

Public Document Pack



COTSWOLD
DISTRICT COUNCIL

Wednesday, 17 April 2024

Tel: 012856233553

e-mail: democratic@cotswold.gov.uk

AUDIT AND GOVERNANCE COMMITTEE

A meeting of the Audit and Governance Committee will be held in the Council Chamber - Council Offices, Trinity Road, Cirencester, GL7 1PX on **Thursday, 25 April 2024 at 4.00 pm.**

Rob Weaver
Chief Executive

To: Members of the Audit and Governance Committee
(Councillors Nigel Robbins, Helene Mansilla, Patrick Coleman, Jeremy Theyer, Chris Twells, Len Wilkins and Michael Vann) and Independent Members (Christopher Bass and John Chessire)

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.

Cotswold District Council, Trinity Road, Cirencester, Gloucestershire, GL7 1PX
Tel: 01285 623000 www.cotswold.gov.uk

AGENDA

1. **Apologies**
To receive any apologies from members
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 - 10)**
To confirm the minutes of the meeting of the Committee held on 25 January 2024.
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. **Statement of Accounts and Audit Opinion**
To follow
8. **Statement of Accounting Policies 2023/24 (Pages 11 - 36)**
Summary/Purpose
This report presents the accounting policies to be included in the 2023/24 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 2023/24. Approving the accounting policies in advance of the preparation of the accounts represents best practice.

Recommendations
That the Audit and Governance Committee resolves to:
 1. Approve the draft accounting policies for 2023/24 included at Annex A;
 2. Note that further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.
9. **Internal Audit Plan 2024/25 (Pages 37 - 48)**
Summary/Purpose
To present to the Audit and Governance Committee the Internal Audit Plan 2024/25 for consideration and approval.

Recommendation

That the Audit and Governance Committee resolves to:

- I. Approve the proposed Internal Audit Plan 2024/25

10. **Internal Audit Progress Report (Pages 49 - 80)**

Purpose

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

Recommendation

That the Committee resolves to:

- I. Consider the reports at Annexes A and B and comment as necessary

11. **CFEU Update Report (RIPA and IPA annual update) (Pages 81 - 92)**

Summary/Purpose

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

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 and Governance Committee resolves to:

- I. Consider the report and work plan at Annex A.

12. **Work Plan (Pages 93 - 96)**

To approve the work plan for 2024/25

(END)

This page is intentionally left blank

Audit and Governance Committee
25/January2024



COTSWOLD
DISTRICT COUNCIL

Minutes of a meeting of Audit and Governance Committee held on Thursday, 25 January 2024

Councillors present:

Nigel Robbins – Chair

Helene Mansilla

Patrick Coleman – Vice-Chair

Jeremy Theyer

Len Wilkins

Michael Vann

Officers present:

Robert Weaver, Chief Executive

David Stanley, Deputy Chief Executive and
Chief Finance Officer

Michelle Burge, Chief Accountant

Angela Claridge, Director of Governance and
Development (Monitoring Officer)

Lucy Cater, Assistant Director (SWAP)

Emma Cathcart, Head of Service, Counter
Fraud and Enforcement Unit

Cheryl Sloan, Business Manager - Business
Continuity, Governance and Risk

Ana Prelici, Democratic Services Officer

Observers:

Councillor Mike Evely, Deputy Leader and Cabinet Member for Finance

246 Apologies

Apologies were received from Councillor Chris Twells and Christopher Bass, an independent member of the Committee.

247 Substitute Members

There were no substitute members.

248 Declarations of Interest

There were no declarations of interest.

249 Minutes

There were no amendments to the minutes.

RESOLVED: To approve the minutes of meeting held on 30 November 2023.

250 Election of Vice Chair

Councillor Patrick Coleman proposed themselves, and was seconded by Councillor Wilkins.

RESOLVED: To elect Councillor Patrick Coleman as Vice Chair for the remainder of 23/24 Civic year.

251 Public Questions

There were no public questions.

252 Member Questions

There were no member questions.

253 External Audit Plan 2022/23

Pete Barber, from Grant Thornton introduced the item and explained that the item was to discuss the Audit Plan as well as the Interim Auditor's Annual Report, which had been published as a supplement.

The purpose of the item was to receive the 2022/23 Audit Plan from Grant Thornton, the Council's external auditors.

Members asked the Deputy Chief Executive about Audit fees, making reference to the difficulty facing Council finances nationwide. The Deputy Chief Executive confirmed that any additional fees would be agreed with the Council in advance, and that they were advised early on if this would be the case.

The Committee then discussed the Interim Auditor's Annual Report. Pete Barber explained that statutory recommendations were made in serious cases, and that the Council did not have any, which was a positive indicator. The next level in terms of gravity were key recommendations, which would have been made if the auditor did not believe that effective arrangements for delivering value for money were in place, and that the Council did not have any of those either. Mr Barber explained that the Council did have arrangements for delivering value for money. Therefore any recommendations made were improvements the Council could put in place from best practices. The report highlighted the recommendations made but these were less than the previous year and less than similar authorities.

The Cabinet Member explained the arrangements around Ubico, and that plans were being looked at to potentially share vehicles between the other teckal partners for efficiencies and resilience.

There were recommendations around the Cabinet Transform Working Group (CTWG) in order to better assure that the governance arrangements around it were suitable for finding the savings it needed to find. The Deputy Leader, as the chair of the CTWG stated they would discuss with the Deputy Chief Executive but stated that Overview and Scrutiny Committee were looking at these through pre-scrutiny. Pete Barber stated they would discuss the recommendations with the officers offline, taking into consideration the committee's debate, emphasising that it was within the Council's discretion whether or not to accept the recommendation.

RESOLVED: To note the Grant Thornton Audit Plan for 2022/23.

254 Informing the Audit Risk Assessment

Audit and Governance Committee
25/January2024

The Deputy Chief Executive introduced the report. The purpose of the item was for the Committee to consider proposed management responses to the external auditor's questions to inform their assessment of risk to underpin the audit of the statement of accounts for the year ended 31 March 2023.

Members suggested a change of wording, as a typographical error mistakenly read "abuse of the council tax reduction scheme is supported by the revenues and benefit staff" which should read "abuse of the council tax reduction scheme is dealt with by the revenues and benefit staff" or similar. The Deputy Chief Executive agreed to rephrase this.

Members asked about the processes around reporting fraud. The Head of the Counter Fraud and Enforcement Unit stated that the instances are included in the report, but that these could be highlighted more clearly for future reports.

Members discussed the Council's assets in regard to IFRS16 requirements. The Chief Accountant stated that the impact would be small, but that this would be reassessed as there remained a year before the deadline for implementation.

Resolved: To NOTE the report

255 Internal Audit Progress Report

The Head of Internal Audit introduced the item. The purpose of the report was to present a summary of the audit work concluded since the last meeting of this Committee.

The Head of Internal Audit highlighted the agreed actions at Appendix B, and that progress was highlighted in an additional Annex.

The Head of Internal Audit stated that online SWAP training would be taking place on 1 February at 3:30pm and encouraged members to attend. It was also mentioned that a Committee self-assessment would be carried out.

Members discussed the report, and specifically mentioned that limitations of the data from uniform were mentioned and whether the system could be improved. The Head of Internal Audit clarified that this was due to data entry limitations as opposed to systems, but that this would be followed up on next year. The Deputy Chief Executive stated that this was a complicity and training area.

Discussing actions, members discussed transparency data. The Head of Internal Audit stated this would be followed up on, and was confident these could be achieved by the 31 January deadline.

Members stated that both SWAP and Counter Fraud seem to be managed extremely well, and that if there was any change in leadership in future will need to be carefully managed to continue the high level of service.

Members welcomed the improvement of the revenues and benefits service, and noted that this was a challenging area of work.

Audit and Governance Committee
25/January2024

Members asked what 'Friends and Family' referred to, the The Head of Internal Audit Deputy Chief Executive stated that this was assurance that officers didn't process friends or family's accounts but that this would also be followed up on the following year.

RESOLVED: To NOTE the report.

256 Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2024/25

The Deputy Chief Executive introduced the item. The Council was required to approve a Treasury Management Strategy and Non-Treasury Investment Strategy (Investment Strategy) for 2024/25, the Committee were invited to provide feedback on it ahead of its consideration by Cabinet and Council.

The Deputy Chief Executive stated that the item was concerned with the Council's management of its cash funds, in line with CIPFA codes on both Treasury Management and Capital Finance.

The Members of the Committee commended the quality of the report.

Members did not recommend any changes to the report, but discussed various aspects of the Council's Treasury Management Strategy, including;

There was a discussion around the potential impact of fluctuating interest rates on the Council's investment strategy. The Deputy Chief Executive highlighted the importance of closely monitoring market conditions and explained how the Council plans to adapt its investment decisions accordingly.

Members discussed the decision-making process behind the Council's stance on borrowing, particularly given the forecasted decline in available cash for investment. The Deputy Chief Executive stated that the Council's decision not to borrow externally over the next two years was based on current capital plans and the high interest rates associated with external borrowing.

RESOLVED: To note the report

257 Annual Capital Strategy 2024/25

The Deputy Chief Executive introduced the item. The Council was required to approve a Capital Strategy for 2024/25 before 1 April 2024. The purpose was for the Committee to consider the draft Capital Strategy for 2024/25 and provides feedback to the Cabinet and Council for consideration as part of the Council's budget setting process.

The Deputy Chief Executive explained that the purpose of the Capital Strategy was to enable spending on the Council's priorities.

Members discussed the priorities in the strategy which the Deputy Leader stated lined up to the new Corporate plan.

RESOLVED: To note the strategy.

258 Annual Governance Statement – Action Plan Update

The Chair stated that receiving the Governance statement was a regular requirement for the Committee. The purpose of the report was to provide the Audit and Governance Committee with an update on progress against the Annual Governance Statement action plan for 2023/24 as of January 2024.

The Business Manager for Business Manager for Business Continuity, Governance and Risk introduced the report, highlighting that most had been completed, with two red actions and one amber actions.

Members discussed the Publica transition plan, and made reference to historic staffing shortages in some department. Members asked when temporary staffing roles would be advertised with the new conditions, such as the Local Government Pension Scheme. The Chief Executive stated that work was already undergoing in looking at appointing roles where they were vacancies, and looking at this on a case by case basis.

RESOLVED: To NOTE the report

259 Work Plan

Members discussed the Climate Change item, and the Chair explained that the Committee had resolved to invite the Cabinet Member for Climate Change due to concerns over low responses in a climate change survey, as highlighted by a report the Committee previously considered.

260 Matters Exempt from Publication

The Chair explained that the subsequent items were exempt, and proposed entering a private session so that these could be discussed.

The proposal was agreed by the committee unanimously and carried.

RESOLVED: That the Committee exclude the public and press for the remainder of the meeting under section 100A of the Local Government Act 1972 on the grounds that their presence could involve the likely disclosure of exempt information as described in Paragraph 3 of Schedule 12A of the Local Government Act 1972, with the public interest in maintaining the exemption outweighing the public interest in disclosing the exempt information.

261 Cyber Security Update

The Chief Technology Officer introduced the item, highlighting the Council's key defences against cybercrime, and what future areas of concern may be

The details of which were exempt due to the risk of increased cybercrime toward the Council if they were made public.

RESOLVED: To NOTE the content of the report.

The Meeting commenced at 4.00 pm and closed at 6.45 pm

Audit and Governance Committee
25/January2024
Chair

(END)

Agenda Item 8



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25 APRIL 2024
Subject	STATEMENT OF ACCOUNTING POLICIES 2023/24
Wards affected	N/A
Accountable member	Cllr Mike Evemy, Deputy Leader and Cabinet Member for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Report author	Andrew Moran, Finance Business Partner Email: Andrew.Moran@publicagroup.uk
Summary/Purpose	This report presents the accounting policies to be included in the 2023/24 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 2023/24. Approving the accounting policies in advance of the preparation of the accounts represents best practice.
Annexes	Annex A – Draft Statement of Accounting Policies – 2023/24
Recommendation(s)	<i>That the Audit and Governance Committee resolves to:</i> <ol style="list-style-type: none"> 1. Approve the draft accounting policies for 2023/24 included at Annex A; 2. Note that further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) are included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.
Corporate priorities	Deliver the highest standard of service
Key Decision	NO
Exempt	NO



COTSWOLD
DISTRICT COUNCIL

Consultees/ Consultation	None. The draft policies presented in this report have been prepared in accordance with latest CIPFA Code of Practice on Local Authority Accounting.
-----------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------



1. EXECUTIVE SUMMARY

- 1.1 This report presents for approval, the draft Statement of Accounting Policies to be applied in closing the Council's accounts for 2023/24. The policies are included at Annex A.
- 1.2 The policies outline the relevant accounting principles, bases, conventions, rules and practices applied by the authority in preparing and presenting its financial statements.
- 1.3 The policies have been reviewed to ensure they align with the latest CIPFA Code of Practice on Local Authority Accounting (The Code) supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).

2. BACKGROUND

- 2.1 The Council's External Auditor, Bishop Fleming, 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.
- 2.2 Such approval demonstrates that those charged with governance have had the opportunity to consider and review the draft policies and are aware of the policies to be applied in closing the Council's accounts for 2023/24 in advance of the process.
- 2.3 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 and Governance Committee meeting.

3. MAIN POINTS

- 3.1 The 2023/24 financial year ended on 31 March 2024. Finance colleagues are currently preparing the draft Statement of Accounts, subject to audit for 2023/24. 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.
- 3.2 The draft Statement of 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 of Accounts which will require the draft accounting policies to be updated. For example, CIPFA may issue updates to the guidance. Further necessary amendments to the policies set out at Annex A (occurring subsequent to this meeting) will be included within the draft (unaudited) and/or final (audited) Statement of Accounts when presented to this Committee.
- 3.3 The Council prepares its Statement of Accounts in accordance with proper accounting practices and regulations in accordance with The Code supported by International Financial Reporting Standards (IFRSs) and International Accounting Standards (IASs).



3.4 The Statement of Accounting Policies outlines the relevant accounting principles, bases, conventions, rules and practices applied by the Council in preparing and presenting its financial statements. They aid understanding of the Statements and facilitate comparison with other organisations.

3.5 There is only one proposed amendment to the accounting policies for 2023/24 which removes reference to 'infrastructure assets' included in Section xvii (Property, Plant and Equipment) at Annex A. This is because the Council does not own any infrastructure assets which are typically associated with Upper Tier/County service functions.

3.6 The policies set out in Annex A have been fully reviewed to ensure they align with The Code guidance notes. There are no material changes to previous Accounting Policies.

4. ALTERNATIVE OPTIONS

4.1 The draft policies presented in this report have been prepared in accordance with latest version of The Code. Consequently, no alternative options have been prepared.

5. FINANCIAL IMPLICATIONS

5.1 There are no direct financial implications arising from this report.

6. LEGAL IMPLICATIONS

6.1 There are no direct legal implications arising from this report, except to the extent that compliance with the latest Accounting Code of Practice under which the accounts are prepared is mandatory.

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. EQUALITIES IMPACT

8.1 None.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

9.1 None.



COTSWOLD
DISTRICT COUNCIL

10. BACKGROUND PAPERS

10.1 None.

This page is intentionally left blank

Draft Statement of Accounting Policies – 2023/24

E5.Accounting Policies

i) General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the 31st March year-end. The Council 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) and statutory guidance.

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 basis that the Council is a going concern.

ii) Accruals of income and expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- 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 and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument 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. Where debts may not be settled, the balance of debtors is written down and a charge made to the Comprehensive Income and Expenditure Statement for the income that might not be collected (doubtful debts).

- 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 a grant claim and any accruals included therein.

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 Council's cash management.

iv) 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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or 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.

v) Charges to revenue for non-current assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises:

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

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. 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 Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses, and amortisation 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.

vi) 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 (for NDR) 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 Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council'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 Council'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.

vii) 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.

An accrual 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 is not provided for in the accounts. This is because the Council TUPE-transferred the majority of its staff to Publica Group (Support) Limited in 2017/18. Due to the vastly reduced number of staff employed by the Council, a balance is no longer maintained for the cost of untaken annual leave, as the amount involved is not material to the accounts.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy, in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council 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 enhancement termination 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.

viii) Post-employment benefits

Employees of the Council are permitted to join 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 who 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 projected 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 Council 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 on the net defined benefit liability, i.e. net interest expense for the Council – 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 Council 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.

ix) Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the statement of accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the statement of accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the statement of accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the statement of accounts.

x) Financial instruments

Financial liabilities 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 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 Council 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 classification and measurement approach that reflects the business model for holding the financial assets (i.e. why we are holding the asset) and their cash flow characteristics. There are three main classifications:

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

The Council primarily holds investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (ie where the cash flows do not take the form of a basic debt instrument).

Financial assets measured 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.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Expected credit loss model

The Council recognises material expected credit losses on all of 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. Credit risk plays a crucial part in assessing losses. Where 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 measured 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 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 arise in other comprehensive income.

Financial assets measured at fair value through profit or loss (FVPL)

Financial assets that are 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 arise in the Surplus or Deficit on the Provision of Services within 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 2025.

Fair value measurements of financial assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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.

xi) 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 Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the 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 credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund 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.

Section 106 funding contributions are payable by developers to the Council to discharge specific planning obligations associated with residential or commercial development. Section 106 funding contributions are held on the balance sheet as creditors as they may have to be returned to the developer if conditions associated with the funding are not met. 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 Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) 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.

The CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges will be largely used to fund capital expenditure. However a proportion of the charges may be used to fund revenue expenditure. A share of the charges which are due to be payable to the County, Town or Parish Councils will remain in creditors (receipts in advance) until due.

xii) 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 Council 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.

xiii) Intangible assets

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

xiv) 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 consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

xv) 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 is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and 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.

xvi) Leases

Leases are classified as finance leases where 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 buildings 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 council as lessee

Finance leases

Property, plant and equipment held under finance leases 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 Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – 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 Council at the end of the lease period).

The Council 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

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense to the services benefiting from use of the leased property, plant or equipment. Charges 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 rent-free period at the commencement of the lease).

The Council as lessor

Where the Council 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. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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. A gain, representing the Council's net investment in the lease, is 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), matched by a lease (long-term debtor) asset in the Balance Sheet.

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).

The 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 in 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 non-current 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 Council 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.

xvii) 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.

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 Council 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 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 assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- Community assets and assets under construction – depreciated historical cost
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – 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.

Where non-property assets have short useful lives or low values (or both) depreciated historical cost basis is used 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 surplus or deficit on the provision of services within 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.

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 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 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.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

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 fair 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, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were 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 (whether property, plant and equipment or assets held for sale) 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 revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve, and can then only be used for new capital investment or set aside to reduce the Council'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.

xviii) Provisions, contingent liabilities and contingent assets

Provisions

Provisions are made where an event has taken place on or before the balance sheet date:

- that gives the Council a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Council has an 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 uncertainties.

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 from another party (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 Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 with sufficient reliability.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council 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 Council.

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

xix) Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, local taxation, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xx) 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 has been 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 then reverses out the amounts charged so that there is no impact on the level of council tax.

xxi) 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.

xxii) Fair value measurement of non-financial assets

The authority's accounting policy for fair value measurement of financial assets is set out in the 'Financial Instruments' section (above). The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings (other financial instruments as applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

The authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, 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 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 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, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

This page is intentionally left blank

Agenda Item 9



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25TH APRIL 2024
Subject	INTERNAL AUDIT PLAN 2024/25
Wards affected	N/A
Accountable member	Cllr Mike Evemy, Cabinet Member for Finance Email: mike.evemy@cotswold.gov.uk
Accountable officer	David Stanley, Chief Finance Officer Email: david.stanley@cotswold.gov.uk
Report author	Lucy Cater, Head of Internal Audit Email: lucy.cater@swapaudit.co.uk
Summary/Purpose	To present to the Audit and Governance Committee the Internal Audit Plan 2024/25 for consideration and approval.
Annexes	Annex A – PROPOSED INTERNAL AUDIT PLAN 2024/25
Recommendation(s)	That the Audit and Governance Committee resolves to: I. Approve the proposed Internal Audit Plan 2024/25
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

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 and Governance 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.

2. MAIN POINTS

Internal Audit Plan

A summary of the Proposed Internal Audit Plan for 2024/25 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 2024/25 as developed throughout January and February 2025 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.

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. EQUALITIES IMPACT

6.1 Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief

The Council also has a duty to foster good relations, and to consider the impact of its decisions on human rights. The law requires that this duty to pay 'due regard' is demonstrated in the decision making process. Therefore your report should contain a statement as to whether the recommendation has a particular impact on any of the above groups

Any reports which relate to new policies, procedures or services or changes to policies, procedures or services must be accompanied by an appropriate equalities impact assessment (EIA). You can access further guidance and the EIA template [via the portal](#) and the Council's Equality Policy [on the website](#).



7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

7.1 Include details of any climate change implications

8. ALTERNATIVE OPTIONS

8.1 This section must be completed and include details of why identified alternative options are not preferred.

9. BACKGROUND PAPERS

9.1 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 Progress Reports

These documents will be available for inspection online at www.cotswold.gov.uk or by contacting democratic services democratic@cotswold.gov.uk for a period of up to 4 years from the date of the meeting.

(END)

Cotswold District Council

Proposed Internal Audit Plan 2024/25

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout the 2024/25 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 2024/25

The proposed 2024/25 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 2024/25 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.

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 2024/25 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.

Core Audit Areas – Areas of Coverage and Brief Scope	Responsible Officer
<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>Accounts Payable (Creditors)</i> • <i>Accounts Receivable (Debtors)</i> • <i>Treasury Management</i> • <i>Bank Reconciliation</i> • <i>Main Accounting – Assessment of Compliance with CIPFA Financial Management Code</i> • <i>Procurement – suggested area to be agreed with BM based on highest risk to organisations</i> <ul style="list-style-type: none"> - <i>Review to ensure procurement of new contracts is in accordance with the updated, and approved, strategy</i> - <i>Assessment of Compliance with Commercial Continuous Improvement Assessment Framework</i> 	<p>Business Services</p>
<p>Human Resources</p> <ul style="list-style-type: none"> • <i>Payroll – area of audit to be agreed with BM based on highest risk to organisations</i> • <i>Human Resources – area of audit to be agreed with BM based on highest risk to organisations</i> <ul style="list-style-type: none"> - <i>Input into Business World – Officer Output – Monitoring of Employee Output</i> 	<p>Organisational Effectiveness</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>Residents’ 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>Business Services</p>
<p>Regulatory Services <i>A review of either Licensing / Building Control / Environmental Health – suggested area to be reviewed is Licensing.</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></p>	<p>Residents’ Services</p> <p>Planning and Sustainability</p>

Internal Audit Planning 2024/25

Proposed Audit Areas – Areas of Coverage and Brief Scope	Responsible Officer
Business Grant Post Payment <i>Head of IA working with CFEU Manager re. recovery of overpayment of grants, Bad Debt information to BEIS</i>	
Counter Fraud and Enforcement Unit <i>Review to include processes operated by CFEU, access to data, reporting and governance</i>	
Emergency Planning <i>Review to ensure new processes are effective</i>	Organisational Effectiveness
Risk Management <i>Escalating Operational / Strategic Risks</i> <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>	
Planning Performance Agreements <i>Review control and transparency of Planning Performance Agreements</i>	Planning and Sustainability
Climate Change <i>Follow-Up of 2023/24 audit and assessment of the Councils' commitment to Carbon Reduction targets / Climate Emergency</i>	
Carbon Reduction <i>Review to assess how carbon data is measured ensuring the Council continues to meet its commitment to carbon reduction.</i>	
Biodiversity – Compliance for Councils <i>Review to ensure the Council is meeting its obligations in respect of Biodiversity Legislation. Biodiversity Net Gain</i>	
Environment Legislation <i>Review to ensure procedure / systems have been updated to ensure compliance with Environment Act</i>	
Members Allowances <i>Treatment of VAT and appropriateness of Claims</i>	Commercial Development
Public Meetings <i>Policy / Procedure / Training / Safeguarding / Constitution updated re webcasting</i>	
Performance Management <i>Health check of Performance Data, review of data quality, validity etc to include Planning Service Data</i> <i>Reporting of Programmes and Projects</i>	

Internal Audit Planning 2024/25

<p>Household Support Grants <i>Ensure payments made from Government Funding have been allocated / spent in accordance with guidance (Foodbank / Baby Account)</i></p>	<p>Communities</p>
<p>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 include the examination of tests such as fixed wire testing, fire alarm systems and emergency lighting tests.</i></p>	
<p>Property and Estates (Compliance and Health and Safety) <i>Follow-Up of 2023/24 Audits</i></p>	<p>Property and Regeneration</p>
<p>Taxi Licensing Safeguarding <i>Follow-Up of 2023/24 Audit</i></p>	<p>Residents' Services</p>
<p>Procurement Cards <i>Follow-Up of 2022/23 audit and to assess adherence to new policy / scheme</i></p>	<p>Business Services</p>
<p>Preparedness for the switch from Analogue to Digital in 2025 <i>Ensure preparedness of the Council for services the switch from analogue to digital will affect e.g. lifeline / careline service, lift telephones, fax machines etc</i></p>	<p>Business Services</p>
<p>Digital Discrimination <i>Ensure all channels of communication are made available (for all services / consultations) to customers and stakeholders</i></p>	<p>All</p>
<p>Data Retention <i>Review the Council's data retention policies for accuracy and compliance.</i></p>	
<p>Publica Transition Programme <i>Time allocated to support the Publica Transition Programme and Workstreams</i></p>	
<p>Programmes and Projects <i>Time allocated to support Programmes and Projects – service areas may include Leisure and Waste</i></p>	
<p>Proposed audits will be considered, during the year, and discussed with Business Managers, Assistant Directors, CFOs and / or CEOs to confirm scope, timing and if it remains appropriate to undertake the audit. Liaison meetings will also identify any further areas (not included above) that would benefit from an Internal Audit Review. The Audit Plan will be updated, and agreed with CFOs as necessary</p>	
<p>Further requested assurance / advisory / support work</p>	

Other Audit Involvement	
<p>Management <i>Preparation of IA Monitoring Reports and preparation and attendance at Audit and Governance Committee. Annual Audit Planning. Attendance at Governance and Risk Groups. High level programme monitoring. Liaison meetings with CFOs and Management Teams. IA Team Liaison Meetings with Business Managers.</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>Specialist Groups <i>IA attendance at specialist groups e.g. Health and Safety Working Group, Procurement and Commissioning</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>	



Agenda Item 10



COTSWOLD
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25 APRIL 2024
Subject	INTERNAL AUDIT PROGRESS REPORT
Wards affected	N/A
Accountable member	Cllr Mike Evely, Cabinet Member for Finance Email: mike.evely@cotswold.gov.uk
Accountable officer	David Stanley, Chief Finance Officer Email: david.stanley@cotswold.gov.uk
Report author	Lucy Cater, Head of Internal Audit Email: lucy.cater@swapaudit.co.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 2023/24 Annex B – Agreed Actions
Recommendation(s)	That the Audit and Governance Committee resolves to I. Considers the reports at Annexes A and B and comment necessary
Corporate priorities	Delivering our services to the highest standards
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 6 audits since the last meeting of this committee

- Estates Services – Position Statement
- Property Services – High Limited
- Use of Waivers – Low Substantial
- Revenues and Benefits Service – Position Statement
- Risk Management – Low Reasonable

We continue to follow up all agreed actions. A report (Annex B) showing all open agreed actions and those that have been actioned during 2023/24 has been included for Members information.

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. EQUALITIES IMPACT

- 6.1 Under equality legislation, the Council has a legal duty to pay 'due regard' to the need to eliminate discrimination and promote equality in relation to:

- Race
- Disability
- Gender, including gender reassignment
- Age
- Sexual Orientation
- Pregnancy and maternity
- Religion or belief

The Council also has a duty to foster good relations, and to consider the impact of its decisions on human rights. The law requires that this duty to pay 'due regard' is demonstrated in the decision making process. Therefore your report should contain a statement as to whether the recommendation has a particular impact on any of the above groups

Any reports which relate to new policies, procedures or services or changes to policies, procedures or services must be accompanied by an appropriate equalities impact assessment (EIA). You can access further guidance and the EIA template [via the portal](#) and the Council's Equality Policy [on the website](#).

7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 7.1 Include details of any climate change implications

8. ALTERNATIVE OPTIONS

- 8.1 This section must be completed and include details of why identified alternative options are not preferred.

11. BACKGROUND PAPERS

- 11.1 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 Progress Reports

These documents will be available for inspection online at www.cotswold.gov.uk or by contacting democratic services democratic@cotswold.gov.uk for a period of up to 4 years from the date of the meeting.

(END)

Cotswold District Council

Report of Internal Audit Activity

April 2024

Page 53

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

- Contents:

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

Internal Audit Definitions

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.

Summary of Audit Findings

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Key Financial Control	Payroll	Final Report	High Substantial	0	-	-	-	Reported in October
Operational	Climate Change (Operational)	Final Position Statement	N/A	0	-	-	-	Reported in October
Governance	Freedom of Information	Final Report	Medium Reasonable	4	-	2	2	Reported in October
Operational	Taxi Licensing Safeguarding	Final Position Statement	N/A	0	-	-	-	Reported in January
Governance	Transparency Data	Final Report	Medium Reasonable	4	-	4	-	Reported in January
Key Financial Control	Bank Reconciliation	Final Report	Low Substantial	1	-	-	1	Reported in January
Key Financial Control	Revs and Bens - Council Tax and NNDR	Final Report	High Reasonable	2	-	-	2	Reported in January
Key Financial Control	Revs and Bens - Housing Benefit and Council Tax Support	Final Report	High Substantial	0	-	-	-	Reported in January
ICT	ICT Business Continuity Management	Final Report	Low Substantial	2	-	1	1	Reported in January
Operational	Estates Services	Final Position Statement	N/A	0	-	-	-	Report Included
Operational	Property Services	Final Report	High Limited	4	1	2	1	Report Included
Key Financial Control	Contractors - Use of Waivers	Final Report	Low Substantial	2	-	-	2	Report Included

Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Advisory	Revenues and Benefits Service Review	Final Position Statement	N/A	0	-	-	-	Report Included
Governance	Risk Management	Final Report	Low Reasonable	4	-	2	2	Report Included
Governance	Data Breaches	Draft Report						
Key Financial Control	Accounts Payable	Draft Report						
Governance	Audit Committee Effectiveness	Audit in Progress						
Key Financial Control	Appointment of Consultants and Contractors	Audit in Progress						
Key Control	Human Resources	Audit in Progress						
Operational	S106s	Audit in Progress						
Operational	Planning Validation	Audit in Progress						
Key Control	Payroll	Audit Deferred to 2024/25						Audit deferred due to tasks to be completed by Payroll team to support Publica Review / Transition
Grant Certification	Carbon Data 2021/22	Complete						
Grant Certification	Carbon Data 2022/23	In Progress						

Summary of Audit Findings

APPENDIX C

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
					Operational	Accounts Payable – Qtly Review	In Progress	
Support	Business Grant Funding – Aged Debt	On-Going					Quarterly review of Business Grant Overpayment Aged Debts with Head of Service, Counter Fraud and Enforcement Unit for reporting to BEIS	
Advisory	Environmental Services Improvement Programme	On Going						
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Risk Management Group	On Going						
Advisory	Project Management – Active Cotswold	On Going						
Advisory	Emergency Planning	On Going					Support to CDC’s Rest Centre and Co-Ordination Teams	
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 are the Internal Audit reports, of each audit review finalised,
since the last Committee update



Estates Services – Final Position Statement – February 2024

Introduction / Background

The objective of this audit was to review the effectiveness of processes undertaken by the Estates Management team in relation to the management of the Council's assets and to assess compliance with statutory and legislative regulations. The review was requested by the Business Manager Property and Estates and was undertaken in conjunction with a Property Services review of Health and Safety arrangements. The Estates Management review included:

- Compliance with Legislation and Professional Body guidance.
- Landlord responsibilities
- Landlord Inspections, Lease and Rent Reviews
- Maintenance and Complaints
- Insurance and Empty Properties
- Documentation Retention

This audit was originally planned to be an assurance piece of work utilising walkthrough, discussion with staff, substantive testing, and evidence review. However, no up to date information could be provided for the audit and therefore we have drafted this position statement with our findings.

Key Findings

Cotswold District Council has an estate (property) value of £55,586,123 which includes £5,376,999 of investment properties. In addition, CDC hold community assets valuing £201 and surplus assets of £3,030,457.

Compliance and Legislative requirements

We requested specific compliance and legislative requirements that the Estates Management Team should adhere to; we were directed to leases, statutes, planning and building control services. We were provided with a RICS Practice Information document on strategic public sector property asset management and were informed that Estates Management need to be compliant with this document. We were also advised that there are no current performance indicators ensuring these compliance requirements are identified and complied with.

Suggestion: Service area to undertake a self-assessment of the RICS guidance to identify gaps in compliance.

Management Response: *The Strategic public sector property asset management RICS practice information, 3rd edition, September 2021 relates to the processes and strategic framework for the management of Assets. Compliance with this guidance will be ensured as part of the new Asset Management Strategy and Asset Management Plans which are currently being prepared. Following the adoption of the new Strategy there may also be a need to make changes to the Constitution enabling delegated decisions to facilitate efficient decision making on the management of assets. These new strategic documents and processes will align with the RICS guidance.*

Suggestion: Introduce performance indicators for council assets e.g. reduce total energy consumption in operational properties (to be defined in AMP).

Management Response: *Agreed. Advice is being sought from the consultants preparing the Asset Management Strategy on the best performance indicators to provide assurance on Council asset performance.*

Policy, Process and Training

There is no overarching policy (Asset Management Plan / Strategy); an action has been agreed in the Property Audit in respect of the importance of an Asset Management Plan. Officers at CDC have commissioned consultants to draft both an Asset Management Strategy and Asset Management Plans, with the Strategy due to be adopted by the Council in early Spring. We were advised that there is no 'service' induction process for new starters, the only requirement is that they hold an appropriate degree and are RICS members. The Asset Manager offers support to the team but a more formal service induction and training, relevant to Publica and its partner Councils, will enhance the service provided. The Property Management

and Estates Management teams, work closely with each other, and it has been identified that roles and responsibilities are not sufficiently defined. There is a risk that work is duplicated, and the service being provided is not as effective, or efficient, as it could be.

Suggestion: An Asset Management Plan (AMP) is a key document to support the management, and future workplans, for the Council's estate. Service area to support the Council on the drafting of an AMP (action included in property audit).

Management Response: Cotswold have commissioned a consultancy to develop an Asset Management Strategy and Plan. This will likely be at draft stage by February 2024 and will then be reviewed and approved by Management and Cabinet.

Suggestion: Service area (Property and Estates) review Job Descriptions to ensure roles are sufficiently defined and an induction programme to be created to ensure new team members are aware of their responsibilities to Publica and the Partner Councils.

Management Response: There is no formal induction process for the service because there are many different roles so we would not be able to have a one size fits all. The basic induction for Business World and other systems is done by the Resource Managers in person and online. Job related induction consists of either Asset Manager or one of the Estates officers being in the office with the new person every day for the first 2/3 weeks to go through different aspects of information systems and support on tasks. This includes governance and Publica/Council interactions which again is tailored based on the level and type of role. There is therefore no plan to introduce a generic induction programme as it would provide less support and training than the tailored support which is currently provided. Roles will need to be extensively reviewed as part of the Publica Review which has commenced, it is therefore suggested that the review of roles and responsibilities forms part of the service redesign work that will need to follow TUPE transfer to partner Councils.

Annual Landlord Inspections

A condition of every lease is that annual landlord inspections can be undertaken, along with regular lease reviews and rent reviews. We were advised that Annual Landlord Inspections have not been regularly undertaken since 2019 due to a lack of resource, and no evidence was available for inspections that were undertaken.

Suggestion: (to be included in the AMP) a schedule of property inspections is drafted to ensure all properties are inspected on a regular basis, enabling a more proactive approach to maintenance (when appropriate).

Management Response: There is not a lease condition that Landlord inspections are carried out but it is good practice and something we would like to recommence on a portfolio wide basis. Landlord Inspections are currently carried when officers visit site and issues then brought forward. Issues reported by the tenants are acted upon. Carrying out annual inspections would require additional staff resources and the financial cost is likely to outweigh the benefits as the Council still has recourse to remedy defects when a tenancy ends through the Schedule of Dilapidations. Where existing resources allow, landlord inspections will be prioritised based on building and tenant factors.

Lease and Rent Reviews

The rental income for investment properties in 2022/23 was £479,622. Evidence was not available to demonstrate that Lease and Rent reviews were being undertaken in a timely manner.

Suggestion: Lease and Rent reviews are undertaken on a regular basis ensuring the income due to the Council is appropriate.

Management Response: Lease renewals and reviews are currently recorded on Uniform. The Team will start using the Uniform system to record and monitor property, compliance, servicing and works matters from 1st April, once the system has been set up and historic data has been uploaded (March 2024). Information will be uploaded to Uniform including flags for when checks are due to be undertaken. All reviews will be recorded on Uniform.

Maintenance and Complaints

We were informed that reactive maintenance is conducted when a complaint is received from a tenant, but progress is not actively monitored to ensure that the authority provides a satisfactory service. Proactive maintenance is only conducted when a tenant leaves the property, and the Estates Management team want to prepare it for the next tenants.

As maintenance is being undertaken on properties when a complaint is received, current issues could go unidentified and thereby unrectified resulting in accident, damage etc. If annual landlord inspections were undertaken issues would be identified, and rectified, at that point in time, rather than waiting for a complaint.

Suggestion: See note above about inspections.

Management Response: See comments above (inspections and lease and rent reviews), and below (records and documentation management). Most properties are let on Full Repairing and Insuring leases. This means the tenants are responsible for repairs. In situations where the Council retains responsibility for structural repairs, such as the leisure centres, structural defects such as failing roofs are not likely to be picked up during a landlord inspection. Defects of this nature would need to be identified by externally commissioned Condition Surveys. It is likely that the emerging Asset Management Strategy will recommend a phased rolling programme of condition surveys to enable a proactive approach to maintenance and asset decisions to include the likely forecast of repair and maintenance investment required.

Suggestion: Implement a process to ensure reactive maintenance is actively monitored.

Management Response: Members of the Property team liaise with contractors and tenants and do inspect completed work. This is done before payment is issued. So any sub-standard work would be picked up and rectified.

Insurance Terms

Buildings Insurance is in place for the Authority's estate and properties. The Insurance Team manages these policies; they rely on communication from the Estates Management team to ensure compliance with the specific terms around unoccupied estate. The insurance terms require the following:

1. Unoccupied buildings are secured against illegal entry and all external doors and accessible external windows shall be fitted with good quality locks.
2. All services to be disconnected other than limited services required for security guards, fire and burglar alarms unless otherwise agreed by the Insurance Company in writing.
3. All letter boxes shall be sealed to prevent insertion of material.
4. Perimeter fences, walls and gates shall be kept complete and maintained.
5. Such unoccupied buildings shall be kept clear both internally and externally of combustible materials and not be used for storage.
6. Vegetation surrounding such unoccupied buildings shall be kept down.
7. The Business Premises shall be inspected thoroughly internally and externally at least once every seven days by the Named Insured, or a responsible person appointed by the Named Insured and a record maintained of such inspections and any defects rectified without delay.

Discussions identified that these terms are not actively managed, there is no formal process in place to identify empty Council owned properties, conduct the inspections and inform the Insurance Team, furthermore, no records are maintained. We were advised that the inspections have not been conducted due to a lack of resource as noted above. The risk of not complying with these terms is that the insurance policy is cancelled or invalidated, leaving the Council open to reputational damage and legal penalties.

Suggestion: Implement a process to ensure all empty properties are identified and that inspections are carried out, and recorded, as per the terms of the insurance policies

Management Response: Triggers for this process will be built into the Uniform system, to ensure appropriate processes are followed. Action is taken to secure and inspect vacant properties, this is often done via an agent acting on the Council's behalf.

Records and Documentation Management

Property data held on Uniform (database) is not maintained, or actively managed. Interrogation of Uniform found that a large amount of information is outdated, dating back to 2021 and prior years.

Suggestion: A review is undertaken of all Council Property to ensure data /properties are accurately replicated in Uniform and are up to date.

Management Response: Property records are not currently held in Uniform but are held electronically. The current system is not particularly user friendly and does not enable rapid reports on areas like compliance to provide management assurance. A plan is now in place to upload all historic property and estates data to the Uniform system and to input all new data onto the system from 1st April. A spreadsheet has been created in the interim identifying compliance requirements and dates for inspections all properties.

Suggestion: Ensure that all data gathered from inspection, rent and lease reviews, proactive and reactive maintenance, complaints etc is entered onto Uniform to ensure a full record of the Council's Estate is available.

Management Response: *See comment above.*

Conclusion

Due to the lack of any supporting evidence available to us, we have acted as a 'critical' friend and made suggestions to our findings.

An Asset Management Plan is a key document to the management of a Council's Asset Portfolio and could include:

- List of all Property Assets
- Acquisitions and Disposals
- Action Plans
- Property Review and Conditions
- Planned / Proactive Maintenance
- Responsive / Reactive Maintenance
- Climate Change Initiatives
- Performance Indicators
- Data Management

Having an AMP ensures the service area has a 'policy' document that can be followed / worked to, allowing the service area to allocate resources as appropriate as works are planned in advance. This will also provide a more proactive, efficient, and effective service to tenants and the Council.

Annual Landlord Inspections, Lease and Rent Reviews, Complaints and Maintenance

Consideration should be given (and included in AMP) to ensure a central register, and formal process, is adopted for the proactive management of estates. This would provide the Council with the opportunity to raise rents (where appropriate) to fair market value.

Operational Risk Register

A further consideration could be the introduction of an operational risk register. Although financial risk is reported during the year, there are other risks, in respect of Estates, that may leave the Council exposed to challenge e.g. injury in defective building.

Property Services – Final Report – December 2023

Audit Objective

To review and assess property related Health and Safety arrangements at the Council’s properties, ensuring compliance with legislation.

Assurance Opinion



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.

Number of Actions

Priority	Number
Priority 1	1
Priority 2	2
Priority 3	1
Total	4

Risks Reviewed

Failure to comply with relevant legislation and Council rules resulting in financial loss and reputational damage to the Council.

Assessment

High

Key Findings



Asset Management Plan (AMP) – Officers have highlighted that they do not have an AMP to guide their focus on Council requirements. The Council’s financial rules require an AMP to be maintained. An AMP has been commissioned and once in place Officers should align their work to this.



Risk Assessments (RAs) – Site-specific RAs were not available for most properties selected for testing. Officers advised that RA management is often the responsibility of 3rd parties (e.g., commercial tenant). To support the Council in fulfilling its compliance and H&S responsibilities, it’s vital all Council owned properties have a site-specific RA. Details on arrangements for any 3rd party managed RAs should be recorded with centrally held information (e.g. on a property management system).



Standard Information – A process should be developed to ensure all essential compliance and H&S information is gathered for all Council owned properties. The process should be implemented for new properties and regular site inspections. Officers have advised that a property management system could be utilised to capture the required information.



Central Database Accuracy – Spreadsheets and software contain information on Council owned properties which can be accessed centrally. Testing demonstrated that information expected to be held centrally was not available or inaccurate.



Property Officers have a system for managing maintenance requests and compliance contracts. There is a genuine effort from the Property team to improve compliance and H&S across the Council’s property portfolio. Fieldwork identified good examples of collaborative working with other service areas.

Audit Scope

Work with Officers from the Property team to develop criteria for testing compliance and Health & Safety arrangements at Council owned properties.

Properties were selected for testing against the established compliance and H&S criteria.

Scope exclusions:

Contractor/consultancy spend assessment – Officers advised that work on this is underway and would therefore be a duplication of efforts.

Professional body guidance – Officers advised that this guidance is not followed.

Benchmarking – Unable to identify an organisation similar to Publica for effective benchmarking.

Other Relevant Information

Testing has highlighted serious concerns with the Council’s property compliance and H&S obligations. Issues including (but not limited to) legionella, asbestos and gas safety management were identified; this would be picked-up with regular reviews and accurate/complete central data. Officers are aware of property compliance and H&S issues but advised that significant time is spent on reacting to reported issues preventing them from proactively developing a strategic approach.

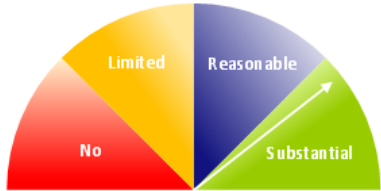
The CDC website has H&S compliance information listed for some of the owned properties leased out by the Council. However, this information is out of date (circa 2015).

Use of Waivers – Final Report – February 2024

Audit Objective

An audit review to assess if requests for waivers from procurement procedures are compliant with the Council’s Financial rules, and procurement policies and procedures. It will also seek assurance that they are given proper oversight, documentation is retained and that they are authorised appropriately.

Executive Summary



Assurance Opinion

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.

Management Actions

Priority 1	0
Priority 2	0
Priority 3	2
Total	0

Organisational Risk Assessment

Low

Failure to comply with procurement policy leads to increased cost of contracts, reduced quality of contractors and an increased risk of procurement fraud.

Key Conclusions



To ensure the Waiver Register can be updated in a timely manner and to mitigate against any waivers being missed, the Contract Waiver Report Templates will be updated to state a copy of all approved waivers must be sent to Procurement.

Most of the Officers we spoke to had a good awareness of procurement rules, but said they would appreciate refresher training on the use of waivers. The Senior Procurement Business Partner advised training will be delivered on the new Procurement Strategy in 2024, and the use of waivers will be included.



Retained Officers attend the Procurement and Commissioning Group monthly to review the pipeline and forward plan and discuss any supply chain and framework updates.

During fieldwork approval evidence was supplied for all waivers in our sample, but 1 approval made via email did not name the waiver specifically. To ensure there is a full audit trail that links an Officers approval to the correct waiver, it would be useful if waivers are named in the email chain. This has been discussed with the service area who have agreed to take appropriate action.

Audit Scope

A review of the Waiver process was undertaken (November 2023) and controls were reviewed in the below areas;

- Processes for requesting and approving waivers.
- Staff awareness.
- Document retention.
- Process oversight.

Discussions were held with the Senior Procurement Business Partner, and a sample of Officers who had a waiver approved during the period reviewed (01/01/2023 – 08/11/2023).

A random sample were selected to ensure waivers followed the prescribed process. Waivers that are requested but not approved are not recorded.

Other Relevant Information

The total number of waivers approved at CDC during the test period reviewed were 7, with a total cost of £709K. One waiver was for £486.5K and another for £69K, both were deemed to be urgent works. The criterion for granting waivers is stated in the Council’s Contract Rules, which are being complied with. We accept urgent works require waivers to be used, but making better use of the Procurement and Commissioning Group meetings should help to reduce the number of waivers being requested.

2 actions have been agreed with Publica to address the findings.

Revenues and Benefits Service Review – Final Position Statement – February 2024

Introduction / Background

This audit is an advisory piece to review the Revenues and Benefits Service. The audit was requested by Cotswold District Council, with the view to identify areas for consideration and lessons learned which can be utilised going forward as necessary.

We have acted as a “critical friend” and have reviewed decisions and processes within Revenues and Benefits, as well as held discussions with Management and drawn conclusions from observations made.

We focused our audit on four key areas, and have split our findings below accordingly:

1. Service - HR
2. Service - Business as Usual (BAU)
3. Effect of Covid and the Civica Implementation Project on Service Provision, and
4. Introduction / Implementation of Civica

It should be noted that Revenues and Benefits are currently undertaking their own service review, which includes process mapping to align services, and regular staff 121s planned in which collection rate KPIs will be discussed. This, alongside other work recently undertaken by the team, is likely to resolve many previously identified issues.

The latest assurance levels given in the 2023/24 Revenues and Benefits audit was a High Substantial for Housing Benefits, and High Reasonable for Council Tax and NDR.

Findings

1. Service - HR

We reviewed the structure of Revenues and Benefits, with consideration given to resourcing, lines of communication, and culture.

- *Structure of Revenues and Benefits*

The service is split into two halves: Council Tax and NDR, and Housing Benefits. The service is managed by the Business Manager – Environmental, Welfare & Revenues Service (BM-EW&R), who is supported by the Revenues Manager and Revenues Operation Lead for Council Tax/NDR, and the Benefits Manager and Assurance Manager in Housing Benefits.

- *Resourcing*

- o We created a staff chart to understand current resourcing, as well as to obtain a view of resourcing during the Civica implementation.

	Civica Implementation		June 2023
	May 2020	June 2021	
Council Tax / NDR cost centre			
No. of Employees	29	28	28
FTE	22.66	23.65	23.52
Housing Benefit cost centre			
No. of employees	31	28	25
FTE	25.64	25.01	19.98

- We noted the Revenues Manager is listed in Business World as the manager for 23 Council Tax/NDR officers. And the Benefits Team Leader is listed as the manager for 14 officers.
 - We accept that Business World may not be up to date, and there are Team Leaders within the service. However, it may be worth reviewing if current line management provision is adequate and/or effective.
- *Lines of Communication / Culture*
- Discussions with officers found that team meetings were short and that there was limited opportunity to raise matters. We were informed that 121s did take place at that time, but that they were more focused on staff wellbeing than on day to day work. Given that officers were generally working from home from March 2020, and a new system was being developed/implemented, perhaps an approach that used a standardised template including both wellbeing and day to day work would have allowed for more consistent cascading of information both upwards and down through the organisation.
 - Senior Management became aware of operational concerns through internal audit reports.
 - We noted that there are many employees who have worked within Revenues and Benefits for several years and were advised that there is not a high turnover of staff. However, the table above shows a reduction of 5 FTE in the Housing Benefits cost centre.
 - A low turnover of staff is positive and speaks of the culture and relationships in place. But a low turnover could lead to unwanted habits forming, or an unwillingness to embrace change in terms of ways of working and new technology. We were informed that management work harder with specific members of staff as necessary to ensure this is not the case.
 - A risk of experiencing both change, and trying to train on the new technology virtually, is that stress levels can be exacerbated, and it can feel like the pace of change is too quick. Subsequently, a delay in being fully trained can impact confidence, which can make people feel like they are not as capable at their job as they once were.
 - Discussions highlighted a perception amongst officers that information requests from Internal Audit must be actioned immediately, and all other work must be dropped. Again, this is likely to contribute to officer stress levels, and actions have been taken by Internal Audit to try to mitigate this.
 - A local authority's role is to help and support vulnerable people who require council services, but perhaps this has been forgotten in favour of focus placed on efficiencies. Review of copy correspondence held on customer accounts found that customer service is not always a priority or refresher training may be required. For example, within Council Tax/NDR we noticed instances of different members of staff giving different information to the same customer, requests for changing information such as C/O addresses missed, and one long standing member of staff repeatedly responding to the email correspondent (the name within the email address) instead of the customer who was making the enquiry. Within Housing Benefits, we noted cases where responses to customers, who may be vulnerable and require help were blunt and formal. Providing a refresher Customer Services course, for example, through iHasco, or one tailored to customers who may be contacting the service would be of benefit.

2. Service - Business as Usual (BAU)

We reviewed BAU processes including previous outstanding actions. The following is a summary of our findings.

- *Process / Procedures*
 - o Process mapping is currently underway within Revenues and Benefits to review and align processes between sites.
 - o A Priority 3 action was raised for Publica as part of the 2023/24 annual audit to support this.

- *Housing Benefit – Overpayment Recovery*
 - o We identified in our 2022/23 audit that the recovery of Housing Benefit overpayments at CDC and WODC had not taken place since moving over to the Civica system. Recovery was initially halted during the pandemic as courts were closed and prosecution was not possible. In November 2022, the amounts identified were CDC – 622 overpayments, value £338,846 and WODC – 848 overpayments, value £633,882.
 - o We were advised that although invoices had not been raised, letters were sent to the claimants advising them at the time the overpayment occurred.
 - o We understand Business World may have been considered as a back-up, but officers advised that they were not instructed to use Business World and that the issue with the Civica Sundry Debt module would be resolved.
 - o We were also advised that a decision was made by the Councils to not raise these outstanding invoices until after the election period (May 2023).
 - o Given that we are now in a Cost of Living crisis, the initial decision to not recovery Housing Benefit is questionable but was unforeseeable.
 - o We understand all invoices have now been created and issued. We will re-visit this area in our next annual audit.

- *Council Tax – Closed Accounts with Credit Balances*
 - o We identified in our 2022/23 audit that significant amounts were held in closed council tax accounts. In November 2022, CDC had £918,498 and WODC had £805,358. We were advised that money is refunded directly to customers where these details are known, and letters are sent to customers who have left a forwarding address. However, importance must still be placed on ensuring monies owed to customers is repaid and not retained for many years on the councils' balance sheet.
 - o We understand these accounts in credit are being reviewed, with resource being allocated from Customer Services to expedite the process. Procedure notes will help facilitate Customer Services staff as they are drafted in to support the Revenues and Benefits team. We will re-visit this area in our next annual audit.

- *Council Tax and NNDR Collection Rates*
 - o During Covid nationally collection rates decreased; evidence supports that these have improved.
 - o KPIs are regularly reported on, and we were advised that this data will be used in staff 121s going forward, allowing for more awareness of workloads, and more accountability.

- *Outstanding Agreed Actions*
 - o Two actions were agreed during the recently completed 2023/24 audit. We will follow up progress in due course.
 - o All actions raised prior to this have been completed. We will continue to assess key controls in our annual review of Revenue and Benefit systems.

Throughout our review there was no evidence of instructions given by the Councils, or from within Revenues and Benefits, to reinstate the recovery of unpaid Council Tax, NDR or Housing Benefit overpayments as and when this became possible.

3. Effect of Covid and the Civica Implementation Project on Service Provision

We reviewed the effect Covid had on service provision, including a timeline of decisions made, instruction from the government, the implementation of Civica, and the impact on staff morale.

- *Covid 19 Based Decisions*
 - o Shortly after the national lockdown on 23rd March 2020, the decision was made locally to suspend the recovery of unpaid Council Tax, NDR, and Housing Benefit Overpayments (26th March 2020). The decision was made on the basis that recovery could not commence if courts were not open.
- *Government Guidance / Legislation*
 - o In April 2020, the Department for Work and Pensions (DWP) advised that DWP Debt Management was suspending the recovery of debt, which included Housing Benefit debt.
- *Civica Implementation Project*
 - o In May 2020, the implementation of Civica commenced. This was completed in June 2021.
- *Further Government Guidance / Legislation*
 - o In July 2020, DWP Debt Management advised they had slowly recommenced debt recovery services, including Housing Benefit debt recovery.
 - o The recovery of Housing Benefit overpayments was not reinstated by the Councils/Publica.
 - o Between July – September 2020, the first round of business grants were issued. These were processed by the Revenues and Benefits team.
 - o In August 2020, DWP Debt Management advised they were now able to accept Payment Deduction Programme (PDP) recall files again.
 - o In December 2020, the second round of business grants commenced. This round of business grants were processed by temporary resources and managed by two officers independent from the Revenues and Benefits service. The BM-EW&R had oversight of this work in addition to their day job. Subsequent business grants were also processed by the same officers.
- *Effects of the Civica Implementation Project*
 - o We were advised that with hindsight, it would have been better to wait than to implement a new system during Covid. However, this was not a choice available, as the procurement process had been completed and the contract was awarded. Also, that there would have been a financial impact if implementation was delayed as Northgate had been served notice and for them to continue would have incurred additional charges.
 - o We were informed that the impact of the implementation of Civica was not significant as much of business as usual had ceased due to Covid, the grants, and a cost of living crisis.
 - o We were advised that training staff in the new system was impacted as this could only be done virtually, resulting in staff taking longer to learn the new system.

It is clear that both Covid, and the implementation of Civica, had an impact on service provision. Although some business as usual tasks were halted at the beginning of the pandemic, it is not known why these tasks were not re-implemented when possible. The Revenues and Benefits team were managing the first round of the business grants whilst virtually implementing a new system, therefore perhaps this is why some business as usual areas were missed.

4. Introduction / Implementation of Civica

We reviewed the introduction / implementation of Civica, including areas such as the initial business case, through to how Civica operates.

- *Business Case Approvals / Cost*
 - WODC Cabinet approved the Civica tender on 27/05/20, and CDC approved it on 01/07/20. However, the Civica Project Highlight Report shows the actual start date of 13/05/20. We were advised that the start date is reflective of work undertaken in FoDDC, and as they already had the system in place the approval process did not apply to them in the same way.
 - We were informed that a procurement process was undertaken, and the contract was awarded at the start of 2020. This suggests that the decision had been made by Management to award the contract to Civica before Members had approved the contract. However, as mentioned above, this could be due to FoDDC's work being undertaken first, but we do not have evidence to support this. It could also be a result of lockdown as formal meetings were suspended and some decisions were made and approved outside of meetings, or that discussions were held with informal cabinet, which again we do not have evidence of.

- *Reporting*
 - The BM-EW&R was the Project Lead for the implementation. The Assistant Director for Resident Services was on the recipient list for all Civica Progress Highlight Reports but did not attend the project (operational) meetings. We were advised that the Assistant Director for Resident Services and BM-EW&R had separate 121s regarding this and they were therefore informed.
 - The BM-EW&R was not aware of any issues with the system until testing, and the Assistant Director for Resident Services was not aware of any system function issues until our 2022/23 audit.

- *System Functions including Notifications and Alerts*
 - The Civica system that was implemented is not aligned and does not function in the same way across all Councils. FoDDC has a legacy system, and both CDC and WODC were new systems, which were configured differently to FoDDC. Civica has been asked to provide a quote to undertake a technical audit with the aim of identifying the differences between the Council's systems (e.g., the way that modules are being used by each), to assess where consistency can be adopted and where configuration changes may be required, and to identify areas of the system that are not being utilised but could be.
 - The Sundry Debt module did not work at CDC and WODC from going live (December 2021 for CDC and February 2022 for WODC) to when we reported this in June 2023. We understand this has been resolved.

- *Roles and Responsibilities*
 - There were 6 Revenues and Benefits officers involved in the implementation, with the BM-EW&R as Project Lead. This officer was also overseeing business grants processing as well as overseeing Environmental Health, Welfare Support, Food Safety, Car Parking and Licensing services. Some of which were new additions to their management portfolio.
 - The Revenues and Benefit implementation team did not ask Publica to provide project management support as it was felt they did not have a working knowledge of the service and therefore would not add value. A consultant was brought in for technical knowledge and expertise in system integration. He provided 122 hours between August 2020 and March 2021 (3.3 weeks work over a 7 month period). We were advised he was on hand to answer questions and provide support as necessary.
 - Publica provided ICT project management support.
 - There was no Publica finance officer present on the project team, which we would expect to see on a major system implementation project. However, the BM-EW&R had briefings with the ex-CDC S151 Officer (who left in July 2022), where highlight reports were presented, and progress discussed. We were advised a Publica Accountant requested additional reports be created within the Civica system.

Conclusion

NB: This report reflects our findings at a specific point in time, i.e. March 2020 – May 2023. We have also considered actions taken since May 2023 to December 2023. We have been informed that further progress has been made since writing this report. This includes the service being up to date with Housing Benefit processing, and only a small backlog in the Revenues service area.

The Revenues and Benefits team are working to rectify the issues highlighted and have already been successful in many aspects such as:

- Improving BAU processes after the challenges of Covid, and
- Resolving some of the technical issues with the Civica system.

Government information available during the pandemic, and the timing of the Civica implementation project in particular, impacted recovery, reputation, finances, and culture. It is clear that the effects of both have had a lasting effect on the Revenues and Benefits team. The introduction of regular staff 121s with KPI monitoring is a positive step to help monitor performance/accountability, but a 121 is not just about performance. It should be a two-way process and it is important that staff welfare is discussed, and support offered where necessary. Regular engaging team meetings will also help with communications and mitigate against a feeling of isolation due to remote working.

In light of the decision to remove services from Publica going forward, mindfulness should be paid to the potential increase in stress felt by employees, and the ramifications this could have to the culture of both Revenues and Benefits, and Publica as a whole, regardless of whether a service is returned to the Council or remains within Publica.

This culture could further impact upon customer services, and therefore the wellbeing of employees should be at the forefront of decisions, with a view to ensuring vulnerable members of the community are given the service they deserve.

Although we have not made any recommendations in this report, there are a number of areas / lessons learned that we feel should be considered so that services delivered to the public are of a high standard.

Finally, it should be noted that some of our findings are of a cultural nature. Our professional assessment of the cultural landscape that exists, which is difficult to evidence, is not a favourable one. Some of the above listed findings within this report were identified in our 2022/23 annual audit, which may not have been identified if we had not performed the review. The role of Internal Audit is to add value and improve operations; it should not take an external review to uncover fundamental business as usual tasks that are not being performed, and the fact that these were missed could be due to culture.

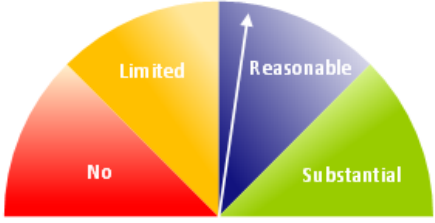
The Revenues and Benefits Service is a product of its culture – the Investors in People 2021 survey results (for Publica) included reports of bullying which can lead to fear and uncertainty in the wider organisation. This is not healthy, and typically leads to various issues such as siloed working, employees working beyond capacity, and an insistence that all is well. Both Publica and the Councils have a responsibility to ensure that psychological safety is felt by all employees at all levels, and this tone must start from the top in order to take effect.

Risk Management Framework and Process – Final Report – March 2024






Audit Objective

To provide an assessment of the current risk management framework arrangements of Publica and its partner Councils.

Executive Summary

	Assurance Opinion		Management Actions		Organisational Risk Assessment	Medium
	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.		Priority 1	0	Our audit work includes areas that we consider have a medium organisational risk and potential impact.	
			Priority 2	2		
			Priority 3	2		
			Total	4		

Key Conclusions

	Prior to the November 2023 meeting, Audit and Governance Committee had not received a report on risk since September 2022. If regular reporting and discussions are not held then the Committee cannot effectively monitor, and challenge actions and mitigations. Also, there was no evidence of risk management training being provided, which again would help members understand their responsibilities.
	Risk Management e-learning, for staff, is currently only a temporary provision; it is a cut and paste exercise of the Risk and Opportunity Management Strategy. There is no data/information that confirms additional training has been offered to staff.
	There is limited evidence that demonstrates Risk Owner's liaison with Insurance Services. The risk is that insurance policies may be invalidated if incorrect risk information is shared with the Council's Insurers.
	As a matter of good practice, a Risk Maturity Self-Assessment should be conducted regularly; This has not been completed for CDC. The benefit of this is that it provides a structured approach for an organisation to evaluate their capabilities, which helps to drive improvements.
	The Joint Risk Management group that was regularly attended by retained officers has recently undergone a redesign which has allowed for further enhancements. Management of the Council's risks are now individually focussed.

Audit Scope

This audit reviewed the effectiveness of the Authorities Risk Management arrangements. This included a review of the following areas:

- Risk Management Strategy and Framework;
- Risk Maturity;
- Risk Management training and awareness – this will include a survey of a selection of officers across the Council to assess the embeddedness of Risk Management;
- Corporate, service, project, and partnership risk registers; and
- Risk reporting and escalation.

This list is not exhaustive.

Summary

Our review of the Risk Management Framework and Process demonstrates that work is underway to embed risk management within Cotswold District Council (CDC).

The Risk and Opportunity Management Strategy is robust in respect of the information it currently holds. However, it does not include a defined Risk Appetite, although a standardised risk tolerance is in place. Publication of a Risk Appetite Statement within the Risk and Opportunity Management strategy could be considered by the Council. The advantage of this approach lies in equipping staff members with the ability to adeptly handle various types of risks without obstructing the pursuit of Strategic Objectives.

It was also identified that the Service Planning template did not hold information relating to risk. We can confirm that Risk has now been added to the Service Planning template.

The Council does not have Risk Champions. Risk Champions assist with embedding operational risk management as they operate as a point of contact in each service area. Moving forwards, this is something that could further assist with embedding risk management across the Council.

We conducted a total of three surveys: Strategic and Operational Risk Management activity, and Peer Benchmarking. The information provided in these surveys have helped to inform the conclusions detailed above along with a Management Action Plan to address the areas identified.

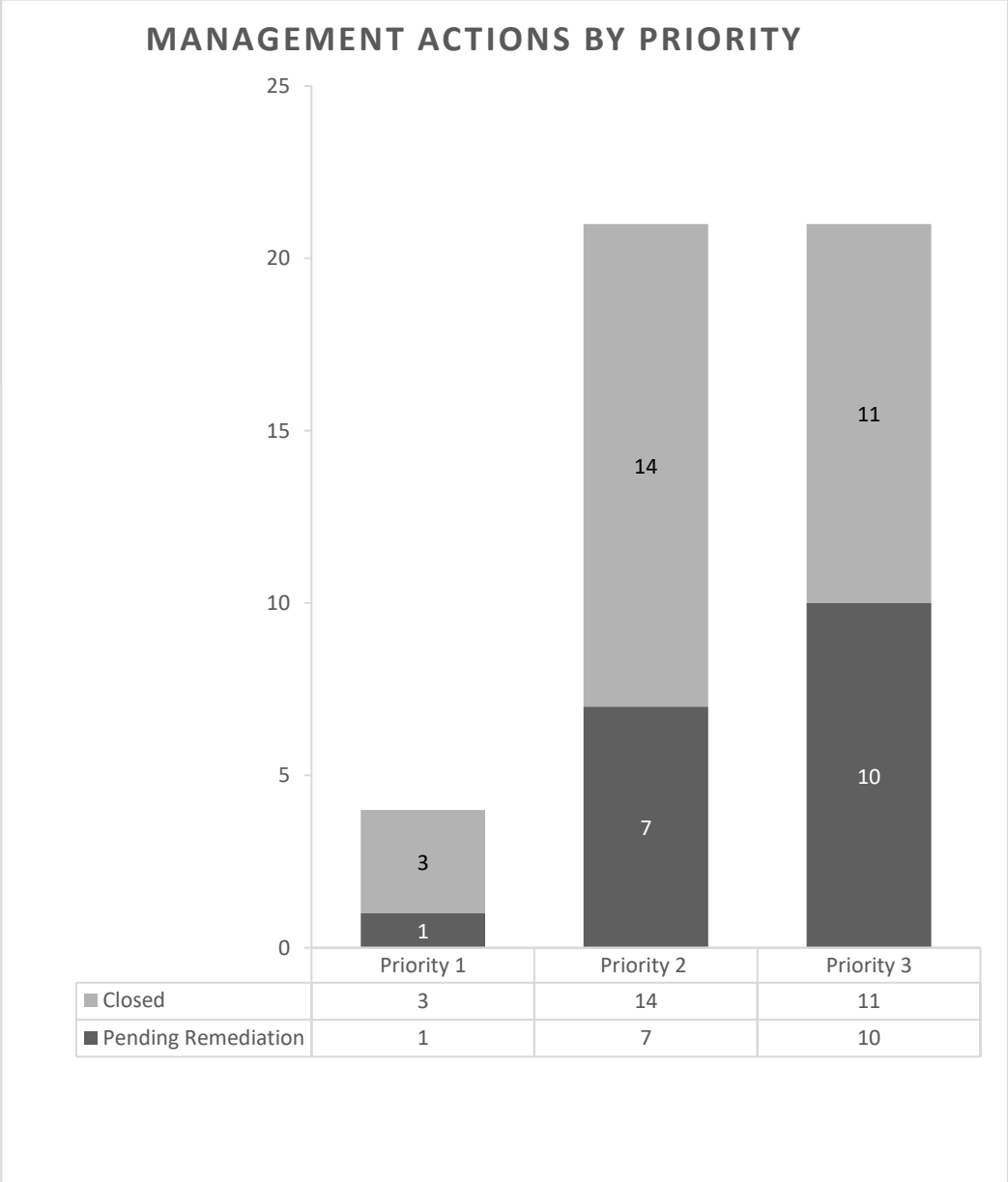
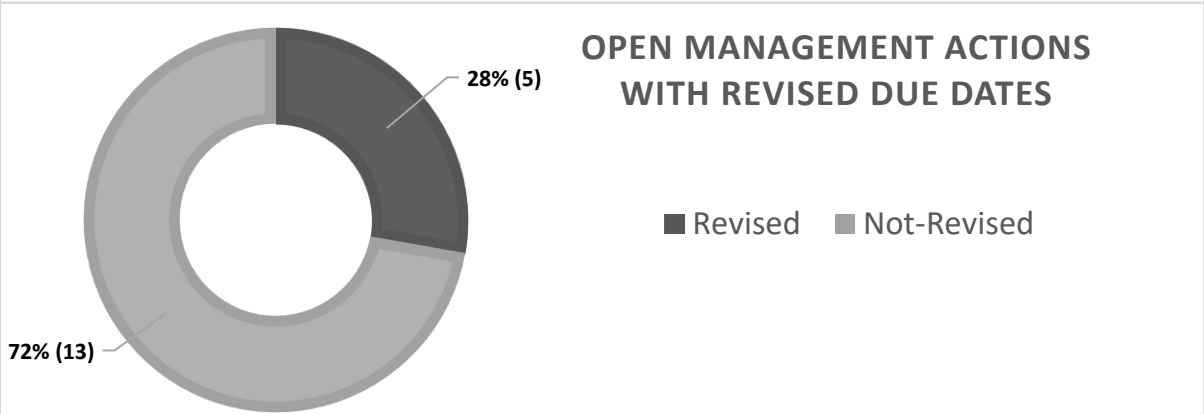
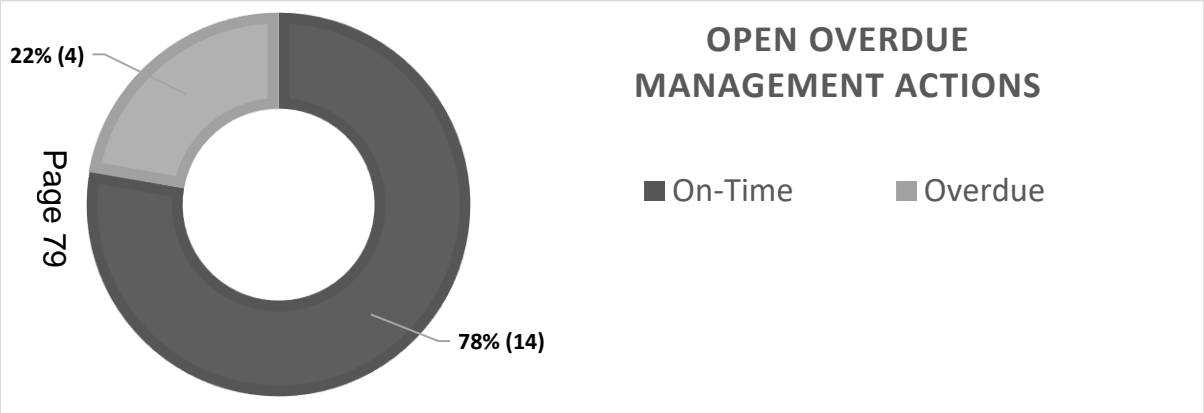
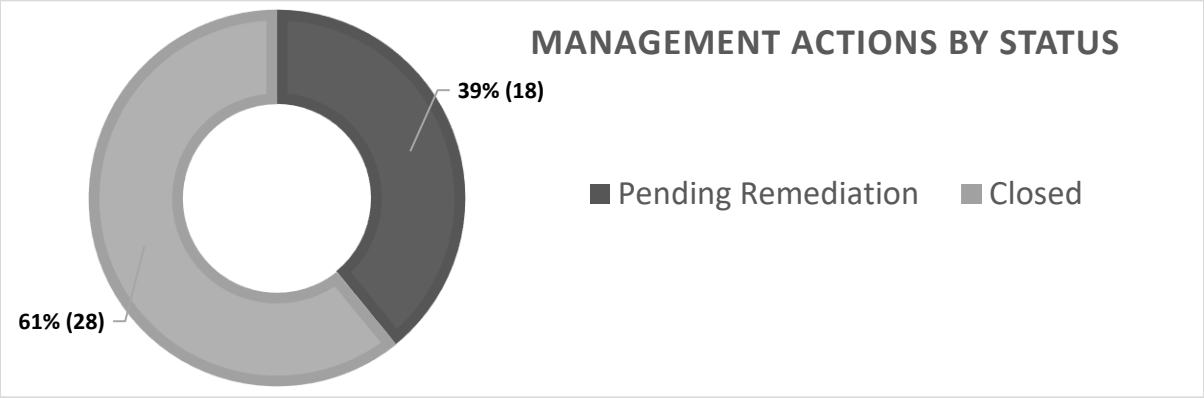
This page is intentionally left blank

CDC - Agreed Actions - April 2024

AP ID	ID	Audit Title	Issue Title	Issue Status	Period	Priority Score	AP Status	Timescale	Revised Timescale	Revised Timescale 2	Follow-Up Assessment
821	758	CDC - Climate Change Strategy - September 2022	Climate Change KPIs Not Defined	Pending Remediation	2022/23	2	In Progress	30/06/2023	31/10/2023	31/05/2024	Timescale extended to allow the new Interim Climate Change Programme and Project Manager to progress the action Climate Change Officer advised that the formal recommendations for the tool usage is being prepared and should be ready to add to an agenda for approval at the relevant meeting by May 2024.
829	764	CDC - Climate Change Strategy - September 2022	Impact Assessments	Pending Remediation	2022/23	3	In Progress	30/09/2023	31/01/2024	31/05/2024	
3512	3291	CDC - Bank Reconciliation - 2023/24	Review of Suspense Accounts	Pending Remediation	2023/24	3	In Progress	31/03/2024	--	--	
2821	2630	CDC - Freedom of Information - 2023/24	Basic training/awareness on Freedom of Information requests for Service Areas is not in place.	Pending Remediation	2023/24	2	In Progress	31/03/2024	--	--	
2981	2783	CDC - Property Services - Compliance and Health & Safety - March 2023	Standard Information	Pending Remediation	2023/24	2	In Progress	30/06/2024	--	--	
2984	2786	CDC - Property Services - Compliance and Health & Safety - March 2023	Central Property Database Accuracy	Pending Remediation	2023/24	3	In Progress	30/09/2024	--	--	
2987	2789	CDC - Property Services - Compliance and Health & Safety - March 2023	Risk Assessment (RA) for All Council Owned Properties	Pending Remediation	2023/24	2	In Progress	30/06/2024	--	--	
2997	2799	CDC - Property Services - Compliance and Health & Safety - March 2023	Asset Management Plan (AMP)	Pending Remediation	2023/24	1	In Progress	31/03/2024	31/05/2024	--	AMP due to be taken to May Cabinet
3544	3321	CDC - Revenues and Benefits - Council Tax and NDR - July 2023	Council Tax and NDR: Risk of Digital Exclusion	Pending Remediation	2023/24	3	In Progress	31/03/2024	--	--	Forms have been amended to include other methods of returning the information to the Council. Have left action open as form will not be in use until after the billing period.
3545	3322	CDC - Revenues and Benefits - Council Tax and NDR - July 2023	Council Tax and NDR: Procedure Notes Require Review to Ensure Consistency	Pending Remediation	2023/24	3	In Progress	31/03/2024	--	--	
3164	2958	PUB - ICT Business Continuity/Disaster Recovery 2023/24	Documentation Updates	Pending Remediation	2023/24	3	In Progress	31/03/2024	30/06/2024	--	CTO requested timescale extension due to other work taking priority.
3175	2968	PUB - ICT Business Continuity/Disaster Recovery 2023/24	ICT and Emergency Planning Formal Engagement and Alignment	Pending Remediation	2023/24	2	In Progress	31/03/2024	30/06/2024	--	CTO requested timescale extension due to other work taking priority.
3853	3610	PUB - Risk Management 2023/24	Insurance and Risk Management do not proactively communicate.	Pending Remediation	2023/24	3	In Progress	31/05/2024	--	--	
3854	3611	PUB - Risk Management 2023/24	Risk Maturity Self-Assessment has not been conducted.	Pending Remediation	2023/24	3	In Progress	31/03/2025	--	--	
3855	3612	PUB - Risk Management 2023/24	Improvements are required to Member scrutiny and reporting.	Pending Remediation	2023/24	2	In Progress	31/05/2024	--	--	
3856	3613	PUB - Risk Management 2023/24	Risk Management Training is inadequate.	Pending Remediation	2023/24	2	In Progress	31/05/2024	--	--	
3536	3313	PUB - Use of Waivers - 2023/24	Contract Waiver Report Templates	Pending Remediation	2023/24	3	In Progress	31/12/2024	--	--	
3537	3314	PUB - Use of Waivers - 2023/24	Use of Waivers Training	Pending Remediation	2023/24	3	In Progress	31/12/2024	--	--	

This page is intentionally left blank

Summary of All Internal Audit Agreed Actions 2022/23 – 2023/24



This page is intentionally left blank



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 25 APRIL 2024
Subject	COUNTER FRAUD AND ENFORCEMENT UNIT UPDATE 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	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: David.Stanley@cotswold.gov.uk
Report author	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 twice a year. 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 Plan 2023/2024
Recommendation(s)	That the Audit and Governance Committee resolves to: <ol style="list-style-type: none"> I. Consider the report and work plan at Annex A.
Corporate priorities	<ul style="list-style-type: none"> • Deliver the highest standard of service.
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 Governance Group and Corporate Management for comment.</p>
-----------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------



1. EXECUTIVE SUMMARY

- 1.1 The Audit and Governance 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.
- 1.2 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.
- 1.3 Attached at Annex A is a copy of the work plan for 2023/24.
- 1.4 The work plan for 2024/25 is being finalised but will include a focus on fraud risk mitigation regarding grant schemes and polygamous working as high-risk areas. This work will include both prevention and detection activities.

2. BACKGROUND

- 2.1 In administering its responsibilities, the 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.
- 2.2 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.

3. MAIN POINTS

- 3.1 **Counter Fraud and Enforcement Unit Update**
- 3.2 The CFEU Head of Service forms part of the core Multi-Agency Approach to Fraud (MAAF) group. The core group consists of attendees from Gloucestershire Constabulary Economic Crime Team, Trading Standards, Victim Support, NHS and colleagues from Gloucester City and County Councils. The MAAF has been set up to discuss fraud trends, victim care and communication of fraud scams across Gloucestershire. Through collaborative working the main purpose is to raise awareness to minimise and disrupt fraud. The CFEU Head of Service has also joined the Thames Valley MAAF Group, representing West Oxfordshire District Council.
- 3.3 It has been agreed that the Gloucestershire MAAF will have a dedicated webpage. This would be serviced through the ICT team at Tewkesbury Borough Council, funding has been requested from the Office of the Police and Crime Commissioner to support this. The website is an opportunity to put in place a communication medium that will be accessible to residents and staff in the county and beyond. This dedicated webpage will enable the group to shape fraud related messaging and offer guidance, advice on fraud and signpost people to



the support that is available. The site will enable the group to educate our communities on the changing threat and to provide success stories and testimonials in order to reduce the stigma and increase reporting.

- 3.4** In relation to the Business Grant Schemes, as previously reported, the focus now relates to debt; recovery, reconciliation and transfer to the Department for Business and Trade (DBT). This work continues with an extended deadline of 31 December 2024.
- 3.5** In response to the severe flooding events between 2 and 8 January 2024 caused by Storm Henk, a number of grant schemes were activated. The CFEU have been working with residents and businesses effected to allow claims for the following:
- Community Recovery Grants – £500 per household,
 - Business Recovery Grants – £2,500 per business,
 - Council Tax Discounts – 100% discount for a minimum of three months and
 - Business Rate Reliefs – 100% relief for a minimum of three months.
- 3.6** 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 and it’s comparisons across national data sets 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.
- As previously reported, earlier in the financial year, matches relating to the 2021/22 data sets resulted in increased Council Tax revenue of £49,675 and 53 Civil Penalties, totalling £3,710, being applied.
 - In relation to the 2022/23 data sets, the team received 909 matches, all have been reviewed:
 - 638 matches related to single person discount anomalies. 134 enquiries will be made to residents shortly.
 - 16 matches related to internal data anomalies. 3 conflict of interest / declaration matters were referred to the Business Manager Business Continuity, Governance and Risk. 1 matter resulted in an internal disciplinary.
 - 255 matches relating to Council Tax Reduction Scheme, Housing Benefit and housing applications have been reviewed. 21 recommendations have been issued to the Housing Team; results are pending.
- 3.7** A review of the Housing Waiting List has been completed. This included verification of applications within Emergency Band (35 applications), Gold Band (34 applications) and Silver Band (203 applications). This has resulted in 131 recommendations being referred to the



Housing Team, results are pending. Each cancelled housing application represents a property which can be reallocated to another eligible family. The National Fraud Initiative applies a figure of £4,283 for each application removed, to represent the value of future losses prevented as a result of removing an applicant. This represents a saving on the cost of temporary accommodation. In addition, the result of the band re-prioritisation is that those families who are correctly banded have a greater chance of being housed and housed more speedily.

3.8 In addition to the work carried out 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.

3.9 2023/24:

- The team received 53 referrals from across the Council and closed 65 cases. This excludes any Council Tax Reduction Scheme referrals.
- The CFEU supports Enforcement Teams across the Council
 - Work undertaken with the Revenues Team resulted in the removal of incorrect Council Tax discounts, generating £6,645 in Council Tax revenue.
 - Work undertaken with the ERS Team resulted in a successful prosecution relating to environmental offences. The individual pleaded guilty and received a 12-month conditional discharge and was ordered to pay a £480 Fine and £1,000 costs.
 - Work undertaken with the Heritage Team resulted in 2 successful prosecutions, one for listed buildings offences and the other for destruction of trees in a conservation area. The individuals both pleaded guilty. One was ordered to pay a Fine of £4,224 and the other received a 12-month conditional discharge. Costs of £8,970 were awarded.
- The CFEU undertakes the investigation of alleged fraud and abuse in relation to the Council Tax Reduction Scheme (Council Tax Support) and acts as the single point of contact for Department for Work and Pensions (DWP) Housing Benefit investigations. 30 referrals were received and 26 cases were closed.
 - Increased Council Tax revenue of £6,820 has been raised.
 - An individual was prosecuted for non-residency. The individual pleaded guilty and received a 1 year custodial sentence suspended for 18 months.

3.10 Work for Publica: The team received 6 referrals relating to disciplinary matters. 3 cases have been closed; results are as follows:



- 1 case relating to falsifying of timesheets – referral was declined.
- 2 cases relating to polygamous working – 1 individual was dismissed for gross misconduct and 1 individual resigned whilst under investigation.
- In addition, the team were asked to investigate a grievance, this matter is also concluded.

3.11 Regulation of Investigatory Powers Act 2000 (RIPA) / Investigatory Powers Act 2016 (IPA)

3.12 The Council's policies are based on the legislative requirements of these Acts and supporting guidance relating to directed surveillance and the acquisition of communications data.

3.13 The Policies were reviewed and presented to the Audit and Governance Committee in November 2019; these were adopted by Cabinet in December 2019. The Use of the Internet and Social Media in Investigations and Enforcement Policy, was presented to Audit and Governance Committee in November 2021 and adopted by Cabinet in January 2022.

3.14 The Policies were to be reviewed within the CFEU work plan this year and this was undertaken by the Investigatory Powers Commissioner's Office (IPCO). The Policies were fully endorsed with a request to remove any reference to the OSC Procedures and Guidance document as it has been removed from circulation. This has been done. It is not therefore proposed that the Policies will be presented to Members for approval following the review, but copies can be found on the Council's website. There have been no subsequent amendments to date.

3.15 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, David Stanley and the Interim Head of Legal Services, Helen Blundell.

3.16 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.

3.17 The Investigatory Powers Commissioner's Office and the Office for Communications Data Authorisations are the overseeing bodies of this activity. The two organisations are merging to improve efficiency whilst protecting the independent decision making of each. The merged organisation will remain under the name IPCO.



- 3.18** The Investigatory Powers (Amendment) Bill looks to make changes to the IPA following a review of the original Act in light of technological changes and evolving threats. A summary of any changes that impact the Council's activities will be provided as the matter progresses.
- 3.19** In May 2023, the Council was notified of its usual three-yearly inspection by IPCO, regarding its compliance with the legislation. The last inspection took place in August 2020. The inspection was completed by the CFEU remotely and the report confirmed full compliance. The next inspection is due in 2026.
- 3.20** The CFEU has developed a summary and guidance document for all enforcement staff, this will be issued with a reminder to book refresher training with the CFEU. A copy will be issued to all Members for information and reference.
- 3.21** There have been no RIPA applications made by the Council during 2023/24 and no applications were made for communications data. There have been 5 Non-RIPA applications made during 2023/24 concerning overt activity.
- 3.22** 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.

4. ALTERNATIVE OPTIONS

- 4.1** The Council is the lead authority for the Gloucestershire Counter Fraud and Enforcement 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.
- 4.2** 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 however there are other counter fraud provision options which could be considered if the Council wished to explore alternative arrangements.

5. FINANCIAL IMPLICATIONS

- 5.1** There are no financial implications arising directly from this report. The Council has a duty to prevent fraud and corruption with Section 3 of the report providing members with an update on the work of CFEU and the increased revenue and penalties applied following casework and successful investigations.

6. LEGAL IMPLICATIONS

- 6.1** 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.



6.2 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.

7. RISK ASSESSMENT

7.1 The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.

7.2 Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.

7.3 If the Council does not have effective counter fraud and corruption controls it risks both assets and reputation.

7.4 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.

8. EQUALITIES IMPACT

8.1. The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998 (HRA). It balances safeguarding the rights of the individual against the needs of society as a whole to be protected from crime and other public safety risks.

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

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

9.1 Not applicable.

10. BACKGROUND PAPERS

10.1 None.

(END)

Area of Work	Task	Detail
Bribery and Corruption	Assessment Template Review	2024/25 work plan
Governance	Delivery of two reports for Audit and Governance Committee	April and September
Governance	Fighting Fraud & Corruption Locally - Checklist Compliance	Draft Completed, to be presented to Governance Group
Governance	Government Functional Standard 013: Counter Fraud - Compliance	Draft Completed, to be presented to Governance Group
Governance	Fraud Risk Strategy / Response Plan	Reviewed and Approved by Audit and Governance Committee September 2022 – next review 2025/26
Governance	Development of Service Specific Fraud Risk Registers	Revenues, HR, Benefits and Procurement
Policy	Counter Fraud and Anti-Corruption Policy	Reviewed and Approved by Audit and Governance Committee September 2022 / Cabinet November 2022 – next review 2025/26
Policy	Corporate Enforcement Policy	Approved by Cabinet March 2019 – next review 2023/24 (consultation commenced)
Policy	Council Tax, Council Tax Reduction Scheme & Housing Benefit Penalty and Prosecution Policy	Reviewed and Approved by Audit and Governance Committee November 2023 / Cabinet January 2024 – next review 2026/27
Policy	Proceeds of Crime & Anti-Money Laundering Policy	Reviewed and Approved by Audit Committee April 2021 – next review 2024/25
Policy	Whistle-Blowing Policy	Approved by Audit Committee April 2022 / Cabinet June 2022 – next review 2025/26
Policy	RIPA (Surveillance & Covert Human Intelligence Source)	Reviewed and Approved by Audit Committee November 2019 / Cabinet December 2019 – reviewed 2023/24 / next review 2026/27
Policy	IPA (Acquisition of Communications Data)	Reviewed and Approved by Audit Committee November 2019 / Cabinet December 2019 – reviewed 2023/24 / next review 2026/27

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	Detail
Policy	Use of the Internet and Social Media in Investigations and Enforcement	Reviewed and Approved by Audit Committee October 2021 / Cabinet January 2022 – reviewed 2023/24 / next review 2026/27
Procedure	Development and roll out of Proceeds of Crime and Anti-Money Laundering Procedure	2024/25 work plan
Procedure	Development and roll out of Use of the Internet and Social Media in Investigations and Enforcement Procedure	2024/25 work plan
Serious and Organised Crime	Checklist / Risks	To be included within the Fraud Risk Registers
Serious and Organised Crime	Proactive Drive - Transient / Cash businesses	2024/25 work plan
Statutory / Regulatory	Collation and Publication of Fraud Transparency Data	Complete – May
Statutory / Regulatory	RIPA / IPA - Annual Report to Members / Advisory / Inspection / Single Point of Contact	Annual updates completed July. Inspection complete, next inspection 2026
Strategy : Detection	Housing Waiting List review due 2023/2024	Complete – pending results
Strategy : Detection	National Fraud Initiative Match Reviews - Revenues / Benefits / Housing	See report
Strategy : Detection	National Fraud Initiative Match Reviews - Payroll	See report
Strategy : Detection	Business Rates Review Self Catering Accommodation - Assurance and Enforcement Activities	Pending guidance / regulations
Strategy : Detection	Severely Mentally Impaired Exemption Review (sample 20)	Commenced
Strategy : Detection	Procurement Proactive Fraud Drive - Supplier Payment Review	Commenced
Strategy : Detection	Business Grants - Assurance and Enforcement Activities	Debt recovery and transfer

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	Detail
Strategy : Detection	Waterpark Review	Review of previous report completed by Leader. Meeting held with Assistance Director Planning and Sustainability. Actions agreed - Planning to commence a review of all obligations and write to all sites.
Strategy : Detection	Business Rates Proactive Fraud Drive - Small Business Rates Relief	Commenced
Strategy : Detection	Council Tax Reduction Scheme Proactive Fraud Drive	Amnesty to be implemented before fraud drive activities
Strategy : Detection	Homelessness Rent Deposit Scheme Review	No longer required
Strategy : Detection	Council Tax Reduction Scheme Support Fund Review	SWAP to undertake review
Strategy : Detection	Household Support Fund Review	SWAP to undertake review
Strategy : Detection	Aged Debt Review	CFEU to feed in to current project
Strategy : Prevention	Development of Fraud Awareness Literature (staff)	Complete - issued to staff / on intranet page
Strategy : Prevention	Development of Right to Buy Debt Recovery Process	2024/25 work plan
Strategy : Prevention	Multi Agency Approach to Fraud Support / Work Streams	Staff Awareness Session 13 September 2023 / Member Awareness Session 21 June 2023
Strategy : Prevention	Training Members / Staff - Fraud Awareness / RIPA & IPA / Criminal Enforcement CPIA, PACE, Disclosure Training / Money Laundering	As required
Strategy : Prevention	Private Rental Sector Minimum Energy Efficiency Standard (MEES) Compliance and Enforcement	Work to continue 2024/25

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

This page is intentionally left blank



COTSWOLD
DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE WORK PLAN
1 MAY 2024 – 31 AUGUST 2024

Audit and Governance Committee

The Audit and Governance Committee responsible for monitoring the adequacy and effectiveness of the Council's governance arrangements. This includes overseeing the audit function, annual accounts and the work of the internal auditors, promoting and maintaining high standards of conduct of members and, through its Standards Hearings Sub-Committee, determining complaints that an elected member of the district council or a town or parish council within the district are has breached the code of conduct.

The Committee has the following powers under the Council's Constitution:

- The Committee has the right to require the attendance of any Council officers and/or members in order to respond directly to any issue under consideration;
- To review any issues referred to it by the Chief Executive, other statutory officer or any Council body; and
- The power to call expert witnesses from outside the Council to give advice on matters under review or discussion.

This work programme sets out the expected business for meetings of the Audit and Governance Committee.

Item	Meeting Date	Lead Officer
23 July 2024		
Annual Standards Update	23 Jul 2024	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk
Internal Audit Annual Opinion	23 Jul 2024	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Climate Change	23 Jul 2024	Chris Crookall-Fallon, Head of Climate Action chris.crookall-fallon@cotswold.gov.uk
Risk Management Policy	23 Jul 2024	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@cotswold.gov.uk
Draft Annual Governance Statement	23 Jul 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Treasury Management Outturn	23 Jul 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Informing the Audit Risk Assessment 2023/24	23 Jul 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
External Audit Plan 2023/24	23 Jul 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
24 October 2024		
Internal Audit Progress Report	24 Oct 2024	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
QI Prudential Indicators (Treasury Management)	24 Oct 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Local Code of Corporate Governance	24 Oct 2024	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@cotswold.gov.uk

Ombudsman Report 2023/24	24 Oct 2024	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@cotswold.gov.uk
Counter Fraud and Enforcement Unit Update Report	24 Oct 2024	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
21 November 2024		
Treasury Management Mid-Year Report	21 Nov 2024	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
External Auditors Annual report 2023/24	21 Nov 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Statement of Accounts and Audit Opinion	21 Nov 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Corporate Risk Register	21 Nov 2024	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@cotswold.gov.uk
28 January 2025		
Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2024/25	25 Jan 2024	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Cybersecurity Update	28 Jan 2025	John Chorlton, Business Manager for ICT john.chorlton@publicagroup.uk
Internal Audit Progress Report	28 Jan 2025	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Annual Capital Strategy 2025/26	28 Jan 2025	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
29 April 2025		
Risk Management Policy	29 Apr 2025	Cheryl Sloan, Business Manager - Business Continuity,

		Governance and Risk cheryl.sloan@cotswold.gov.uk
Annual Governance Statement – Action Plan Update	29 Apr 2025	Michelle Burge, Chief Accountant michelle.burge@publicagroup.uk
Internal Audit Plan and Charter	29 Apr 2025	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Internal Audit Progress Report	29 Apr 2025	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
CFEU Update Report (RIPA and IPA annual update)	29 Apr 2025	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
Annual Standards Update	29 Apr 2025	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk