travel	Response & Further Action
		Impact of opportunity	likelihood of failure	score		Impact of opportunity	likelihood of failure	score	Impact of opportunity	likelihood of failure	score		
40													

Key to Officers

Risk Owner

S.151 Officer: Jenny Poole
Monitoring Officer: Angela Claridge
Chief Executive: Robert Weaver

Responsible Officer

Publica Group Finance Director: Frank Wilson
Publica Executive Director - Service Delivery: Sue Pangbourne
Publica Forward Planning Manager: James Brain
Publica Head of Legal Services: Susan Gargett
Publica Group Manager for Commissioning: Claire Locke
Publica Group Manager for Strategic Support: Andy Barge
Publica Group Manager for Business Support: Phil Martin
Publica Business Manager for Data and Growth: Stuart Rawlinson
Publica Data Protection Officer: Tony Oladejo
Publica Business Manager for Development Control: Phil Shaw

Agenda Item 9



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 APRIL 2022
Report Number	AGENDA ITEM 9
Subject	ANNUAL GOVERNANCE STATEMENT – ACTION PLAN
Wards affected	All
Accountable member	Cllr Joe Harris, Leader Email: joe.harris@cotswold.gov.uk
Accountable officer	Robert Weaver, Chief Executive Email: robert.weaver@cotswold.gov.uk
Summary/Purpose	This report presents an update on the Governance Action Plan for 2021/22
Annexes	Annex A Annual Governance Statement Action Plan 2021/22 including progress updates.
Recommendation(s)	<i>To note progress against items in the Governance Action Plan for 2021/22</i>
Corporate priorities	Not applicable
Key Decision	NO
Exempt	NO
Consultees/ Consultation	The Corporate Action Plan has been shared with statutory officers, Executive Directors and Group Managers



1. BACKGROUND

- 1.1 The Audit Committee is the Committee of the Council charged with governance.
- 1.2 The Accounts and Audit Regulations 2011 require the Council to produce an Annual Governance Statement (AGS), setting out the state of the Council's governance arrangements for the previous financial year.
- 1.3 The AGS for 2020/2021 was presented to this Committee on 22 July 2021 and is included within the approved Annual Statement of Accounts. The AGS identified eight areas for focussed improvement during 2021/2022.
- 1.4 The AGS areas of focus, identified for 2021/2022 are:
 - Audit recommendations
 - Procurement and contract management
 - Constitution and officer schemes of delegation
 - Operational risks
 - Responsibility and accountability of the Council's Senior Leadership Team and Public Management Team
 - Budget management
 - Project and programme management
 - Health and safety
- 1.5 Progress reports covering these areas are made to this Committee on a quarterly basis so that it may monitor progress in improving the Council's governance arrangements.
- 1.6 An action plan for 2021/2022 covering the eight areas of focus is shown at Annex A.

2. FINANCIAL IMPLICATIONS

- 2.1 These are set out in the report.

3. LEGAL IMPLICATIONS

- 3.1 These are set out in the report.

4. RISK ASSESSMENT

- 4.1 If governance is weak the Council runs the risk of failing to safeguard the use of public money. In turn this would lead to poor external assessments, damaging the reputation of the Council. The areas of focus for the coming financial year identified in the Annual Governance Statement provide a clear set of priorities for the continual improvement of governance to mitigate risk.



5. BACKGROUND PAPERS

5.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Agenda Item 11 – Audit Committee 22nd July 2021

5.2 These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact democratic services via democratic@cotswold.gov.uk

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ANNUAL GOVERNANCE ACTION PLAN 2021/2022

Notes and key

Each action in the plan is marked with a 'traffic light' as follows:

Green	On target
Amber	Off target but action being taken to ensure delivery (where this results in a reviewed target date, this is made clear in the table)
Red	Off target and no action has yet been agreed to resolve the situation

Completed actions are marked as such in the 'Date' column and are shaded grey

This action plan contains actions from the Annual Governance Statement 2020/2021 which are coordinated and monitored by the Local Management Team.

Key to officersAccountable officer

Monitoring Officer: Angela Claridge

Chief Executive: Rob Weaver

S.151 Officer: Jenny Poole

Responsible officer

Publica Strategic Support Officer - Risk and Compliance: Mike Butler

Publica Business Manager for Corporate Responsibility: Claire Hughes

Publica Business Manager for Finance: Debra Goodall

Publica Senior Procurement Business Partner: Ciaran O'Kane

Publica Executive Director (Services): Frank Wilson

Publica Business Partner - Health and Safety: Katrin Richardson

	Key Area of Focus	Actions	Responsible Officer	Accountable Officer	Completion due by	Progress
1. GREEN	Audit recommendations	Managers to ensure compliance with agreed timescales to implement recommendations				
		<ul style="list-style-type: none"> Level 1 & 2 recommendations to be monitored and reported quarterly to Audit Committees. Managers will give feedback where there has been an unacceptable delay. All recommendations to be reported quarterly to the Council Management Team. Managers will give feedback where there has been an unacceptable delay. 	SWAP Audit	S.151 Officer	COMPLETE	Reported by Internal Audit at each Audit Committee
2. GREEN	Procurement and contract management.	<ul style="list-style-type: none"> Compliance with new strategy for procurement and contract management. Ensure all contract conditions are being monitored and fulfilled. Financial management training to cover procurement and commissioning. 	Publica Business Manager for Procurement	S.151 Officer	COMPLETE	Revised Procurement and Contract Management Strategy presented by Audit Committee's at all Councils. Training offered to ensure compliance.
			Publica Business Manager for Procurement	Chief Executive	C/F to 2022/2023	A training plan is currently being developed internally.
			Publica Business Manager for Procurement / Publica Business Manager for	S.151 Officer	COMPLETE	Financial management guidance included in 2022/2023 budget packs

			Finance			
3. GREEN	Constitution and officer schemes of delegation.	<ul style="list-style-type: none"> Schemes of delegation to be updated. Training to be provided where appropriate for Officers given delegated authority. A training programme for Members to be developed. 	Monitoring Officer	Monitoring Officer	COMPLETE	Non-Exec Officer Scheme of delegation, Responsibility for Functions, Finance Rules and Planning Protocol updated and approved. No longer required
			Monitoring Officer	Monitoring Officer	COMPLETE	
			Monitoring Officer	Monitoring Officer	C/F to 2022/2023	Outstanding - training programme being developed in conjunction with WODC & FoDDC.
4. GREEN Page 17	Operational Risks.	<ul style="list-style-type: none"> Governance Group to carry out a quarterly review of operational risk registers to ensure that they are being appropriately populated and that emerging high level risks are being escalated to strategic/corporate register. 	Publica Business Manager for Corporate Responsibility	Chief Executive	COMPLETE	Governance Group reviewed operational risk registers in January. A separate Risk Group has been established to review and share risk registers across Publica and the Councils.
5. GREEN	Responsibility and accountability of the Council's Senior Leadership Team and Publica Management Team	<ul style="list-style-type: none"> Clarify and embed responsibility and accountability between the Council's Senior Leadership Team and Publica's Management Team. Clarify responsibility and accountability of Publica Officers. 	Executive Director (Services)	Chief Executive	COMPLETE	Local Leadership Team includes Lead Director for Publica.
			Executive Director (Services)	Chief Executive	COMPLETE	Councillor Contact Guide included on the Member Portal. Commissioning structure chart and Publica management structure chart updated to reaffirm the different roles between Commissioning and Delivery.

6. GREEN	Budget management	<ul style="list-style-type: none"> Review of approvers on 'Business World' to ensure only the approved budget holder (or line manager) is able to approve spending. 	Publica Business Manager for Finance	S.151 Officer	C/F to 2022/2023	Included as part of a bigger review on Business World
		<ul style="list-style-type: none"> Provide financial management training to cover budget management. 	Publica Business Manager for Finance	S.151 Officer	COMPLETE	Financial management guidance included in 2022/2023 budget packs
7. GREEN Page 48	Project and programme management.	<ul style="list-style-type: none"> New framework for project and programme management to be rolled out. 	Publica Business Manager for Corporate Responsibility	Chief Executive	COMPLETE	The framework was launched in Oct 2020 and has been in use since then. The roll out of a Project Management Framework support library to support use of the framework was rolled in in October 2021.
		<ul style="list-style-type: none"> High level project risks to be escalated to Strategic/Corporate register. 	Publica Strategic Support Officer - Risk and Compliance	Chief Executive	COMPLETE	Monthly project updates on the project register provide a mechanism to flag that there is a new/increased project risk to raise. The new Risk Group reviews Project Risk Registers to ensure a consistent approach is maintained.
8. GREEN	Health and Safety	<ul style="list-style-type: none"> Health and safety audits to be refreshed as we come out of 'lockdown' and work on an increasingly agile basis. 	Publica Business Partner - Health and Safety	Chief Executive	COMPLETE	A schedule of audits has been compiled which will cover all service areas over a four year cycle. This includes follow up audits to ensure any necessary actions have been put in place.

		<ul style="list-style-type: none"> • Fire Risk Assessments to be refreshed as we come out of 'lockdown' and work on an increasingly agile basis. 	Publica Business Partner - Health and Safety	Chief Executive	COMPLETE	Fire risk assessments refreshed and will be updated in 2022. Quarterly review meetings held with Chief Executive.
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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – APRIL 28 2022
Report Number	AGENDA ITEM 10
Subject	UPDATED PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY
Wards affected	All
Accountable member	Cllr. Mike Evemy Deputy Leader and Cabinet Member for Finance
Accountable officer	Jenny Poole, Chief Finance Officer Jenny.Poole@cotswold.gov.uk 01285 623313
Summary/Purpose	To present an updated draft Procurement and Contract Management Strategy as per the Internal Audit recommendation. The draft strategy covers updates on Social Value, Climate Emergency and Modern Slavery.
Annexes	Annex A – DRAFT PROCUREMENT AND CONTRACT MANAGEMENT STRATEGY
Recommendation(s)	<i>That the Proposed Procurement and Contract Management Strategy be approved prior to presentation at Cabinet.</i>
Corporate priorities	Procurement supports all Corporate Priorities: <ul style="list-style-type: none"> • Delivering our services to the highest standards • Responding to the challenges presented by the climate crisis • Providing good quality social rented homes • Presenting a local plan that’s green to the core • Helping residents and communities access the support they need for good health and wellbeing • Supporting businesses to grow in a green, sustainable manner, and to provide high value jobs
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Procurement and Commissioning Board.



COTSWOLD
DISTRICT COUNCIL



BACKGROUND

The revision of the current Procurement and Contract Management Strategy was partly in response to the Internal Audit recommendation as well as the Team recognising the importance of ensuring the Strategy incorporated the latest guidance from Government as well as Social Value and climate change.

1. MAIN POINTS

- 1.1 Following Brexit Central Government advised that an overhaul of the 2015 Public Procurement Regulations would take place in September 2021. The Procurement team were waiting on this guidance before updating the current Procurement and Contract Management Strategy.
- 1.2 An update from Central Government in October 2021 confirmed that the review of the Public Procurement Regulations would not be published until 2023, at the earliest, which the Team felt was too long to wait for. Therefore the proposed Procurement and Contract Management Strategy was developed incorporating current relevant best practice as well as the latest information from Government. Depending on what comes out of the final guidance, further revisions to the Strategy may be required.

2. CONCLUSIONS

- 2.1 The updated Procurement and Contract Management Strategy will ensure that Social Value and the climate change agenda are embedded in both the commissioning and procurement process.
- 2.2 The revised Strategy also reinforces the Councils Vision in regards demonstrating value for money through the effective commissioning and the procurement of goods, services and works.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications from this report. However, compliance with the Councils Contract Rules will support the best use of taxpayers' money

4. LEGAL IMPLICATIONS

- 4.1 There are no specific legal implications from the report or the Strategy, however the Council continues to have a legal duty to comply with the Publica Procurement Regulations.

5. RISK ASSESSMENT

- 5.1 There is a potential risk that the Procurement and Contract Management Strategy may need to be further update when Central Government releases further guidance. The Procurement team will advise accordingly if updates are required.



6. EQUALITIES IMPACT

6.1 There are no equalities implications from this report

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 The Strategy has been revised to recognise the importance of climate change and the Council's local target to achieve 'Net Zero' or be 'Carbon Neutral' by 2030.

7.2 The strategy recognises that supply chains are the biggest contributor to the overall carbon output of local councils and advocates engaging with suppliers at the earliest opportunity to make climate intentions and ambitions clear at the pre-procurement stages is key to reducing the Councils carbon footprint.



Procurement and Contract Management Strategy

Approved 2022

By

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Background

Following Brexit, the Government announced its intention for a radical overhaul of public procurement law and a green paper was published on this topic in January 2021. The Government has stated its aim is to provide the UK with a modern, fit for purpose set of rules, to minimise the bureaucratic burden for contracting authorities and businesses, and to facilitate innovation and the participation of SMEs.

However, any change to procurement law is not expected until “at least 2023” but it is important that in the meantime, our procurement activities are undertaken consistently to a high standard and in line with best practice to achieve economic, social benefits for all our communities.

This Strategy will be further updated as and when new legislation becomes available.

I. Introduction

Publica provides Procurement Services to its Partner Councils, Ubico and Cheltenham Borough Homes. The Services include

- Supporting and guiding officers in line with best practices and Procurement principles;
- Commissioning – considering **all** options before a decision has been made to provide a service;
- Assisting with Procurement of the appropriate goods, services or works in line with internal and external policies;
- Effective supplier and contract management;
- Disposal of assets (if necessary)

Demand for local public services is rising, and cost pressures are increasing, yet government funding to councils has reduced markedly and looking forwards there is great uncertainty surrounding the future of local government funding. It is therefore important that Procurement deliver better results for public services by

- Maximising the value – including the ‘social value’ achieved from every £1 spent;
- Generating income (‘commercialisation’) – where possible;
- Being Innovative and working with Innovative suppliers;

In addition, Local Authorities and their communities are faced with many Economic, Social and Environmental challenges.

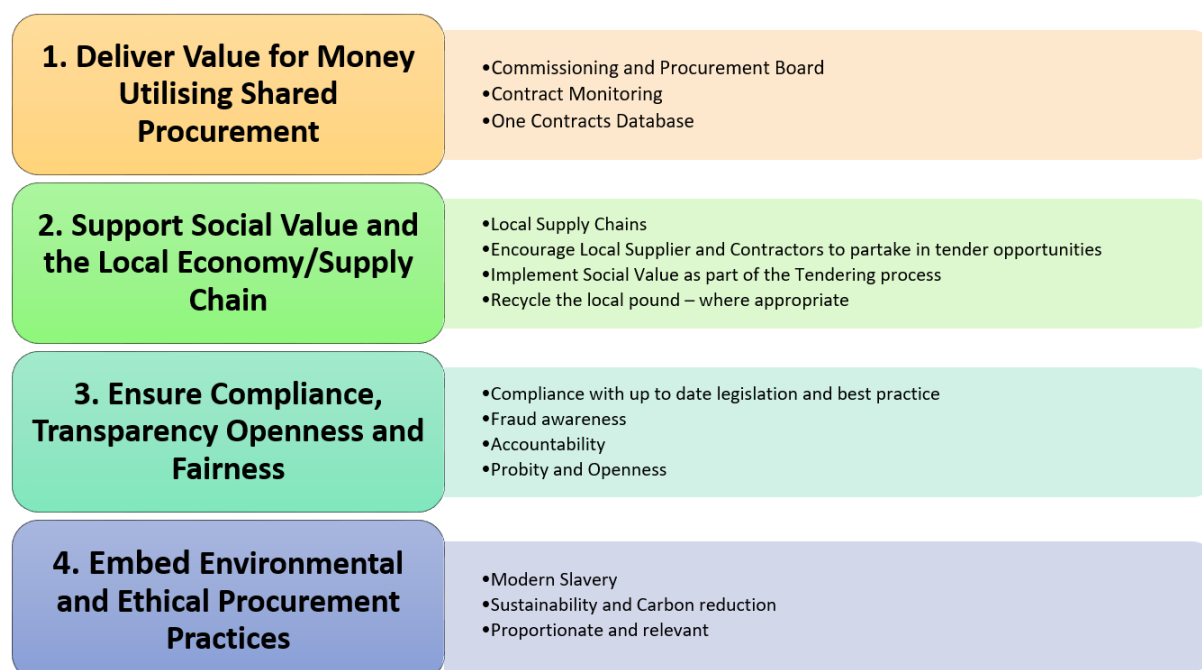
The Procurement team will provide leadership and make best use of resources through partnership, being effective commissioners and working with budget holders, suppliers and other stakeholders. We will aim to develop a common approach to procurement across all partners ensuring the processes and documentation are standardised and establishing a joint contracts database which will lead to effective commissioning, improved practises and financial savings.

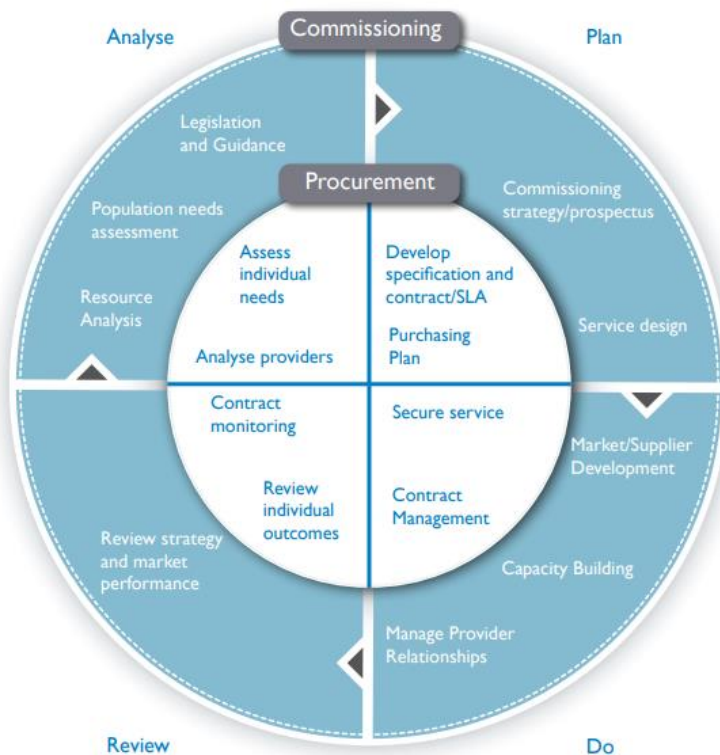
This document sets out the Councils strategic approach to procurement and contract management. It is not intended to be a procurement or contract management manual; however, the principles contained within the strategy should be applied to all procurement activity. Consideration of this strategy is not optional and it should be read in conjunction with the Contract Procedure Rules, Commissioning and Procurement User Guide and other relevant organisational policies.

2. Our Vision

Our vision for Procurement and Contract Management over the term of this strategy is to demonstrate value for money through the effective Commissioning and Procurement of goods, services and works on a whole life basis in terms of generating benefits to the community and Councils, whilst minimising the impacts to the environment.

Meeting this vision and ensuring success of this strategy will depend on the implementation and effectiveness of all of the following key principles.





3. Effective Commissioning and Procurement

A key Council Priority is to deliver Services to the highest standard under the principle of value for money for our residents and businesses.

In addition, Procurement by its very nature is well placed to support delivery of all of the Councils Priorities.

The Council is mindful that the impact of procurement is far greater than processes, objectives, principles, and that effective Commissioning and Procurement can incorporate a wide-ranging socio – economic agenda.

To ensure the Council carries out effective Commissioning and Procurement the Procurement team will maintain a forward plan with details of upcoming relevant procurements. The forward plan will be a discussion point at Commissioning and Procurement Board who meet on a monthly basis. The Board includes representatives from the Councils Local Management Team and Senior Managers within Publica.

4. Procurement and the Climate Emergency

There is now a renewed focus on environmental issues, due to the Climate Emergency, statutory obligations and local authority targets as well as clear links from climate change to economic recovery, jobs, skills, protecting the vulnerable and healthy communities.

The Council has declared climate emergency and is faced with local targets to achieve 'Net Zero' or be 'Carbon Neutral' by 2045. A vital mechanism to respond and contribute to these challenges is **Effective Commissioning, Procuring and Contract Management**.

Supply chains are the biggest contributor to the overall carbon output of local councils and often it is an accumulation of small factors that add up to make a difference. An example of this might be the carbon emissions due to transport of products by suppliers. This often is not something that the councils can control, but it certainly influences the levels of emissions the council contributes to as a whole. One way in which procurement will make a significant change is through influencing the supply chain, and encouraging climate action by suppliers.

Engaging with suppliers at the earliest opportunity to make climate intentions and ambitions clear at the pre-procurement stages is key to reducing the Councils carbon footprint. To contribute to this challenge, Procurement will

- Promote and embed best practice for sustainable procurement across all service areas;
- Where appropriate, require our suppliers and contractors to reduce the impact of goods, works and services by considering the carbon impacts associated with goods, works and services;
- Require information from potential suppliers on how they will help us to progress our environmental objectives as part of contract delivery;
- Regularly review consumption of goods and services, especially those that have specific impact on the environment, and take measures to prioritise alternative recycled methods and materials that are non-polluting and environmentally friendly;
- Ensure that, where appropriate and permissible under legislation, sustainability criteria are part of the supplier evaluation process and award of contracts;

Championing sustainability in the first instance will allow the Council to set expectations and give suppliers the chance to adapt or discuss how they might make improvements. It equally gives suppliers the opportunity to share their climate innovations and insights, and for THE council to learn from them.

5. Modern Slavery

Procurement Regulations make certain modern slavery offences grounds for mandatory exclusion of bidders from public procurement. (This forms part of the tender evaluation exercise). Standard procurement documentation requires bidders to self-certify their compliance with the Modern Slavery Act 2015.

We are committed to ensuring the suppliers with whom we do business understand the risks of modern slavery in supply chains, and take appropriate action to identify and address those risks, with particular focus on supporting victims of modern slavery.

Modern slavery risks will be addressed during the procurement process: -

- When identifying the need, approach to be taken and the market - **pre-procurement**
- When deciding the requirement - **specification stage**
- When selecting suppliers to invite to tender - **selection stage**
- When awarding the contract - **award stage**
- In the performance of the contract - **contract conditions and contract management**

6. Social Value

The Council will take a holistic approach when considering its activities and take into account the wider economic, social and environmental effects of their actions.

In essence, Social Value serves as an umbrella term for these broader effects, and organisations, which make a conscious effort to ensure that these effects are positive, can be seen as adding social value by contributing to the long-term wellbeing and resilience of individuals, communities and society in general.

The Council will consider Social Value through policy and spending decisions to maximise the benefit for their communities.

See Appendix I for the Councils Social Value statement

7. Contract Management

Contract Management is concerned with the continuous review and management of the contractual terms and/or service level agreement secured through the procurement process to ensure suppliers and partners deliver the outcomes agreed. Managing the contracts and relationships with our delivery partners, is imperative to ensure that:

- the strategic priorities agreed at the outset are delivered in a cost effective and timely manner;
- non-compliance or variation is identified early for escalation and resolution
- risks and costs are managed;
- contract reviews are undertaken and lessons learnt inform the commissioning and procurement process to ensure continuous improvement.

Officers responsible for managing and monitoring contracts must ensure:

- a copy of the original contracts is accessible to them and reviewed regularly, to ensure they are aware of the contracted terms.
- that contractors' business continuity plans are in place and are reasonable. Periodic reviews of these plans should be undertaken.

7.1 Contract Management Principles

The following principles will underpin the Councils approach to contract management

- **Ensure that contracts are known and understood by all those who will be involved in their management** – Make sure that adequate resource are identified and appointed well before award of contracts and that there is an effective handover or transition from sourcing to contract management.
- **Be clear about accountability, roles and responsibilities** - Ensure contract ownership, management processes and governance mechanisms are clear with defined roles and responsibilities at appropriate levels of seniority. Make sure contracts have a documented Contract Management Plan.
- **Establish and use strong governance arrangements to manage risk and enable strategic oversight** – ensure that governance structures are proportionate to size and risk of contracts, are suitably empowered and support the business outcomes and objectives.
- **Adopt a differentiated approach based on risk** – distinguish between tactical and strategic contracts and direct the strongest resource to contracts where the risks and rewards are highest. Consider a self-managing approach for lower risk contracts.
- **Manage contracts for business/public service outcomes** – the owners of the required outcomes should be accountable for successful contract performance and should work closely with procurement to manage contracts.
- **Accept that change will happen and plan for it** – develop flexible approaches to change through joint working with suppliers; accept that change will affect both parties during the contract life, but control costs with robust change control mechanisms. Ensure that controls are in place to prevent changes from altering the strategic intent of the contract.
- **Measure and report on performance and use KPI's and data efficiently to incentivise good performance** – administer contracts proactively and efficiently, making maximum use of benchmarking and performance measurement data. Ensure KPIs and incentives are appropriate and proportionate to the contract.
- **Drive continuous improvement, value for money and capture innovation** - actively use contract tools and provisions to leverage the relationship, continually drive value for money and seek out and implement innovative ideas for improvement.
- **Accept that successful delivery of major projects is best achieved through a single fully integrated team** – where the supplier and client work as a single team with one focus, delivery of the successful outcomes.

8. Fraud

The Council is committed to countering fraud and corruption and officers who procure goods, services and works must be fully aware of the rules and procedures that support this aim.

Successful counter fraud and anti-corruption arrangements should be the consequence of effective business systems, governance practices and controls, specifically the:

- Contract Procedure Rules
- Financial Rules
- Whistle Blowing Policy
- Employee's Code of Conduct or Business Conduct Policy, and
- Counter Fraud and Anti- Corruption Policy and Fraud Response Plan

Please see Appendix 2

9. Freedom of Information Act 2000

The Freedom of Information Act 2000 (FOI) may affect suppliers and contractors to the Council. Procurement related information is likely to be the subject of a number of requests under the FOI Act.

That information must be provided unless it is covered by one of the Act's exemptions.

Requests for information are retrospective which means that any information an external party has provided in the past or may provide in the future will be subject to FOI e.g. contracts, tender documents, development proposals. Personal data is exempt under FOI, because it is already within the terms of the Data Protection Legislation.

10. Data Protection

The Data Protection Legislation consist of the UK- General Data Protection Regulation (GDPR) and Data Protection Act 2018(DPA 2018) (and regulations made thereunder) and the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426).

Article 28 of the Data Protection Legislation adds a requirement upon controllers (the organisation who determines the purposes and manner in which personal data is processed) to ensure that certain provisions are included in contracts where there is personal data being passed from one party as the controller to another acting as a processor of that personal data.

The aim of the Article is to ensure that a controller of data who passes personal data to the processor controls how that processor can use that data. In order to achieve this, the Article stipulates that any processing of personal data by a processor shall be governed by a contract containing certain Information.

Procurement will therefore ensure that Data Protection Legislation is addressed where required at each stage of a regulated procurement and recorded appropriately on the Contract register by:

- ascertaining what type of personal data will be held as part of the contract and where that data will reside
- identify how the data will be obtained, how it will be stored and who it will be shared with
- identify which suppliers are affected by Data Protection Legislation and record accordingly on the Contract register

11. What is next?

Over the past number of years, the Procurement team have made a lot of service improvements to the Procurement service, however there is still a lot to do. Strategic actions over the coming years include but are not limited to the following;

Task	Details
Category Management	Improve our strategic approach to category management so that we can segment spend into areas which contain similar or related products and services enabling opportunities for consolidation and efficiency.
Regulation	Prepare and adapt to upcoming changes to regulations following publication of the Post Brexit green paper and upcoming white paper.
Spend Analysis	Introduce spend analysis as a process to analyse the historical spend (purchasing) data across Publica to provide answers to questions concerning spend visibility, compliance and control.
Further improve self-serve provision.	Improve self – service provision by establishing in-house frameworks and Dynamic Purchasing Systems for key areas of spend. This will release the procurement team to concentrate on strategic areas of procurement.



Appendix I - Social Value Statement

Background

The Public Services (Social Value) Act 2012 (the Act) provides a legal obligation on public bodies to consider how the services they commission and procure, over the thresholds provided for in the Public Contract Regulations, might improve the social, economic and environmental well-being of the local area and how, in conducting procurement it can secure Social Value.

Whilst the obligation only applies to above threshold procurements for services (or mixed contracts where services is a large part of the contract), Officers should consider Social Value in all of the Councils procurement requirements when it is proportionate and relevant to do so.

The aim of the Act is not to alter the commissioning and procurement processes, but to ensure that, as part of these processes, the Council consider the wider impact of the services delivered. This also includes encouraging Officers to talk to stakeholders, including the local community, to design better services, and explore finding new and innovative solutions.

The Council has a significant annual spend on a range of goods and services. The Act provides a significant opportunity to think creatively about how we can secure wider social, economic and environmental benefits from this spend.

In addition, the Council wants this statement to be the start of a conversation about how we use our wider processes, resources and influence to support value in our local areas.

1. What is Social Value?

The Social Value Act does not define what 'Social Value' means. Therefore, the Council has proposed the following definition of Social Value that links back to the Councils vision:

Social Value is the wider social, environmental and economic benefits that we will secure from commissioning and procuring activities.

2. The Social Value Model

The Social Value model sets out the Governments Social Value priorities for Procurement. There are five themes and eight policy outcomes, which flow from these themes. These are

Themes		Policy Outcomes
Theme 1	COVID -19 recovery	Help local communities to manage and recover from the impact of COVID-19
Theme 2	Tackling economic inequality	Create new business, new jobs and new skills
		Increase supply chain resilience and capacity
Theme 3	Fighting climate change	Effective stewardship of the environment
Theme 4	Equal opportunity	Reduce the disability employment gap
		Tackle workforce inequality
Theme 5	Wellbeing	Improve health and wellbeing
		Improve community cohesion

There should be a clear ‘golden thread’ from the government priorities to the development of strategies and business cases for programmes and projects, through to our Procurement specifications.

3. How we will deliver Social Value

The Council procures a wide range of goods and services, and it is recognised that there can be no ‘one size fits all’ model. This statement should be applied in a proportionate manner and be tailored to reflect the service, goods or works that are being procured. It is the role of commissioners and procurement leads to consider, on a contract-by-contract basis, the potential Social Value outcomes that could be delivered through the procurement exercise and the most appropriate procurement strategy to achieve these.

We will apply Social Value in a way that is fair and transparent to all providers.

In addition, the Council aspire to ensure that the concept of Social Value is considered in all our organisational change activities including those applying to how we assess services that are delivered directly by the Council.

The Councils Contract Rules dictate the procurement process to be followed above specific thresholds. Therefore, our approach to Social Value will be as follows:

Informal – all procurement below £25,000

Officers will ensure that the specification/statement of requirement takes in to account our Social Value priorities and that all bidders are given the opportunity to contribute to Social Value regardless of the category of the procurement.

Formal – all Procurements above £25,000

Officers will ensure that the specification/statement of requirement takes in to account our Social Value priorities and include relevant and proportionate Social Value outcomes that the Council wishes to see from the procurement exercise. Officers may wish to include consultation with community groups to ensure that any practical support is not prescribed but co-created with the community.

Officers will also consider making Social Value a contractual obligation within the specification/statement of requirement where it is appropriate to do so. Examples could include

- Reducing carbon footprint
- Recruiting apprentices for a specific project
- Community wellbeing

Social Value can be included as evaluation criteria and be assessed in line with Price and Quality.

4. Consultation

It is important that the local communities are engaged in shaping and deciding what is important to them, as well as engaging with the market to understand their ideas for how they can contribute our Social Value policy outcomes. In order to ensure our proposed ideas really do add Social Value we need to engage with communities to understand their existing assets and then use this information to build the Social Value requirements. This will ensure that we are adding and not simply duplicating the value already existing within the community as this could have an adverse impact.



Appendix 2 - Fraud Awareness

Fraud can occur at all stages of the procurement cycle and can be internal, external or both where there is collusion. Officers must be aware of the risks, detailed below, and the fact that they apply not just to large, high value contracts but also to low level spend. Officers engaged in all stages of the process need to be alert to the possibility of abuse when raising or approving requisitions, when writing or evaluating specifications, as well as further on in the process once the contract has been awarded.

Pre-tendering risks:

- **Needs assessment** – Need or timing tailored to benefit a specific supplier
- **Bid tailoring** – Narrow, broad or vague specifications
- **Bid splitting** – To circumvent approval thresholds.
- **Contract waivers** – To circumvent a fair and proper tendering process.
- **Abuse of position/conflict of interest/bribery** –Officers, Members or Suppliers acting inappropriately and for personal gain.

Tendering/bid evaluation risks:

- **Leaking confidential information** – staff providing details to contractors for unfair advantage.
- **Influencing the evaluation** – staff influencing an outcome for a preferred supplier.
- **Fictitious companies bidding** – to mislead and influence the evaluation process.
- **Cartels/collusive bidding/inflated bids** – suppliers colluding to influence the outcome.
- **Cover pricing** – obtaining artificially inflated prices to give a misleading impression of the extent of competition

Post-tendering risks:

- **Poor Contract Management** – allows abuse and possible fraud by the supplier.
- **Claims for fictitious services/goods** – charging for goods not supplied.
- **Charging for different quality goods/product substitution** – inferior goods supplied for inflated prices and altered contract terms.
- **Fictitious companies/staff/contractors** – diverting payments.

Fraud awareness and training for all staff involved in the procurement process is mandatory and includes training on the fraud indicators officers must be alert to.

To manage the risk of bribery and corruption, procedures for declaring gifts and hospitality and conflicts of interest are also mandatory and the organisation encourages a culture of transparency that is supportive of whistleblowing.

Segregation of duties, a centralised contract register and proactive contract management further mitigate the risk from fraud.

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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 APRIL 2022
Report Number	AGENDA ITEM 11
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT REPORT
Wards affected	All indirectly
Accountable member	Cllr Mike Every, Deputy Leader and Cabinet Member for Finance Email: Mike.Every@cotswold.gov.uk
Accountable officer	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	<p>To provide the Committee with assurance over the counter fraud activities of the Council. Direct updates will continue to be provided biannually.</p> <p>Work plans are presented to the Committee detailing progress and results for consideration and comment as the body charged with governance in this area.</p> <p>The report also provides the annual update in relation to the Regulation of Investigatory Powers Act 2000 (RIPA), the Investigatory Powers Act 2016 (IPA) and the Council’s existing authorisation arrangements.</p>
Annexes	Annex A – Work Plans 2021/2022 & 2022/2023
Recommendation(s)	<i>That the Audit Committee notes the report and the work plans at Annex A.</i>
Corporate priorities	Delivering our services to the highest standards.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	<p>Work plans are agreed and reviewed regularly with the Deputy Chief Executive.</p> <p>Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Management and Governance Officers for</p>



	comment.
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1. BACKGROUND

- 1.1 In administering its responsibilities; this Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor.
- 1.2 The Council is committed to an effective counter fraud and corruption culture, by promoting high ethical standards and encouraging the prevention and detection of fraudulent activities, thus supporting corporate and community plans.
- 1.3 The Counter Fraud Partnership, which includes Cotswold District Council was the subject of a recent service review. One of the agreed proposals was that the name of the Unit be changed to the 'Counter Fraud and Enforcement Unit' (CFEU) to better reflect delivery. This will give colleagues, clients and members of the public a clearer indication of the remit of the team.
- 1.4 The Audit Committee oversees the Council's counter fraud arrangements and it is therefore appropriate for the Committee to be updated in relation to counter fraud activity.
- 1.5 Work plans have been agreed with the Deputy Chief Executive and the Council's Management. The Audit Committee, as the body charged with governance in this area, is presented with a copy of the work plan for information.
- 1.6 Attached at Annex A is a copy of the work plan for 2021/2022 and for 2022/2023.

2. MAIN POINTS

- 2.1 **Counter Fraud and Enforcement Unit Update**
- 2.2 The CFEU has been supporting work streams related to the Business Grant Schemes. Most recently the team assisted with the mandatory pre-payment verification checks for all businesses that applied for the Omicron Hospitality and Leisure Grant and the related Additional Restrictions Grant.
- 2.3 The CFEU are also continuing with the work streams relating to the required Post Payment Assurance Activities directed by the Department for Business, Energy and Industrial Strategy and the Cabinet Office's National Fraud Initiative matches.
- 2.4 The CFEU have reviewed 88 cases of post payment recovery totalling £616,645. Invoices have been raised and of this figure, £350,578 has been recovered and £53,700 credited after a review. £212,367 remains outstanding. Examples of these cases relate to payments made to businesses that were not trading at the appropriate date, where premises were in fact empty or where duplicate payments have been made. The liability for any unrecoverable debt will be transferred to the Department for Business, Energy and Industrial Strategy, and will not rest with the Council.
- 2.5 All Local Authorities participate in the Cabinet Office's National Fraud Initiative, which is a data matching exercise to help prevent and detect fraud nationwide. The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under



Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under Data Protection Legislation.

- 204 matches have been received via the Cabinet Office's National Fraud Initiative which has collated and compared business grant data nationwide in relation to the original schemes paid during the first lockdown. These matches have been reviewed by the CFEU: 79 have been processed to date. The matches relating to the grant schemes paid between November 2020 and April 2021 are expected in April 2022.
- The team have received 1322 matches relating to single person discount anomalies. These will be processed shortly.
- 266 matches relating to Council Tax Reduction Scheme and Housing Benefit claims have been received. 200 have been processed to date with 1 referral being made to the Department for Work and Pensions.
- All 82 matches relating to the Housing Waiting List have been reviewed. 74 resulted in no action, 8 recommendations have been made to the Housing Team. Results are pending.

2.6 A review of the Test and Trace Payments is ongoing. 154 payments have been reviewed resulting in 35 cases of recovery totalling £17,500.

2.7 As previously reported, a review of 698 Licensed Premises, as held by the Licensing Team, was compared to the information held on the invoicing system to ensure the correct liable party was being charged. In addition, the rateable value of the premises was also verified to confirm that the correct License charge was being applied. The review resulted in 206 amendments, 60 cases which require further investigation and 154 subscription anomalies. Results are still pending regarding increased Licensing revenue.

2.8 In addition to the work carried under the annual work plan attached at Annex A, as a dedicated investigatory support service, the CFEU undertakes a wide range of enforcement and investigation work according to the requirements of each Council. This includes criminal investigation and prosecution support for enforcement teams, investigations into staff/member fraud and corruption, or tenancy and housing fraud investigation work.

2.9 2021 / 2022:

- The team has received 49 referrals from across the Council and closed 45 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and act as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 21 referrals were received and 13 cases were closed. Increased Council Tax revenue of £921 has been raised and a Civil Penalty for £70 has been issued.
- The team undertakes disciplinary investigations for Publica across the partnership. 3 cases were referred and have since been concluded. There was no further action taken in relation to 2 cases and 1 member of staff was dismissed due to gross/serious misconduct.



- The team supports Enforcement Teams across the Council. 3 Fixed Penalty Notices, totalling £600, were issued in relation to environmental crime. 3 Council Tax accounts were reviewed and 1 Civil Penalty issued. This has resulting in £7,210 increased revenue and a total of £70 in fines.
- The team successfully prosecuted two individuals for licensing offences; one for failing to keep records and operating an unlicensed private hire vehicle and the other for acting as and using an unlicensed private hire vehicle. Both defendants were found guilty, each received a £120 Fine and were ordered to pay £400 towards costs.
- The team successfully prosecuted an individual for housing offences. The defendant pleaded guilty to six charges of fraud in relation to housing applications within the Cotswold District. Charges were brought for Cotswold District Council, Bromford, Greensquare, Stonewater and Fortis (all social housing providers). The defendant was fined £692 and ordered to pay costs of £750.
- The team successfully prosecuted an individual for unauthorised work to a listed building. The defendant pleaded guilty, received a Fine of £1,000 and was ordered to pay costs of £500.
- The team successfully prosecuted an individual for unlawful works to trees protected by a Tree Preservation Order. The defendant pleaded guilty and received a Fine of £1,250 and was ordered to pay costs of £1,950.

2.10. Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016

- 2.11. The Council's policies are based on the legislative requirements of these Acts and the Codes of Practice relating to directed surveillance and the acquisition of communications data.
- 2.12. The Polices were reviewed and presented to the Audit Committee in November 2019; these were adopted by Cabinet in December 2019.
- 2.13. The RIPA Surveillance and Covert Human Intelligence Source Policy was recently updated to reflect the new Covert Human Intelligence Sources (Criminal Conduct) Act 2021 which makes provision for those acting as covert agents to commit crime whilst undertaking their duties does not apply to the Council.
- 2.14. The Use of the Internet and Social Media in Investigations and Enforcement Policy was drafted and presented to Audit Committee in November 2021 and adopted by Cabinet in January 2022.
- 2.15. The Council must have a Senior Responsible Officer and Authorising Officers to approve any applications for surveillance or the use of a Covert Human Intelligence Source, before the Court is approached. The Senior Responsible Officer is the Chief Executive, Robert Weaver and the Authorising Officers are the Deputy Chief Executive, Jenny Poole and the Head of Legal Services, Susan Gargett.
- 2.16. All applications for communications data are made online via the National Anti-Fraud Network (NAFN) which acts as the single point of contact for Councils. There is a requirement for the Council to nominate a Designated Senior Officer who will confirm to NAFN that the Council is aware of any request and approves its submission. This role is undertaken by the Counter Fraud and Enforcement Unit.



- 2.17. The CFEU delivered refresher training to all enforcement staff and the Authorising Officers.
- 2.18. There have been no RIPA applications made by the Council during 2021/2022, and no applications for communications data have been submitted. There have been no Non-RIPA applications made during 2021/2022.
- 2.19. The Council takes responsibility for ensuring its procedures relating to surveillance and the acquisition of communications data are continuously improved and all activity is recorded.

3. FINANCIAL IMPLICATIONS

- 3.1 The report details financial savings generated by the Counter Fraud Unit.

4. LEGAL IMPLICATIONS

- 4.1 In general terms, the existence and application of an effective fraud risk management regime assists the Council in effective financial governance which is less susceptible to legal challenge.
- 4.2 The Authority is also required to ensure that it complies with the Regulation of Investigatory Powers Act 2000, the Investigatory Powers Act 2016 and any other relevant/statutory legislation regarding investigations. Any authorisations for directed/covert surveillance or the acquisition of communications data undertaken should be recorded appropriately in the Central Register.

5. RISK ASSESSMENT

- 5.1 The Council is required to proactively tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.
- 5.2 Failure to undertake such activity would accordingly not be compliant and expose the authority to greater risk of fraud and/or corruption.
- 5.3 If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.).
- 5.4 The RIPA and IPA Policies demonstrate the Council's consideration of necessity, proportionality and public interest when deciding on surveillance activity or the decision to obtain personal communication data. The application of the Policies and Procedures, to govern surveillance and the obtaining of personal communications data, minimises the risk that an individual's human rights will be breached. Furthermore it protects the Council from allegations of the same.

6. EQUALITIES IMPACT

- 6.1 The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.



7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 None.

8. ALTERNATIVE OPTIONS

8.1 The Council is the lead authority for the Gloucestershire Counter Fraud Unit. This Unit is working with all of the Gloucestershire Local Authorities, West Oxfordshire District Council and other public sector bodies such as housing associations.

8.2 The service is a shared one across the County and as such overheads and management costs are also shared equally meaning there is increased value for money.

9. BACKGROUND PAPERS

None

Department / Contact	Task
Governance	Delivery of two reports for Audit Committee
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance
Governance	Government Functional Standard 013: Counter Fraud - Compliance
Policy	Counter Fraud and Anti-Corruption Policy
Policy	Corporate Enforcement Policy
Policy	Council Tax, Council Tax Reduction Scheme & Housing Benefit Penalty and Prosecution Policy
Policy	Proceeds of Crime & Anti-Money Laundering Policy
Policy	Whistle-Blowing Policy
Policy	Regulation of Investigatory Powers Act 2000 (Surveillance & Covert Human Intelligence Sources)
Policy	Investigatory Powers Act 2016 (Acquisition of Communications Data)
Policy	Use of the Internet and Social Media in Investigations and Enforcement
Bribery and Corruption	Assessment Template Review
Bribery and Corruption	Policy and Procedure: Staff Declarations of Interest / Conflicts of Interest
Bribery and Corruption	Review of the Gifts and Hospitality Policy and Procedure
Serious and Organised Crime	Checklist Review
Serious and Organised Crime	Proactive Fraud Drive - transient / cash businesses
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection Single Point of Contact
Strategy : Detection	Housing Waiting List review
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing

Department / Contact	Task
Strategy : Detection	Holiday / Airbnb Review
Strategy : Detection	SMI Review (sample 20)
Strategy : Detection	Procurement - Supplier Payment Review
Strategy : Detection	Charity Shop Exemption Review
Strategy : Detection	Track and Trace - Assurance and Enforcement Activities
Strategy : Detection	Business Grants - Assurance and Enforcement Activities
Strategy : Detection	Licensing / Invoice Review
Strategy : Detection	Waterpark Review
Strategy : Prevention	Development / Review of Fraud Response Plan
Strategy : Prevention	Development of Fraud Awareness Literature (staff)
Strategy : Prevention	Development of Right to Buy Debt Recovery Process
Strategy : Prevention	Development of Service Specific Fraud Risk Register
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / CPIA, PACE, Disclosure Training
Strategy : Prevention	Review of HR Recruitment and Vetting Policy and Procedures

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984

Area of Work	Task
Bribery and Corruption	Assessment Template Review
Bribery and Corruption	Gifts and Hospitality Policy and Procedure Rollout / Awareness
Governance	Delivery of two reports for Audit / and Risk / and General Purposes Committee
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance
Governance	Government Functional Standard 013: Counter Fraud - Compliance
Governance	Development of Service Specific Fraud Risk Register (High Risk Service Areas - TBC)
Governance	Development / Review of Fraud Risk Strategy / Response Plan
Policy	Counter Fraud and Anti-Corruption Policy
Policy	Corporate Enforcement Policy
Policy	CTAX, CTRS & HB Penalty and Prosecution Policy
Policy	Proceeds of Crime & Anti-Money Laundering Policy
Policy	Whistle-Blowing Policy
Policy	RIPA (Surveillance & CHIS)
Policy	IPA (Acquisition of Communications Data)
Policy	Use of the Internet and Social Media in Investigations and Enforcement
Procedure	Development and roll out of Proceeds of Crime and Anti-Money Laundering Procedure
Procedure	Development and roll out of Use of the Internet and Social Media in Investigations and Enforcement Procedure
Serious and Organised Crime	Checklist Review
Serious and Organised Crime	Proactive Fraud Drive - transient / cash businesses
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data

Department / Contact	Task
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection SPoC
Strategy : Detection	Housing Waiting List review
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing
Strategy : Detection	Business Rates Review Self Catering Accommodation - Assurance and Enforcement Activities
Strategy : Detection	SMI Review (sample 20)
Strategy : Detection	Procurement - Supplier Payment Review
Strategy : Detection	Council Tax £150 Rebate - Assurance and Enforcement Activities
Strategy : Detection	Test and Trace - Assurance and Enforcement Activities
Strategy : Detection	Business Grants - Assurance and Enforcement Activities
Strategy : Detection	Waterpark Review
Strategy : Prevention	Development of Fraud Awareness Literature (staff)
Strategy : Prevention	Development of Right to Buy Debt Recovery Process
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / CPIA, PACE, Disclosure Training
Strategy : Prevention	Private Rental Sector Minimum Energy Efficiency Standard (MEES) Compliance and Enforcement

RIPA = Regulation of Investigatory Powers Act 2000

IPA = Investigatory Powers Act 2016

CPIA = Criminal Procedure and Investigations Act 1996

PACE = Police and Criminal Evidence Act 1984



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 APRIL 2022
Report Number	AGENDA ITEM 12
Subject	WHISTLE-BLOWING POLICY
Wards affected	All indirectly
Accountable member	Cllr Joe Harris, Leader of the Council Email: Joe.Harris@cotswold.gov.uk
Accountable officer	Angela Claridge, Monitoring Officer Email: Angela.Claridge@cotswold.gov.uk
Report author	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit Email: Emma.Cathcart@cotswold.gov.uk
Summary/Purpose	To present the Audit Committee with an updated Whistle-Blowing Policy for comment. To update and replace the existing Whistle-Blowing Policy to highlight key legislation and the roles and responsibilities of Members, Officers and other parties.
Annexes	Annex A – Whistle-Blowing Policy
Recommendation(s)	<i>That the Committee considers the Whistle-Blowing Policy to comment thereon to Cabinet, to aid its deliberations and decision making.</i>
Corporate priorities	Delivering our services to the highest standards.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Any Policies drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and the Council's leadership team for comment.



1. BACKGROUND

- 1.1. The Counter Fraud and Enforcement Unit is tasked with reviewing the Council's Whistle-Blowing Policy.

2. MAIN POINTS

- 2.1. The Policy, attached at Annex A, has been updated in accordance with the review period. Review frequency is as required by legislative changes or every three years. This has been slightly delayed due to events over the last two years. However, the changes are relatively minor in relation to content. The Policy has been refreshed and includes an entry at 3.14 which signposts staff to an independent body for advice. This is now a shared Policy for all staff employed by Cotswold, Forest of Dean and West Oxfordshire District Councils and Publica.
- 2.2. The Policy details employer responsibilities to ensure that the Council protects staff who report or whistle-blow about any areas of concern within the organisation and/or within Publica and the other shareholding Councils. The Policy also safeguards those against whom allegations are made. In administering its responsibilities the Council has a duty to protect staff members who choose to alert the authority to wrong doing and to protect employees against whom vexatious allegations are made.
- 2.3. All referrals received by the Counter Fraud and Enforcement Unit and Human Resources must be dealt with in the correct manner adhering to Regulations, Legislation and Guidance. This includes internal alerts of wrong-doing which must adhere to whistle-blowing legislation. Adherence to this legislation in the workplace means the Council is less susceptible to legal challenge.
- 2.4. Any breach of the Policy or the revealing of the identity of someone that has made an anonymous disclosure could result in litigation action against the Council and a significant fine. Whistle-Blowing is embedded in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). This legislates that an employee has the right to take a case to an Employment Tribunal if they have been victimised at work or lost their job as a consequence of 'blowing the whistle'.
- 2.5. The Policy highlights the key legislation and the roles and responsibilities of Members, Statutory Officers, Publica Directors, Senior Managers, Officers and other parties.
- 2.6. If an individual is considering raising a concern the Policy will enable them to understand the type of issues which can be raised, how the person raising a concern will be protected from victimisation and harassment, how to raise a concern and what the Council will do as a consequence of the report.
- 2.7. The Council has a responsibility to prevent wrong-doing within the authority by promoting high ethical standards and encouraging the exposure of any abuse.
- 2.8. As part of the consultation process, the Policy has been reviewed by Legal Services and issued to Human Resources.
- 2.9. Audit Committee considered a Whistle-Blowing Policy in August 2016.
- 2.10. Online refresher training will be issued to staff following approval of the Policy.



3. FINANCIAL IMPLICATIONS

- 3.1. There are no direct financial implications as a result of this report.
- 3.2. The support of the Whistle-Blowing Policy will help to support the prevention and detection of misuse of public funds and fraud therefore reducing potential financial loss to the Council.

4. LEGAL IMPLICATIONS

- 4.1. The Policy is set out to ensure the Council, its Officers, Member, employees and contractors (including agency staff) comply with and adheres to the legislation governing whistle-blowing in the workplace meaning the Council is less susceptible to legal challenge.
- 4.2. Any breach of the Policy or the revealing of the identity of someone that has made an anonymous disclosure could result in litigation action against the Council and a significant fine.

5. RISK ASSESSMENT

- 5.1. If the Council does not have an effective Whistle-Blowing Policy and procedures it puts staff and its reputation at risk. The Council must fulfil its legal obligations in relation to whistle-blowing arrangements.
- 5.2. Without an appropriate Policy in place the Council is unable to take effective and efficient measures to ensure staff are protected when making allegations of wrongdoing and that staff are protected from vexatious allegations.

6. EQUALITIES IMPACT

- 6.1. The promotion of effective counter fraud controls and a zero tolerance approach to internal misconduct promotes a positive work environment.

7. ALTERNATIVE OPTIONS

- 7.1. None.

8. BACKGROUND PAPERS

- 8.1. The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:
- Audit Committee Report August 2016 – Whistle-Blowing Policy.
 - Cabinet Report February 2017 – Whistle-Blowing Policy.
- 8.2. These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact the author of the report.

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Whistle - Blowing Policy

Version Control:	
Document Name:	Whistle-Blowing Policy
Version:	1.2
Responsible Officer:	Deb Bainbridge, Human Resources Emma Cathcart, Counter Fraud and Enforcement Unit
Approved by:	CDC – Cabinet February 2017 FODDC - Audit Committee November 2017 WODC – Cabinet March 2017 Publica – Board July 2017
Next Review Date	January 2025

Revision History

Revision date	Version	Description
January 2018	1.1	Update to include further reporting choices / information
January 2022	1.2	Review

Consultees

Internal	External
Human Resources Legal Services Corporate Management	

Distribution

Name	
All staff (intranet)	

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1. INTRODUCTION AND PURPOSE OF THE POLICY

- 1.1. Staff are often the first to realise that there may be something of concern occurring within the Council or Publica. Usually any issues can be resolved swiftly and satisfactorily. However, when these concerns relate to more serious matters, staff may be discouraged from expressing their concerns or 'whistle-blowing'.
- 1.2. Whistle-blowing is the term used when an employee passes on information concerning wrongdoing. This can also be called 'making a disclosure' or 'blowing the whistle'. Typically (although, not always) the wrongdoing will be something that the employee has witnessed at work.
- 1.3. Staff may feel disloyal and may fear victimisation or harassment. In such circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice. However, any person raising a concern is protected in law.
- 1.4. Whistle-blowing law is embedded in the Employment Rights Act 1996 (as amended by the Public Interest Disclosure Act 1998). This legislation provides that an employee has the right to take a case to an Employment Tribunal if they have been victimised at work or lost their job as a consequence of 'blowing the whistle'.
- 1.5. To be covered by this law, an employee who makes a disclosure must reasonably believe:
 - That they are acting in the public interest - therefore personal grievances and complaints are not ordinarily covered by whistle-blowing law;
 - That the disclosure of information indicates past, present or future wrongdoing within the following categories:
 - (a) criminal offences which may include financial impropriety such as fraud;
 - (b) failure to comply with legal obligations;
 - (c) miscarriages of justice;
 - (d) endangering another person's health and safety;
 - (e) damage to the environment;
 - (f) covering up any wrongdoing in any of the above;
- 1.6. Staff are not prevented from making disclosures in the public interest by 'gagging clauses' in Settlement or Compromise Agreements.
- 1.7. The Council and Publica are now part of various shared service arrangements and it is important that there is clear guidance for anyone wishing to raise an issue. This policy applies to all staff of the Council, Publica and to individuals working

Whistle-Blowing Policy

within the organisations who are not staff (e.g. contractors, agency staff, volunteers, Councillors, staff of associated employers etc.)

- 1.8. The Council and Publica are committed to the highest possible standards of openness, probity and accountability. In line with that commitment we wish to encourage staff and others with serious concerns about any aspect of the work carried out by any of the organisations to come forward and voice them without fear of reprisal.
- 1.9. This policy is intended to encourage and enable staff to make disclosures at an early stage, rather than waiting. Staff are also encouraged to raise any issues internally with the Council and/ or Publica first rather than raising it outside of the organisations. If issues are raised externally in the first instance you may weaken the protection given to you under the Public Interest Disclosure Act 1998.
- 1.10. This policy also seeks to ensure concerns are raised in the right way and seeks to protect those staff members against whom complaints are made from malicious allegations. The Council and Publica have a duty to investigate all reports of irregularity. This does not mean that the organisations support the allegation.
- 1.11. This policy should be read if you are considering raising a concern to provide clarification in relation to the following:
 - The type of issues which can be raised;
 - How the person raising a concern will be protected from victimisation and harassment;
 - How to raise a concern;
 - What the organisation will do as a consequence of the report.
- 1.12. This policy has been agreed with any relevant trade unions or non-union representatives.

2. AIMS AND SCOPE OF THE POLICY

2.1. This policy aims to:

- Encourage staff to raise serious concerns at the earliest opportunity and to question and act upon concerns about practice.
- Encourage staff to be watchful for illegal or unethical conduct and report anything of that nature of which they become aware. Everyone should be aware of the importance of preventing and eliminating wrongdoing at work.
- Ensure all reported allegations are treated in absolute confidence, with every effort made by the Council and Publica not to reveal a whistle-blower's identity if they so wish. However, it may be necessary for the whistle-blower to become an identified witness at an appropriate time, particularly if it has not been possible to

Whistle-Blowing Policy

substantiate the allegation by other means. The implications of this and the appropriate support/protection arrangements will be discussed with the whistle-blower. This is detailed at Part 3: Employee Safeguards and Assurances.

- Ensure all reported allegations are treated fairly, ethically and consistently.
- Provide a robust procedure and ensure any matter raised under this procedure will be investigated thoroughly, promptly and confidentially, and the outcome of the investigation reported back to the employee who raised the issue, as appropriate.
- Provide reassurance for those acting in good faith that they will be protected from possible reprisals or victimisation. This means that the continued employment and opportunities for future promotion or training of the employee will not be prejudiced because he or she has raised a legitimate concern. Victimisation of an employee for raising a qualified disclosure is a disciplinary offence.
- If misconduct is discovered as a result of any investigation under this procedure, the relevant organisation's disciplinary procedure will be used, in addition to any other appropriate measures. This could include internal criminal investigation and appropriate further action.
- Allow whistle-blowers to raise concerns and proceed further if they are dissatisfied with the organisational response. It should be recognised that certain cases will have to proceed on a confidential basis and that feedback will be limited due to legal constraints.

2.2. This policy is not a substitute for other policies and procedures on such matters as personal grievances, bullying and harassment, health and safety, safeguarding issues (children and/or adults) or complaints. It should also not be used to raise matters relating to an employee's own terms and conditions of service.

2.3. There are existing procedures in place to enable staff to lodge a grievance relating to their own employment. This process does not form part of this policy. For further guidance on whistle-blowing and grievances, staff can contact the Advisory, Conciliation and Arbitration Service (ACAS) at www.acas.org.uk/grievances.

2.4. If a member of the public has a concern about any service they have been provided by the Council or Publica then this should be raised as a complaint. There are existing procedures in place which relate to this. However, if that concern relates to malpractice by a member of staff, then they should be directed to Human Resources at the earliest opportunity.

2.5. If a member of the public has concerns relating to malpractice by a Councillor, then they should be directed to Democratic Services or the Monitoring Officer for the appropriate Council at the earliest opportunity.

2.6. Making malicious, vexatious or false allegations will not be tolerated and is a disciplinary offence. If a person makes an allegation in good faith and reasonably

Whistle-Blowing Policy

believes it to be true, but it is not confirmed by the investigation, the Council and Publica will recognise your concern. However, if a person makes an allegation frivolously, maliciously or for personal gain, appropriate action, which could include disciplinary proceedings, may be taken.

2.7. An instruction to cover up wrongdoing is itself a disciplinary offence. If told not to raise or pursue any concern, even by a person in authority such as a manager, staff should not agree to remain silent and should report the matter at the earliest opportunity.

2.8. This policy and procedure is primarily for issues where the interests of others or of the organisation itself are at risk. That issue may be one of the following (although this list is not exhaustive). The following are examples of concerns that might be raised:

- Financial irregularities including fraud, corruption or unauthorised use of public funds or other assets;
- Conduct which is against the law, a miscarriage of justice or a failure to meet a legal obligation;
- Failure to observe health and safety regulations, or actions which involve risks to the public or other staff;
- Damage to the environment;
- A criminal offence being committed;
- Claiming benefits and/or expenses to which there is no entitlement;
- The conduct of contractors and/or suppliers to the Council;
- Sexual, racial, disability or other discrimination;
- Neglect or abuse; physical or verbal;
- Any other unethical conduct, malpractice, negligent or unprofessional behaviour;
- Discriminatory acts not specifically covered by other procedures;
- Concealment of any of the above;

3. EMPLOYEE SAFEGUARDS AND ASSURANCES

3.1. Harassment or Victimisation

3.2. The Council and Publica recognise that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice.

3.3. The Council and Publica will not tolerate harassment or victimisation in any form of anyone raising a legitimate concern. Any employee who attempts at any stage to apply any retribution or detriment to a whistle-blower will face serious disciplinary charges.

Whistle-Blowing Policy

- 3.4. The Council and Publica will support and protect whistle-blowers who raise an issue in line with this policy, in accordance with the safeguards contained in the Public Interest Disclosure Act 1998. This legislation protects everyone from victimisation and dismissal when speaking out against corruption or malpractice at work.
- 3.5. Protection does not mean that if an employee is already the subject of disciplinary action or redundancy procedures that those procedures would cease or be suspended as a result of their whistle-blowing.
- 3.6. It may be that the employee making the report is (or was) directly involved in the action now being raised. In such circumstances it is in the employee's own interest to come forward as soon as possible. The Council and Publica cannot promise not to act against such an employee but the fact that they came forward may be taken into account.
- 3.7. **Confidentiality and Anonymity**
- 3.8. All reports will be treated in the strictest of confidence and every effort will be made to protect, and not disclose, the identity of an informant if that is their wish. However, if disciplinary or other proceedings are an option as a result of the investigation it may not be possible to take any action without further assistance, in which case the informant may be asked to become an identified witness and provide a witness statement. It is possible that the identity of the informant will become obvious during the investigation. In addition there is a risk that some colleagues may speculate about the source of the original complaint.
- 3.9. The law does not compel an organisation to protect the confidentiality of a whistle-blower. However, it is considered best practice to do so unless required by law to disclose it.
- 3.10. Any requests for disclosure of information relating to or collected as part of any whistle-blowing complaint or investigation will be considered and determined in accordance with the relevant provisions of the Freedom of Information Act 2000 and Data Protection Regulations / Legislation.
- 3.11. At all times the informant will receive full support from the Council and Publica. There will be a limited number of people aware of the investigation at any one time but there will always be a representative from Human Resources involved in the process.
- 3.12. This policy encourages a whistle-blower to put their name to an allegation. If you do not reveal your identity then you will not receive a response or feedback. It may also make the task of investigating the allegation and protecting the whistle-blower more difficult.

Whistle-Blowing Policy

3.13. Concerns can of course be raised anonymously but are much less powerful. They can be considered at the discretion of the Council and Publica. In exercising this discretion the factors taken into account would include:

- The seriousness of the allegation.
- The credibility of the concern.
- The likelihood of confirming the allegation from other sources.

3.14. Staff who whistle-blow can seek independent support from the charity Protect. Details can be found by following the link below.

<https://protect-advice.org.uk/>

4. PROCEDURE

4.1. Raising a concern as an employee

4.2. Issues should normally be raised with a member of the Human Resources Team. A decision can then be made in relation to how the matter will be dealt with and who should be informed depending on the seriousness and sensitivity of the issues involved and who is suspected of wrongdoing.

4.3. If the Human Resources staff are not available, staff may direct any concerns to Internal Audit or the Counter Fraud and Enforcement Unit.

4.4. Alternatively an employee can speak to their own manager, or someone they feel comfortable talking to. A third party may also attend any meetings for moral support however, they would be required to maintain confidentiality. A whistle-blower may also wish to take advice from, or invite, a trade union or professional association to raise a matter on their behalf. Meetings may be held away from the workplace if necessary.

4.5. Raising a concern as an elected Member

4.6. If an elected Member has any concerns about the work conducted by the Council or Publica, they should raise the matter directly with Democratic Services, the Chief Executive / Head of Paid Service or the Monitoring Officer. In the case of financial irregularity, disclosure may be made to the Chief Finance Officer.

4.7. Raising a concern as a third party contractor, agency staff etc.

4.8. Concerns should be raised with the Human Resources Manager, the Chief Executive or the Monitoring Officer. In the case of financial irregularity, disclosure may be made to the Officer appointed under section 151 of the Local Government Act 1972.

4.9. Alternative Reporting Routes

4.10. There are a number of prescribed bodies and organisations who may be contacted if there is a reason not to raise the matter internally. Staff can find guidance by following the link below which provides a comprehensive list with contact details therein.

<https://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies>

4.11. The Council and Publica would not ordinarily expect a whistle-blower to make disclosures to the media prior to raising the matter internally. If a person does approach the media with their concerns, the informant should expect in most cases to lose their whistle-blowing law rights.

4.12. Process

4.13. Concerns may be raised by telephone, in person or in writing. The earlier the matter is raised, the easier it is to take action. A whistle-blower is asked to provide the nature of the concern and why they believe it to be true, background details giving names, dates and places where possible, together with any other supporting evidence or information. An informant may be asked if they have any personal interest in the matter.

4.14. When raising an issue or making an allegation it is important that it is made clear that an informant is doing so as a whistle-blower to ensure they are dealt with correctly.

4.15. Although it is not expected that a person prove beyond doubt that the allegation is correct, it will need to be demonstrated that the allegation has been made in good faith and there are reasonable grounds for concern.

4.16. An informant should:

- Remain calm and not be flustered where possible;
- Make a note of the facts as soon as it is feasible to do so;
- Be specific with dates, times, locations, names etc.;
- Deal with the matter promptly;
- Contact someone with the appropriate authority to deal with the matter.

4.17. An informant should not:

- Be reticent because they fear they are wrong;
- Approach, alert or confront the person they suspect of wrongdoing, directly themselves;

Whistle-Blowing Policy

- Investigate personally – there are important rules of evidence which must be adhered to;
- Consult or discuss the matter with anyone other than those with the correct authority;
- Do nothing or leave it to someone else to report;

4.18. If approached by someone wishing to whistle-blow, a person should take full details and contact a member of the Human Resources Team to discuss the matter. It is imperative that staff do not undertake any kind of investigation or intelligence gathering exercise which could compromise the evidence.

4.19. It may be necessary for Human Resources (or other appropriate Officer) to take a preliminary statement to gather more information to entirely understand the situation and nature of the allegation.

5. HOW THE COUNCIL AND PUBLICA WILL RESPOND

5.1. The action taken by the Council and Publica will depend on the nature of the issue. The Council and Publica will respond to your concerns as quickly as possible. Please note that making initial enquiries about the concerns is not the same as accepting or rejecting them.

5.2. The overriding principle for the Council and Publica will be the public interest. In order to be fair to all staff, including those who may be wrongly or mistakenly accused, initial independent enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. This decision will be made by Human Resources, the relevant Council Statutory Officers and Publica Directors. The matters raised may be:

- Investigated internally, either in accordance with internal policy and procedure or in line with criminal investigative regulations where appropriate. Whilst not all allegations will result in criminal action, this is an option open to the Council and Publica, and it is thus critical that the investigation is conducted in the appropriate manner. Evidence gathered as part of that investigation could form part of the disciplinary process whether or not criminal proceedings commence;
- Referred to the Police or other external enforcement agency such as the Health and Safety Executive, Environment Agency etc.;
- Referred to the External Auditor;
- Form the subject of an independent enquiry.

5.3. Concerns or allegations which fall within the scope of existing procedures will normally be referred for consideration under those procedures. In some situations the matter may be resolved without the need for an investigation. Urgent and immediate action may be necessary where the security of relevant information is at risk or to protect the safety of staff.

- 5.4. If an investigation is appropriate, it may be necessary for this to be carried out under terms of strict confidentiality, i.e. by not informing the subject of the complaint until (or if) it becomes necessary to do so. However, in certain cases, such as allegations of ill treatment of others, suspension from work may have to be considered immediately. Protection of others is paramount in all cases.
- 5.5. Within ten working days of a concern being raised, the whistle-blower will receive the following in writing:
- Acknowledgement that the concern has been received;
 - Confirmation of how the Council and Publica propose to deal with the matter;
 - If an investigation is to take place, who will be conducting the investigation;
 - If further investigation is not appropriate, the reasons why;
 - Process information and staff support mechanisms.
- 5.6. Contact between the whistle-blower and the Officers considering the issues and/or conducting an investigation will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If the matter is on-going then feedback may be limited; if the matter is dealt with promptly then the whistle-blower will be advised on the outcome.
- 5.7. You need to be assured that your disclosure has been properly addressed. Unless there are any legal reasons why this cannot be done, you will be kept informed of the progress and outcome of any investigation.
- 5.8. Coordination of any investigation will be undertaken by a member of Human Resources with the authority to do so.
- 5.9. The investigation process is independent and will seek to determine whether an irregularity has been committed, and if so, by whom. The investigator will have the authority to access all necessary data and other resources pertinent to a full, fair and properly conducted investigation.
- 5.10. Once an investigation has been completed there are a number of potential outcomes including the following:
- No case to answer/ case closed;
 - Informal action;
 - Formal action, disciplinary action and/or prosecution by the appropriate body. Suspension may also be appropriate. (For information relating to these outcomes see the relevant internal Policy or Procedure where applicable which will detail processes, actions and appeal information);
 - External referral to the Police and/or other body.

- 5.11. The Council and Publica will do what it can to minimise any difficulties that you may experience as a result of raising a concern. For instance, if you are asked to give evidence in criminal or disciplinary proceedings, the Council and Publica will arrange for you to receive appropriate advice and support.
- 5.12. If a member of staff is dissatisfied with the conduct of an investigation, whether as the person under investigation, as the informant, or in any other involved capacity, a complaint may be raised with Human Resources who will ensure this is reviewed by a member of staff who is independent and who has not previously been involved in the investigation.
- 5.13. This Policy does not prevent any person from taking external legal advice.

6. RESPONSIBILITIES

- 6.1. Managers should ensure all staff, including agency staff, consultants and contractors etc. are aware of and follow all Council and Publica Policies and Procedures. Managers should register any whistle-blowing cases brought to their attention immediately with Human Resources and provide support to any employee making such a complaint.
- 6.2. Staff should be vigilant and raise any serious concerns about aspects of work or practices which affect the integrity of the Council and Publica or safety of staff and/or the public.
- 6.3. Statutory Officers, Publica Directors and Senior Managers will respond to whistle-blowing submissions positively and within the timescales set out. The Chief Executive / Head of Paid Service and Managing Director has overall responsibility for ensuring that the policy is adhered to.
- 6.4. Human Resources will record and deal with any whistle-blowing issues including the provision of any support and advice as required to include attendance at meetings as necessary.

7. FURTHER INFORMATION

- 7.1. Further information on Council and Publica policy can be found in the following documents (or equivalent documentation / codes) :
- The Constitution;
 - Code of Conduct for Staff and the Councillors Code of Conduct which include information in relation to gifts and hospitality and declaring and registering interests;
 - Counter Fraud and Anti-Corruption Policy;
 - Corporate Enforcement Policy;
 - Proceeds of Crime and Anti-Money Laundering Policy;

Whistle-Blowing Policy

- Recruitment and Selection Policies and Procedures;
- Financial Rules;
- Contract Rules or equivalent;
- Fair Processing Statements;
- Disciplinary and Grievance Procedures;

8. POLICY REVIEW

- 8.1. The Counter Fraud and Enforcement Unit and Human Resources will review and amend this policy as necessary to ensure that it continues to remain compliant and meets legislative requirements and the vision of the Council and Publica.
- 8.2. Human Resources and the Counter Fraud and Enforcement Unit will monitor the effectiveness of the Policy and provide the necessary awareness sessions to staff.
- 8.3. Responsible Department: Human Resources / Counter Fraud and Enforcement Unit
Date: January 2022
Review frequency as required by legislative changes / every three years.

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Agenda Item 13



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 APRIL 2022
Report Number	AGENDA ITEM 13
Subject	INTERNAL AUDIT PROGRESS REPORT
Wards affected	N/A
Accountable member	Cllr Mike Every, Cabinet Member for Finance Email: mike.every@cotswold.gov.uk
Accountable officer	Jenny Poole, Chief Finance Officer Email: jenny.poole@cotswold.gov.uk
Summary/Purpose	To present a summary of the audit work concluded since the last meeting of this Committee.
Annexes	Annex A – Report of Internal Audit Activity – Plan Progress 2021/22
Recommendation(s)	<i>a) That the Committee considers the report at Annex A and comments as necessary</i>
Corporate priorities	Ensure that all services delivered by the Council are delivered to the highest standard.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A



1. BACKGROUND

- 1.1 The Internal Audit Service is provided to this Council by SWAP Internal Audit Services (SWAP). SWAP is a local authority-controlled company.
- 1.2 The report attached at Annex A sets out the work undertaken by SWAP for the Council since the last meeting of this Committee. It follows the risk-based auditing principles and, therefore, this is an opportunity for the Committee to be aware of emerging issues which have resulted in SWAP involvement.
- 1.3 Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

2. MAIN POINTS

- 2.1 The progress report enables the Audit Committee to monitor the work of the Internal Audit Service and ensure that it remains effective. It also provides the Committee with assurance opinions over areas reviewed within the reporting period, details of audit recommendations and the outcome of follow-up reviews conducted on previous audit recommendations.

- 2.2 We have finalised 4 audits since the last meeting of this committee

- Payroll – High Substantial
- Monitoring the Performance of Strategic Commissioned Services – High Reasonable
- Council Tax and NNDR – Low Reasonable
- Housing Benefit and Council Tax Support – Low Reasonable

The two revenues and benefits audits have been assessed, as above, because reconciliations are not being performed, as per financial rules, and progress against previous agreed actions has not been completed. But as the service have had an increased workload, due to the Pandemic, and have successfully implemented a significant system change, we feel this is a positive assurance.

We continue to follow up all agreed actions. Updates against the higher priority actions is included in the report along with tables showing progress against all agreed actions.

3. FINANCIAL IMPLICATIONS

- 3.1 The Internal Audit Service is operating within the contract sum.

4. LEGAL IMPLICATIONS

- 4.1 None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.



5. RISK ASSESSMENT

- 5.1 Any weaknesses in the control framework, identified by Internal Audit activity, continues to threaten organisational objectives until recommendations are implemented.

6. BACKGROUND PAPERS

- 6.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Internal Audit Reports.

These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact democratic services via democratic@cotswold.gov.uk

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Cotswold District Council

Report of Internal Audit Activity

April 2022

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Contents

The contacts at SWAP in connection with this report are:

Lucy Cater

Assistant Director

Tel: 01285 623340

lucy.cater@swapaudit.co.uk

Jaina Mistry

Principal Auditor

Tel: 01285 623337

jaina.mistry@swapaudit.co.uk

- Appendices:

Appendix A – Internal Audit Definitions

Appendix B – Audit Plan Progress

Appendix C – Summary of Audit Findings

Appendix D – High Priority Findings and Agreed Actions

Appendix E – Summary of Agreed Actions

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- No
- Limited
- Reasonable
- Substantial



Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

● Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service’s business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
2020/21 Audits in Draft / In Progress at date of Annual Audit Opinion								
Key Financial Control	Payroll	Final Report	High Reasonable	1			1	Reported in October
ICT	Systems Admin	Final Report	Medium Reasonable	2		2		Reported in October
Governance	Risk Management	Final Position Statement	N/A	-				Reported in October
ICT	Data Recovery Capabilities	Final Report	Low Substantial	1			1	Reported in October

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Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
2021/22 Audit Plan								
Support	Business Grant Funding	Complete	N/A	-				Head of IA seconded to Council to support processing of Mandatory and Discretionary Business Grants from November 2020 onwards
Support	Business Grant Funding – Post Payment Review	On-Going	N/A	-				Head of IA working with Counter Fraud and Enforcement Manager to conduct post payment review
Support	Business Grant Funding – ARG Scheme (January) (NEW)	Complete	N/A	-				Support to administration of new ARG Scheme
Support	Business Grant Funding – Omicron Grants (January) (NEW)	Complete	N/A	-				Support to administration of new Omicron Grant Schemes
Support	Environmental Services Improvement Programme	On-Going	N/A	-				Support to the Programme
Support	Active Cotswolds Programme (NEW)	On-Going	N/A	-				Support to the Programme
Support	Ubico – New Shareholder	Complete	N/A	-				Support to Project Team
Operational	Accounts Payable	In Progress						Quarterly review of payments made. See Appendix C
Operational	Fire Risk Assessments	Final Report	High Reasonable	1		1		Reported in October
Support	Civica – Merge of 3 Systems	Complete	N/A					Support to Project Team
Operational	Procurement Cards	In Progress						
Operational	Emergency Planning	Final Report	High Reasonable	4		3	1	Reported in January

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Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Election Expenses – Treatment of VAT	In Progress						
Operational	Procurement (Contract Management and Monitoring)	Final Report	High Substantial	-				Reported in January
Governance	Governance of Programmes and Projects	Draft Report						
Operational	Publica Performance Information	Draft Report						
Operational	Monitoring the Performance of Strategic Commissioned Services	Final Report	High Reasonable	2		2		See Appendix C
Operational	S106 Contributions to Tetbury Town Council (NEW)	Final Position Statement	N/A	-				Reported in January
Operational	Business Grant – Post Payment Assurance	In Progress						
Key Financial Control	Revenues and Benefits							
	<ul style="list-style-type: none"> Council Tax and National Non-Domestic Rates 	Final Report	Low Reasonable	1		1		See Appendix C
	<ul style="list-style-type: none"> Housing and Council Tax Benefits 	Final Report	Low Reasonable	2		1	1	See Appendix C
Key Financial Control	Core Financials							
	<ul style="list-style-type: none"> Accounts Payable 	In Progress						
	<ul style="list-style-type: none"> Main Accounting and Accounts Receivable 	In Progress						
	<ul style="list-style-type: none"> Payroll 	Final Report	High Substantial	-				See Appendix C

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Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
	<ul style="list-style-type: none"> Treasury Management and Bank Reconciliation 	Final Report	High Substantial	-				Reported in October
Key Financial Control	Human Resources							Rolling audit. Now planned for 2022/23.
Key Financial Control	Other Support Service provided by Publica <ul style="list-style-type: none"> Procurement (Compliance with Strategy) 							Rolling audit. Now planned for 2022/23 following adoption of updated Procurement Strategy.
ICT	Vulnerability Management	Draft Report						
Page 112 PACT	Accounts with Admin Privileges	In Progress						
ICT	Software and Hardware Assets							Now planned for 2022/23
Grant Certification	Disabled Facilities Grants	Complete	N/A					
Grant Certification	Restart Grants	In Progress						
Grant Certification	Carbon Data (NEW)	In Progress						
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							

The following information provides a brief summary of each audit review finalised since the last Committee update

Monitoring the Performance of Strategic Commissioned Services – February 2022

Audit Objective

To establish and review the governance framework processes and structures in place between the Council and Commissioned Service Providers

Assurance Opinion



There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Number of Agreed Actions

Priority	Number
Priority 1	0
Priority 2	2
Priority 3	0
Total	2

Risks Reviewed

An inadequate governance structure and culture leads to a lack of direction, poor management and monitoring, inadequate decision making and a lack of transparency, which will impact on the organisations ability to deliver its corporate partnership objectives.

Assessment

Medium

Key Findings

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The Corporate Risk Register includes risks relating to both Publica (CRR-027) and Ubico (CRR-030) but there is no risk relating to the Internal Audit service provided by SWAP. Given the diverse nature of the strategic commissioned service providers reviewed, each facing different issues, we would expect to find a Risk, outlining controls, specific to each provider either in the Corporate or Service Risk Registers.



Where the Member's Section 151 Officer, who has statutory responsibility for the provision of Internal Audit, is no longer serving on the SWAP Board, it was agreed by the SWAP Board that they could continue to receive the 'non-confidential' reports to provide them with necessary assurance such as the Financial Status of the Partnership; this is not happening.

Audit Scope

The scope of this audit, although touching on the arrangements in place for each Strategic Commissioned Service provider, focussed on the governance arrangements in place to assure the Member (Owner) Organisations.

Three Strategic Commissioned Service providers were reviewed as part of this audit:

- Publica
- Ubico
- SWAP

Summary Conclusion

The Governance over Strategic Commissioned Service providers is essential if the Council Owners are to be assured that they are receiving a quality service that represents value for money. From this review we can offer reasonable assurance that effective measures are in place through regular Officer/Member meetings and reporting through to the appropriate Council Committees. We have found that each of the providers fulfil their obligations outlined in their Agreements and Articles of Association.

The Publica relationship, as reported in the Campbell Tickell report (commissioned in September 2020 to review the effectiveness of Publicas Board) "is complicated by the fact that Publica on occasion acts as both commissioner and contractor, requiring potential conflicts of interest to be managed more carefully in ways which perhaps need to be more transparent". This report made 20 recommendations, all of which have been implemented. The most relevant to this audit being a review of the shareholders reserved matters and the embedding of the Members Representatives Board – relaunched as the Shareholders Forum, for which the Terms of Reference were agreed at its meeting on 29th July 2021. As this Forum embeds this should serve to enhance the relationship between Publica and Shareholders.

Accounts Payable – Continuous Auditing Analysis – February 2022

Audit Objective

The objective of the continuous review is to:

- Identify potential duplicate payments, summarise, and present to the AP team for remedial action,
- Review payments made on 'Sundry Supplier' codes to ensure genuine 'one-off' payments.

Audit Scope

1. Duplicate payments – review covers a period of 2 years, checking for potential duplicate payments for the Council and between Councils and/or Publica and/or CBH. Findings have been summarised and reported to AP for further review and correction where necessary. Findings have been followed-up during the subsequent review.

2. Sundry Suppliers – review covers current quarter, checking for numerous payments made to a supplier. Where examples of these are identified they have been reported to AP for further review and where appropriate the creation of a specific supplier record on AP will be required.

Testing / Findings	Q1 (Aug 21)	Q2 (Nov 21)	Q3 (Feb 22)	Q4
Duplicate Payments				
Number of Duplicate Payments identified (paid twice by Council / Publica)	2	3	0	
Value of Duplicate Payments identified (paid twice by Council / Publica)	£2,502.00	£8,201.63	£0	
Number of Payments recovered either by Credit Note or Refund request from previous quarter	n/a	1	2	
Value of Payments outstanding from previous quarter	n/a	£462.00	£336.84	
Number of Duplicate Payments identified (paid by Council and Publica or by 2 Councils)	0	1	1	
Value of Duplicate Payments identified (paid by Council and Publica or by 3 Councils)	£0	£435.89*	£165.60	
Number of Payments recovered either by Credit Note or Refund request from previous quarter	n/a	n/a	0	
Value of Payments outstanding from previous quarter	n/a	£0	£0	
Sundry Suppliers				
Number of supplier(s) appearing more than once under the Sundry Supplier Record	1	0	0	
Number of payments made to supplier(s) who appear more than once under the Sundry Supplier Record	2	0	0	
Supplier record created on BW	0	0	0	

For Information


This continuous report will be included within the annual AP audit report and will support the annual assurance score.

**Confirmed CDC expenditure*

Payroll – Final Report – March 2022

Audit Objective

To provide assurance payroll deductions and payments to 3rd parties are made in accordance with agreed processes and are appropriate and timely.

Assurance Opinion	Number of Actions		Risks Reviewed	Assessment
 <p>A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.</p>	Priority	Number	<p>Errors in deductions/payment and unreconciled items could lead to inaccurate financial data being submitted to government bodies, which may result in financial penalties and / or reputational damage.</p>	Low
	Priority 1	0		
	Priority 2	0		
	Priority 3	0		
	Total	0		

Key Findings

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This year's review specifically focussed on payments and deductions made via the payroll. Previous reviews have also been used to inform this assurance opinion.

CDC's Payroll suspense accounts have consistently balanced to zero at year end. Deductions from employees, payments to HMRC and to third parties can be traced through Business World.

Detailed payroll guidance and procedure documentation is available to all payroll team members. Checklists are used as guidance and to record when payroll processes are complete. Payroll tasks can be added and removed monthly, depending on requirements. Completed checklists are retained and changes can be tracked.

HMRC Real Time Information (RTI) reporting is in place enabling tax codes to be updated directly with HMRC prior to a payroll run. Off payroll employees are set up on the payroll system so tax can be paid as per the IR35 regulations.



Outstanding agreed actions from previous audits are now complete.

Audit Scope

This work addressed the above objective and reviewed the controls operating in the following areas:

- Review of suspense and/or holding accounts.
- Deductions from payroll
- Payments to HMRC and third parties.
- Payments to HMRC, pensions, etc made properly/timely.
- Progress on previously agreed actions.

Discussions were held with the Payroll Team Leader and payroll team. Most of the Information obtained has been provided by the payroll team. The payroll system and publicly available information has also been used.

Additional Information

We confirm Payroll procedures are in place to administer IR35 regulations for "off-payroll" employees. Control to determine these employees' rests with hiring managers; CDC may wish to obtain assurance from Publica that the "off-payroll" employee process is operating effectively within service areas.

Council Tax & NNDR and Housing Benefit & Council Tax Support – Final Report – March 2022

Audit Objective

To ensure key financial system controls are operating effectively for Council Tax and Business Rates, Housing Benefits and Council Tax Support and that opportunities for error, fraud or corruption are minimised.

Assurance Opinion – Council Tax and NNDR



There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	1
Priority 3	0
Total	1

Risks Reviewed

The Council does not collect all Council Tax and Business Rates due as a result of errors, omissions or fraud leading to financial loss or reputational damage.

Assessment

Medium

Assurance Opinion – Housing Benefit and Council Tax Support Scheme



There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Number of Actions

Priority	Number
Priority 1	0
Priority 2	1
Priority 3	1
Total	2

Risks Reviewed

Housing Benefits and Council Tax Support claims are not processed correctly, completely and on a timely basis as a result of errors, omissions or fraud leading to financial loss or reputational damage to the Council.

Assessment

Medium

Key Findings

Evidence of regular financial reconciliations of both the Council Tax and NNDR, and Housing Benefits systems to the General Ledger were not available.

Financial Rules 15.1 states budget holders are responsible for *“Reconciling income systems with the Council’s main accounting system, as far as is reasonably practical to ensure that all income received has reached the correct budget head and investigating where there is a discrepancy. Reconciliations shall take place on a minimum of once per quarter.”* Furthermore, Financial Rules H4.1 states *“Employees shall ensure that all finance related systems (for example, register of disabled facilities grants, housing benefit payment, registers of property leases) are reconciled, as far as is reasonably practical, to the Council’s main financial management system. Reconciliations shall take place on a minimum of once per quarter.”*

The Service Area should work with the Finance Team to ensure that all necessary reconciliations are performed, in line with the Council’s Financial rules.

Audit Scope

During 2021/22 it was agreed a high-level review of both the Revenues and Benefits Service, incorporating Council Tax, Non-Domestic Rates, Housing Benefit and Council Tax support would be conducted. To include key controls;

- Financial reconciliations
- Variance reporting,
- Performance
- Follow up of open recommendations

Discussions were held with, and evidence was supplied by the Revenues and Benefits Leads, the Technical Leads, and Business Partner Accountant.



It continues to be a challenging period for the Revenues and Benefits team in dealing with both the effects of the Pandemic causing an increased workload and the implementing significant system changes earlier this year. A lack of automation the Benefits system is planned to provide, has also seen the Benefits team encounter difficulties in the processing of Claims leading to a backlog in processing times. Plans have been put into place to address these issues to reduce the backlogs and good progress has been made in this area, although some backlogs continue to exist. Resources should continue to concentrate on reducing backlogs to ensure targets are achieved.

Additional Information

CDC were subject to a customer's complaint to the Local Government and Social Care Ombudsman, regarding their handling of Council Tax support request. The Ombudsman instructed CDC to implement a number of measures and corrective actions. We confirm these actions were fully implemented in accordance with their recommendations.

Progress has been made against previously agreed actions. Actions are being taken to address closed accounts in credit. The Revenues Manager will review account suppression changes where a potential separation of duties is not feasible. An agreed action to update the Service's Business Continuity Plan has been completed in line with Corporate Services requirements. We note that during an incident the plan includes actions to assess the situation and determine what actions can and should be taken. As has been seen in other local authorities, a significant and extended ICT outage is likely to be a pressurised time for all concerned. Therefore, some prior consideration should be given to exactly what should be done, such as making ongoing Benefits Payments or Revenues collections. Any other requirements such as paper-based templates should be completed in preparation for such an incident.

High Priority Findings and Agreed Actions

APPENDIX D

Audit Name	Priority	Finding	Agreed Action(s)	Due Date / Rev Date	Resp Officer	Update April 2022
Risk Management 45972	2	Sufficient Training, Support and Guidance should be provided to Managers.	1. Obtain approval of the updated Risk Management Policy.	Oct 2021	Business Manager – Corporate Responsibility	This will be reviewed in the follow-up audit – follow-up audit in progress
			2. The Risk Officer now attends Quarterly Management Meetings to increase visibility and discussion around Risk Management.	Ongoing		
			3. Review and issue management guidance on Risk Management with the new template.	Oct 2021		
			4. Follow up with Training workshops on Risk Management Processes and 'how-to's' to encourage participation.	Oct 2021		
Risk Management 45973	2	Universal Risk Register Templates are to be issued, with consideration of dedicated Risk Management Tooling.	1. Implement the agreed new template across all Service Areas. 2. Consider the use of existing, or purchase of new Risk Management software. 3. If appropriate, feed into the Training and Guidance programme.	Oct 2021 Oct 2021 Oct 2021	Business Manager – Corporate Responsibility	This will be reviewed in the follow-up audit – follow-up audit in progress
Fire Risk Assessments 45890	2	The Fire Risk Assessments Work Schedule supplied (June 2021) is incomplete, outdated and actions are not SMART. Not all recommendations made by Corinium Fire Safety Consultancy in the Fire Risk Assessments were identified in the Work Schedule.	We will review and update the Fire Risk Assessments Work Schedule to ensure it is accurate, current, and actions are SMART. We will ensure the progress of all recommended actions can be easily tracked to completion	Dec 2021	Interim Joint Operations Manager	The FRA works schedule has not been updated since our audit. The Operational Facilities Lead confirmed the document supplied was the current working document but there is still need for it to be updated. IA will continue to monitor

High Priority Findings and Agreed Actions

APPENDIX D

Audit Name	Priority	Finding	Agreed Action(s)	Due Date / Rev Date	Resp Officer	Update April 2022
Emergency Planning 46168	2	Statutory responsibilities are not clearly defined.	We will; <ul style="list-style-type: none"> review the agreements between Publica and the Councils clearly define roles and responsibilities ensure the wording in the Constitutions is clear and not subject to interpretation. Any changes will be approved by Members. 	Dec 2021 Jun 2022	Business Manager – Corporate Responsibility	The Business Manager - Corporate Responsibility confirmed she has raised this with the Monitoring Officer as they have overall responsibility for the Constitution and requested that it is factored into their on-going review. Revised Implementation Date, to align with Constitutional Review.
Emergency Planning 46080	2	Gold Commanders have not undertaken training in the last 3 years.	We will introduce a training schedule to ensure all officers and members undertake regular training, as appropriate to their roles.	Dec 2021	Business Manager – Corporate Responsibility	The Business Manager - Corporate Responsibility confirmed they now have a training schedule which identifies all training completed and highlights when the next training is due.
Emergency Planning 46119	2	No guidance for the use of Emergency Response WhatsApp groups.	We will liaise with the Counter Fraud Unit and ensure the Social Media Policy and guidance for WhatsApp use is provided to all emergency response officers. This guidance will ensure officers share information relating to emergency incidents securely, and chats are removed from personal devices when necessary.	Dec 2021 Jun 2022	Business Manager – Corporate Responsibility	The Business Manager - Corporate Responsibility confirmed liaison with CFEU has taken place and the CFEU team have committed to including this in the policy, however they still await sight of the policy. Due to CFEU involvement with business grants implementation date has been revised
Systems Admin 45115	2	Previous Recommendations not implemented		Jan 2022	ICT Audit and Compliance Manager	Being followed up during the 'Privileged Account Management' Audit.
Systems Admin 45236	2	Some controls not as robust as expected		Jan 2022	ICT Audit and Compliance Manager	Being followed up during the 'Privileged Account Management' Audit.

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High Priority Findings and Agreed Actions

APPENDIX D

Audit Name	Priority	Finding	Agreed Action(s)	Due Date / Rev Date	Resp Officer	Update April 2022
Accounts Payable 45450	2	Amendments to supplier accounts cannot be monitored.	We will contact Publica Business World On System Support & Maintenance to investigate how we can monitor amendments made to supplier accounts, and we will monitor account amendments weekly.	Sept 2021	AP Team Leader	Follow Up in progress
Human Resources 45249	2	Third parties and/or temporary staff working for or on behalf of the Council are not required to carry out mandatory training modules	Consideration will be given to providing access to individuals with access to the Publica/Council network and/or working on Publica/Council premises with access to mandatory training via the current e-learning systems in place, including temporary agency staff, external partnership workers and Members.	Mar 2022	Business Manager - HR	Follow-up in progress
Human Resources 45287	2	The Publica Learning and Development Guidance and associated forms (Training Brief form and Learning Contract) have not been fully approved by relevant Employee Trade Unions.	The Publica Learning and Development Guidance and associated forms will be submitted for review and approval by Employee Trade Unions, and upon approval will be submitted for formal adoption by Publica.	Sept 2021 Nov 2021	Business Manager - HR	Follow-up in progress
Housing Benefits and Council Tax Support 44592	2	At the time of audit work the Business Partner Accountant advised that due to the increased workload brought about by Covid-19, reconciliation of Housing Benefit has not been undertaken so far during this financial year.	It was confirmed that it will be undertaken as soon as workloads allow.	Jan 2021 Mar 2022	Business Partner Accountant	Usually, the reconciliation of Housing Benefit payments is done at year end. Agreed to extend the recommendation to the year end to ensure this is done.

High Priority Findings and Agreed Actions

APPENDIX D

Audit Name	Priority	Finding	Agreed Action(s)	Due Date / Rev Date	Resp Officer	Update April 2022
ICT Incident Management 44560	2	As part of the Information Security framework of policies, the Incident Management Policy is out of date and requires review, update, and approval. Update of the policies has been impacted by the Covid-19 pandemic, and the need for a review is recognised by the ICT Audit & Compliance Manager.	ICT Audit and Compliance Manager will review and update all ICT Security Policies following the completion of the Cyber Security audit report. The aim to have drafted policies by April 2021 for circulation to all network users.	Apr 2021 Mar 2022	ICT Audit and Compliance Manager	The refresh and update of all ICT Policies is in progress and will be subject to consultation. Revised implementation date
ICT Incident Management 44562	2	There is a lack of detailed standard operating procedural documentation. Incident management investigation is currently based on a high-level process flow-chart denoted in the Incident Management policy; however, this lacks detailed information on how to conduct an incident investigation.	We have now commenced with documenting our cyber incident and investigation managements procedures	Jan 2022	ICT Audit and Compliance Manager	Ongoing The ICT Audit and Compliance Manager is working with the Security Engineer on an incident playbook that define the procedures and steps to be taken during an incident investigation. On target for completion by January 2022. Will be reviewed in the Vulnerability Management audit (audit in progress)

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Summary of all Agreed Actions from April 2019 and Progress against them

CDC ONLY	Priority			Total
	1	2	3	
TOTAL in Audit Period (From 4/19)	0	0	4	4
Open and current	0	0	0	0
Open and Outstanding/Overdue Subject to follow up	0	0	0	0
Open with date extended	0	0	0	0
Closed	0	0	4	4

PUB ONLY	Priority			Total
	1	2	3	
TOTAL in Audit Period (From 4/19)	0	25	27	52
Open and current	0	8	6	14
Open and Outstanding/Overdue Subject to follow up	0	1	5	6
Open with date extended	0	6	3	9
Closed	0	10	13	23

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Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT COMMITTEE – 28 April 2022
Report Number	AGENDA ITEM 14
Subject	INTERNAL AUDIT PLAN 2022/23 AND INTERNAL AUDIT CHARTER
Wards affected	N/A
Accountable member	Cllr Mike Evemy, Cabinet Member for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	Jenny Poole, Chief Finance Officer Email: jenny.poole@cotswold.gov.uk
Summary/Purpose	To present the Internal Audit Plan for consideration and approval. To present the updated Internal Audit Charter for consideration and approval.
Annexes	Annex A – Proposed Internal Audit Plan 2022/23 Annex B – Internal Audit Charter
Recommendation(s)	<i>It is recommended that the Audit Committee approves the proposed 2022/23 Internal Audit Annual Plan and the Internal Audit Charter</i>
Corporate priorities	Ensure that all services delivered by the Council are delivered to the highest standard.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A



I. BACKGROUND

Internal Audit Plan

The primary role of Internal Audit is to provide assurance that the Council's systems provide for a proper administration of its affairs. To this end, Internal Audit carries out a programme of audits that is agreed annually with the Council's Management Team and the Audit Committee. The Internal Audit service is provided to the Council by SWAP Internal Audit Services (SWAP).

In order to satisfy the requirements of the Public Sector Internal Audit Standards (PSIAS) and to reflect changes within the Council, SWAP needs to focus upon areas where the organisation now requires assurance. This reinforces the requirement for Internal Audit to follow a more flexible and risk-based plan.

The core financial systems delivered to the Council by Publica are covered within the Core Financials section of the Audit Plan. The scope of audits will include both Publica and client-side activities providing;

- Assurance to the client (Cotswold District Council) over the controls, and system controls, operated by Publica Officers, for each financial module
- Periodic assurance over the other services provided by Publica.
- The required support to the External Auditor.

Internal Audit Charter

The Internal Audit Charter is a requirement of the arrangement between Cotswold District Council and SWAP. The charter ensures compliance with good practice as set out in the International Professional Practices Framework of the Institute of Internal Auditors and the Public Sector Internal Audit Standards (PSIAS).

The Charter demonstrates how the Internal Audit service will operate, and forms part of the requirements of the Public Sector Internal Audit Standards.

The Charter provides guidance on authority, accountability, customer care (quality control), independence, reporting, responsibility and audit standards

2. MAIN POINTS

Internal Audit Plan

A summary of the Proposed Internal Audit Plan for 2022/23 is included in the Annex 'A'. This lists the risk-based assurance and consultancy work planned for the year. Counter fraud related audit work has not been included in this audit plan.

The Plan outlines a programme of work for 2022/23 as developed throughout January and February 2022 but due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.



We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of Senior Management, and the Chief Financial Officer and review of the Authority's risk register will be considered in this process.

The audit plan contains an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

Internal Audit Charter

Without an approved charter there is a risk that SWAP will not have:

- The support of management and the Council
- Direct access and freedom to support senior management including the Chief Executive and the Audit Committee
- Access to any records, personnel or physical property of the Council for audit work.

3. FINANCIAL IMPLICATIONS

3.1 The Internal Audit Service is operating within the contract sum.

4. LEGAL IMPLICATIONS

4.1 None directly from this report. Internal Audit reviews consider compliance with legislation relevant to the service area under review.

5. RISK ASSESSMENT

5.1 Any weaknesses in the control framework, identified by Internal Audit activity, continues to threaten organisational objectives until recommendations are implemented.

6. BACKGROUND PAPERS

6.1 The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

- Internal Audit Reports.

These documents will be available for inspection at the Council Offices at Trinity Road, Cirencester, GL7 1PX during normal office hours for a period of up to 4 years from the date of the meeting. Please contact democratic services via democratic@cotswold.gov.uk

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Cotswold District Council

Proposed Internal Audit Plan 2022/23

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The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2022/23 financial year.

Introduction and Objective of the Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each financial year, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

When reviewing the proposed internal audit plan (as set out in Appendix 1), key questions to consider include:

- Are the areas selected for coverage this coming year appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the Senior Management Team and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

Internal Audit Planning 2022/23

The proposed 2022/23 plan presented in Appendix 1 provides coverage of the Authority's key corporate objectives and risks as well as core areas of recommended coverage.

Internal audit is only one source of assurance and should be considered as such.

Update to Approach

Due to the pace of change within Local Authorities, it is becoming increasingly difficult to accurately predict longer-term key organisational risks. Our approach to internal audit planning recognises this through a strategic 12 month rolling plan, whereby we have prepared an agile, risk assessed work plan containing key areas of coverage. This approach will ensure we are auditing the right areas, with the correct scope, at the right time.

We will revisit and adjust our programme of work on at least a quarterly basis to ensure alignment with the changing risk profile of the organisation's operations, systems and controls and with regard to sector risks. The regular input of Senior Management and review of the Authority's risk register will be considered in this process. Our 2022/23 audit plan will contain an element of contingency in order that the plan can remain flexible and respond to new and emerging risks as and when they are identified and may include unannounced activity.

The proposed audit plan at Appendix 1 provides coverage of the Authority's key corporate objectives and risks, as well as our core areas of recommended audit activity.

Internal audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain fully with management. Internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

Internal Audit Planning 2022/23

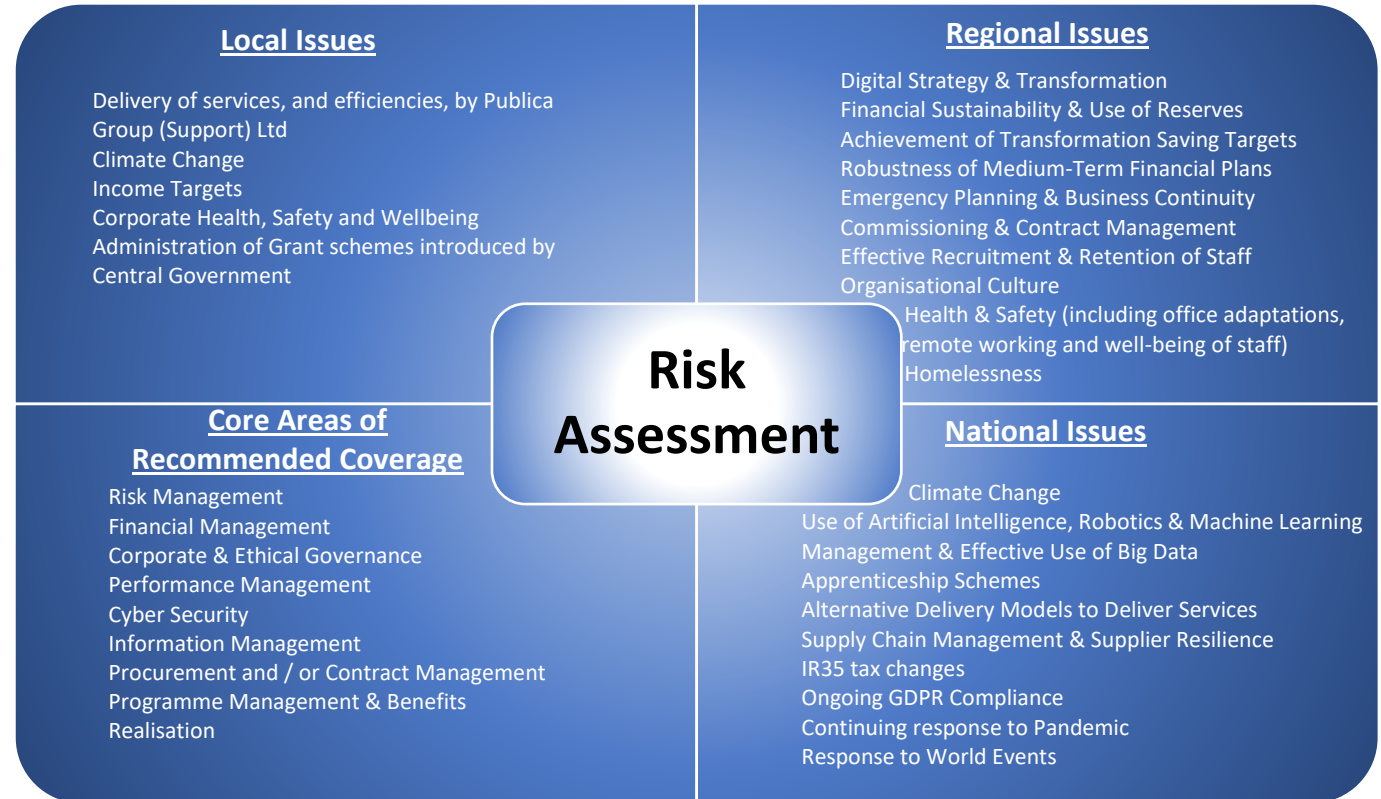
Our documented risk assessment helps to ensure that sufficient and appropriate areas are identified for consideration in our internal audit programme of work.

As above, it is the responsibility of the Authority's Senior Leadership Team, and the Audit Committee to ensure that, with consideration of our risk assessment, the overall programme of work throughout the year contains sufficient and appropriate coverage.

Internal Audit Risk Assessment (updated)

Our 2022/23 internal audit programme of work is based on a documented risk assessment, which SWAP will revisit regularly, but at least annually. The input of senior management as well as review of the Authority's risk register has been considered in this process.

Below we have set out a summary of the outcomes of the risk assessment for Cotswold District Council



It should be noted that the audit titles and high-level scopes included below are only indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific Terms of Engagement for the piece of work, which includes the objective and scope for the review.

Areas of Coverage and Brief Scope	Responsible Officer
Core Audit Areas	
<p>Core Financials – Publica Controls and Transactional Testing <i>A review of the controls operating within Publica in respect of the Core Financial systems:</i></p> <ul style="list-style-type: none"> • <i>Payroll</i> • <i>Accounts Payable (Creditors) – to include regular check of potential duplicate payments and reporting to AP service for investigation. Approvals on BW</i> • <i>Accounts Receivable (Debtors)</i> • <i>Treasury Management (Cash Flow Forecasting) and Bank Reconciliations</i> • <i>Main Accounting, Capital Accounting and Budgetary Control – Review to assess how Asset Management, Investment and Capital Strategies support the Medium Term Financial Plan (MTFP) including reporting mechanisms</i> • <i>Management and Monitoring of Contracts – following 2021/22 audit, new annual review of a sample of Council Contracts to ensure compliance with Council legislation / strategy</i> 	<p>Group Finance Director</p>
<p>Human Resources <i>A review of an element of the services provided by Human Resources (HR)</i></p>	<p>Group Manager Business Support</p>
<p>Other Publica Area <i>Review to be undertaken of either Procurement / Health and Safety / Insurance</i></p>	<p>Group Manager Business Support</p>
<p>Revenues and Benefits <i>A review of the controls operating in respect of:</i></p> <ul style="list-style-type: none"> • <i>Council Tax</i> • <i>National Non-Domestic Rates</i> • <i>Housing Benefit and Council Tax Support</i> <p><i>Scope to be confirmed</i></p>	<p>Group Manager Resident Services</p>
<p>ICT Audits <i>Audits to be discussed and confirmed with the Chief Technology Officer and ICT Audit and Compliance Manager</i></p>	<p>Group Manager Business Support</p>
<p>Risk Management <i>To review a specific element of the Council’s Risk Management process</i> <i>Scope to be confirmed</i></p>	<p>Group Manager Strategic Support</p>

Internal Audit Planning 2022/23

Performance Management <i>A review of an element of Performance Management</i> <i>Scope to be confirmed</i>	Group Manager Strategic Support
Regulatory Services <i>A review of either Licensing / Building Control / Environmental Health – service area to be confirmed</i> <i>A review of an element of Planning e.g. application processing, appeals, income allocation</i> <i>Area and scope to be confirmed</i>	Group Manager Resident Services
Proposed Audit Areas	
Business Grant Post Payment <i>Head of IA working with CFEU Manager re. recovery of overpayment of grants</i>	
Business Grant Post Payment Assurance <i>Post payment assurance on business grants applied for, and paid after March 2021, including Omicron Scheme</i>	
Covid Additional Relief Fund (CARF) <i>Review requested to assess scheme introduced by Central Government and administered by the Council</i>	
Council Tax £150 Rebate Scheme <i>Head of IA support to the Project Team</i>	
Council Tax £150 Rebate Scheme <i>Review to assess scheme introduced by Central Government and administered by the Council</i>	
Climate Change <i>Review to assess what business areas are doing to support the Council's commitment to the Climate Emergency</i>	
Carbon Reduction <i>Review to assess how carbon data is measured ensuring the Council continues to meet it's commitment to carbon reduction</i>	
Changes to Prudential Code and Treasury Management Strategy <i>Audit to ensure strategies and / or policies have been updated to reflect changes made in the Prudential Code</i>	
Procurement Strategy <i>Review to ensure procurement of new contracts is in accordance with the updated, and approved, strategy</i>	
Contract Waivers <i>Audit to assess if contract waivers are being requested and approved in accordance with strategy / policy</i>	
Escalating Operational / Strategic Risks	

Internal Audit Planning 2022/23

<i>Review to assess how high scoring operational / strategic risks are included on the Council's Corporate Risk Register, to ensure Statutory Officers are aware of any potential risks to the Council and can suggest measures for mitigation</i>	
Grant Income <i>Audit to assess the effectiveness of the management of grant income by Business Managers. To include communications with the Finance Service and the allocation of income</i>	
Dual Contracts <i>Review of officers with dual contracts – to include ensuring new personnel have the same delegated authorities as their predecessors</i>	
Staff Welfare <i>Assessment of the support in place for staff welfare, during and after Covid-19, and emerging world events which may impact staff wellbeing</i>	
Green Investment Bonds <i>Review of the scheme being introduced at the Council to ensure it is being administered appropriately</i>	
Ukrainian Refugee Scheme <i>Support to Ukrainian Refugee Scheme as administered by the Council. To include review of financial information / grant funding / recovery.</i>	
Rolling Audit Areas	
Leisure and Culture Facilities <i>Review to determine how the Council ensures the leisure service provider(s) are adhering to statutory Health and Safety regulations. Review to test requested confirmations for tests such as fixed wire testing, fire alarm systems and emergency lighting tests.</i>	
Property Related Health and Safety <i>Review to assess the Health and Safety arrangements at the Council's properties including compliance with Fixed Wire, Emergency Lighting and PAT testing.</i>	
Use of Third-Party Workers <i>Review of the recruitment and on-going personnel management of agency / contractor / temporary / third-party workers who work at / on behalf of the Council. Are HR related considerations, processes and controls robust enough within individual service areas?</i>	
Will consider, during the year, and in discussion with the CFO and / or CEO, any further areas (not included above) that would benefit from an Internal Audit Review. The Audit Plan will be updated as appropriate	
Further requested assurance / advisory / support work	

Other Audit Involvement	
<p>Management <i>Preparation of IA Monitoring Reports and preparation and attendance at Audit Committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFOs and Management Teams.</i></p> <p>Follow-Up Audits <i>Follow-Up of Previous Year's Agreed Actions</i> <i>Follow-Up audit of all High Priority Agreed Actions</i></p> <p>Programmes and Projects <i>IA support to programmes and projects as appropriate (to include Environmental Services Improvement Programme ESIP)</i></p> <p>Grant Certification <i>Review (income and expenditure) and certification of Grants received by the Council ensuring funding requirements have been met (to include Disabled Facilities Grants)</i></p> <p>Working with the Counter Fraud and Enforcement Unit <i>Provision to ensure collaborative working with the CFEU and to ensure control weaknesses, identified during CFEU activity, are being actioned. Regular liaison meetings</i></p> <p>Contingency <i>Provision for new work based on emerging risks and Investigations</i></p>	



Cotswold District Council

Internal Audit Charter 2022/23

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The Internal Audit Charter

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Cotswold District Council (CDC), and to outline the scope of internal audit work.

Provision of Internal Audit Services

Internal Audit is provided by SWAP Internal Audit Services (SWAP). This Charter forms part of the legal agreement between SWAP partners and should be read in conjunction with the Service Agreement and other key documents including the Data Sharing Protocol.

The budget for the provision of the internal audit service is determined by CDC, in conjunction with the SWAP Members Meeting. General financial provisions are laid down in the legal agreement, including the level of financial contribution, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment which is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP.

Role of Internal Audit

The Accounts and Audit (England) Regulations, state that: *“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.”*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Organisation’s operations. It helps CDC accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management, the Audit Committee and of Internal Audit

Management¹

Management is responsible for ensuring SWAP has:

- the support of management and the Council; and
- direct access and freedom to report to senior management, including the Council’s Chief Executive and the Audit Committee.

Management is responsible for establishing (including the tracking and implementation of Internal Audit recommendations) and maintaining internal controls, including proper accounting records and other management information and is also responsible for the appropriate and effective management of risk.

¹ In this instance Management refers to the Senior Management Team

Audit Committee²

The Audit Committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director (as Chief Audit Executive³) on the progress and outcomes of work undertaken, reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function, and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

Internal Audit

The SWAP Assistant Director is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending action to be taken on the outcome of, or findings from, their work designed to provide assurance and add value.

Internal audit is responsible for operating under policies established by management in line with good practice. A range of SWAP policies exist to underpin staff and service development, including to seek out and implement new innovative audit techniques and increase technological solutions to ensure provision of an efficient and effective service and consolidate the role of Trusted Advisor.

Internal audit is responsible for conducting its work in accordance with the mandatory elements of the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to conform with the Standards.

Internal Audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. Members of SWAP who have transferred in to the department from other areas in Cotswold District Council and / or Publica Group (Support) Ltd will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

*The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

The Chief Executive for SWAP and Assistant Director also report to the Section 151 Officer, and to the Audit Committee as set out below.

The Assistant Director is the first and primary contact point for the organisation on matters relating to the Audit Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for design, development and delivery of audit plans, subject to agreement of CDC.

² In this instance Audit Committee relates to "The Board" referred to in the PSIAS.

³ PSIAS refers to the 'chief audit executive'.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of the organisation.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks;
- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls regarding the objectives of the organisation and its services;
- reviewing systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organisation complies;
- reviewing, as appropriate, the means of safeguarding and verifying assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether they are being carried out as planned, with performance and accountabilities established;
- reviewing the operations of the organisation in support of their anti-fraud and corruption policy (and investigating where necessary), ethical expectations and corporate, social and environmental values and responsibilities; and
- at the request of management, internal audit may provide consultancy services (e.g. data analytics, benchmarking, strategic/project reviews/investigations etc) provided that:
 - independence is not compromised;
 - necessary skills exist to conduct the assignment, or which can be obtained without undue cost or delay;
 - the assignment scope is clearly defined and management can resource the work; and
 - there is clarity that the activity being undertaken is not internal audit work although the outcomes may contribute to the annual opinion.

Planning and Reporting

SWAP will submit an internal audit plan to Management and the Audit Committee for approval, setting out the recommended scope of work and which will be developed with reference to current and emerging risks. The plan will be reviewed quarterly to ensure it remains relevant and adequately resourced.

SWAP will carry out the work as agreed, report the outcomes and findings both during and on completion of reviews, and make recommendations on action to be taken to the appropriate officers and copied to the S151 Officer. SWAP will present a regular summary of their work to Management and the Audit Committee, including assessing the organisation's implementation of previous recommendations along with any significant, persistent and outstanding issues.

Internal audit reporting will normally comprise a brief presentation to relevant officers and accompanied by an appropriately detailed written report, with the format tailored as necessary to the nature of the work.

The Assistant Director will submit an annual report to Management and the Audit Committee providing an overall opinion of the status of risk and internal control within CDC based upon, and limited to, internal audit activity conducted during the year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and Assistant Director (Chief Audit Executive) have the unreserved right to report directly to the Leader of the Council, the Chair of the Audit Committee, the Chief Executive Officer and the External Audit Manager.

Revised, March 2022

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WORK PLAN

COMMITTEE DATE	ITEMS
28 April 2022	
	Statement of the Accounts 2020/21 – Jenny Poole
	Annual Governance Statement Update – Mike Butler
	Corporate Risk Register Update – Mike Butler
	Counter Fraud Unit Report and Annual RIPA/IPA Update – Emma Cathcart
	Internal Audit Monitoring Report – Lucy Cater
	Proposed 2022/23 Internal Audit Plan and Internal Audit Charter
	Procurement and Contract Management Strategy – Phil Martin/Ciaran Okane
	Work Plan 2022/23
21st July 2022	
	Annual Standards Update
	KPMG LLP Reports – Housing Benefit Subsidy Certification – Mandy Fathers
	Annual Governance Statement Update – Mike Butler
	Corporate Risk Register Update – Mike Butler
	Work Plan 2022/23

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