



Monday, 22 September 2025

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## **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 **Tuesday, 30 September 2025 at 4.00 pm.**

Jane Portman  
Interim Chief Executive

To: Members of the Audit and Governance Committee  
(Councillors Nigel Robbins, Helene Mansilla, Jeremy Theyer, Len Wilkins, Jon Wareing, Nick Bridges, Tony Dale, Christopher Bass and John Chesshire)

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

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

# AGENDA

1. **Apologies**  
To receive any apologies for absence. The quorum for the Audit and Governance Committee is 3 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 relating to items to be considered at the meeting.
4. **Minutes** (Pages 5 - 16)  
To confirm the minutes of the meeting of the Committee held on 14 July 2025.
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 one minute 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. **Local Code of Corporate Governance** (Pages 17 - 72)  
Purpose  
To present the latest version of the Local Code of Corporate Governance for adoption by Cotswold District Council.  
  
Recommendation  
That the Committee resolves to:
  1. Adopt the latest version of the Local Code of Corporate Governance
8. **Internal Audit Progress Report** (Pages 73 - 100)  
Purpose  
To present a summary of the audit work concluded since the last meeting of this Committee.

### Recommendation

That the Audit and Governance Committee resolves to:

1. Note the report

## 9. **Q1 Prudential Indicators (Treasury Management)** (Pages 101 - 108)

### Purpose

To report to the Audit and Governance Committee the quarter one Treasury Management Indicators as required by the CIPFA Treasury Management Code.

### Recommendation

That the Audit and Governance Committee resolves to:

1. Note the 2025/26 Treasury Management Indicators (Q1).

## 10. **Counter Fraud and Enforcement Unit Update Report** (Pages 109 - 152)

### Purpose

To provide the Committee with assurance over the counter fraud activities of the Council and to update the Committee in relation to the areas of fraud risk mitigation. Direct updates will continue to be provided biannually.

To present the Committee with an updated Fraud Risk Strategy 2025, Fraud Compliance Report and Fraud Response Plan, so that they may consider the approach taken by the Counter Fraud and Enforcement Unit Partnership as the body charged with governance in this area. To provide assurance to the Committee that the risks of fraud committed against the Council are recognised, managed and mitigated in accordance with Council priorities, and changing fraud trends.

### Recommendation

That the Committee resolves to:

1. Note the report and attachments; Fraud Risk Strategy 2025, Fraud Compliance Report and Fraud Response Plan are appended at Annex A, B and C respectively.

## 11. **Procurement Investigation - Counter Fraud and Enforcement Unit** (Pages 153 - 174)

### Purpose

To present the Committee with a report on findings from an investigation into concerns related to three specific procurement activities of Cotswold District Council.

To provide assurance to the Committee that the risks of fraud committed against the Council or within the Council are recognised, managed, and mitigated

appropriately.

Recommendations

That the Committee resolves to:

1. Note the report.
2. Request an update on the action plan being brought back to the committee in April 2026.

12. **Audit and Governance Committee Work Plan** (Pages 175 - 178)  
For the Committee to review and note its work plan.



Audit and Governance Committee  
14/July2025



**COTSWOLD**  
District Council

## **Minutes of a meeting of Audit and Governance Committee held on Monday, 14 July 2025**

Members present:

	Michael Vann(Vice Chair)
Helene Mansilla(Chair)	Jeremy Theyer
Nick Bridges	Len Wilkins
	Christopher Bass (Independent Member)

Officers present:

Michelle Burge, Chief Accountant and Deputy Section 151 Officer	Nickie Mackenzie-Daste, Senior Democratic Services Officer
Lucy Cater, Assistant Director (SWAP)	David Stanley, Deputy Chief Executive and Chief Finance Officer
Angela Claridge, Director of Governance and Development (Monitoring Officer)	Kira Thompson, Election and Democratic Services Support Assistant

### **17 Apologies**

Apologies were received from Councillor Tony Dale Councillor Nigel Robbins and John Chesshire.

### **18 Substitute Members**

There were no substitute Members.

The Chair confirmed that the meeting was quorate.

### **19 Declarations of Interest**

There were no Declarations of Interest.

### **20 Minutes**

The minutes of the meeting held on 25 May 2025 were discussed.

Christopher Bass requested that his attendance record at the meeting be updated, this was also requested at the meeting held on 25 May 2025.

RESOLVED: That the Audit and Governance Committee APPROVE the minutes of the meeting held on 25 May 2025.

Voting record:

For - 3, Against – 3, Abstentions - 0, Absent/Did not vote - 0

## **21 Public Questions**

There were no public questions.

## **22 Member Questions**

There were no Member questions.

## **23 Annual Summary Of Complaints Statistics From The Local Government And Social Care Ombudsman - Year Ending 31 March 2025**

The purpose of the report was to present the Annual Summary of Complaints Statistics from The Local Government and Social Care Ombudsman – Year Ending 31 March 2025.

Cheryl Sloan, The Business Manager for Governance, Risk and Business Continuity introduced the Annual Ombudsman report, summarising complaints which had been referred to the Ombudsman between 1 April 2024 and 31 March 2025 and the Ombudsman's decisions. The Business Manager advised the Committee that the Ombudsman had recently launched a new complaint-handling code in February 2024 following a consultation process, and councils were encouraged to comply with the new code, by no later than 1 April 2026. The Committee had previously approved the new complaint policy which complied with the new Code in November 2024 and was implemented on 1 April 2025. The following points were made.

- A total of 50 complaints were received throughout the financial year.
- 7 complaints were referred to the Ombudsman, reflecting a 6% decrease from the previous year.
- Out of the 7 referrals, 4 were not investigated as the complainant had not exhausted the internal complaints process and were asked to raise their complaint with the Council.
- 1 complaint was closed after initial inquiries due to insufficient information.
- 1 complaint was found not valid or lacked the necessary evidence.
- 1 complaint was investigated but ultimately not upheld.

- None of the complaints were upheld by the Ombudsman, marking a significant achievement.

The Business Manager for Governance, Risk and Business Continuity gave information on the nature of the complaints and informed the Committee that complaints predominantly stemmed from dissatisfaction with decision-making processes, particularly concerning planning and housing decisions.

A significant number of complaints were related to Housing banding decisions (individuals unhappy with the assigned band) or planning applications where complainants felt decisions were unfavourable. Although such complaints were often responded to, many were exempt from the complaints procedure as they have a separate appeal process available.

Following the introduction of the report from The Business Manager for Governance, Risk and Business Continuity, Members of the Committee asked the following questions.

The Committee questioned how the current number of complaints (50) compared to national averages in the UK. The Business Manager responded that the statistics aligned with peer councils, typically receiving around 40-50 complaints, suggesting that the Council's figure was reasonable given its broad range of services.

The Committee sought clarification on the higher volume of housing complaints, emphasising the broad nature of the term "housing." The Business Manager explained that housing-related complaints often arose from specific matters such as benefit allocation, homelessness applications, and dissatisfaction with banding decisions. They reiterated that while complaints regarding processes were recorded, many were not upheld due to adherence to established policies.

The Committee inquired about the specifics of complaints related to antisocial behaviour. The Business Services Manager noted that further details would need to be researched and committed to providing this information later.

RESOLVED: The Audit and Governance Committee noted the content of the report and the Annual Review Letter.

## **24 Treasury Management Outturn**

The purpose of the report was to receive and discuss details of the Council's Treasury Management Performance for the period 1 April 2024 – 31 March 2025 and to agree any comments to be passed to Full Council when considering the item.

The Chair, Councillor Helene Mansilla, introduced the Statutory Annual Treasury Management Report and advised that the report reviewed how the Council has managed its finances, cash flow, borrowing, and investments for the financial year from

1 April 2024 to 31 March 2025. The Council's performance against the Treasury Management Strategy, which was agreed in February 2024, was highlighted alongside compliance with national financial regulations, including the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and prudential indicators.

The Deputy Chief Executive and S151 Officer presented the report and informed the Committee that the Council budgeted for £1.2 million in investment income but achieved approximately £1.6 million, exceeding the budget by about £400,000. This surplus attributed to two factors:

1. Interest rates had fallen more slowly than anticipated, keeping investment returns favourable.
2. Increased Cash Balances: the Council's cash balance was higher due to a slower than expected capital spending rate, providing more funds for investment.

The report demonstrated that the Council performed within the established Treasury Management Strategy. Quarterly updates and a mid-year report provided oversight and adjustments necessary for compliance with CIPFA standards.

A graph on page 39 in the agenda illustrated the income only return achieved by Cotswold District Council compared to other local authorities, indicating a relatively stable position in a fluctuating interest rate environment.

The Deputy Chief Executive and S151 Officer informed that no new borrowing was undertaken during the reporting period.

The borrowing mentioned in the report related to a previous climate bond of £500,000, with repayment details that outlined short-term and long-term obligations. It was highlighted that the interest rate on the climate bond was approximately 2.15%.

The current Public Works Loan Board (PWLB) rates indicated significantly higher rates for new borrowings at 6.14% for 50 year loans and around 4.84% for 10-year loans, contrasting sharply with historical low rates of around 1.5%.

Following the introduction of the report from The Deputy Chief Executive and S151 Officer Members of the Committee asked the following questions.

The Deputy Chief Executive and S151 Officer clarified that the Public works Loan Board rate set was in line with historical average rates and aimed to ensure the Council would not incur excessive costs should it need to borrow in the future.

The Committee expressed satisfaction with the higher-than-expected investment income, but it was pointed out that the overall investment value had decreased. The Committee questioned whether it was due to capital reallocations or the performance of the investment funds.

The Deputy Chief Executive and S151 Officer explained that the decrease was primarily attributed to the cash balance available for investments over the reporting period which was influenced by fluctuations in accounts receivable and payable and noted a reported reduction of approximately £75,000 in the capital value of pooled funds, which had not shifted significantly.

The Committee inquired about potential investments in sectors like tobacco or arms manufacturing, expressing interest in the Council's ethical stance on these issues.

The Deputy Chief Executive and S151 Officer confirmed that an assessment was conducted on the Council's investment exposure to such sectors, primarily focusing on environmental, social, and governance (ESG) standards and indicated that the Council actively sought to understand and limit potential investments in ethically questionable areas and agreed to share the findings of this assessment with committee members.

The Committee pointed out that certain phrasing in the compliance section of the report implied non-compliance due to external factors like interest rate movements beyond the Council's control. The Deputy Chief Executive and S151 Officer acknowledged this, noting that it stemmed from required reporting practices and confirmed that efforts would be made to clarify language in future communications.

It was confirmed that The Deputy Chief Executive and S151 Officer would provide members with the report concerning the Council's exposure to investments in sectors like fossil fuels and military equipment.

Future reports will be updated to include clearer explanations of compliance and performance indicators.

An annual presentation by Arlingclose, the Council's Treasury Management Advisors, would be organised to enhance understanding of pooled funds and investment strategies.

After discussion the report, the Chair proposed to make the following comments to Full Council.

- The Audit & Governance Committee commended the Treasury Management Out-turn Report for 2024-25 and expressed satisfaction with the Treasury Management activities as they aligned with the approved strategy, prudential indicators, and statutory guidance. No breaches were identified.
- The Committee acknowledged the Council's prudent approach to ensuring internal cash balances were ample to accommodate operational and capital needs while emphasising the importance of security and liquidity in investment practices, especially given market volatility.
- The Committee recommended that future reports incorporate more clarity regarding expectations for long-term investment performance.

Audit and Governance Committee

14/July2025

RESOLVED: The Audit and Governance Committee noted the Council's Treasury Management Performance and agreed comments to be passed to Full Council.

Voting record:

For - 5, Against - 0, Abstentions - 0, Absent/Did not vote - 0

## **25 Draft Annual Governance Statement**

The purpose of the report was to provide the Audit and Governance Committee with an updated Annual Governance Statement for the 2024/2025 with an Annual Governance Action plan for 2025/2026.

The Chair opened the discussion on the Annual Governance Statement for 2024/2025, emphasising its significance as part of the Council's statutory financial reporting. This statement reflected the Council's compliance with the principles outlined in the local Code of Corporate Governance, which was reviewed and adopted in January of this year.

The Business Manager for Governance, Risk and Business Continuity introduced the report, and the following points were made.

- It was noted that the draft annual governance statement is primarily retrospective, reflecting on governance controls in place during 2024-2025.
- The report included an updated action plan for 2024-2025, showing progress made and carrying forward some actions marked in amber into the new action plan for 2025-2026. The new plan was organised under eight key areas outlined in the report section 2.3.
- Regular progress updates against the action plan would be presented to the Audit and Governance Committee every six months.

The Chair asked the Director of Governance and Development, to comment on emerging governance risks related to potential Local Government Reorganisation or further devolution proposals.

The Director of Governance and Monitoring Officer responded that Local Government Reorganisation risks would be included in the Strategic Risk Register, and if LGR moved forward, a specific risk register would be created for the significant project. It was also mentioned that a forthcoming briefing on LGR for members was being held to address concerns and discuss mitigation strategies.

The Deputy Chief Executive and S151 Officer emphasised that while discussions surrounding LGR and devolution were ongoing, the Council remained committed to delivering services effectively until the official transition occurred.

Following the introduction of the report from The Business Manager for Governance, Risk and Business Continuity, Members of the Committee asked the following questions.

The Committee inquired about the timing of the transition of services from Publica to the Council. The Deputy Chief Executive and S151 Officer clarified that the latest phase of service transfers was completed on 1 July 2025, following a previous transfer in November 2024.

The Committee raised a question regarding the depth of business continuity planning, especially concerning outsourced services. The Committee expressed interest in how business continuity planning extended into the supply chain, particularly regarding the waste management services.

The Business Manager for Governance, Risk and Business Continuity responded that while considerable work had been carried out on emergency planning, business continuity planning now held higher priority. The team would begin examining plans of service providers like Ubico.

The Chair proposed that the Committee receive biannual progress updates on the Action Plan for 2025-2026 to ensure oversight and facilitate delivery. The proposal was agreed upon with no objections from the Committee.

The Chair asked the Committee members to confirm their approval of three points:

1. Approve the Annual Governance Statement for 2024-2025.
2. Approve the Annual Governance Action Plan for 2025-2026.
3. Agree to receive six-monthly progress updates on the Action Plan.

RESOLVED: The Audit and Governance Committee noted the Annual Governance Statement and approved the recommendations.

Voting record:

For - 5, Against - 0, Abstentions - 0, Absent/Did not vote - 0

## **26 Internal Audit Annual Opinion**

The purpose of the report was to review the Internal Audit Annual Opinion report for 2024-2025.

The Chair opened the discussion by introducing the Internal Audit Annual Opinion report, emphasising its role in evaluating the effectiveness of the Council's internal controls based on audits conducted throughout the year.

The Head of Internal Audit, presented the report the following points were noted:

- The report reflected a reasonable assurance rating, indicating internal controls were supporting the Council's objectives.
- The Head of Internal Audit highlighted key pages in the report (notably page 82) outlining successful audits in accounts payable, housing benefits, and levelling up grants.
- Several audits were noted for performing well, but significant risks regarding data protection, data breaches, and sickness absence reporting were identified.
- The Head of Internal Audit confirmed that agreed actions related to identified risks were subject to monitoring and follow-up.

The Committee raised concerns regarding the limited representation of IT compliance within the audit findings and asked for clarification on the scope of audits concerning IT systems.

The Head of Internal Audit acknowledged that the current audit remit was limited but noted ongoing collaborative efforts with the ICT team to obtain necessary assurances. Plans were presented to have proactive discussions about future IT audits, including a scheduled meeting with relevant personnel to explore more comprehensive audit coverage for the upcoming year.

The Committee questioned whether there was any progress on the priority action related to budget monitoring, particularly action 5346. The Deputy Chief Executive and S151 Officer explained that challenges in accessing financial data in their system led to the extension, adding that steps were being taken to streamline and improve the reporting process.

The Director of Governance and Development emphasised the importance of timely access to relevant financial reports and indicated that resolving these issues would be pivotal in ensuring that processes were efficient and effective. The Head of Internal Audit confirmed that an update would be presented at the next Committee meeting in September.

The Committee raised a question on what the status of agreed actions was on disaster recovery.

The Head of Internal Audit advised that ICT had established robust measures but noted that formal documentation and clear procedures were necessary. Ongoing efforts to maintain an updated list of contacts and responsibilities were noted.

The Committee asked the Head of internal Audit how they identified significant weaknesses in data protection and data breaches through audits.



Audit and Governance Committee

14/July2025

The Head of Internal Audit responded that data protection audits had been conducted during the year and agreed to email the report to Committee members.

The Committee also questioned why there was a delay in releasing payments to members under the allowances scheme.

The Director of Governance and Monitoring Officer clarified that although payments were correct, a discrepancy had been identified by officers, emphasising that improving budget monitoring systems were vital to mitigating such issues.

The Director of Governance and Development also reiterated the importance of ensuring all payments aligned with established allowances and stressed that ongoing monitoring was critical to avoid future discrepancies.

The Committee questioned the possibility of creating a dedicated page on the Cotswold District Council website for clearer public information regarding Section 106 information.

The Director of Governance and Development agreed to follow up with colleagues who manage the Section 106 information, to assess the feasibility of dedicated page for Section 106 information on the website.

RESOLVED: The Audit and Governance Committee noted Internal Audit Report.

## **27      2024/2025 Draft Statement of Accounts**

The purpose of the report was for the Audit and Governance Committee to review and discuss the Statement of Accounts.

The Chair opened the discussion on the 2024/2025 Draft Statement of Accounts, to give members the opportunity to review the complete document and advised Members that the draft statement would be introduced through a slide presentation. Members were informed that they would receive a link to the full draft accounts for their detailed review.

The Deputy Chief Executive and S151 Officer presented an overview of the draft accounts, noting that the document remained under final review and was expected to be available on the Council's website soon and highlighted the necessity for internal reviews prior to publication, ensuring the content is examined to facilitate satisfactory external audits.

The Chief Accountant & Deputy Section 151 Officer presented the report and slides at the meeting that provided an in-depth look into the financial documents. The first discussion was had on the Comprehensive Income and Expenditure statement as a vital component of the accounts, showing how it captured the Council's income and expenses over the fiscal year. The following points were made:

14/July2025

- There was focus on the surplus figure of £3.1 million. This figure represented the net outcome after all income sources and expenditures were accounted for.
- The discussion emphasised a transfer of £2.1 million into earmarked reserves, which were funds set aside for specific future projects or needs, reflecting prudent financial management practices.
- The Chief Accountant & Deputy Section 151 Officer explained that adjustments were necessary to comply with local government accounting standards, touching on technical entries such as depreciation and pension adjustments.

These entries had a significant impact on the final reported surplus of £778,000.

The discussion then moved onto the Movements in Reserve Statement and the Chief Accountant & Deputy Section 151 Officer elaborated on this statement, which outlined changes in various reserves held by the Council. The following points were made:

- It was noted usable reserves, which were accessible for appropriations towards budgeted expenses, included a General Fund Reserve of £1.7 million designated as a "rainy day" fund to address unforeseen financial emergencies.
- The increase of £2.9 million in earmarked reserves was discussed, with clarification provided on the significance of setting aside the funds for future expenditures, such as grants or planned capital projects.

Discussions then moved to the Balance Sheet Summary and the Chief Accountant & Deputy Section 151 Officer highlighted significant movements in the balance sheet, noting an increase in property, plant, and equipment valued at approximately £1.7 million, mainly due to capital additions from ongoing projects, including improvements at Trinity Road and the Leisure Centre.

The following points were made:

- Investment property values fell by about £670,000 due to changes in rental agreements and market conditions that affected the expected income from these properties.
- The subject of pension liabilities was emphasised, with an increase of £1 million attributed to findings from the actuarial report by Hyman Robertson. This adjustment reflected the complexity of pension accounting where commitments to future payments can create significant liabilities, resulting in the reported figure of £13 million.
- Overall, the Chief Accountant & Deputy Section 151 Officer's insights provided a clear understanding of how reserves functioned and their importance for the ongoing financial stability of the Council.

Members were encouraged to thoroughly examine the published draft accounts to prepare for the upcoming training session to help promote an understanding of the financial statements.

Audit and Governance Committee

14/July2025

RESOLVED: The Audit and Governance Committee noted the Statement of Accounts.

## **28      Audit and Governance Committee Work Plan**

The purpose of the item was for the Audit and Governance Committee to review and discuss the Work Plan.

David Stanley, Deputy Chief Executive and S151 Officer advised Members that once a date has been confirmed for the Statement of Accounts Training, Members will be made aware as soon as possible.

The Committee agreed to receive six monthly updates on the Annual Governance Action Plan.

It was highlighted that the Ombudsman Report 2025-2026 was due to be presented at the meeting set to take place on 30 September 2025, however as the report was given in advance, this will be removed from the work plan.

RESOLVED: The Committee noted the work plan.

The Meeting commenced at Time Not Specified and closed at Time Not Specified

Chair

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# Agenda Item 7



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 SEPTEMBER 2025</b>
Subject	<b>LOCAL CODE OF CORPORATE GOVERNANCE</b>
Wards affected	All
Accountable member	Councillor Mike Every, Leader of the Council Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	Angela Claridge, Director of Governance & Development (Monitoring Officer) Email: <a href="mailto:angela.claridge@Cotswold.gov.uk">angela.claridge@Cotswold.gov.uk</a>
Report author	Cheryl Sloan, Business Manager, Governance, Risk and Business Continuity Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Summary/Purpose	To present the latest version of the Local Code of Corporate Governance for adoption by Cotswold District Council
Annexes	Annex A – The Local Code of Corporate Governance (showing changes) Annex B – The Local Code of Corporate Governance (clean version) Annex C – Delivering good governance in local government: framework. Addendum, covering the annual review of governance and the annual governance statement
Recommendation(s)	1. That the Committee resolves to adopt the latest version of the Local Code of Corporate Governance.
Corporate priorities	<ul style="list-style-type: none"> <li>All</li> </ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	NA



## **1. EXECUTIVE SUMMARY**

- 1.1** To present to the Audit and Governance Committee the annually reviewed Local Code of Corporate Governance for adoption by the Committee and Council.

## **2. BACKGROUND**

- 2.1** The Local Code of Corporate governance is a document which sets out the framework within which Cotswold District Council (CDC) will conduct its business and affairs. It is best practice for all Local Authorities to develop a Local Code of Corporate Governance.
- 2.2** The Local Code of Corporate Governance should be reviewed annually and presented to the Audit and Governance Committee for adoption.
- 2.3** The Local Code of Corporate Governance sets the overarching principles, which underpin the governance framework for the Council. On an annual basis, the Council will produce a Governance Statement which details how it has delivered against the Code of Corporate Governance and its priorities (backward looking) and will produce an Annual Governance Statement Action Plan (forward looking) which details key areas for improvement over the financial year to ensure ongoing compliance and continuous improvement.
- 2.4** The Annual Governance Statement and Action plan are presented to the Audit and Governance Committee with progress against the Annual Governance Action presented on a 6-monthly basis.

## **3. MAIN POINTS**

- 3.1** Corporate governance is about the systems, processes, and values by which Councils operate and by which they engage with, and are held accountable to their communities and stakeholders.
- 3.2** Cotswold District Council is committed to the principles of effective corporate governance and has therefore adopted a Code of Corporate Governance. This version has been updated to reflect the 'Delivering good governance in local



government framework, Addendum, covering the annual review of governance and the annual governance statement issued by the Society of Local Authority Chief Executives (SOLACE), and approved by the Chartered Institute of Public Finance and Accountancy (CIPFA) May 2025. This update will also be applied to the 2025/26 Annual Governance Statement.

**3.3** The guidance defines the seven core principles, each supported by sub-principles that should underpin the governance framework of a local authority.

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable, economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

**3.4** Cotswold District Council has a good governance framework in place. The documents and arrangements which comprise the framework demonstrate that the Council continually seeks to ensure it is and remains, well governed, through integration of the core principles of the CIPFA/SOLACE framework into all aspects of the Council's conduct and operation.

## **4. CONCLUSIONS**

**4.1** It is recommended that the Audit and Governance Committee review the Local Code of Corporate Governance and continue to adopt the code.



## **5. FINANCIAL IMPLICATIONS**

- 5.1** There are no financial implications arising from this report.

## **6. LEGAL IMPLICATIONS**

- 6.1** There are no direct legal implications arising from this report.

## **7. RISK ASSESSMENT**

- 8.** If the Council's governance arrangements are weak then the Council is at risk of failing to safeguard the use of public funds. In turn this would lead to poor external assessments, damaging the reputation of the Council.

## **9. EQUALITIES IMPACT**

- 9.1** An equalities impact assessment is not required for this report.

## **10. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 10.1** There are no climate or ecological emergency implications arising from this report.

## **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:

- The Annual Governance Statement 2024/2025
- The Annual Governance Action Plan 2025/2026

- 11.2** These documents will be available for inspection online at [www.cotswold.gov.uk](http://www.cotswold.gov.uk) or by contacting democratic services [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk) for a period of up to 4 years from the date of the meeting.





**COTSWOLD**  
DISTRICT COUNCIL

## **Cotswold District Council**

# **Local Code of Corporate Governance Reviewed September 2025**

# 1. Delivering Good Governance

- 1.1** The Delivering Good Governance in Local Government; Framework, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:
- Resources are directed in accordance with agreed policy and according to priorities
  - There is sound and inclusive decision making
  - There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities
- 1.2** Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.
- 1.3** Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.
- 1.4** The Delivering Good Governance in Local Government Framework, sets out seven core principles of governance as detailed in the diagram below. Cotswold District Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of the document – The Council's Local Code of Corporate Governance.
- 1.5** Our Local Code is underpinned by the Delivering Good Governance in Local Government; Framework and comprises policies, procedures, behaviours, and values by which the Council is controlled and governed. These key governance areas and how the Council provides assurance that is complying with these are set out in more detail within its Governance Assurance Framework.
- 1.6** The Council recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The Council expects members and officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.
- 1.7** The term 'Council' in this document, will also include its companies/partners that deliver services on behalf of the Council.

An addendum to the 'Delivering good governance in local government: framework was published by Solace in May 2025. The application of this addendum is for annual governance statements for 2025/26 onwards. With regards to this Local Code, the new addendum recommends the following:

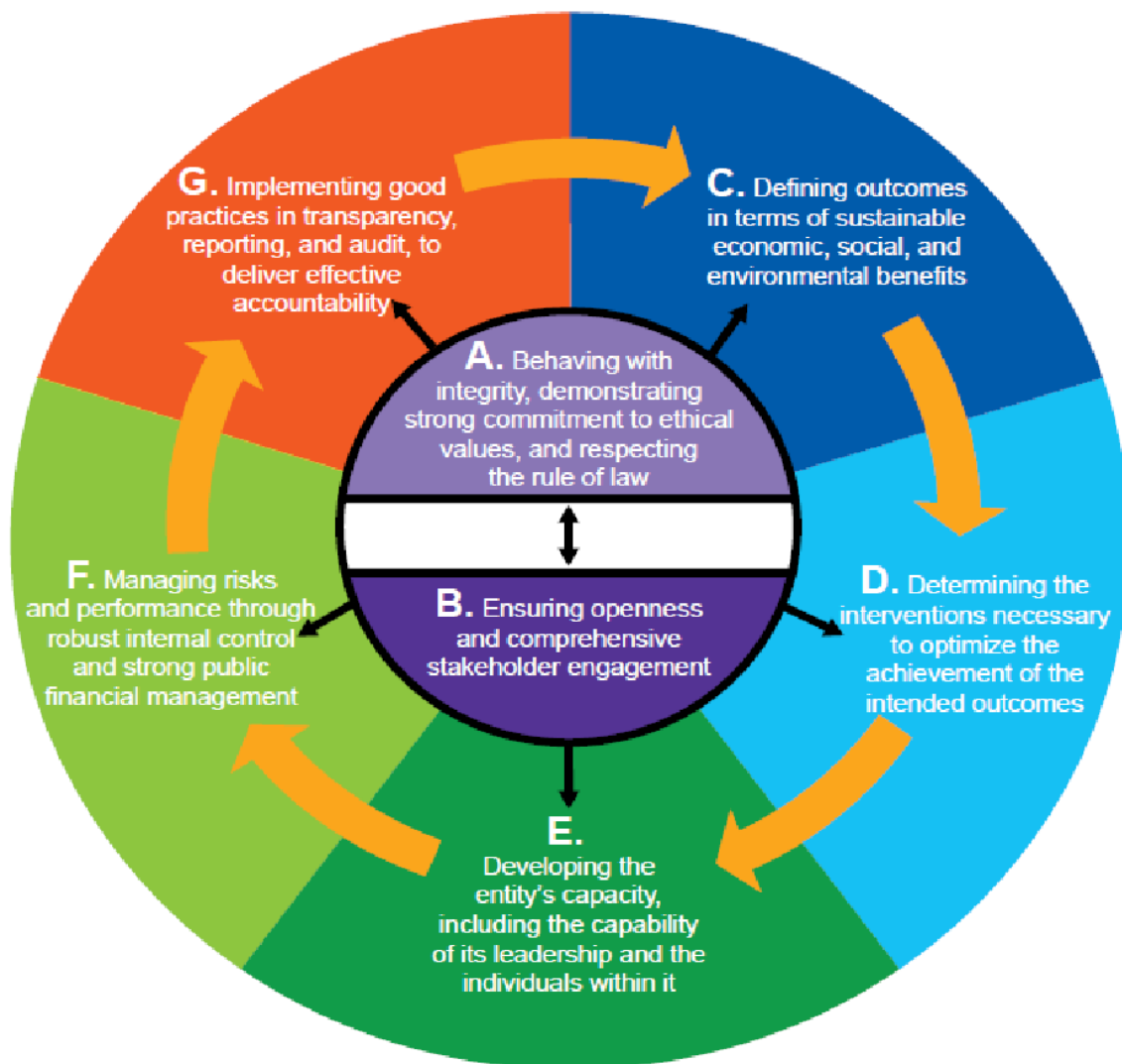
CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. The code should:

- clearly align to the principles in Delivering Good Governance in Local Government: Framework,
- take account of the best value statutory guidance or other statutory requirements of the appropriate national government<sup>3</sup>,
- be up-to-date and reviewed regularly to ensure it takes account of changes in the authority and its environment,

- identify what arrangements the authority has put in place to achieve each principle, so it is specific to the authority,
- include values and behaviours as well as processes, as these influence the authority's culture,
- include how the code is reviewed and updated.

Where an authority does not have a local code, the annual review will need to first identify the arrangements it has put in place to meet the governance principles. This information should be to hand from earlier annual reviews, even when a local code has not been formally approved.

## Achieving the Intended Outcomes While Acting in the Public Interest at all Times



- 1.8** This diagram illustrates how the various principles for good governance in the public sector relate to each other. Principle A and B permeate the implementation of Principles C to G.
- 1.9** Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Appendix A.

## 2. Status

- 2.1** Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts.

This is known as an Annual Governance Statement.

- 2.2** The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be prepared in accordance with proper practices in relation to accounts. Therefore a

local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government; Framework (2016) and this section of the Code.

### **3. Monitoring and Review**

- 3.1** The Council will monitor its governance arrangements for their effectiveness in practice and will report them on a continuing basis to ensure that they are up to date. The Council's Governance Assurance Framework sets out in more detail how the Council will seek assurance on its adherence to the adopted principles of governance.
- 3.2** On an annual basis, the Chief Executive and Leader of the Council will publish an Annual Governance Statement which will:
- Assess how the Council has complied with this Code of Corporate Governance
  - Provide an opinion on the effectiveness of the Council's arrangements
  - Provide details of how continual improvement in the systems of governance will be achieved.
- 3.3** The Audit and Governance Committee considers the Annual Governance Statement before it is published as part of the Council's financial statements.
- 3.4** The Council also produced an annual governance action plan which identifies actions for the following financial year to further improve our governance arrangements. Progress updates are reported to the Audit and Governance Committee.

### **4. Certification**

- 4.1** We hereby certify our commitment to this Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the Council's Governance arrangements to ensure continuous improvement of the Council's systems.

**Mike Every**  
**Leader of the Council**

Date:

**Jane Portman**  
**Interim Chief Executive**

Date:

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</b>  Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and respect the rule of the law. <ul style="list-style-type: none"> <li>• Arrangements to ensure ethical conduct for both members and officers, including codes of conduct, management of conflicts of interest, declarations of gift and hospitality, training and evaluation.</li> <li>• Arrangements covering the ethical behaviour of external service providers.</li> <li>• Arrangements to support whistleblowing.</li> <li>• How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful.</li> <li>• How breaches of ethical arrangements, laws, regulations and</li> </ul>	<b>Behaving with integrity</b> <ul style="list-style-type: none"> <li>• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>• Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</li> <li>• Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</li> <li>• Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</li> <li>• The organisation has a code of conduct in place for Members and officers to ensure expectations are in place for behaviours. Contracts are in place for contractors which sets out expectations.</li> <li>• Ensuring policies and procedures are in place for Members and Officers to declare gifts, hospitality and sponsorship.</li> <li>• Ensuring policies and processes are in place for Members and Officers to declare 'Conflicts of Interest'.</li> <li>• Workforce Values, People &amp; Culture Strategy (2025 – 2028) and Implementation Plan approved at Cabinet 04.09.2025</li> </ul>	
	<b>Demonstrating strong commitment to ethical values</b> <ul style="list-style-type: none"> <li>• Seeking to establish, monitor and maintain the organisation's ethical standards and performance</li> <li>• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</li> <li>• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>• Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</li> </ul>	
	<b>Respecting the rule of the law</b> <ul style="list-style-type: none"> <li>• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>• Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> <li>• Striving to optimize the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>• Dealing with breaches of legal and regulatory provisions effectively</li> <li>• Ensuring corruption and misuse of power are dealt with effectively</li> <li>• Whistle blowing policy in place that is communicated to our employees and is managed, monitored and reviewed three yearly, or as required.</li> </ul>	

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p>procedures are addressed and learning adopted.</p> <ul style="list-style-type: none"> <li>How all those in governance roles and senior managers demonstrate their leadership of an ethical culture</li> </ul>		Ensuring policies and procedures are in place, which are reviewed periodically and / or as changes are made to ensure compliance with laws, regulations and best practice.
<p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens, and service users, as well as institutional stakeholders.</p> <p>NB: Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.</p> <ul style="list-style-type: none"> <li>How the authority ensures that decisions are made in the public interest and the rationale for decisions is recorded.</li> <li>How the authority achieves expected standards of openness and transparency, including a culture of internal challenge and self-assessment.</li> <li>The arrangements for consultation and engagement with citizens, service users and stakeholders and how these inform decision-making.</li> </ul>	<b>Openness</b>	<p>Where possible:</p> <ul style="list-style-type: none"> <li>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> <li>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> <li>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action</li> </ul>
	<b>Engaging comprehensively with institutional stakeholders</b>	<p>Where possible:</p> <ul style="list-style-type: none"> <li>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcome for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> <li>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively <ul style="list-style-type: none"> <li>Ensuring that partnerships are based on trust</li> <li>A shared commitment to change</li> <li>A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> </li> </ul>
	<b>Engaging with individual citizens and service users effectively</b>	<ul style="list-style-type: none"> <li>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individuals, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>Encouraging, collecting and evaluating the views and experiences of communities, individuals, service users and organisations of different backgrounds including reference to future needs</li> <li>Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</li> <li>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>The ways in which the authority communicates with the community and stakeholders</li> </ul>		<ul style="list-style-type: none"> <li>Taking account of the impact of decisions on future generations of tax payers and service users</li> </ul>
<p><b>C. Defining outcomes in terms of sustainable, economic, social and environmental benefits</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p> <ul style="list-style-type: none"> <li>How the authority establishes its vision, target outcomes, and associated long-term plans to deliver sustainable outcomes.</li> <li>Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.</li> <li>Arrangements to achieve fair access to services.</li> <li>The authority's strategic approach to commissioning across the entity and its partnerships and collaborations</li> </ul>	<p><b>Defining outcomes</b></p>	<ul style="list-style-type: none"> <li>Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning or other decisions</li> <li>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>Delivering defined outcomes on a sustainable basis within the resources that will be available</li> <li>Identifying and managing risks to the achievement of outcomes</li> <li>Managing service users' expectations effectively with regard to determining priorities and make the best use of resources available</li> </ul>
	<p><b>Sustainable, economic, social and environmental benefits</b></p>	<ul style="list-style-type: none"> <li>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision and ensuring best value and value for money for our residents</li> <li>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>Ensuring fair access to services</li> <li>Ensuring strong governance arrangements are in place to commission services through our partnership organisations.</li> </ul>



Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b>  Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised. <ul style="list-style-type: none"> <li>• The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.</li> <li>• How budgets and resource strategies align to the delivery of objectives.</li> <li>• How the authority uses self-assessment and continuous improvement to achieve value for money.</li> <li>• The authority's performance management arrangements to ensure continued alignment to its objectives.</li> <li>• Arrangements for the achievement of social value in commissioning, procurement and contracting</li> </ul>	<b>Determining interventions</b> <ul style="list-style-type: none"> <li>• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>• Considering feedback from individuals and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul>	
	<b>Planning Interventions</b> <ul style="list-style-type: none"> <li>• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, projects, programmes, priorities and targets</li> <li>• Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>• Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>• Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> <li>• Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.</li> <li>• Ensuring KPIs are monitored, managed and reported with effective scrutiny and challenge.</li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial strategy</li> <li>• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> <li>• Having processes and procedures in place for procurements of goods and services that are compliant with legislation and help achieve social value.</li> </ul>	
	<b>Optimising achievement of intended outcomes</b> <ul style="list-style-type: none"> <li>• Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and long term</li> <li>• Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</li> <li>• Ensuring we have processes in place to assess our performance including lessons learnt to ensure continuous improvement and value for money.</li> </ul>	

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>E. Developing the Council's capacity, including the capability of its leadership and the individuals within it</b>  Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities. <ul style="list-style-type: none"> <li>• Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.</li> <li>• Application of the Code of Practice on Good Governance for Local Authority Statutory Officers.</li> </ul>	<b>Developing the Council's capacity</b>	<ul style="list-style-type: none"> <li>• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>• Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> </ul>
	<b>Developing the capability of the entity's leadership and other individuals</b>	<ul style="list-style-type: none"> <li>• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>• Ensuring the leader and senior management have clearly defined and distinctive leadership roles within a structure whereby the senior management team lead in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</li> <li>• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged <ul style="list-style-type: none"> <li>* Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>* Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> <li>* Ensuring that there are structures in place to encourage public participation</li> <li>* Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>* Holding staff to account through performance reviews which take account of training and development needs</li> </ul> </li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>How financial management roles align with: – CIPFA Financial Management Code (FM Code) – CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015), The Role of the CFO in Combined Authorities (2024) or The Role of Chief Financial Officers in Policing (2021), as appropriate.</li> <li>The arrangements in place for the discharge of the monitoring officer function.</li> <li>The arrangements in place for the discharge of the head of paid service function.</li> <li>Induction and development programmes to meet the needs of members and senior officers in relation to their strategic roles.</li> <li>Workforce planning and organisational development. Arrangements for learning and development, and health and wellbeing</li> </ul>		<ul style="list-style-type: none"> <li>* Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, for our workforce to learn and develop, and support individuals in maintaining their own physical and mental wellbeing</li> </ul>
<b>F. Managing risks and performance through robust internal control and strong public financial management</b>  Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important integral parts of a performance management system and are crucial to the achievement of outcomes. Risk	<b>Managing risk</b>	<ul style="list-style-type: none"> <li>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>
	<b>Managing performance</b>	<ul style="list-style-type: none"> <li>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>Ensuring an effective scrutiny or/and oversight function (independent of the Cabinet) is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</li> <li>Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</li> </ul>

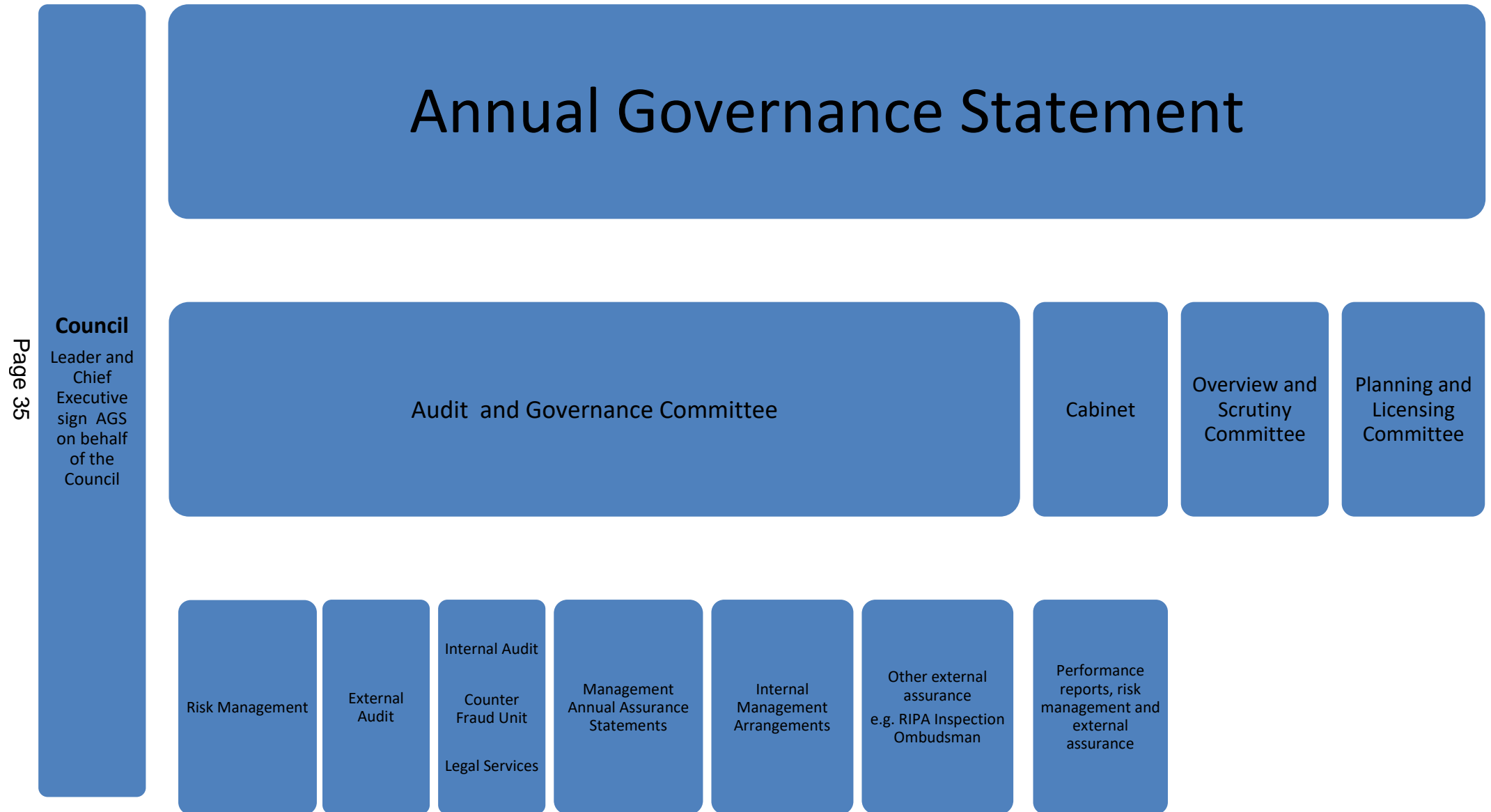
Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p>should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the achievement of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p> <ul style="list-style-type: none"><li>• Risk management policy, strategy and arrangements for review.</li><li>• How financial management arrangements align with the Financial Management Code.</li><li>• Internal control arrangements including: – Cyber, AI and information security arrangements – information governance – asset management – procurement and contract management.</li><li>• Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.</li><li>• Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector(GIAS and the Application</li></ul>	<b>Robust internal control</b>	<ul style="list-style-type: none"><li>• Aligning the risk management strategy and policies on internal control with achieving objectives</li><li>• Evaluating and monitoring risk management and internal control on a regular basis across the council, partnerships, our teckal companies and collaborations.</li><li>• Ensuring effective counter fraud and anti-corruption arrangements are in place</li><li>• Ensuring effective controls are in place for Cyber, AI, Information Security, information governance, asset management and procurement / contract management.</li><li>• Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor<ul style="list-style-type: none"><li>* Ensuring an audit and governance committee which is independent of the executive and accountable to the council: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li><li>* That its recommendations are listened to and acted upon</li><li>* That conforms to Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit</li></ul></li><li>• Arrangements are in place for overview and scrutiny</li></ul>
	<b>Managing data</b>	<ul style="list-style-type: none"><li>• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li><li>• Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li><li>• Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li><li>•</li></ul>
	<b>Strong public financial management</b>	<ul style="list-style-type: none"><li>• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li><li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control</li></ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p>Note) and the CIPFA Code of Practice on the Governance of Internal Audit.</p> <ul style="list-style-type: none"> <li>• Arrangements for formal overview and scrutiny (as applicable).</li> <li>• Facilitation of internal and external challenge.</li> <li>• Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022).</li> <li>• Counter fraud and anti-corruption developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</li> <li>• Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.</li> </ul>		
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p> <ul style="list-style-type: none"> <li>• Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.</li> </ul>	<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul>
	<b>Implementing good practices in reporting</b>	<ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensuring members and senior management own the results reports</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>• Ensuring this Framework is applied to jointly managed or shared service organisations</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>
	<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"> <li>• Ensuring that all recommendations for corrective actions made by internal and external audit or other inspections or regulatory action are acted upon in a timely manner</li> </ul>

## Appendix A

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>• Approach to welcoming external challenge and implementing recommendations.</li> <li>• How learning and improvement are actioned.</li> <li>• How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.</li> <li>• Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice</li> </ul>		<ul style="list-style-type: none"> <li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>• Ensuring when working in partnership, arrangements for accountability and transparency are clear and the need for wider public accountability has been recognised and met</li> </ul>

## Overview of Corporate Governance Assurance Framework



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COTSWOLD  
DISTRICT COUNCIL

## Cotswold District Council

**Local Code of Corporate Governance**  
**Reviewed ~~December 2024~~September**  
**2025**

# 1. Delivering Good Governance

1.1 The Delivering Good Governance in Local Government; Framework, published by CIPFA in association with SOLACE, sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities
- There is sound and inclusive decision making
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities

1.2 Governance is a term used to describe the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

1.3 Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

1.4 The Delivering Good Governance in Local Government Framework, sets out seven core principles of governance as detailed in the diagram below. Cotswold District Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of the document – The Council's Local Code of Corporate Governance.

1.5 Our Local Code is underpinned by the Delivering Good Governance in Local Government; Framework and comprises policies, procedures, behaviours, and values by which the Council is controlled and governed. These key governance areas and how the Council provides assurance that is complying with these are set out in more detail within its Governance Assurance Framework.

1.6 The Council recognises that establishing and maintaining a culture of good governance is as important as putting in place a framework of policies and procedures. The Council expects members and officers to uphold the highest standards of conduct and behaviour and to act with openness, integrity and accountability in carrying out their duties.

1.7 The term 'Council' in this document, will also include its companies/partners that deliver services on behalf of the Council.

1.7—[An addendum to the 'Delivering good governance in local government: framework was published by Solace in May 2025. The application of this addendum is for annual governance statements for 2025/26 onwards. With regards to this Local Code, the new addendum recommends the following:](#)

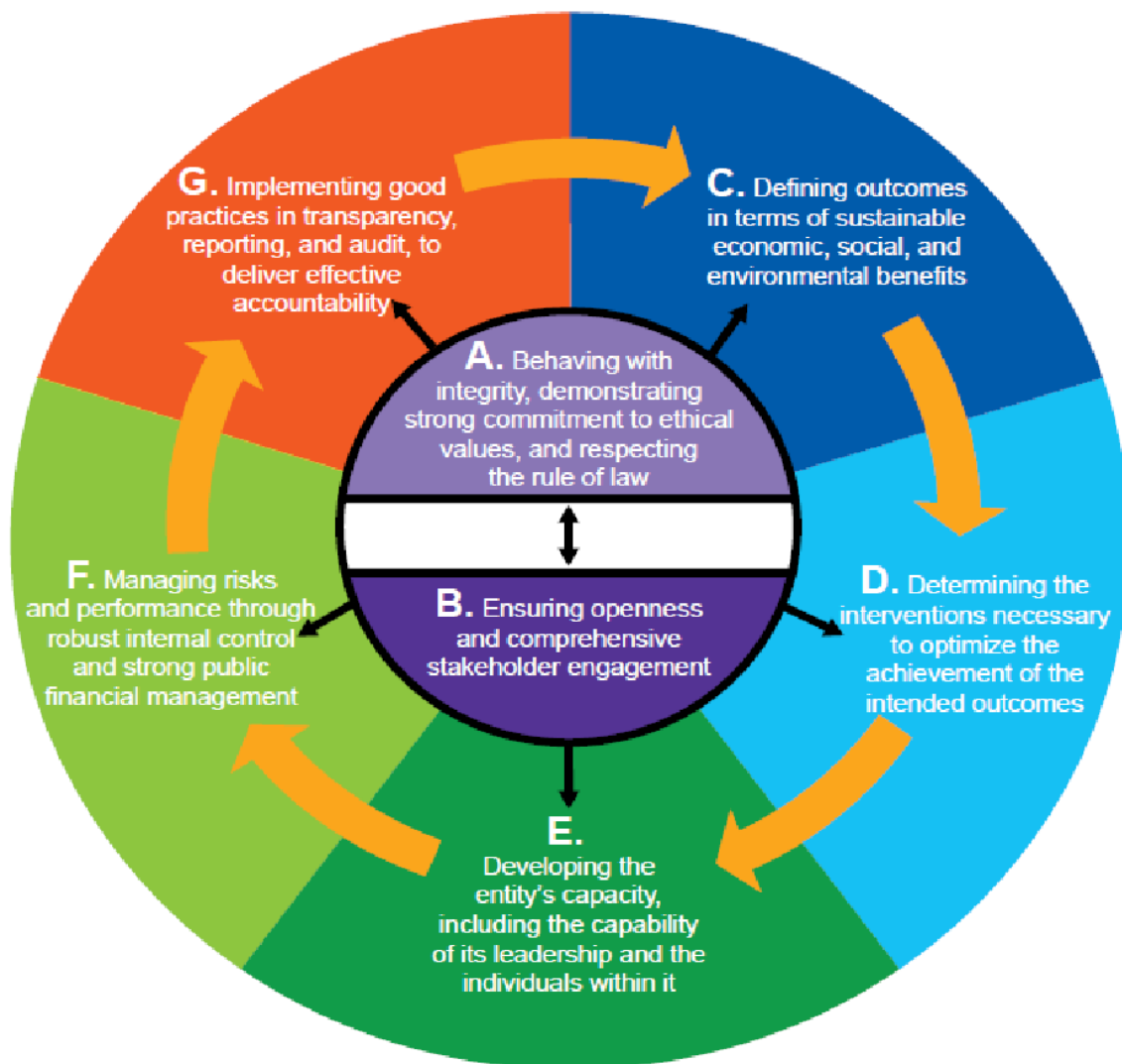
[CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. The code should:](#)

- [clearly align to the principles in Delivering Good Governance in Local Government: Framework,](#)
- [take account of the best value statutory guidance or other statutory requirements of the appropriate national government<sup>3</sup>,](#)
- [be up-to-date and reviewed regularly to ensure it takes account of changes in the authority and its environment,](#)

- identify what arrangements the authority has put in place to achieve each principle, so it is specific to the authority,
- include values and behaviours as well as processes, as these influence the authority's culture,
- include how the code is reviewed and updated.

Where an authority does not have a local code, the annual review will need to first identify the arrangements it has put in place to meet the governance principles. This information should be to hand from earlier annual reviews, even when a local code has not been formally approved.

## Achieving the Intended Outcomes While Acting in the Public Interest at all Times



- 1.8** This diagram illustrates how the various principles for good governance in the public sector relate to each other. Principle A and B permeate the implementation of Principles C to G.
- 1.9** Further information regarding each of the above principles and the behaviours and actions that demonstrate good governance in practice are detailed at Appendix A.

## 2. Status

- 2.1** Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once in a year of the effectiveness of its systems of internal control and include a statement reporting on the review with any published Statement of Accounts.

This is known as an Annual Governance Statement.

- 2.2** The Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be prepared in accordance with proper practices in relation to accounts. Therefore a

local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government; Framework (2016) and this section of the Code.

### 3. Monitoring and Review

- 3.1 The Council will monitor its governance arrangements for their effectiveness in practice and will report them on a continuing basis to ensure that they are up to date. The Council's Governance Assurance Framework sets out in more detail how the Council will seek assurance on its adherence to the adopted principles of governance.
- 3.2 On an annual basis, the Chief Executive and Leader of the Council will publish an Annual Governance Statement which will:
- Assess how the Council has complied with this Code of Corporate Governance
  - Provide an opinion on the effectiveness of the Council's arrangements
  - Provide details of how continual improvement in the systems of governance will be achieved.

3.3 The Audit and Governance Committee considers the Annual Governance Statement before it is published as part of the Council's financial statements.

3.3.4 The Council also produced an annual governance action plan which identifies actions for the following financial year to further improve our governance arrangements. Progress updates are reported to the Audit and Governance Committee.

### 4. Certification

- 4.1 We hereby certify our commitment to this Code of Corporate Governance and will ensure that the Council continues to review, evaluate and develop the Council's Governance arrangements to ensure continuous improvement of the Council's systems.

Joe HarrisMike Every  
Leader of the Council

Robert WeaverJane Portman  
Interim Chief Executive

Date:

Date:

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</b>  Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and respect the rule of the law. <ul style="list-style-type: none"> <li>• <a href="#">Arrangements to ensure ethical conduct for both members and officers, including codes of conduct, management of conflicts of interest, declarations of gift and hospitality, training and evaluation.</a></li> <li>• <a href="#">Arrangements covering the ethical behaviour of external service providers.</a></li> <li>• <a href="#">Arrangements to support whistleblowing.</a></li> <li>• <a href="#">How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful.</a></li> <li>• <a href="#">How breaches of ethical arrangements, laws, regulations and</a></li> </ul>	<b>Behaving with integrity</b>	<ul style="list-style-type: none"> <li>• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>• Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</li> <li>• Leading by example and using the above standard operating principles or values as a framework for decision making and other actions</li> <li>• <a href="#">Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</a></li> <li>• <a href="#">The organisation has a code of conduct in place for Members and officers to ensure expectations are in place for behaviours. Contracts are in place for contractors which sets out expectations.</a></li> <li>• <a href="#">Ensuring policies and procedures are in place for Members and Officers to declare gifts, hospitality and sponsorship.</a></li> <li>• <a href="#">Ensuring policies and processes are in place for Members and Officers to declare 'Conflicts of Interest'.</a></li> <li>• <a href="#">Workforce Values, People &amp; Culture Strategy (2025 – 2028) and Implementation Plan approved at Cabinet 04.09.2025</a></li> </ul>
	<b>Demonstrating strong commitment to ethical values</b>	<ul style="list-style-type: none"> <li>• Seeking to establish, monitor and maintain the organisation's ethical standards and performance</li> <li>• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</li> <li>• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>• Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</li> </ul>
	<b>Respecting the rule of the law</b>	<ul style="list-style-type: none"> <li>• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>• Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> <li>• Striving to optimize the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>• Dealing with breaches of legal and regulatory provisions effectively</li> <li>• <a href="#">Ensuring corruption and misuse of power are dealt with effectively</a></li> <li>• <a href="#">Whistle blowing policy in place that is communicated to our employees and is managed, monitored and reviewed three yearly, or as required.</a></li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<a href="#">procedures are addressed and learning adopted.</a> <ul style="list-style-type: none"> <li><a href="#">How all those in governance roles and senior managers demonstrate their leadership of an ethical culture</a></li> </ul>		<ul style="list-style-type: none"> <li>Ensuring policies and procedures are in place, which are reviewed periodically and / or as changes are made to ensure compliance with laws, regulations and best practice.</li> <li></li> </ul>
<b>B. Ensuring openness and comprehensive stakeholder engagement</b>  Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens, and service users, as well as institutional stakeholders.  NB: Institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.	<b>Openness</b>	Where possible: <ul style="list-style-type: none"> <li>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> <li>Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> <li>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action</li> </ul>
	<b>Engaging comprehensively with institutional stakeholders</b>	Where possible: <ul style="list-style-type: none"> <li>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcome for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> <li>Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively <ul style="list-style-type: none"> <li>Ensuring that partnerships are based on trust</li> <li>A shared commitment to change</li> <li>A culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> </li> </ul>
	<b>Engaging with individual citizens and service users effectively</b>	<ul style="list-style-type: none"> <li>Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individuals, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes</li> <li>Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>Encouraging, collecting and evaluating the views and experiences of communities, individuals, service users and organisations of different backgrounds including reference to future needs</li> <li>Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<a href="#">service users and stakeholders and how these inform decision-making.</a> <ul style="list-style-type: none"> <li><a href="#">The ways in which the authority communicates with the community and stakeholders</a></li> </ul>		<ul style="list-style-type: none"> <li>Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>Taking account of the impact of decisions on future generations of tax payers and service users</li> </ul>
<b>C. Defining outcomes in terms of sustainable, economic, social and environmental benefits</b> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p> <ul style="list-style-type: none"> <li><a href="#">How the authority establishes its vision, target outcomes, and associated long-term plans to deliver sustainable outcomes.</a></li> <li><a href="#">Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.</a></li> <li><a href="#">Arrangements to achieve fair access to services.</a></li> <li><a href="#">The authority's strategic approach to commissioning across the entity and its partnerships and collaborations</a></li> </ul>	<b>Defining outcomes</b>	<ul style="list-style-type: none"> <li>Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning or other decisions</li> <li>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>Delivering defined outcomes on a sustainable basis within the resources that will be available</li> <li>Identifying and managing risks to the achievement of outcomes</li> <li>Managing service users' expectations effectively with regard to determining priorities and make the best use of resources available</li> </ul>
	<b>Sustainable, economic, social and environmental benefits</b>	<ul style="list-style-type: none"> <li>Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision <a href="#">and ensuring best value and value for money for our residents</a></li> <li>Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>Ensuring fair access to services</li> <li><a href="#">Ensuring strong governance arrangements are in place to commission services through our partnership organisations.</a></li> </ul>



Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b>  Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised. <ul style="list-style-type: none"> <li>• <a href="#">The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.</a></li> <li>• <a href="#">How budgets and resource strategies align to the delivery of objectives.</a></li> <li>• <a href="#">How the authority uses self-assessment and continuous improvement to achieve value for money.</a></li> <li>• <a href="#">The authority's performance management arrangements to ensure continued alignment to its objectives.</a></li> <li>• <a href="#">Arrangements for the achievement of social value in commissioning, procurement and contracting</a></li> </ul>	<b>Determining interventions</b> <ul style="list-style-type: none"> <li>• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>• Considering feedback from individuals and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul>	
	<b>Planning Interventions</b> <ul style="list-style-type: none"> <li>• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, <a href="#">projects, programmes</a>, priorities and targets</li> <li>• Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>• Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>• Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> <li>• <a href="#">Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.</a></li> <li>• <a href="#">Ensuring KPIs are monitored, managed and reported with effective scrutiny and challenge.</a></li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial strategy</li> <li>• <a href="#">Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</a></li> <li>• <a href="#">Having processes and procedures in place for procurements of goods and services that are compliant with legislation and help achieve social value.</a></li> </ul>	
	<b>Optimising achievement of intended outcomes</b> <ul style="list-style-type: none"> <li>• Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and long term</li> <li>• <a href="#">Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</a></li> <li>• <a href="#">Ensuring we have processes in place to assess our performance including lessons learnt to ensure continuous improvement and value for money.</a></li> </ul>	

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<b>E. Developing the Council's capacity, including the capability of its leadership and the individuals within it</b>  Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities. <ul style="list-style-type: none"> <li>• <a href="#">Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.</a></li> <li>• <a href="#">Application of the Code of Practice on Good Governance for Local Authority Statutory Officers.</a></li> </ul>	<b>Developing the Council's capacity</b>	<ul style="list-style-type: none"> <li>• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>• Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> </ul>
	<b>Developing the capability of the entity's leadership and other individuals</b>	<ul style="list-style-type: none"> <li>• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>• Ensuring the leader and senior management have clearly defined and distinctive leadership roles within a structure whereby the senior management team lead in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</li> <li>• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged <ul style="list-style-type: none"> <li>* Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>* Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> <li>* Ensuring that there are structures in place to encourage public participation</li> <li>* Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>* Holding staff to account through performance reviews which take account of training and development needs</li> </ul> </li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>• <a href="#">How financial management roles align with: – CIPFA Financial Management Code (FM Code) – CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015), The Role of the CFO in Combined Authorities (2024) or The Role of Chief Financial Officers in Policing (2021), as appropriate.</a></li> <li>• <a href="#">The arrangements in place for the discharge of the monitoring officer function.</a></li> <li>• <a href="#">The arrangements in place for the discharge of the head of paid service function.</a></li> <li>• <a href="#">Induction and development programmes to meet the needs of members and senior officers in relation to their strategic roles.</a></li> <li>• <a href="#">Workforce planning and organisational development. Arrangements for learning and development, and health and wellbeing</a></li> </ul>		<ul style="list-style-type: none"> <li>* Ensuring arrangements are in place to maintain the health and wellbeing of the workforce, <a href="#">for our workforce to learn and develop</a>, and support individuals in maintaining their own physical and mental wellbeing</li> </ul>
<b>F. Managing risks and performance through robust internal control and strong public financial management</b>  Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important integral parts of a performance management system and are crucial to the achievement of outcomes. Risk	<b>Managing risk</b>	<ul style="list-style-type: none"> <li>• Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>• Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>• Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul>
	<b>Managing performance</b>	<ul style="list-style-type: none"> <li>• Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>• Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>• Ensuring an effective scrutiny or/and oversight function (independent of the <del>executive</del>Cabinet) is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</li> <li>• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)</li> </ul>

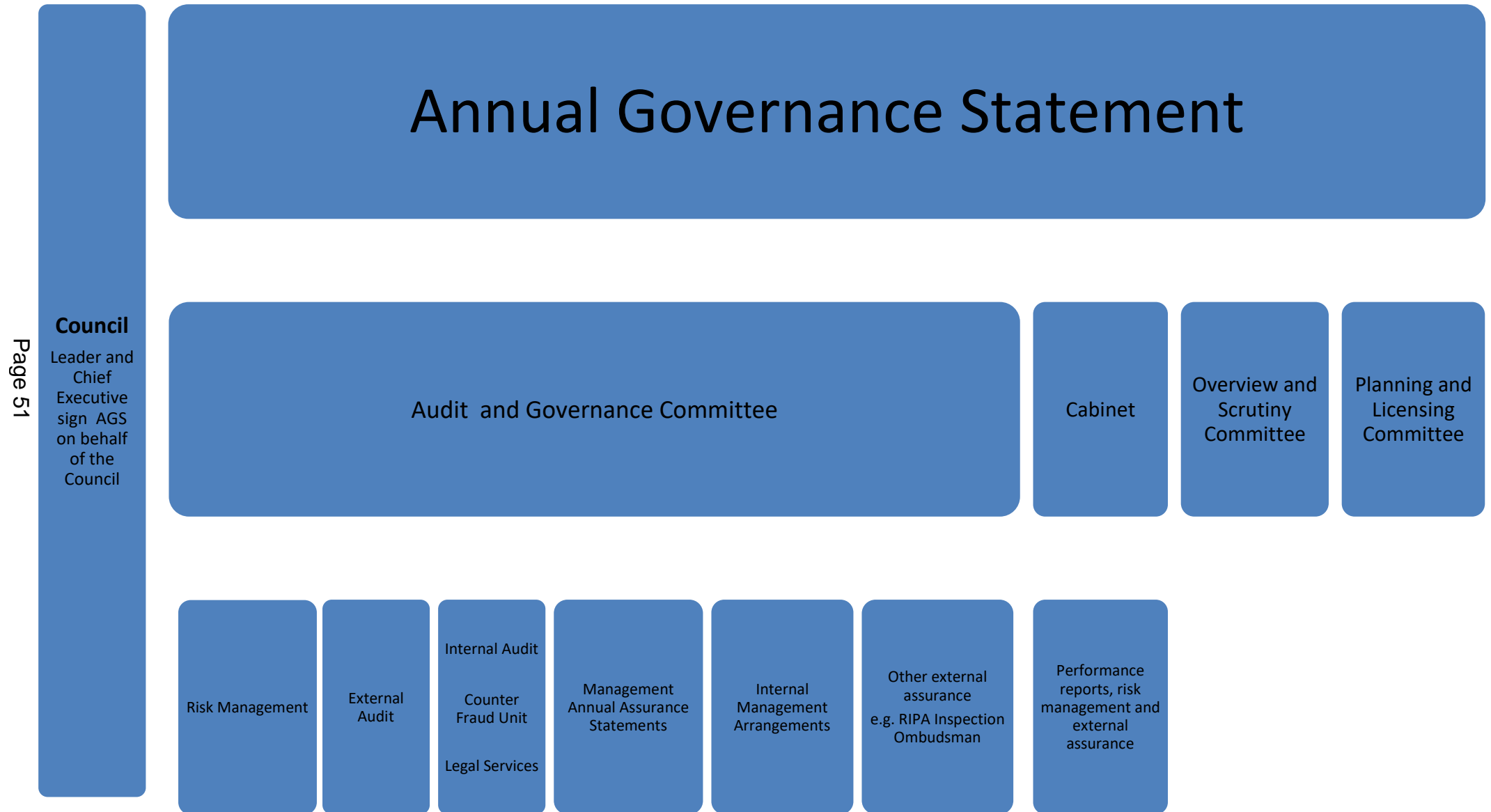
Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p>should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the achievement of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p> <ul style="list-style-type: none"> <li>• <a href="#">Risk management policy, strategy and arrangements for review.</a></li> <li>• <a href="#">How financial management arrangements align with the Financial Management Code.</a></li> <li>• <a href="#">Internal control arrangements including: – Cyber, AI and information security arrangements – information governance – asset management – procurement and contract management.</a></li> <li>• <a href="#">Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.</a></li> <li>• <a href="#">Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector (GIAS and the Application</a></li> </ul>	<b>Robust internal control</b>	<ul style="list-style-type: none"> <li>• Aligning the risk management strategy and policies on internal control with achieving objectives</li> <li>• Evaluating and monitoring risk management and internal control on a regular basis <a href="#">across the council, partnerships, our teckal companies and collaborations.</a></li> <li>• Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li>• <a href="#">Ensuring effective controls are in place for Cyber, AI, Information Security, information governance, asset management and procurement / contract management.</a></li> <li>• Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided –by the internal auditor <ul style="list-style-type: none"> <li>* Ensuring an audit <a href="#">and governance</a> committee which is independent of the executive and accountable to the council: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> <li>* That its recommendations are listened to and acted upon</li> <li>* <a href="#">That conforms to Global Internal Audit Standards in the UK public sector (GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit</a></li> </ul> </li> <li>• <a href="#">Arrangements are in place for overview and scrutiny</a></li> </ul>
	<b>Managing data</b>	<ul style="list-style-type: none"> <li>• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>• Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>• <a href="#">Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</a></li> <li>• </li> </ul>
	<b>Strong public financial management</b>	<ul style="list-style-type: none"> <li>• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> <li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and control</li> </ul>

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<p><a href="#">Note</a>) and the CIPFA Code of Practice on the Governance of Internal Audit.</p> <ul style="list-style-type: none"> <li>• <a href="#">Arrangements for formal overview and scrutiny (as applicable).</a></li> <li>• <a href="#">Facilitation of internal and external challenge.</a></li> <li>• <a href="#">Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022).</a></li> <li>• <a href="#">Counter fraud and anti-corruption developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).</a></li> <li>• <a href="#">Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.</a></li> </ul>		
<p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p> <ul style="list-style-type: none"> <li>• <a href="#">Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.</a></li> </ul>	<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul>
	<b>Implementing good practices in reporting</b>	<ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensuring members and senior management own the results reports</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>• Ensuring this Framework is applied to jointly managed or shared service organisations</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>
	<b>Assurance and effective accountability</b>	<ul style="list-style-type: none"> <li>• Ensuring that all recommendations for corrective actions made by <a href="#">internal and external audit or other inspections or regulatory action</a> are acted upon <a href="#">in a timely manner</a></li> </ul>

## Appendix A

Principles	Sub-Principles	Behaviour and actions that demonstrate good governance in practice:
Acting in the public interest that requires a commitment to and effective arrangements for:		
<ul style="list-style-type: none"> <li>• <a href="#">Approach to welcoming external challenge and implementing recommendations.</a></li> <li>• <a href="#">How learning and improvement are actioned.</a></li> <li>• <a href="#">How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.</a></li> <li>• <a href="#">Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice</a></li> </ul>		<ul style="list-style-type: none"> <li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> <li>• Ensuring when working in partnership, arrangements for accountability <a href="#">and transparency</a> are clear and the need for wider public accountability has been recognised and met</li> </ul>

## Overview of Corporate Governance Assurance Framework



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# Delivering good governance in local government: framework

Addendum, covering the annual review of governance and the annual governance statement

Approved by  
Public Financial Management Board, CIPFA  
Policy Board, Solace

May 2025

For application to annual governance statements for 2025/26 onwards



The **Chartered Institute of Public Finance and Accountancy** (CIPFA) is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, major accountancy firms and other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA leads the way in public finance by standing up for sound public financial management and good governance.

**SOLACE** (the Society of Local Authority Chief Executives and Senior Managers) is the representative body for senior strategic managers working in the public sector. The Society promotes public sector management excellence and provides professional development for its members who come from all areas of the public sector. Whilst the vast majority of its members work in local government it also has members operating in senior positions in health authorities, police and fire authorities and central government. SOLACE spans all of the UK, having membership in Northern Ireland, Wales, Scotland and England.

# Delivering good governance in local government: framework

Addendum, covering the annual review of governance and the annual governance statement

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Published by:

**CIPFA \ The Chartered Institute of Public Finance and Accountancy**

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## Applicability and status of the addendum

Local authorities are accountable to the public and other stakeholders for ensuring they have a sound system of governance. They are required to prepare and publish an annual governance statement (AGS) in accordance with statutory regulations of the appropriate national government<sup>1</sup>.

The statement should be consistent with the principles of good governance set out in [Delivering Good Governance in Local Government: Framework](#) (Governance Framework) (CIPFA and Solace, 2016). The statement includes the result of a review of the effectiveness of its system of internal control and provides assurance on whether the authority's governance arrangements are fit for purpose.

This addendum is the first update of the guidance since 2016 and replaces chapter 7 of the Framework publication. The 2016 publication and the seven principles of good governance remain unchanged.

Authorities should ensure that the AGS for 2025/26 onwards complies with this guidance, and they are encouraged to consider it for 2024/25.

The guidance applies to all principal local government bodies<sup>2</sup>, including:

- county councils
- district, borough and city councils
- metropolitan and unitary councils
- the Greater London Authority and functional bodies
- combined authorities, combined county authorities, city regions, devolved structures
- Scottish councils and other local government bodies under section 106 of the Local Government (Scotland) Act 1973
- the City of London Corporation
- fire authorities in England and Wales
- police and crime commissioners, and police, fire and crime commissioners
- chief constables in England and Wales
- national park authorities
- passenger transport executives
- corporate joint committees (Wales)

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1. The Accounts and Audit Regulations 2015, the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015, the Local Authority Accounts (Scotland) Regulations 2014 and the Accounts and Audit (Wales) Regulations 2014.

2. The appropriate regulations define the relevant authorities.

## Audience

The addendum is important for elected representatives, senior management and all those involved in the annual review of governance and preparation of an annual governance statement (AGS). It is also relevant for the internal auditors and external auditors of the authority.

Key roles	Responsibilities
Elected representatives, including councillors and fire authority members Police and crime commissioners (PCC) Chief constables	Overall responsibility for the governance of the local authority and for the fulfilment of accountabilities to the public and stakeholders. Approval of the governance arrangements of the authority, either directly or through delegations, including the Constitution and local code of governance. In a local authority the AGS must be approved by a body charged with governance (full council) or delegated to an appropriate committee, such as an audit committee. The AGS must then be signed by a leading member, alongside the chief executive. (In Scotland the leader of the council must sign the AGS.) In policing, the appropriate corporation sole (PCC and chief constable) must approve and sign the AGS. Following publication, elected representatives have oversight of and accountability for agreed actions to improve governance.
Chief executive (head of paid service), chief financial officer (section 151 or section 95, section 112 (fire) or section 73 officer (combined authority) as appropriate) and monitoring officer	Statutory officers with specific governance responsibilities. Typically, the annual review and preparation of the AGS is overseen by one of them. The chief executive must sign the AGS.
Other senior management	Responsible with the statutory officers to put in place the appropriate arrangements for governance and providing assurance on its effectiveness in their service areas.
Other officers with governance roles	Co-ordination of the annual review and drafting of the AGS in support of the statutory officers and other governance leadership responsibilities.
Head of internal audit	Provides an annual conclusion on governance, risk management and internal control as part of internal audit standards, which informs the review. Provides additional assurance to senior management and elected representatives on the adequacy of the review of effectiveness. To avoid impairments to professional independence, the Head of Internal Audit should not draft the AGS. Where the HIA drafts the AGS, this should be identified as a role beyond internal auditing. Under auditing standards, it must be included in the audit charter and safeguards agreed, such as alternative processes to gain assurance.

## Introduction

The last few years have tested the governance of many authorities. Pressures on financial resources, innovative approaches to the delivery of services and increased commercialisation, as well as the COVID-19 pandemic, have meant those charged with governance and leadership teams have had to make difficult decisions. The quality of governance arrangements is of paramount importance to enable authorities to make decisions with high-quality information, and with a good understanding of risk. Robust and trusted decisions are built from engagement with communities and stakeholders and with a focus on the public interest. In addition, they need confidence that their governance supports the effective implementation of those decisions, and that they have sufficient assurance to inform their understanding. Ensuring adequate capacity, capability and leadership are fundamental, together with a focus on longer-term planning rather than short-term fixes. In short, all seven principles of the Governance Framework must be fit-for-purpose.

### Delivering Good Governance in Local Government (CIPFA and Solace, 2016)



Unfortunately, governance has not been fit for purpose in all authorities. The governance reviews following Section 114 reports and reports in the public interest, or other interventions, have highlighted governance weaknesses as well financial concerns. Although not present in every case, the following have been noted:

- a culture that allows for widespread failure to follow due process, the constitution, and codes of conduct,
- leadership that has lost sight of an authority's role and function as a leader of place and provider or enabler of services,
- poor understanding of risk or inadequate management of risks,
- weaknesses in internal controls,
- weak oversight and challenge from those charged with governance,
- dysfunctional relationships between senior officers and members,
- reduced capacity and/or capability in critical areas,
- poor data quality or flawed information used in decision making,
- limited oversight of arm's length arrangements such as trading companies and joint ventures through a failure to put in place appropriate governance, risk and control arrangements,
- a lack of self-assessment and commitment to continuous improvement,
- a lack of transparency and/or openness to external challenge.

Some authorities have not demonstrated an awareness of where their governance is not fit for purpose. When authorities are unable or unwilling to recognise and acknowledge weaknesses, accountability to the public is not fulfilled. Some authorities have failed to take the early action that might have minimised or avoided more serious service or financial problems.

## Purpose

It is in this context that this update to the Delivering Good Governance in Local Government: Framework (CIPFA and Solace) should be adopted. It provides the opportunity for all those with a responsibility for good governance to reconnect with the principles they and their organisation should be striving to meet. Preparing an AGS is an opportunity to undertake a rigorous annual assessment of governance and consider whether it truly is fit for purpose. The review should take into account not just current demands but also anticipated challenges. The unexpected can and will happen, and authorities cannot be ready to meet every eventuality, but each organisation should have sufficient resilience to flex and adapt.

In the years ahead authorities must continue to meet significant challenges, for example:

- service and financial pressures in areas such as social care and housing,
- economic events impacting on funding and income generation,
- new legislation,
- devolution or structural change, including local government reorganisation,
- climate change and net zero,
- use of artificial intelligence in the authority's systems and processes.

Meeting these challenges is necessary to maintain the trust of the public in the authority. This means local authorities must be resilient and sustainable in their governance.



## THE REVIEW OF GOVERNANCE

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Authorities should review the effectiveness of their governance each year, to fulfil the requirements of both the regulations applicable to their authority and the Code of Practice on Local Authority Accounting in the United Kingdom.

The benchmark against which the review should be undertaken is the seven principles of good governance, as set out in the Governance Framework.

This guidance covers the following:

- description of an authority's governance arrangements in the local code of governance,
- conducting the annual review,
- content of the annual governance statement,
- publication and accountability.

### The local code of governance

CIPFA and Solace recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority. The code should:

- clearly align to the principles in Delivering Good Governance in Local Government: Framework,
- take account of the best value statutory guidance or other statutory requirements of the appropriate national government<sup>3</sup>,
- be up-to-date and reviewed regularly to ensure it takes account of changes in the authority and its environment,
- identify what arrangements the authority has put in place to achieve each principle, so it is specific to the authority,
- include values and behaviours as well as processes, as these influence the authority's culture,
- include how the code is reviewed and updated.

Where an authority does not have a local code, the annual review will need to first identify the arrangements it has put in place to meet the governance principles. This information should be to hand from earlier annual reviews, even when a local code has not been formally approved.

### Core arrangements for the local code

The local code, or other description of governance arrangements, should include details of your arrangements that address areas that are core to good governance. These arrangements are essential for a corporate culture focused on achieving objectives, managing risk and fulfilling stewardship and statutory responsibilities, including best value. A more comprehensive code will provide stronger evidence of your authority's alignment to good governance principles, and CIPFA and Solace would recommend this approach. The annual governance statement will need to provide assurance that the following core arrangements are in place and operating effectively.

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3. For England: [Best value standards and intervention: a statutory guide for best value authorities](#) (May 2024) For Scotland: [Best Value: revised statutory guidance 2020](#) (March 2020) For Wales: Part 6 [Local Government and Elections \(Wales\) Act 2021](#) and part 2 s13 [Well-being of Future Generations \(Wales\) Act 2015](#) For Northern Ireland [Part 12 Local Government Act \(Northern Ireland\) 2014 Performance Improvement](#).

### **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- Arrangements to ensure ethical conduct for both members and officers, including codes of conduct, management of conflicts of interest, declarations of gift and hospitality, training and evaluation. Where appropriate, include how codes of ethics for the sector are implemented and supported. Sector requirements include the Code of Practice for Ethical Policing and the Police Code of Ethics, and the Core Code of Ethics for Fire and Rescue Services – England.
- Arrangements covering the ethical behaviour of external service providers.
- Arrangements to support whistleblowing.
- How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful.
- How breaches of ethical arrangements, laws, regulations and procedures are addressed and learning adopted.
- How all those in governance roles and senior managers demonstrate their leadership of an ethical culture.

### **Principle B: Ensuring openness and comprehensive stakeholder engagement**

- How the authority ensures that decisions are made in the public interest and the rationale for decisions is recorded.
- How the authority achieves expected standards of openness and transparency, including a culture of internal challenge and self-assessment.
- The arrangements for consultation and engagement with citizens, service users and stakeholders and how these inform decision-making.
- The ways in which the authority communicates with the community and stakeholders.

### **Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

- How the authority establishes its vision, target outcomes, and associated long-term plans to deliver sustainable outcomes.
- Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.
- Arrangements to achieve fair access to services.
- The authority's strategic approach to commissioning across the entity and its partnerships and collaborations.

### **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

- The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.
- How budgets and resource strategies align to the delivery of objectives.
- How the authority uses self-assessment and continuous improvement to achieve value for money.

- The authority's performance management arrangements to ensure continued alignment to its objectives.
- Arrangements for the achievement of social value in commissioning, procurement and contracting.

#### **Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.
- Application of the [Code of Practice on Good Governance for Local Authority Statutory Officers](#).
- How financial management roles align with:
  - CIPFA [Financial Management Code](#) (FM Code)
  - [CIPFA Statement on the Role of the Chief Financial Officer in Local Government](#) (2015), [The Role of the CFO in Combined Authorities](#) (2024) or [The Role of Chief Financial Officers in Policing](#) (2021), as appropriate.
- The arrangements in place for the discharge of the monitoring officer function.
- The arrangements in place for the discharge of the head of paid service function.
- Induction and development programmes to meet the needs of members and senior officers in relation to their strategic roles.
- Workforce planning and organisational development.
- Arrangements for learning and development, and health and wellbeing.

#### **Principle F: Managing risks and performance through robust internal control and strong public financial management**

- Risk management policy, strategy and arrangements for review.
- How financial management arrangements align with the Financial Management Code.
- Internal control arrangements including:
  - Cyber, AI and information security arrangements
  - information governance
  - asset management
  - procurement and contract management.
- Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.
- Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector ([GIAS](#) and the [Application Note](#)) and the [CIPFA Code of Practice on the Governance of Internal Audit](#).
- Arrangements for formal overview and scrutiny (as applicable).
- Facilitation of internal and external challenge.

- Undertaking the core functions of an audit committee, as identified in [Audit Committees: Practical Guidance for Local Authorities and Police](#) (CIPFA, 2022).
- Counter fraud and anti-corruption developed and maintained in accordance with the [Code of Practice on Managing the Risk of Fraud and Corruption](#) (CIPFA, 2014).
- Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.
- Internal governance and assurance standard (fire services only).

### Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

- Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.
- Approach to welcoming external challenge and implementing recommendations.
- How learning and improvement are actioned.
- How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.
- Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice.

The local code should be a public document or webpage, easily identifiable on the authority's website. It should be a useful reference for both officers, elected representatives and the public to understand how governance works and the authority's commitment to good governance.

Within the local government sector there will be aspects specific to some bodies but not all, for example the operation of the Force Management Statement and the Code of Ethics in police bodies.

While the preparation of a local code is strongly recommended, it is not a requirement of the regulations. Where an authority does not publish a local code, it will need to explain the elements set out above in its AGS.

## Conducting the annual review

The annual review is a requirement of the regulations of the national governments. It is an opportunity to take stock of governance, ensuring that the published AGS and associated improvement actions are based on robust evidence. Authorities should establish processes to gather assurance throughout the year, and not only at the year-end.

### Scope of the annual review

- Authorities should assess how effectively their arrangements meet the principles of good governance **in practice**. The identification of those arrangements in the local code facilitates the review.
- The review should consider if and how its governance arrangements support the achievement of the authority's purpose and objectives – its outcomes.
- The review should consider whether the authority's governance arrangements, including all the core arrangements listed above, are operating effectively. It should identify any areas for improvement.

## Gaining assurance for the annual review

- Authorities should approach the review in a way that will provide the required assurance in an efficient and effective manner. Each authority will have existing sources of assurance that make up its assurance framework to support the review:
  - the head of internal audit's annual conclusion on governance, risk management and internal control,
  - assurances from the statutory officers and other senior managers,
  - assurance from members, for example annual reports from committee chairs,
  - performance and data reports that demonstrate how well the authority has met its objectives and managed its resources; benchmarking data may help the assessment,
  - evidence of the management of risks from the risk management framework,
  - accreditations or independent assessments against control frameworks or standards such as ISO27001, and the NCSC Cyber Assessment Framework,
  - self-assessments against best practice guidance that underpin the core arrangements, such as the Code of Practice on Good Governance for Local Authority Statutory Officers or the Financial Management Code,
  - best value self-assessments or performance review assessments (using guidance applicable for the authority),
  - the findings of external assessments, from external audit, inspectorates, other regulators, peer reviews and any other commissioned reviews,
  - outcomes from relevant stakeholder engagement exercises,
  - force management statements (police forces only),
  - annual statement of assurance and self-assessment against the Internal Governance and Assurance Standard (fire services in England only).
- The review should include a range of perspectives. The authority's assurance framework should provide different sources of assurance across the three lines: management (first line), risk and compliance functions (second line) and internal audit (third line). It should also engage both senior managers and elected members to ensure wider engagement and ownership.
- Where the assurance framework does not provide sufficient assurance across all the governance principles, apply a risk-based approach to target where further work is required.

The review should consider the financial year to which the AGS relates. The regulations require the AGS to follow the same timetable as the financial statements and it relates to the same financial year. As well as looking backwards, the review must also look ahead to the risks and challenges the authority is facing.

## Evaluating the results of the annual review

- The review should be an open and honest assessment. By testing and challenging its own governance arrangements, the authority will gain more robust assurance and add value to the accountability it can deliver. For example:
  - checking consistency of understanding and interpretations across the authority,
  - testing whether assumptions are valid,
  - identifying gaps in the assurance framework,

- stress testing/scenario planning for anticipated risks, and
- building understanding of governance.
- As well as considering the financial year to which the AGS relates, the evaluation must also look ahead. Effectiveness means not only that the arrangements were sufficient to meet the challenges of that year, but also that the authority has built in sufficient governance resilience for the current and future years.
- Many authorities have found it helpful to have a governance group comprising key officers with key roles such as the monitoring officer, section 151 officer, head of internal audit, and lead officers for risk management lead and performance. The review should assess the evidence of effectiveness and identify weaknesses or other areas where further improvements can be made. A corporate review and ownership will support a robust conclusion on whether arrangements are fit for purpose.
- The results of the assessment should be reviewed by the leadership team and the audit committee before the final approval in accordance with the requirements of the appropriate regulations. When reviewing the AGS, the audit committee should consider the robustness of the underlying evaluation.

## Content of the AGS

To be meaningful as an accountability report, the AGS should be both deep, being based on a comprehensive view of governance, and also brief to communicate the results simply and clearly. Its content must be drafted with the end users in mind, including councillors and the public. The question *who is this for?* should guide officers to ensure accessible and easily understandable language is used.

The AGS should not include extensive description of the different aspects of the authority's governance arrangements, as these should normally be available in the local code. Where the authority has not developed a local code, it will need to set out how its core arrangements meet the principles of good governance in the AGS.

The AGS should be an honest reflection of the effectiveness of the authority's governance, based on a robust, evidenced review. It should be able to provide reasonable assurance on its effectiveness. Identifying areas for improvement and taking the actions needed are signs of a healthy approach to governance. An absence of improvement actions may be a product of a weak or superficial review.

There is no standard template for the AGS as it should derive from the results of assessment. It should contain the following elements, but presentation is flexible.

This is not a rigid template and authorities can present the specified content in the way they find most suitable.

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## Executive summary

*(A summary is an effective tool to improve communication of key messages and aid accountability.)*

The summary should pull out the key messages of the AGS.

Summary of key conclusions.

An overall opinion on whether governance is fit for purpose. An authority's governance arrangements are fit for purpose when its governance arrangements, including core areas identified in this guidance, are operating effectively, and support the achievement of the authority's outcomes.

Confirm whether the overall operation of governance arrangements was fit for purpose in the year of review.

Governance outlook and commitment to ensure that governance will be fit for purpose.

Significant changes or areas of improvement the authority will be actioning in the forthcoming year.

Signatures *(as required by the regulations)*

Date of approval

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## Our assessment of effectiveness

A statement of how the review of effectiveness was conducted and the results, including reference to:

- whether arrangements are adequately aligned to support the authority's delivery of planned outcomes and meet its responsibilities for value for money/best value,
  - whether arrangements are in place and operating effectively, to support and deliver each of the principles of good governance,
  - explicit assurance that each of the core arrangements for the local code are operating effectively *(they do not need to be individually listed where they are in place and effective if they are clearly identifiable in a publicly available local code)*.
    - where any of the core arrangements are not in place, explain how your alternative arrangements achieve the same goal or include them as an area for improvement,
    - where any core or alternative arrangements are not operating effectively, include them as an area for improvement,
  - the results of external assurance providers and internal audit's annual conclusion,
  - an explanation of how the overall opinion has been agreed.
- 

## Where our governance needs to improve

Identify those areas of governance requiring improvement and how these are being addressed. Identify:

- where there are significant gaps in governance arrangements such as where core arrangements are not operating effectively,
  - significant governance failures that occurred during the year and action taken,
  - areas where governance arrangements could be easier to understand and comply with, if they are barriers to achieving the principles of good governance,
  - action plans to address these in the coming year and beyond where necessary. The AGS action plan should be meaningful but brief. It would be expected that more detailed implementation plans will be used to manage and monitor progress. Include a reference to how the action plans will be monitored.
- 

## How we have improved our governance arrangements in *(insert the year)*

- How the governance issues identified in the previous year's statement have been addressed and whether further work is required.
- Any other significant steps to improve governance taken in the year.

*(Note you may want to acknowledge that some improvements extend beyond the year covered by the AGS.)*

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### Forward look on governance

An opportunity to identify where governance needs to change or develop to meet the future needs of the authority. Possible examples could be:

- establishment of new collaborative arrangements,
  - new legislation requiring changes to governance structures, such as local government reorganisation,
  - significant risks for the authority that will change or challenge governance in future years. (Risks should be linked to governance. There will be other risks, some of which may already be set out in the narrative report already.) This is not intended to be a complete list of all the risks on the authority's risk register.
- 

## Role of external auditors

Before final approval and publication, the AGS will be reviewed by the authority's external auditor in accordance with the Code of Audit Practice issued by the appropriate national audit body. The auditor will consider if the AGS has been prepared in accordance with the Governance Framework and is consistent with the auditor's knowledge of the authority.

## Approval

The annual governance statement should be approved at a meeting of the authority or delegated committee (in Scotland, the authority or a committee with a remit including audit or governance), as required by regulations.

In policing, approval will be from the police and crime commissioner and chief constable as corporations sole.

Where approval is delegated to a committee, such as the audit committee, steps should still be taken to engage with the full authority, as the body ultimately charged with governance. For example, the AGS should be shared with all elected members together with a report from the audit committee on their review. This will help all elected representatives to have sight of the conclusions and agreed actions.

## Publication

The timetable for publication is set out in regulations, with deadlines amended from time to time. The timetable is the same as that of the financial statements and in Scotland the AGS is required to be a component of the annual accounts. Where it is necessary to publish the financial statements before the completion of the audit, (for example under the backstop arrangements in England) the AGS should still be published on the website with an explanatory note, in accordance with the dates specified by regulations.

## Accountability: presentation and communication of the AGS

The AGS supports the authority's accountability to the public, stakeholders and government. Easy access and communication of its purpose and role are important elements of accountability. Where the AGS is published within the financial statements, further steps should be taken to improve access. Suggested examples of good practice:

- Creating a webpage on governance with plain English explanations of what governance is and why it is important.
- Including the AGS on a governance webpage, alongside other materials such as a local code.
- Use of diagrams or other design features to improve understanding.



- Ensuring the AGS is identifiable on the authority's website. For example, would a search for 'governance' or 'annual governance statement' on the website bring up the latest AGS?
- There should remain a clear link back to the financial statements to ensure the regulations are satisfied.

As well as an important external accountability report, the AGS is informative for staff and elected members. Their actions all contribute to the governance culture of the authority and are key to implementing robust arrangements and improvements. The authority should plan internal communications to share key messages and show staff and members how they contribute to the implementation of the action plan and support good governance.

## MEMBERS OF THE REFERENCE GROUP

<b>Chair</b>	Paul Hanson, former Chief Executive North Tyneside MBC
<b>Secretariat</b>	
CIPFA	Diana Melville, Governance Advisor
	Naomi Whitmore, Internal Audit Advisor
Solace	Alex Thomson, Director of Policy and Business Partners
	David Paine, Senior Policy Officer
<b>Observers</b>	
MHCLG	Ben Grubb
Scottish Government	Elanor Davies
Welsh Government	Emma Smith
Northern Ireland	Jeff Glass
<b>Stakeholders</b>	
Local Government Association (England)	Heather Wills, Assistant Director Programme (Corporate)
National audit bodies	Paul Mayers, National Audit Office (Observer) Colette Kane, Northern Ireland Audit Office Kate Havard, Audit Wales Paul O'Brien, Audit Scotland
Police representative (England and Wales)	James Atkinson, Policy and Partnership Manager, Association of Police and Crime Commissioners
Lawyers in Local Government (England and Wales)	Helen Bradley, Director of Law and Governance, Durham County Council
Centre for Governance and Scrutiny	Ed Hammond, Deputy Chief Executive
<b>Practitioners</b>	
	Rob Winter, Member of CIPFA Governance and Assurance Forum, formerly Barnsley MBC
	Laura Williams, Member of CIPFA Governance and Assurance Forum, Head of Internal Audit, Liverpool City Region Combined Authority
	Marion Pryor, Head of Audit and Risk, Isle of Anglesey County Council
	Allison Mitchell, Head of Governance, North Tyneside
	Paul Stone, Director of Resources, North West Leicestershire DC
	Kelvin Menon, CFO, Surrey Police and Crime Commissioner's Office
	Duncan Savage, Assistant Director, East Sussex Fire and Rescue Service
	Emma Foy, former Director of Corporate Services, West Lindsey
	Hannah Doney, CFO, Watford Borough Council



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05/2025



Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 SEPTEMBER 2025</b>
Subject	<b>INTERNAL AUDIT PROGRESS REPORT</b>
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: <a href="mailto:patrick.coleman@cotswold.gov.uk">patrick.coleman@cotswold.gov.uk</a>
Accountable officer	David Stanley, Chief Finance Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Report author	Lucy Cater, Head of Internal Audit Email: <a href="mailto:lucy.cater@swapaudit.co.uk">lucy.cater@swapaudit.co.uk</a>
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 2025/26 Annex B – Agreed Actions
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the report
Corporate priorities	<ul style="list-style-type: none"> <li>• Delivering Good Services</li> <li>• Responding to the Climate Emergency</li> <li>• Delivering Housing</li> <li>• Supporting Communities</li> <li>• Supporting the Economy</li> </ul>
Key Decision	NO
Exempt	NO



**COTSWOLD**  
District Council

Consultees/ Consultation	(N/A
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## **1. EXECUTIVE SUMMARY**

- 1.1** The Council must ensure that it has sound systems of internal control that facilitate the effective management of all the Council's functions. The work delivered by SWAP Internal Audit Services (SWAP), the Council's internal audit service, is one of the control assurance sources available to the Audit, Compliance and Governance Committee, the Executive Leadership Team and Service Leadership Team and supports the work of the external auditor.
- 1.2** The Annual Internal Audit Opinion presented to the Audit and Governance Committee provides an overall assurance opinion at the end of the financial year. This Internal Audit Progress Report, however, is designed to give the Audit and Governance Committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurances on the control environment.

## **2. BACKGROUND**

- 2.1** The Internal Audit Service is provided to this Council by SWAP Internal Audit Services (SWAP). SWAP is a local authority-controlled company.
- 2.2** 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.
- 2.3** Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members' questions.

## **3. MAIN POINTS**

- 3.1** The progress report enables the Audit and Governance 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.



**3.2** We have finalised the following audits since the last meeting of this committee

- Counter Fraud and Enforcement Unit – Low Substantial
- Payroll – Publica Controls – Mid Substantial
- Payroll – Council Controls – Mid Reasonable
- Leisure and Culture Facilities – Mid Limited

**3.3** We continue to follow up all agreed actions. A report (Annex B) showing all open agreed actions has been included for Members information.

#### **4. FINANCIAL IMPLICATIONS**

**4.1** The Internal Audit Service is operating within the contract sum.

#### **5. LEGAL IMPLICATIONS**

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

#### **6. RISK ASSESSMENT**

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

#### **7. EQUALITIES IMPACT**

**7.1** 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

**7.2** 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

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

## **8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 8.1** These will be reported if identified in any of our audits

## **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
- 9.2** These documents will be available for inspection online at [www.cotswold.gov.uk](http://www.cotswold.gov.uk) or by contacting democratic services [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk) for a period of up to 4 years from the date of the meeting.

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# Cotswold District Council

## Report of Internal Audit Activity

September 2025

Page 79

## Contents

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- 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

<b>No</b>	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.
<b>Limited</b>	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.
<b>Reasonable</b>	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.
<b>Substantial</b>	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.

# Internal Audit Definitions

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.

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



## Audit 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.

## Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Counter Fraud and Enforcement Unit	Final Report	Low Substantial	1	-	-	1	Report Included
Operational	Leisure and Culture Facilities	Final Report	Mid Limited	4	2	1	1	Report Included
Key Financial Control	Payroll – Publica Controls	Final Report	Mid Substantial	0	-	-	-	Report Included
Key Financial Control	Payroll – Council Controls	Final Report	Mid Reasonable	0	-	1	-	Report Included
Governance	Data Retention	Draft Report						
Operational	Digital Exclusion	Draft Report						
ICT	Disaster Recovery – Revenues and Benefits	Draft Report						
Operational	Climate Change – Operational	In Progress						
Key Financial Control	Council Tax and NNDR	Ready to Start						
Key Financial Control	Housing Benefit and Council Tax Support	Ready to Start						
Governance	Business Continuity Plans (Services)	Initiated						
Follow-Up	Data Breaches / Protection	Initiated						
Operational	Disabled Facilities Grants	Initiated						
Key Financial Control	Bank Reconciliations	Initiated						

## Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Accounts Payable – Quarterly Review 2025/26	On Going						
Grant Certification	SWNZ Grant	Ready to Start						
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
Support / Advisory	Support to Publica Transition Programme Phase 2	Complete						
Advisory	Procurement and Commissioning Group	On Going						
Advisory	Health and Safety Working Group	On Going						
Advisory	Corporate Governance Group	On Going						
Support	Co-Ordination Team / Emergency Planning	On Going						
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							



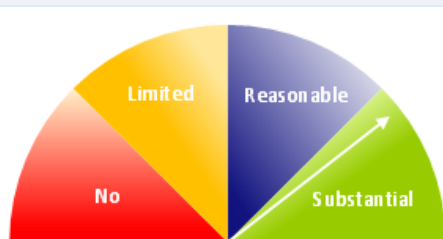
The following are the Internal Audit reports, of each audit review finalised,  
since the last Committee update

## Counter Fraud and Enforcement Unit – Final Report – August 2025

### Audit Objective

To provide assurance that robust controls are in place governing CFEU activity, including system access controls and reporting arrangements.

### Executive Summary



#### Assurance Opinion

The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives.

#### Management Actions

Priority 1	0
Priority 2	0
Priority 3	1
<b>Total</b>	<b>1</b>

#### Organisational Risk Assessment

Low

Our audit work includes areas that we consider have a low organisational risk and potential impact.

### Key Conclusions



The Investigation and Enforcement Manager monitors and reviews caseloads with CFEU Officers on a regular basis, this includes reference to the DTx system (case management system). At the point of case closure, the Client and Technical Support Manager reviews all DTx cases. We were advised that cases with missing notes, documents or field information are returned to the Officer for updating.

We observed one case where notes were not as comprehensive as expected – DTx showed no activity or notes for a significant period, and there was a lack of clarity in why actions had been taken. This could result in decisions made on incomplete or inaccurate information, which could have an adverse impact on the case. We were advised that the case was low priority, and the work had been halted, but that a note should have been placed on the file indicating this.



Access to Council systems is monitored and managed via a master spreadsheet maintained by the Client and Technical Support Manager. Whilst there were no concerns in the process, the officer acknowledged the spreadsheet was out of date and agreed to update it. Access to Council systems was not reviewed as part of this audit.

Since the audit, we were advised that the spreadsheet has been reviewed and updated, and an annual review is now diarised. Additionally, as part of the recent review, where access was no longer justified, it has been removed for certain staff members.



There are Counter Fraud and Enforcement policies and procedures in place. We were advised that the service is heavily regulated, and CFEU officers follow legislative requirements, for example when Officers request personal data.



There is an overarching CFEU Collaboration Agreement in place with all Partner Councils which has been agreed by relevant stakeholders including Member approval.

### Audit Scope

There are 111 closed cases between 1 April 2024 and 25 February 2025. Audit tested 10 cases to ensure CFEU policies and procedures were followed. This included cases from Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, West Oxfordshire District Council and Publica.

The audit included a review of the following areas:

- Policies and Procedures for data management, sharing, and retention, etc.
- Management and administration of system access controls at each partner council
- CFEU case management system (DTx) access controls, and internal data recording and retention procedures
- CFEU Collaboration Agreement
- Reporting including verification of information presented to each partner audit committee



On a bi-annual basis CFEU report to Partner Councils through Audit Committee meetings. The report includes details of reactive work, proactive work, successful prosecutions, Code of Conduct complaints, NFI matching, etc. The Head of Service also meets regularly with senior management, internal audit and is a member of council corporate governance groups.

#### Other Observations

Testing of access to Council systems has not been thoroughly covered in this audit. However, a separate Council Systems Access audit planned as part of the 2025/26 audit plan will include this area and assurance provided in due course.

We were advised some case documents and records relating to proactive drives are held within the CFEU service shared drive rather than in the DTx system. While this data is safely secured, there may be records held beyond the data retention guidance. The Head of Service agreed this is a priority and out of date documents will be deleted from the shared drive and maintained going forward. Although, a formal action has not been agreed, regular review should be undertaken to ensure the integrity of records held.

The DTx case management system has a built-in control to manage the age of closed cases. However, expired cases cannot be sorted by date to indicate which need to be deleted, they need to be identified within the overall caseload list causing an unnecessary administrative burden. This is a system error and has been raised with DTx directly. We were advised that the Client and Technical Support Manager regularly checks for expired cases and deletes these accordingly. We were further advised that it is not appropriate to retain a record of what has been deleted, and therefore this element was not tested.

To summarise there are sound controls in place governing CFEU activity. The agreed action, observations above, and with regular 'administrative housekeeping' if implemented will further improve the current control environment.

## Payroll – Final Report – August 2025

### Audit Objective

To provide assurance that the payroll system is operated in accordance with agreed policy/procedure and with the Financial Rules.

### Executive Summary – Publica Payroll Controls – Processing Payroll



#### Assurance Opinion

The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

#### Management Actions

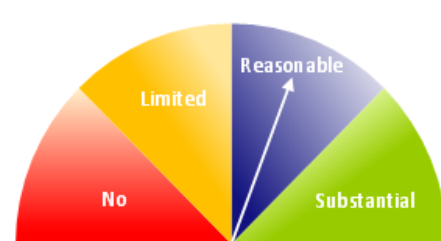
Priority 1	0
Priority 2	0
Priority 3	0
<b>Total</b>	<b>0</b>

#### Organisational Risk Assessment

Low

Our audit work includes areas that we consider have a low organisational risk and potential impact.

### Executive Summary – Council Service Area Controls



#### Assurance Opinion

The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.

#### Management Actions

Priority 1	0
Priority 2	1
Priority 3	0
<b>Total</b>	<b>1</b>

#### Organisational Risk Assessment

Low

Our audit work includes areas that we consider have a low organisational risk and potential impact.

### Key Conclusions



**Transactional Testing Mileage/Overtime/Expenses:** Business World records evidenced claims have appropriate manager approvals and expense claims comply with Council policies. Mileage claims are calculated appropriately according to HMRC rates. But the details on the claims was not sufficient to confirm the miles claimed and so are not compliant with agreed policy. In addition, potentially fraudulent claims may go undetected.





**Payroll processes undertaken by Publica:** Payroll system data for starters, leavers, and variations is accurately maintained in Business World against personnel files. Employee records following the 1 November 2024 TUPE were accurately transferred from Publica to the Council's Business World records. Relevant mileage, expenses, and overtime payments up to 31 October 2024 were paid from Publica prior to records being closed.

### Audit Scope

Our audit covered the period from January 2023 to March 2025. This included the TUPE of employees of 1 November 2024. Our testing reviewed the following:

- Records for starters, leavers, and variations in Business World to ensure timely accurate changes to the payroll were actioned and supported by appropriate records and approvals.
- Key control testing was undertaken to ensure:

	<p><b>Payroll authorisations and BACs procedure:</b> The BACs process is managed by Payroll Advisors with oversight from the Payroll Team Leader. Prior to the TUPE on 1 November 2024, payroll was authorised by the Publica HR Business Manager. Post TUPE, payroll reports are appropriately authorised by Section 151 officers.</p>	<ul style="list-style-type: none"><li>– Independent review and approval of exception reporting</li><li>– Timely clearing of Payroll Suspense transactions</li><li>– Reconciliation processes</li></ul>
	<p><b>Key control testing:</b></p> <ul style="list-style-type: none"><li>• Exception reporting testing evidenced appropriate Section 151 authorisation.</li><li>• Clearing of suspense accounts is maintained regularly.</li></ul> <p>Payroll reconciliation to the general ledger is a year-end electronic process.</p>	<p>Transactional testing of mileage, overtime, and expenses was actioned to assess accuracy and timeliness of data processing, including documented approvals and self-serve records in Business World. Approval and self-serve procedures.</p>

Other Relevant Information		
<p>We noted that expense receipts are not always viewable, and/or are not consistently held within the Business World (BW) system. Given BW does not allow expenses to be processed without receipts being attached to support the expenditure, we concluded that these must be held elsewhere within the system. Our testing evidenced these receipts are available in BW but not attached to the approval records, where one would expect to find them.</p> <p>Furthermore, officers are not aware how to find receipts in the system. This could potentially impact the Council’s ability to provide evidence to the HMRC (eg. VAT claims). We have reported this to the Publica BW System Administration team so that the issue can be resolved, necessary permissions granted, and guidance produced to ensure officers can access relevant documents.</p> <p>To summarise, robust controls are operating within the Publica Payroll service for the processing of the payroll. The agreed action above relates to proper review and approval processes which should be undertaken by service managers as the accountable officers.</p>		

## Leisure and Culture Facilities – Final Report – July 2025

### Audit Objective

Review to determine how the Council receives assurance from Third Party Leisure providers on their compliance with relevant legislation; to include Health and Safety Regulations. This review includes overall contract monitoring arrangements between the Council and leisure provider.

### Executive Summary



#### Assurance Opinion

The review identified significant gaps, weaknesses, or instances of non-compliance. The system of governance, risk management, and control requires improvement to effectively manage risks to the achievement of objectives in the area audited.

#### Management Actions

Priority 1	2
Priority 2	1
Priority 3	1
<b>Total</b>	<b>4</b>

#### Organisational Risk Assessment

High

Our audit work includes areas that we consider have a high organisational risk and potential significant impact.

### Key Conclusions

### Audit Scope

**Compliance Checks** – The leisure service providers are responsible for managing compliance at the Council facilities and, as per the agreement, non-compliance should be reported to CDC. A sample of compliance information, including:

- Electrical Compliance,
- Fire Alarm Systems and Tests,
- Sanitation and Cleanliness of equipment and areas,
- Surveillance Equipment,
- Safeguarding,
- Legionella and Water Testing

highlighted that non-compliance had not been reported to the Council.



Officers are following up on the issues identified and plan to collaborate with other service areas to support with the future monitoring of compliance.

**Safeguarding Self-Assessment/Risk Assessment (RA) Check** – The leisure service provider has safeguarding policies and procedures. However, we were unable to verify that a safeguarding self-assessment/risk assessment had been completed as required. Council officers have requested that the leisure service provider, drafts and produces, appropriate valid safeguarding assessments as per the contract and that anonymised copies of these are supplied for monitoring/review. Partner organisations have collaborated with their county's safeguarding partnerships to support with assessment. Gloucestershire has safeguarding partnerships that could potentially also be engaged to support CDC.

**Outstanding Security Recommendation** – A security review was completed in 2023 for the culture facility to support museum accreditation. It has been highlighted that recommendations from the review remain outstanding / unactioned, which includes the replacement of end-of-life CCTV. Officers have recently been issued with a copy of the report and should use this to ensure the service provider actions the recommendations. The Operator has a quote from August 2023 for the replacement of the CCTV cameras which needs updating. As this as an issue from contract handover, the Council should consider funding this replacement.

This review focussed on the following aspects of leisure and culture facilities:

- Strategic Contract Management
- Operational Compliance Assurance
- Fire alarm systems and tests
- Surveillance equipment
- Sanitation and cleanliness of equipment and areas
- Safeguarding considerations

	<p><b>Council Contract Checks</b> – There is a monitoring and reporting process in place but Council Officers have been unable to complete regular formal site inspections of the leisure and culture facilities since the commencement of the contract (August 2023), until a process was implemented in August 2024. Inspection reports identify good practice and make recommendations where improvements are required. Areas inspected include:</p> <ul style="list-style-type: none"> <li>• Cleanliness and Tidiness</li> <li>• Staff</li> <li>• Environment</li> <li>• Atmosphere</li> <li>• Repairs and Maintenance</li> </ul> <p>It is important that the inspection process continues, on a regular basis, to ensure CDC obtains assurance in these areas it requires.</p>	
	<p>The Leisure Contract Specialist demonstrated a detailed knowledge and understanding of CDC facilities and contract requirements. Regular formal meetings are held with the leisure provider to discuss performance information and strategic/operational issues. Evidence provided demonstrated that ad-hoc issues (e.g. specific complaints) can be escalated and addressed as necessary. It is critical that this continues as the monitoring of the leisure contract has now transferred into CDC.</p>	
<p><b>Other Relevant Information</b></p>		
<p>The leisure service provider operates the leisure and cultural services within the district, which includes dual use sites (school and leisure centre). Dual use arrangements should be reviewed to ensure compliance responsibilities are adequate, and non-compliance is being reported. We were unable to confirm how CCTV is managed in school owned facilities and Officers commented that there has previously been confusion on compliance responsibilities.</p> <p>As the Property and Assets Service, and Leisure Contract Monitoring transferred back into the Council with effect 1<sup>st</sup> July 2025, there is an opportunity to collaborate, with the leisure service provider, more closely on managing compliance. This could also support preparations for Local Government Reorganisation.</p>		

## Audit Findings & Management Action Plan – July 2025

### Finding 1.

#### Compliance Checks

This audit included a sample check of compliance with service specification requirements. The leisure provider has contracted operational responsibility for the following areas checked:

- **Electrical compliance** – We could not confirm all emergency lighting faults are rectified.
- **Fire alarm systems and tests** – We noted that the paper-based forms for logging test results are not completed correctly and may require review.
- **Surveillance equipment i.e. CCTV and the data recorded, processed and stored** – We were unable to confirm how the council ensures that the contractor is managing CCTV data in accordance with the contract specification. No information could be provided on how CCTV data is managed for the sites located in a school owned building. Additionally, there are outstanding recommendations highlighted in the security review reports to replace end-of-life CCTV cameras (there is a separate action to address this).
- **Sanitation and cleanliness of equipment and areas** – No issues identified.
- **Safeguarding considerations, for both vulnerable adults and children** – We have not been provided with example safeguarding Risk Assessments (there is a separate action to address this).
- **Legionella and Water Testing** – Legionella testing is conducted by an independent service provider, and records are maintained. However, we have noted non satisfactory test results.

The Council should be made aware of compliance issues by exception, but the issues identified had not been communicated. If the Council is not made aware of non-compliances, there is a risk that issues go unrectified potentially resulting in serious injury and/or financial & reputational damage. Officers are adding non-compliance issues as a standard agenda item for the monthly meetings with the leisure providers.

As Property and Asset services coming back into the Council, there is an opportunity to collaborate more closely on managing compliance.

### Action

Officers will follow up with the leisure provider to ensure the non-compliance issues identified are addressed. Non-compliance will be added as a standard item on the monthly operations meeting with leisure providers. Discussions will be held with key Property and Estates Officers to establish a collaborative approach on compliance.

#### UPDATE SEPTEMBER 2025:

The Leisure & Culture Manager has provided evidence to demonstrate that the non-compliance issues identified have been addressed and that compliance is now a standard agenda item for meetings. Email calendars demonstrate that monthly meetings with the CDC Asset Manager for Property & regeneration have been established. Action complete.

Priority	1	SWAP Reference	AP#6245
Responsible Officers	Leisure & Culture Manager and Head of Economic Development & Communities		
Timescale	31 <sup>st</sup> October 2025		



Finding 2.	Action			
<p><b><u>Safeguarding Self-Assessment/Risk Assessment (RA) Check</u></b></p> <p>Safeguarding self-assessments/RAs could not be verified during testing. The leisure provider’s safeguarding policy and procedure provided contained the expected content, but a safeguarding assessment was not provided. Without regular safeguarding assessments there’s a risk that safeguarding issues are not identified and addressed resulting in harm and reputational damage to the Council. It is therefore important for Officers to follow-up on this with the leisure providers to ensure appropriate safeguarding assessments are in place.</p> <p>Safeguarding assessment examples available to partner councils demonstrate collaboration with their county’s safeguarding partnerships. Gloucestershire has a safeguarding children partnership and a safeguarding adults board that could potentially be engaged to support with ensuring appropriate assessments are in place.</p>	<p>Officers have followed up with leisure providers to verify completion of safeguarding self-assessments and risk assessments.</p> <p>The Partnership Manager will provide example documentation to demonstrate this.</p> <p><b>UPDATE SEPTEMBER 2025:</b></p> <p>Example documentation has been provided to demonstrate the completion of safeguarding assessments. Action complete.</p>			
	Priority	1	SWAP Reference	AP#6336
	Responsible Officer		Leisure & Culture Manager and Head of Economic Development & Communities	
	Timescale		31 <sup>st</sup> October 2025	

Finding 3.	Action			
<b><u>Outstanding Security Recommendation</u></b>  Security reviews completed in 2016 & 2023 to support museum accreditations were provided. An update from the Museum Curator confirms that there are outstanding recommendations from the 2023 review, which includes the replacement of end-of-life CCTV cameras. There is a risk of security vulnerabilities being exploited if security review recommendations are not addressed.  <b>Officer Response:</b> <i>“Freedom Leisure have advised that they have on file a quote for the rectification works to be completed, but had identified this as an inherited issue from the previous contractor. CDC will therefore need to fund these replacements but had not been made aware of this at the contract handover.”</i>	Develop and implement a plan to address outstanding security recommendations from the 2023 assessment to ensure the museum's security is up to date and effective. Replacing end-of-life CCTV cameras is a priority and a quote has been requested.			
	Priority	2	SWAP Reference	AP#6500
	Responsible Officer		Leisure & Culture Manager and Head of Economic Development & Communities	
	Timescale		31 <sup>st</sup> December 2025	

Finding 4.		Action	
<b><u>Council Contract Checks</u></b>			
<p>There is a well-established monitoring and reporting process that has clear links to contracted outcomes. However, historical evidence of regular formal site inspections by Council Officers was not available as a process has only recently been implemented (August 2024). Copies of recently completed inspections were provided which demonstrated inspection of the following key performance aspects of the leisure contract (checks repeated by area):</p> <ul style="list-style-type: none"><li>• Cleanliness &amp; Tidiness</li><li>• Staff</li><li>• Environment</li><li>• Atmosphere</li><li>• Repairs &amp; Maintenance</li></ul> <p>Other checks are included on the inspection based on the area being inspected (e.g. lockers and appliances in wet changing facilities). Each check will be scored out of 5 where 1 is poor and 5 is great. Each area then receives an overall average score. The average score for each area is used as the overall score for the site inspection.</p> <p>The inspection example provided included comments and recommendations for the sites. A quarterly report is prepared based on 3 separate site inspections completed over the quarter.</p> <p>As this process has only recently been implemented, it's important that it continues to allow the Council to obtain their own assurance on leisure and culture facilities. This is even more pertinent given the Publica phase 2 transition bringing leisure &amp; culture services back in-house and with LGR on the horizon. If an inspection process is not maintained, there's a risk that certain contractual obligations could be missed resulting in reputational damage to the council.</p>		<p>The Council's recently implemented site inspection and quarterly reporting process will continue to ensure the Council receives their own assurance on leisure and culture facilities. A full record of inspection will be maintained to demonstrate key performance areas are being monitored.</p> <p>Officers will review the inspection template to assess whether certain compliance checks can be incorporated (e.g. safeguarding risk assessment, CCTV operations, water testing).</p>	
		Priority	3
		SWAP Reference	AP#5822
		Responsible Officer	Leisure & Culture Manager and Head of Economic Development & Communities
		Timescale	31 <sup>st</sup> March 2026



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Agreed Actions – September 2025

SWAP  
INTERNAL AUDIT SERVICES  
Helping Organisations to Succeed

Open Management Actions

Organisation

Cotswold District Council

Audit Title

All

Issue Tester

All

Issue Subscriber

All

Open Actions by Priority

11

8

2

3

Not yet due

Due within 30 days

1-30 days overdue

31-60 days overdue

61-90 days overdue

91+ days overdue

Total Actions

9

8

(Blank)

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2

19

Open Actions by Organisation

Priority ● 2 ● 3

19

8

11

Cotswold District Council

Open/Closed Actions

53

19

● Complete ● In Progress

Overdue Open Actions

17 (89.47%)

2 (10.53%)

● On Time ● Overdue

Open Actions with Extended Dates

9 (47.37%)

10 (52.63%)

● Yes ● No

Management Actions

Open Action Plan Details

Closed Action Plan Details

Self Assessed Complete Action Plan Details

Page 97

Open Agreed Actions - September 2025									
ID (Action Plan)	ID (Issue)	Audit Title	Title (Issue)	Issue Status	Period	Priority Score	Original Timescale	Timescale	Follow-Up Assessment
2984	2786	CDC - Property Services - Compliance and Health & Safety - March 2023	Central Property Database Accuracy	Pending Remediation	2023/24	3	30/09/2024	31/10/2025	July 2025: A review of the property database demonstrates significant progress has been made with uploading compliance documentation. Officers are continuing to progress this action to ensure database information is comprehensive and accurate. Timescale extended to provide the Council's new Property team with time to fully complete this action following the recent significant structure changes.
5348	5005	CDC - Community Infrastructure Levy 2023/24	Roles and responsibilities are not formally defined in guidance.	Pending Remediation	2024/25	2	31/01/2025		Awaiting update from CDC Planning Officers on progress.
5349	5006	CDC - Community Infrastructure Levy 2023/24	CIL Payment Requests.	Pending Remediation	2024/25	3	31/01/2025		Awaiting update from CDC Planning Officers on progress.
5932	5566	CDC - CT/NNDR 2024/25	CDC Revenues and Benefits Suspense Account Monitoring.	Pending Remediation	2024/25	3	31/03/2025	31/10/2025	Sept 2025: Will follow this up during annual audit review
5933	5567	CDC - CT/NNDR 2024/25	CDC Historical Revenues and Benefits Suspense Account Entries.	Pending Remediation	2024/25	2	31/03/2025	31/10/2025	Sept 2025: Will follow this up during annual audit review
5749	5389	CDC - Data Breaches - 2023/24	CDC Data Protection Suggestions	Pending Remediation	2024/25	2	30/06/2025	31/12/2025	Sept 2025: Follow-Up audit in progress
5822	5460	CDC - Leisure and Culture Facilities - 2024/25	Council Contract Checks	Pending Remediation	2024/25	3	31/03/2026		
6500	6086	CDC - Leisure and Culture Facilities - 2024/25	Outstanding Security Recommendation	Pending Remediation	2024/25	2	31/12/2025		
5347	5004	CDC - Members Allowances and Expenses 2024/25	Evidence of Expense Claims	Pending Remediation	2024/25	2	28/02/2025	30/09/2025	July 2025: Our follow-up review of members expenses shows that controls have improved. However, receipts and expense forms were not available for all expenses incurred since April 2025. We plan to retest members expenses in September and have therefore extended the timescale.
5895	5530	CDC - Procurement Cards Follow Up	CDC Procurement Card Register and unused cards.	Pending Remediation	2024/25	2	30/06/2025	31/03/2026	Sept 2025: CFO advised - Project to move to "PO to Pay" being scoped and will cover the use of procurement cards (as PO to Pay will identify appropriate purchasing options). Review March 2026
5897	5532	CDC - Procurement Cards Follow Up	CDC - Procurement Card Spend Transparency reports	Pending Remediation	2024/25	3	30/06/2025	31/03/2026	Sept 2025: CFO advised - Project to move to "PO to Pay" being scoped and will cover the use of procurement cards (as PO to Pay will identify appropriate purchasing options). Review March 2026
5947	5581	CDC - Procurement Cards Follow Up	CDC - Procurement Cards Policy & Procedures responsibilities.	Pending Remediation	2024/25	2	30/06/2025	31/03/2026	Sept 2025: CFO advised - Project to move to "PO to Pay" being scoped and will cover the use of procurement cards (as PO to Pay will identify appropriate purchasing options). Review March 2026
6956	6519	CDC - S106s 2023/24	Roles, responsibilities, and processes not clearly understood by all officers and external stakeholders.	Pending Remediation	2024/25	2	30/09/2025		
6957	6520	CDC - S106s 2023/24	A review of engagement with the S106 consultation process is required.	Pending Remediation	2024/25	2	30/09/2025		
6958	6521	CDC - S106s 2023/24	Monitoring processes for non-financial clauses are insufficient.	Pending Remediation	2024/25	2	30/09/2025		
6959	6522	CDC - S106s 2023/24	Improvements to S106 contribution management required.	Pending Remediation	2024/25	3	30/09/2025		
5451	5102	CDC - Taxi Licensing Safeguarding Follow Up	CDC Hackney Carriage & Private Hire Licensing Policy	Pending Remediation	2024/25	3	30/06/2025	30/09/2025	
5800	5438	CDC - Taxi Licensing Safeguarding Follow Up	CDC Taxi Licensing Income Reconciliation.	Pending Remediation	2024/25	2	30/06/2025	30/09/2025	
7079	6633	PUB - Counter Fraud & Enforcement Unit 2024/25	Comprehensive Case Notes were missing	Pending Remediation	2024/25	3	30/09/2025		



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# Agenda Item 9



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 SEPTEMBER 2025</b>
Subject	<b>2025/26 TREASURY MANAGEMENT INDICATORS – QUARTER ONE</b>
Wards affected	N/A
Accountable member	Cllr Patrick Coleman, Cabinet Member for Finance Email: <a href="mailto:patrick.coleman@cotswold.gov.uk">patrick.coleman@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and S151 Officer Email: <a href="mailto:David.Stanley@cotswold.gov.uk">David.Stanley@cotswold.gov.uk</a>
Report authors	Sian Hannam, Business Partner – Treasury Management Email: <a href="mailto:sian.hannam@publicagroup.uk">sian.hannam@publicagroup.uk</a> Michelle Burge, Chief Accountant Email: <a href="mailto:Michelle.Burge@cotswold.gov.uk">Michelle.Burge@cotswold.gov.uk</a>
Summary/Purpose	To report to the Audit and Governance Committee the quarter one Treasury Management Indicators as required by the CIPFA Treasury Management Code.
Annexes	None
Recommendation(s)	That the Audit and Governance Committee resolves to: 1. Note the 2025/26 Treasury Management Indicators (Q1).
Corporate priorities	Delivering good services
Key Decision	NO
Exempt	NO
Consultees/ Consultation	N/A

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## **1. EXECUTIVE SUMMARY**

- 1.1** This report provides a quarterly update to the Audit and Governance Committee of the Council's performance against its Treasury Management Indicators. The indicators set out below are used to monitor the Council's performance against the prudential indicators approved by Council prior to the start of the financial year.
- 1.2** The Council has complied with all limits and indicators set at the end of the first quarter of 2025/26

## **2. BACKGROUND**

- 2.1** The Council's treasury management strategy for 2025/26 was approved at a full Council meeting on 24 February 2025. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.
- 2.2** The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 2.3** Audit and Governance Committee have responsibility for reviewing and monitoring treasury management arrangements in accordance with the CIPFA Treasury Management Code and receiving performance reports.
- 2.4** The 2021 Treasury Management Code introduced a new requirement from 1 April 2023 that monitoring of treasury and non-treasury management prudential indicators should be reported quarterly as part of the Council's general revenue and capital monitoring.
- 2.5** Non treasury management prudential indicators were reported to Cabinet in September 2025 within Annex B of the quarter one financial performance report.



### 3. COMPLIANCE

- 3.1** The Deputy Chief Executive and S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 1 below.

Table 1: Investment limits

Investment Limits Qtr1	2025/26 Maximum (£)	30/06/2025 Actual (£)	2025/26 Counterparty Limit (£)	2025/26 Sector Limit (£)	Complied?
The UK Government	0	7,650,000	Unlimited	n/a	Yes
Local authorities & other government	0	0	3,000,000	Unlimited	Yes
Secured Investments*	0	0	3,000,000	Unlimited	Yes
Banks (Secured)*	3,000,000	2,781,000	3,000,000	Unlimited	Yes
Building Societies (Unsecured)*	0	0	2,000,000	10,000,000	Yes
Registered providers (Unsecured)*	0	0	5,000,000	10,000,000	Yes
Money Market Funds*	9,000,000	9,000,000	3,000,000	Unlimited	Yes
Strategic pooled funds	11,500,000	11,500,000	4,000,000	20,000,000	Yes
Real Estate Investment Trusts	1,000,000	1,000,000	3,000,000	20,000,000	Yes
Other Investments*	0	0	£1m-£3m	10,000,000	Yes

*\*Investments in these sectors will only be made with entities whose lowest published long-term credit rating is no lower than A-*



#### **4. TREASURY MANAGEMENT PRUDENTIAL INDICATORS**

**4.1** As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

##### **Liability Benchmark**

**4.2** This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £13m, dropping to £11m in 2027/28, required to manage day-to-day cash flow.

Table 2: Liability benchmark

\*A negative liability benchmark indicates that the Council would be able to fund borrowing 'internally' from balance sheet resources rather than needing to externally borrow.

<b>Liability benchmark - Q1</b>	<b>31/03/2025 Actual (£m)</b>	<b>31/03/2026 Forecast (£m)</b>	<b>31/03/2027 Forecast (£m)</b>	<b>31/03/2028 Forecast (£m)</b>
Loans CFR	0.36	0.47	2.97	2.57
Less: Balance sheet resources	(22.23)	(22.80)	(17.14)	(10.85)
<b>Net loans requirement</b>	<b>(21.87)</b>	<b>(22.33)</b>	<b>(14.17)</b>	<b>(8.28)</b>
Plus: Liquidity allowance	13.00	13.00	13.00	11.00
<b>Liability benchmark</b>	<b>(8.87)</b>	<b>(9.33)</b>	<b>(1.17)</b>	<b>2.72</b>
<b>Existing borrowing</b>	<b>0.26</b>	<b>0.16</b>	<b>0.06</b>	<b>-</b>



### **Long-term Treasury Management Investments:**

- 4.3** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

Table 3: Long-term Treasury Management Investments:

<b>Long Term Q1</b>	<b>2025/26 (£)</b>	<b>2026/27 (£)</b>	<b>2027/28 (£)</b>	<b>No fixed date (£)</b>
Limit on principal invested beyond year end	13,000,000	13,000,000	13,000,000	13,000,000
Actual principal invested beyond year end at 30.06.2025	£0	N/A	N/A	12,500,000
Complied?	Yes	N/A	N/A	Yes

- 4.4** Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

### **Additional Indicators**

- 4.5 Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 4: Portfolio average credit rating

	<b>2025/26 Target</b>	<b>30/06/2025 Actual</b>	<b>Complied?</b>
Portfolio average credit rating	A-	AA-	Y

- 4.6 Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year impact of a 1% rise or fall in interest rates will be:



Interest rate risk indicator	2025/26 Target	30.6.25 Actual	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-£0.18m	-£0.02m	Yes
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£0.18m	£0.02m	Yes

For context, the changes in interest rates during the quarter were:

	<u>01/04/25</u>	<u>30/06/25</u>
Bank Rate	4.50%	4.25%
1-year PWLB certainty rate, maturity loans	4.82%	4.50%
5-year PWLB certainty rate, maturity loans	4.94%	4.70%
10-year PWLB certainty rate, maturity loans	5.38%	5.27%
20-year PWLB certainty rate, maturity loans	5.88%	5.88%
50-year PWLB certainty rate, maturity loans	5.63%	5.71%

## **5. FINANCIAL IMPLICATIONS**

**5.1** As outlined in body of report.

## **6. LEGAL IMPLICATIONS**

**6.1** No Legal Implications.

## **7. RISK ASSESSMENT**

**7.1** None.

## **8. EQUALITIES IMPACT**

**8.1** None.

## **9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**9.1** None.

## **10. BACKGROUND PAPERS**



**COTSWOLD**  
District Council

**10.1** None.





**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 SEPTEMBER 2025</b>
Subject	<b>COUNTER FRAUD AND ENFORCEMENT UNIT REPORT</b>
Wards affected	All
Accountable member	Councillor Patrick Coleman, Cabinet Member for Finance Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Chief Finance Officer Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Report author	Emma Cathcart, Head of Service Counter Fraud and Enforcement Unit Email: <a href="mailto:Democratic@Cotswold.gov.uk">Democratic@Cotswold.gov.uk</a>
Summary/Purpose	<p>To provide the Committee with assurance over the counter fraud activities of the Council and to update the Committee in relation to the areas of fraud risk mitigation. Direct updates will continue to be provided biannually.</p> <p>To present the Committee with an updated Fraud Risk Strategy 2025, Fraud Compliance Report and Fraud Response Plan, so that they may consider the approach taken by the Counter Fraud and Enforcement Unit Partnership as the body charged with governance in this area.</p> <p>To provide assurance to the Committee that the risks of fraud committed against the Council are recognised, managed and mitigated in accordance with Council priorities, and changing fraud trends.</p>
Annexes	<p>Annex A – Fraud Risk Strategy 2025</p> <p>Annex B – Fraud Compliance Report and Appendix</p> <p>Annex C – Fraud Response Plan</p>



Recommendation(s)	That the Committee resolves to:  1. Note the report and attachments; Fraud Risk Strategy 2025, Fraud Compliance Report and Fraud Response Plan are appended at Annex A, B and C respectively.
Corporate priorities	<ul style="list-style-type: none"><li>• Delivering Good Services</li></ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Work plans are agreed and reviewed regularly with the Deputy Chief Executive and Chief Finance Officer. Any Policies or Strategy documents drafted or revised by the Counter Fraud and Enforcement Unit have been reviewed by Legal Services and have been issued to the relevant Senior Officers, Governance Group and Corporate Management for comment.



## **1. EXECUTIVE SUMMARY**

- 1.1** Risk Management is used to identify, evaluate and manage the range of risks facing an organisation. This includes consideration relating to the risk of fraud.
- 1.2** Fraud is the most common crime in the UK and costs many billions of pounds to private companies, individuals and the public sector. The cost of fraud and error against the public sector is estimated to be at least £33 billion per year, money that could otherwise be spent on the provision of public services.
- 1.3** Local Authorities have a responsibility to promote and develop high standards for countering fraud and corruption in their organisations. This supports good governance and demonstrates effective financial stewardship and strong public financial management.
- 1.4** 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 a Councillor.
- 1.5** 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 priorities and community plans.
- 1.6** As the body charged with governance in this area, 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.

## **2. MAIN POINTS**

- 2.1** The Counter Fraud and Enforcement Unit (CFEU) developed a Fraud Risk Strategy for implementation across the Partnership in 2022. Audit and Governance Committee considered this in September 2022.
- 2.2** The Fraud Risk Strategy 2025 (the Strategy), attached at Annex A, has been reviewed to ensure it meets requirements and reflects current risks, legislation, government standards, and the CFEU approach relating to counter fraud activities.
- 2.3** The Strategy sets out the definitions and motivations for fraud and the principles of risk management. Risk management and being 'risk aware' are vital to ensure the effective operation of the Council.



- 2.4** The risk of fraud is ever present, and it is impossible to identify or mitigate against all risks, however by being risk aware the Council is in a better position to avoid threats, develop processes that reduce the loss or impact, and increase its ability to recover.
- 2.5** The Strategy identifies the high-risk areas that Local Government is susceptible to, both internally and externally. It also details the types of response methods and refers to the specific fraud response recommended for Local Government. These principles underpin the Council's Strategy.
- 2.6** As set out within the Strategy, the CFEU work with Internal Audit to provide resilience and resource in prevention, detection, response and review of detected fraud and fraud risks.
- 2.7** Referred to when the original Strategy in 2022 was presented, was the Local Government Association Fighting Fraud and Corruption Locally (FFCL) checklist which sets out best practice recommendations. It was agreed that the CFEU would complete this assessment to confirm compliance and identify any areas of non-compliance or improvement.
- 2.8** Attached at Annex B is the Fraud Compliance Report which summarises the activities in fraud risk mitigation that the CFEU has committed to. Work has commenced in relation to the introduction of service specific fraud risk registers with the first being issued to the Revenues and Benefits Team.
- 2.9** Work has also commenced on registers relating to Procurement, Human Resources (Recruitment) and Housing. The registers consider national and local emerging fraud risks, good practice in processes and procedure, and possible areas of risk mitigation. This element of the CFEU annual work plan will be developed according to priority with higher risk service areas being addressed first.
- 2.10** Also attached at Annex B is the completed FFCL checklist which confirms a significant level of compliance.
- 2.11** Areas shown as partially or non-compliant will be considered to improve this. In terms of Portfolio Lead updates, it has been suggested that Cabinet Members are briefed to coincide with reports presented to Audit and Governance Committee. More targeted communications and updates are planned for employees and contractors in terms of fraud awareness and whistleblowing.



- 2.12** A Fraud Response Plan and supporting summary are presented at Annex C. This document should provide a quick reference guide for employees, contractors, Councillors, members of the public and third-party organisations regarding the reporting of fraud, theft or corruption. The supporting summary provides an overview of the process and some quick reference 'Do's and Don'ts to ensure early identification, mitigation and to ensure the investigation is not compromised.
- 2.13** The CFEU work plan for 2024/25 included a focus on fraud risk mitigation regarding grant schemes and polygamous working as high-risk areas.
- 2.14** A Grant Management Policy (the Policy) has been drafted and is in the final stages of consultation. The Policy sets out the processes to be followed by employees when managing all grants, applying for external funding, developing a new grant scheme and the distribution of funds.
- 2.15** A supporting Grant Management Toolkit detailing fraud risk areas, mitigation and suggestions relating to application drafting and verification activities has been completed and is now available for reference and use by colleagues.
- 2.16** As previously reported to the Committee and in the press, the CFEU undertook an investigation regarding a former employee who held multiple contracts of employment simultaneously. He was found guilty of committing fraud against Tewkesbury Borough Council, South Gloucestershire Council, and Publica Group Ltd.
- 2.17** The individual failed to disclose his multiple jobs to each organisation when taking up new roles. He submitted false timesheets, misrepresenting the hours worked for each employer, and provided inaccurate information on declaration forms regarding secondary employment. Through these actions, he received salaries and other benefits totaling approximately £236,000.
- 2.18** On 11 July 2025, following a Crown Court trial, he was found guilty on 9 counts of fraud. He was sentenced on 28 August 2025 to 3 years imprisonment for 3 of the charges and a further 2 years imprisonment to run concurrently, for the other 6 charges.
- 2.19** A timetable has been agreed in relation to the financial orders to include Proceeds of Crime proceedings.



- 2.20** The investigation informed the decision to focus on the risks relating to polygamous working. A fraud risks and mitigations report has been issued to Corporate Management Team and to Governance Officers.
- 2.21** The report makes 16 recommendations including suggestions for wording in employment contracts, the requirement for employees to regularly sign and agree to Code of Conduct documents, declaration of interest processes and how the Council manages secondary employment permissions and monitoring.
- 2.22** Work streams relating to vetting and recruitment risk mitigation, proactive fraud drives to identify secondary employment, and the management of remote working have also commenced.
- 2.23** 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.
- 2.24** The Gloucestershire MAAF webpage, to be known as Gloucestershire Against Scams Joint Agency Response or 'Glass Jar' is now complete. The launch is planned for October.

### **3. FINANCIAL IMPLICATIONS**

- 3.1** The Strategy itself does not have any direct financial implications. However, the implementation of the work streams associated with the Fraud Risk Strategy will help identify loss avoidance measures and any costs associated with implementation will be contained within existing budgets.

### **4. LEGAL IMPLICATIONS**

- 4.1** The Strategy aids the application of an effective fraud risk management regime and assists the Council in effective financial governance which is less susceptible to legal challenge.

### **5. RISK ASSESSMENT**



- 5.1** The Council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The CFEU provides assurance in this area.
- 5.2** Failure to undertake such activity would accordingly not be compliant and expose the Council to greater risk of fraud and/or corruption.
- 5.3** If the Council does not have effective counter fraud and corruption controls, it risks both assets and reputation.

## **6. EQUALITIES IMPACT**

- 6.1** The promotion of effective counter fraud controls and a zero-tolerance approach to internal misconduct promotes a positive work environment.
- 6.2** The CFEU seeks to ensure that public authorities' actions are consistent with the Human Rights Act 1998. 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.

## **7. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 7.1** None directly.

## **8. BACKGROUND PAPERS**

- 8.1** The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:
  - Audit and Governance Committee Report September 2022 – Counter Fraud and Enforcement Unit Fraud Risk Strategy.
- 8.2** These documents will be available for inspection online at [www.cotswold.gov.uk](http://www.cotswold.gov.uk) or by contacting democratic services [democratic@cotswold.gov.uk](mailto:democratic@cotswold.gov.uk) for a period of up to 4 years from the date of the meeting.

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# FRAUD RISK STRATEGY

## Table of Contents

Introduction .....	3
Key Definitions .....	4
Why do People Commit Fraud? .....	4
Pressure/Motivation .....	5
Opportunity .....	5
Rationalisation .....	6
Risk Management .....	6
Identifying the Risk - Local Government Fraud Risk Areas .....	7
External Fraud Risk Areas .....	7
Internal Fraud Risk Areas .....	7
Understanding and Assessing the Risk .....	8
Risk Response Strategy .....	8
Anti-Fraud Strategy .....	8
Approach .....	8
New and Emerging Risks .....	10
Planning and Resourcing .....	10
Prevention .....	11
Detection .....	12
Response .....	12
Review .....	14

# Introduction

Fraud is the most common and pervasive crime in the UK, costing private companies, individuals, and the public sector many billions of pounds each year. The impact of fraud and related offences can be devastating, ranging from unaffordable personal losses, often suffered by vulnerable victims, to threatening the ability of affected organisations to survive.

Fraud is not an issue that any organisation wants to confront or acknowledge, however, the reality is that most organisations will experience some form fraud. Within Local Government, it is particularly widespread. Global surveys have found that the impact of fraud on government and public administration sectors is second only to the banking and financial services sector.

The Public Sector Fraud Authority (PSFA) estimates that between £39.8 billion and £58.5 billion of public money is lost to fraud and error each year. The National Audit Office (NAO) places the cost to the taxpayer to be even higher, estimating it at between £55bn and £81bn annually. According to the latest figures in the recent Local Government Association endorsed *Fighting Fraud and Corruption Locally Strategy*, the cost of fraud and error against the public sector is estimated to be at least £33 billion per year. During the pandemic alone, additional losses were estimated at around £13 billion. These are significant sums that could otherwise be spent on the provision of public services.

The Councils that make up the Counter Fraud and Enforcement Unit (CFEU) Partnership have a duty to protect public funds from the risk of fraud. While it is impossible to eliminate all fraud, they must maintain a sufficiently robust control framework to mitigate these risks.

Local Authorities are responsible for promoting and developing high standards for countering fraud and corruption within their organisations. This commitment supports good governance and demonstrates effective financial stewardship and strong public financial management. They face significant challenges in mitigating fraud while continuing to deliver frontline services against a backdrop of reduced resource and income streams.

The Economic Crime and Corporate Transparency Act 2023 (ECCTA) creates a new offence: 'Failure to Prevent Fraud'. Under the Act, an organisation may be held criminally liable if an employee, agent, subsidiary, or other associated person, commits a fraud intending to benefit the organisation, and the organisation did not have reasonable fraud prevention procedures in place.

## FRAUD RISK STRATEGY

In line with the fraud risk assessment checklists outlined in the *Fighting Fraud and Corruption Locally (FFCL) 2020*<sup>1</sup> strategy and the *Government Functional Standard GovS013: Counter Fraud*<sup>2</sup>, this strategy sets out the direction and desired outcomes for the partnership.

A key element of this approach is fostering an anti-fraud culture and implementing practices that support and guide Councillors, employees and contractors in addressing the serious issues of fraud and corruption. This document provides an overview of our policy on the matter and supports the work of the CFEU in preventing, detecting and deterring fraud and corruption.

### Key Definitions

- Bribery** Bribery is the act of offering, giving, requesting, or agreeing to receive a financial or other advantage, to influence the performance of an individual in a position of authority. It involves an intent to gain an unfair advantage or to induce improper performance of a duty.
- Fraud** The term ‘fraud’ refers to offences contrary to the Fraud Act 2006, which are based on false representation, dishonesty, financial gain or loss, and related offences such as bribery and money laundering. Fraud typically involves the use of deception to dishonestly make a gain and/or cause a loss to another. Fraud can also involve the abuse of a position of trust.
- Corruption** Corruption is the abuse of entrusted power for personal gain, often involving dishonest or unethical conduct. It can occur in both public and private sectors and typically includes actions such as bribery, fraud, nepotism or embezzlement.

### Why do People Commit Fraud?

Fraud is often appealing due to the perceived ‘low risk / high reward’ opportunities it presents. It can be committed with relative ease and often from a distance, making it more difficult for both victims and authorities to detect. It is a crime that can be perpetrated by serious organised crime groups operating across international boundaries, but also by otherwise law-abiding individuals seeking opportunistic gain. In the public sector, the absence of a clearly identifiable victim further benefits the fraudster as it depersonalises the impact and reduces the perceived severity of the offence.

The ‘fraud triangle’ is commonly used to explain the factors that influence an individual’s decision to commit fraud. It identifies three components that increase the risk of fraud: opportunity, perceived pressure (incentive), and rationalisation. These elements apply equally

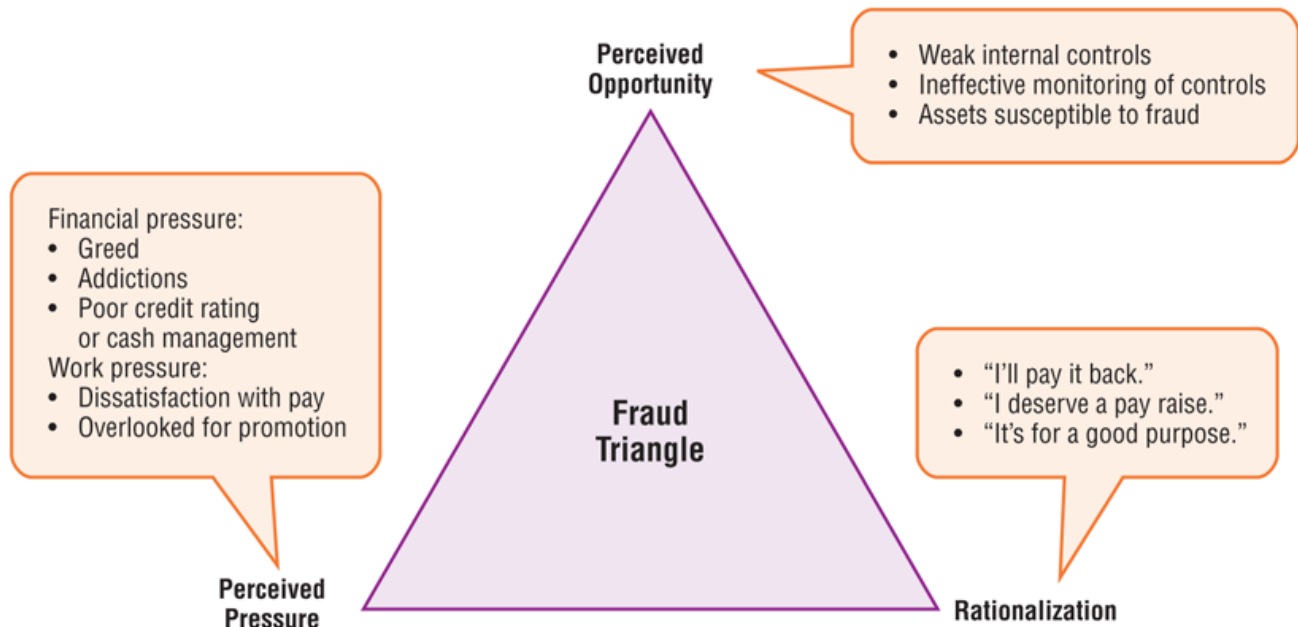
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<sup>1</sup> [Fight Fraud and Corruption Locally](#)

<sup>2</sup> [Government Functional Standard - GovS 013: Counter Fraud](#)

## FRAUD RISK STRATEGY

across all sectors/organisations and should always be considered as part of the wider approach to risk management. It is important to recognise that within Local Government, the opportunities and incentives to commit fraud are wide ranging.



### Pressure/Motivation

In simple terms, motivation to commit fraud is often driven by either greed or need, such as personal financial difficulties, rising living costs, debt, or workplace pressure to meet performance targets. While many people may encounter the opportunity to commit fraud, only a small minority choose to act on it.

Personality and temperament, particularly an individual's tolerance for risk and fear of consequences are also factors, even those with strong moral principles can be influenced or coerced by others. Some individuals may only be tempted when faced with severe financial hardship or the threat of ruin.

### Opportunity

In terms of opportunity, fraud is more likely to occur in organisations with weak internal controls, poor security, and an absence of policies clearly outlining acceptable behaviours. Research confirms that while some employees are inherently honest and others habitually dishonest, many fall in between and can be influenced by opportunity. The organisational culture, along with the example and behaviours demonstrated by leadership, plays a significant role in shaping perceptions of acceptable conduct and can significantly influence the likelihood of fraud.

## FRAUD RISK STRATEGY

### Rationalisation

Many people obey the law because they believe in its principles and/or fear being shamed or rejected by those they care about if caught. However, some individuals can rationalise fraudulent behaviour in various ways, including:

- **Necessity** – particularly when the act is perceived to benefit the organisation
- **Harmlessness** – believing the victim is large enough to absorb the loss, or views the organisation as faceless and impersonal
- **Justified** – thinking the victim ‘deserved it’, or acting out of a sense of being wronged or mistreated

The ‘fraud diamond’ theory builds on the fraud triangle by adding a fourth component: the perpetrator’s **capability** to commit fraud. This could include:

- Position/Role within the organisation
- Intelligence
- Confidence and Ego
- Coercion skills or the ability to lie convincingly
- Immunity to stress or the ability to cope under pressure

### Risk Management



## FRAUD RISK STRATEGY

### Identifying the Risk - Local Government Fraud Risk Areas

The threat of fraud faced by Local Authorities comes not only from the public (external), who access a wide range of services, but also from employees and contractors (internal) working across various service areas.

Due to the nature of services provided - such as welfare payments, grants, housing, Council tax discounts and exemptions, and business rates - fraud in these areas remains a key focus for ongoing prevention and detection efforts. Below is a list of fraud and corruption types to which Local Authorities are particularly vulnerable:

#### External Fraud Risk Areas

- **Social Housing Tenancy Fraud** – including false applications, sub-letting for profit, right to buy fraud, property abandonment, and fraudulent allocation.
- **Council Tax Fraud** – misuse of discounts and exemptions, such as the Council Tax Reduction Scheme (CTRS) and single person discount.
- **Business Rates (NNDR) Fraud** – fraudulent applications for reliefs and exemptions.
- **Adult Social Care Fraud** – including care workers claiming for unworked hours or misuse of direct payments.
- **Blue Badge Scheme Abuse** – unauthorised use or misrepresentation to gain parking privileges.
- **Grant Fraud** – false claims or misuse of grant funding.
- **Cybercrime** – phishing emails, viruses, and payment fraud (managed by ICT)
- **Serious and Organised Crime** – including fraud in licensing, contracts, right to buy, ‘cuckooing’, and online or payment card fraud

#### Procurement, Purchasing, and Contract Management Fraud

A significant risk area that can involve both internal and external actors is within procurement. Fraud can occur at any stage of the procurement cycle, including tendering, contracting, invoicing, or delivery of services.

Other internal fraud risks within Local Authorities include:

#### Internal Fraud Risks

- Payroll fraud
- Fraudulent expense and allowance claims
- Bribery, corruption and abuse of position
- Failure to declare conflicts of interest
- Pre-employment fraud – provision of false information
- Misallocation of social housing – favouring friends or family

## FRAUD RISK STRATEGY

- Manipulation of benefits, grants or Council tax accounts for personal gain
- Asset Misappropriation – unauthorised use of Council property or resources
- Misuse/Manipulation of Systems – altering records or bypassing controls

### Understanding and Assessing the Risk

Once risks have been identified, an assessment of their potential impact and likelihood of occurrence should be made using a consistent criterion. This will enable the development of a prioritised risk analysis framework. The impact assessment should go beyond financial considerations to include effects on the organisation's service delivery, reputation, and the political sensitivities involved.

### Risk Response Strategy

Strategies for responding to risk generally fall into one of the following categories:

- **Risk Retention** (e.g. choosing to accept small risks)
- **Risk Avoidance** (e.g. discontinuing use of certain products to eliminate the risk)
- **Risk Reduction** (e.g. implementing controls and procedures to minimise risk)
- **Risk Transfer** (e.g. transferring risk contractually or to insurers)

This strategy, together with the existence of the CFEU, provides assurance that the partnership has an appropriate control framework in place to mitigate the risk of fraud. While it is impossible to eliminate the risk entirely, there are areas where continuous monitoring is required.

## Anti-Fraud Strategy

### Approach

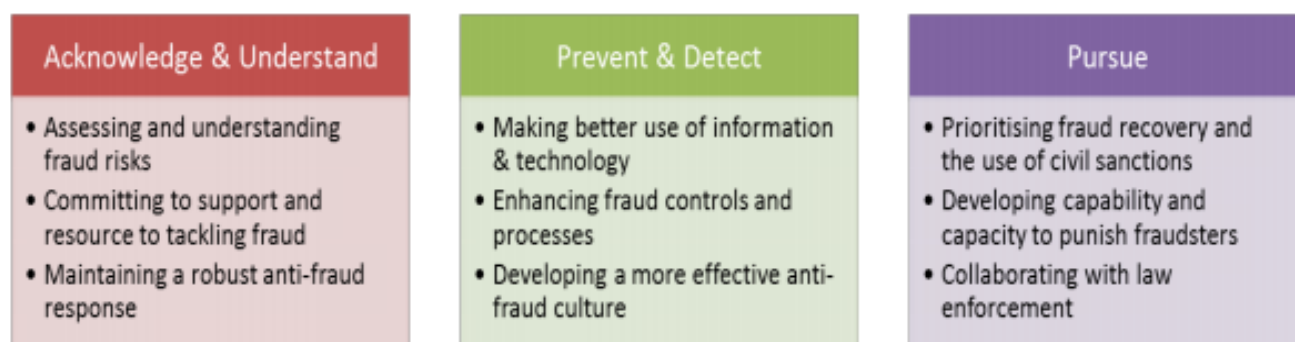
The changing context in which Local Government services are delivered (outsourcing and reorganisation), the increasing risk of fraud by motivated offenders, reduced Local Authority resources, and associated changes to existing local control frameworks, together create a pressing need for a consistent and recognised approach to tackling fraud perpetrated against Local Government.

In 2011, the first counter fraud strategy for Local Authorities was produced in the form of the *Fighting Fraud and Corruption Locally* (FFCL) strategy. The strategy was based on the following three principles:

- **Acknowledge** – Recognise and understand fraud risk.
- **Prevent** – Prevent and detect more fraud.
- **Pursue** – Take a robust approach in punishing fraud and recovering of losses.



## FRAUD RISK STRATEGY



Two additional principles have since been introduced:

- **Govern** – Setting the tone from the top and ensuring robust arrangements to ensure that counter-fraud and anti-corruption activities are embedded throughout the organisation.
- **Protect** – Safeguarding against serious and organised crime, preventing individuals from becoming victims, and mitigating against the wider harm that fraud can inflict on the community. For Local Government, this includes protecting public funds, protecting the Local Authority from fraud and cybercrime, and preventing future fraudulent activity.

These principles are underpinned by the following:

Culture	Creating a culture in which beating fraud and corruption is part of daily business
Capability	Ensuring that the range of counter fraud measures deployed is appropriate to the range of risks
Capacity	Deploying the right level of resources to deal with the level of risk
Competence	Having the right skills and standards
Communication	Raising awareness, deterring fraudsters, sharing information, celebrating success
Collaboration	Working across boundaries with other authorities and agencies, sharing resources, skills and learning

The strategy was developed collaboratively by Local Authorities and key stakeholders from across the fraud arena. It was designed to help Local Authorities better understand their fraud risks, support the development and maintenance of a culture in which fraud and corruption are recognised as unacceptable, and to provide a blueprint for a more robust and coordinated response (*CIPFA – The Local Government Counter Fraud and Corruption Strategy*).

In 2022, in response to the significant levels of fraud and error experienced during the pandemic, the Public Sector Fraud Authority (PSFA) was established to develop capability within the public sector to identify and mitigate fraud risk. While the PSFA primarily supports central government, steps are being taken to include and support Local Government counter fraud functions.

## FRAUD RISK STRATEGY

The framework for the CFEU's fraud and corruption control plan includes:

- Identifying New and Emerging Risks
- Planning and Resourcing
- Prevention
- Detection
- Response

### New and Emerging Risks

The strategy has been designed to acknowledge and respond to the evolving nature of risks within the public sector. Unexpected events, such as pandemics, emergencies and international conflicts, can significantly alter the service delivery landscape and introduce new types and levels of fraud risk, affecting both public sector finances and operational structures.

For example, the Covid-19 pandemic prompted Local Authorities to implement wide scale remote and home-working practices, which increased risks related to cybersecurity and employee's integrity.

More recently, factors such as the cost-of-living crisis, remote working, and the war in Ukraine have contributed to increased risks across the partnership. These include a rise in the number of grant schemes being administered and a growing trend of employees holding multiple contracts of employment.

Emerging technologies, particularly Artificial Intelligence (AI), also present a range of risks across all service areas, including the creation of fraudulent content, the facilitation of scams, and the circumvention of existing security measures. The use of AI technology increases the reach of the fraudster and enables multiple targeting of numerous organisations and applications/systems.

### Planning and Resourcing

The CFEU is a corporate resource with annual work plans designed to raise awareness and allocate resources based on identified areas of vulnerability. This approach enables the department to provide both proactive and reactive investigations in the areas deemed high-risk. There is an on-going need to ensure that internal controls remain robust and effective.

Service-specific fraud risk registers are being developed to make fraud risk more relatable and understandable to colleagues, thereby raising awareness and supporting prevention efforts. These registers will also help identify new and emerging risks, which will, in turn, inform the CFEU's annual work activities.

Levels of identified fraud, along with supporting statistics and reliable data, help shape risk management strategies. This information provides evidence for the need for internal controls in high-risk areas, supports cultural change, and informs best practice.

## FRAUD RISK STRATEGY

The CFEU submits quarterly reports to corporate management and bi-annual reports directly to Audit Committees, detailing ongoing work streams and outcomes. This ensures Councillors are briefed and remain informed about fraud risks. By maintaining a dedicated team to collect and analyse this data, the partnership is ensuring a comprehensive risk management approach that continuously reviews and strengthens internal controls.

The CFEU also works closely with Internal Audit to identify internal control weaknesses and to ensure that any necessary follow-up actions are reviewed and implemented.

### Prevention

Working directly for the Chief Finance Officer (Section 151 Officer), the CFEU is responsible for developing, reviewing, and updating the Counter Fraud and Anti-Corruption Policy, the Whistleblowing Policy, the Proceeds of Crime and Anti-Money Laundering Policy, and all related procedures concerning fraud prevention and criminal investigations.

The CFEU has focused on raising awareness and changing the culture across the partnership through a combination of online training and in-person awareness sessions. The team has worked diligently to educate employees, helping them to better understand fraud risks and how best to mitigate them. Given the scale and diversity of public sector organisations, it is essential that awareness training is relatable to the audience or individual employee to maximise its impact. To support these efforts, CFEU introduced a revised and updated Whistleblowing Policy to complement fraud awareness training and ensure employees feel confident in reporting allegations of wrongdoing.

Annual work plans are developed in consultation with Internal Audit and include proactive fraud initiatives in high-risk areas, deterrent activities, and the allocation of resources for reactive investigations.

As Local Government continues to utilise outsourcing, it is vital that contractors are made aware of the principles outlined in the Whistleblowing, Proceeds of Crime and Anti-Money Laundering, and Counter Fraud and Anti-Corruption Policies. Contractors must also comply with all relevant terms, conditions, and internal procedures, such as declaring conflicts of interest and following proper processes for expense claims.

The partnership is committed to ensuring that modern slavery and human trafficking have no place in its supply chains or in any part of its operations.

## FRAUD RISK STRATEGY

### Detection

The CFEU is a trained and dedicated resource available to support departments in the following areas:

**Internal Reactive Cases:** Conducting investigations into allegations of employee or Councillor corruption, fraud or other serious misconduct. This includes preparing cases for prosecution, as well as for disciplinary and standards hearings.

**Council Tax Discounts:** Assistance with the processing of National Fraud Initiative (NFI) data matches, undertaking targeted fraud drives and reviews, and applying sanctions and penalties where appropriate.

**Council Tax Reduction Scheme:** Acting as Authorised Officers under the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 to investigate fraud, apply criminal sanctions, and work jointly with the Department for Work and Pensions (DWP).

**National Non-Domestic Rates:** Assistance with proactive reviews of specific exemptions and reliefs and investigating suspected evasion or avoidance.

**Procurement:** Delivering proactive fraud prevention initiatives in high-risk areas, reviewing processes and documentation to reduce risk and enhance control mechanisms, providing fraud awareness training for relevant officers, and offering guidance on the impact of serious and organised crime and how to implement appropriate controls/safeguards.

**Housing Allocation, Housing and Tenancy Frauds:** Carrying out regular reviews of housing waiting lists, collaborating with registered social landlords and housing providers, and acting as Authorised Officers under the Prevention of Social Housing Fraud Act. The CFEU also has the capacity to prepare cases for both criminal and civil proceedings.

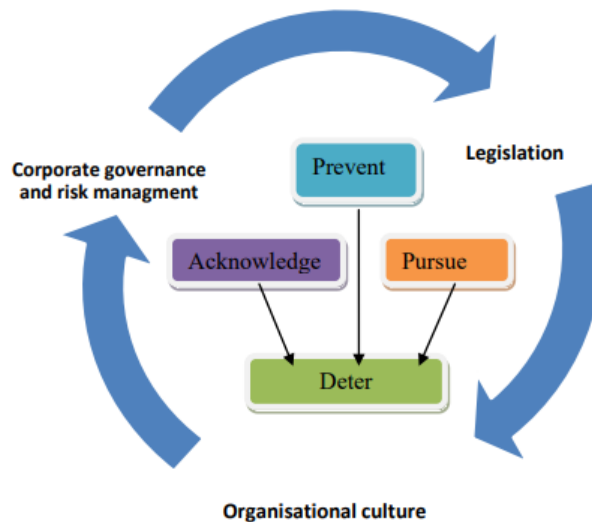
**Annual Work Planning:** Focusing on emerging risks, nationally recognised threat areas, and locally identified risks based on demographic trends.

**Fraud Risk Registers:** Developing and maintaining fraud risk registers for the partnership, as well as for individual service areas. The registers are subject to ongoing review and updated to reflect known and emerging risks.

### Response

To support both fraud detection and an appropriate response, the Council's dedicated CFEU is staffed by qualified Investigation Officers, as well as Intelligence and Support Officers, all committed to identifying and addressing internal control weaknesses and pursuing criminal prosecutions where necessary. The CFEU also places a strong focus on the recovery of debt and assets to minimise losses to the public purse.

## FRAUD RISK STRATEGY



The Council websites include a dedicated counter fraud page, providing information on how to make referrals and an overview of the work undertaken by the CFEU. This page also includes links to the relevant policies adopted by each individual Council.

In addition, the CFEU operates an independent website at [www.cfeu.org.uk](http://www.cfeu.org.uk), which provides detailed information about its services. The site also highlights current fraud trends, victim support resources, and updates on fraud scams across Gloucestershire, helping to raise awareness and support efforts to prevent and disrupt fraud.

The website provides an opportunity to establish a communication platform that is accessible to both residents and employees across the county and beyond. This dedicated webpage will allow the CFEU and its partners to shape fraud-related messaging, offer guidance and advice, and signpost individuals to support services. The site will also serve as an educational tool, helping to inform communities about the evolving nature of fraud threats. By sharing success stories and testimonials, the platform aims to reduce stigma and increase the reporting of fraud. Internally, departments can refer cases directly to the CFEU, including making referrals in confidence where necessary. In the case of sensitive whistleblowing referrals, the CFEU can conduct fully confidential investigations with limited notification.

The CFEU works across its partner organisations and the wider criminal enforcement community to share best practice, build knowledge, and strengthen fraud detection and prevention. Where appropriate, the CFEU will refer matters to the police or agency with relevant jurisdiction.

To ensure continued awareness of fraud risks, the CFEU provides regular training to employees and Councillors, reports on successful court outcomes in the media, and shares positive results with internal teams.

## FRAUD RISK STRATEGY

### Review

Following any proactive initiative or fraud investigation, the work is subject to review and management oversight. Local Authorities have both internal and external audit functions which also play a key role in fraud prevention. The audit functions enable the organisation to adapt to an evolving risk environment and continuously monitor, identify and address any deficiencies.

The CFEU and Internal Audit meet quarterly to discuss areas of low assurance and emerging fraud risks, which can then be incorporated into future work plans. Where an investigation has taken place, any identified risks or weaknesses in controls are highlighted. The CFEU provides a report to the relevant manager, outlining findings and offering recommendations where areas of concern are identified. Internal Audit may also review these recommendations and determine whether a follow-up audit is required. In addition, when fraud is identified during any audit work, a referral is made to the CFEU.

Policies are reviewed regularly to ensure they are relevant, aligned with current best practices, and compliant with up-to-date legislation. Any training required because of policy updates is then delivered accordingly.

Service-specific risk registers will be reviewed regularly in collaboration with the relevant service area manager, while the CFEU's annual work plans are overseen by corporate management.

# FRAUD COMPLIANCE REPORT

# Introduction

The Counter Fraud and Enforcement Unit (CFEU) Fraud Risk Strategy was adopted by the partner Councils in 2022. As part of this strategy, the CFEU has committed to assessing the Councils' compliance with the fraud risk assessment checklists outlined in the Fighting Fraud and Corruption Locally (FFCL) 2020<sup>1</sup> strategy and the Government Functional Standard for Counter Fraud (GovS013)<sup>2</sup>.

Another objective is the development of organisational and service-specific fraud risk registers. Widely recognised as a key component of a robust governance framework, the registers will help the organisation better understand its vulnerabilities to fraud and error, the likelihood of such fraud being realised, and the potential impact on the organisation. By identifying these vulnerabilities, the Councils can implement effective controls and allocate resources to prevent fraud or mitigate its likelihood and impact should it occur.

## Fraud Risk

Fraud risk can be defined as a 'situation in which a Local Authority is exposed to the potential for financial loss due to wrongful or criminal deception'. Identifying fraud risk is essential for understanding specific vulnerabilities, evolving patterns in fraud and corruption threats, and the potential consequences for the Councils. While intent (dishonesty) is a key factor in determining fraud, it may not always be evident or possible to prove. To protect public funds, the Council considers the risk of error alongside the risk of fraud during the fraud risk assessment process. Therefore, references to fraud risk should also encompass the risk of error, which accounts for losses where there is insufficient evidence to establish intent.

## Fraud Risk Assessment

The purpose of a fraud risk assessment is to proactively identify an organisation's vulnerabilities to fraud from both internal and external perpetrators. Each fraud or loss scenario is evaluated against the likelihood of its occurrence and the potential impact on the organisation in the absence of any controls (inherent risk). Internal controls are then implemented to eliminate the organisation's vulnerabilities to fraud and error. Where vulnerabilities cannot be eliminated, control measures should aim to mitigate the likelihood of fraud occurring and its impact on the organisation to an acceptable level of tolerance (residual risk). The process can be broken down into the following four risk steps:

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<sup>1</sup> [Fight Fraud and Corruption Locally](#)

<sup>2</sup> [Gov S013 - Counter Fraud](#)



## FRAUD COMPLIANCE REPORT

- Identification:** Research, identify, and record known and potential/hypothetical fraud risks.
- Analysis:** Assess the level and likelihood of risk occurrence.
- Evaluation:** Evaluate potential consequences, outcomes, and exposure to inherent risks.
- Response:** Implement controls or mitigation strategies for identified risks and evaluate residual risk.

Accurately assessing risk is a professional exercise that demands knowledge of fraud methods and risk management processes. Risk identification is a creative process that requires a mindset oriented toward defrauding the system. Therefore, it is crucial that fraud risk assessments involve engagement and collaboration among counter-fraud professionals, internal audit teams, and representatives from various service areas, all of whom should have a thorough understanding of their processes and systems. Risk assessment exercises should be conducted regularly and viewed as an ongoing process rather than a one-time task. This approach ensures that new and emerging risks, as well as changes in the risk levels of known risks, are identified, assessed, and reflected in the risk register accordingly.

A 5x5 heat map matrix is used to assess fraud risk based on both likelihood and impact. Values ranging from 1 to 5 are assigned to the likelihood of the inherent risk being realised and the perceived impact on the organisation should the fraud or error occur. The risk score is calculated by multiplying these values (impact x likelihood), which determines the priority for addressing the risk within the organisation. Government professional standards recommend at least four response levels for the process to be effective. It is essential to agree on impact definitions and to subdivide actions and responses within the risk rating categories where necessary. For example, the response for risk ratings of 16 to 20 will differ from that for a rating of 25.

### Heat Map Matrix

Risk Rating	Value
Immediate Priority	16 - 25
High Priority	12 - 15
Medium Priority	5 - 8
Low Priority	1 - 4

## FRAUD COMPLIANCE REPORT

			Risk				
Impact	Critical	5	5	10	15	20	25
	Severe	4	4	8	12	16	20
	Major	3	3	6	9	12	15
	Moderate	2	2	4	6	8	10
	Minor	1	1	2	3	4	5
			1 Very low	2 low	3 Medium	4 High	5 Very High
			Likelihood				

### Fraud Risk Register

The fraud risk registers provide a comprehensive overview of all known fraud risks to the organisation and the controls in place to mitigate those threats. It is a live document, subject to ongoing review by the CFEU in collaboration with relevant lead officers / heads of service. The register enables service areas and managers to monitor and understand known fraud risks and vulnerabilities within their domains, guiding future audit and counter-fraud efforts to enhance fraud prevention measures. The register will:

- Satisfy a key principle outlined in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption<sup>3</sup>.
- Ensure compliance with counter-fraud best practices as specified in the FFCL and GovS013.
- Complement and support the positive counter-fraud initiatives already implemented across the Councils.

### Compliance with Fighting Fraud and Corruption Locally (FFCL) Strategy and Government Standard (GovS013)

The FFCL serves as the counter-fraud and corruption strategy for local government, while GovS013 outlines the central government standard for managing fraud, bribery, and corruption risks, both the FFCL and GovS013 include an organisational-level fraud risk

<sup>3</sup> [CIPFA Code of practice on managing the risk of fraud and corruption](#)

## FRAUD COMPLIANCE REPORT

assessment/checklist. The Councils have used the FFCL checklist to evaluate their compliance with the best practice and guidelines established by local government and counter fraud experts. The table at Appendix 1 details the Council's current compliance status with the FFCL strategy, categorised as compliant, partially compliant, or non-compliant, with the recommendations outlined in the FFCL. Justifications for the assigned compliance scores are included, along with the Council's plans to achieve full compliance.

The GovS013 basic organisational checklist is not included because its requirements are either specifically targeted at central government or are already comprehensively covered in the FFCL checklist. However, the CFEU plans to conduct a broader review of the GovS013 checklist to assess its compliance with central government requirements as part of its application to become an accredited member of the Public Sector Fraud Authority<sup>4</sup>.

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<sup>4</sup> [Public Sector Fraud Authority](#)

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## Fighting Fraud and Corruption Locally - Checklist

### Appendix 1

Senior Stakeholder Responsibilities		
The Chief Executive	Compliance	Comments
Ensure that your authority is measuring itself against the checklist for FFCL.	Compliant	The Counter Fraud and Enforcement Unit (CFEU) is committed to conducting an annual review of the checklist, in collaboration with senior stakeholders and Council leadership teams. The Head of Service (HoS) for CFEU reports directly to the Section 151 Officer, with regular updates provided to the Chief Executive on key risks and ongoing work streams.
Is there a trained counter fraud resource in your organisation or do you have access to one?	Compliant	The CFEU is a dedicated, standalone service responsible for countering fraud across the organisation. Its remit includes identifying and assessing fraud risks, preventing and detecting fraudulent activities, and pursuing recovery and enforcement actions.
Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?	Compliant	Audit committee receive biannual reports directly from the CFEU regarding the service area's activities and delivery. The external auditor is provided with access to these reports and as well as attending the same committee/governance meetings.
The Section 151 Officer	Compliance	Comments
Is there a portfolio holder who has fraud within their remit?	Compliant	Fraud falls within the remit of all portfolios, although it may not always be explicitly stated, as it is typically covered under finance or governance. This is an area that may require review to enhance accountability, knowledge, and reporting lines.
Is the head of counter fraud assessing resources and capability?	Compliant	The CFEU HoS regularly reviews resource allocation and capability. The Partnership Board (comprising the Section 151 Officers from each partner council) receives biannual updates on resourcing and capability, enabling informed decisions on service delivery and budget planning.
Do they have sufficient internal unfettered access?	Compliant	Where there is a legitimate concern or requirement, access is both sufficient and unrestricted.
Do they produce a report on activity, success and future plans and are they measured on this?	Compliant	Annual work plans are updated quarterly and submitted to the Section 151 Officer for review. The CFEU work plans are also shared with Internal Audit for discussion of any areas of concern that may need to be included in the internal audit plan. Any specific fraud risks or internal control issues identified through activities are promptly raised, with reports submitted to the relevant senior manager.
The Monitoring officer	Compliance	Comments
Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?	Compliant	A detailed report is presented to the Audit Committee concerning counter fraud activity and the CFEU provides training as part of Member induction for all councillors.
Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?	Compliant	The CFEU is a standalone support service that reports directly to the Section 151 Officer. Regular reports are submitted to the Audit Committee for scrutiny by Members.

## Fighting Fraud and Corruption Locally - Checklist

Senior Stakeholder Responsibilities		
The Audit Committee	Compliance	Comments
Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work.	Compliant	The CFEU carry out proactive work in several areas to detect fraud and anomalies and provide assurance. All partner councils receive two detailed reports annually, which include key insights and updates on fraud detection, prevention activities, and outcomes.
Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured.	Partially Compliant	The recent introduction of the Counter Fraud Partnership Risk Strategy has outlined a clear commitment to developing service-specific fraud risk registers. These registers are designed to more effectively identify, assess, and mitigate fraud risks across all areas of service delivery, ensuring a comprehensive approach to fraud management.
Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud.	Compliant	The CFEU is not explicitly assigned to a specific portfolio at the partner councils. However, Cabinet Members and Audit Committee Members are kept fully informed through comprehensive biannual committee reports.
Should support proactive counter fraud activity.	Compliant	Audit Committee Members are fully supportive of the CFEU, recognising its role in delivering a wide range of activities, including proactive, reactive, and strategic fraud prevention.
Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.	Compliant	The robust reporting requirements of the CFEU ensure Members are consistently well-informed and equipped to challenge activities when necessary. The HoS provides regular updates to Members on emerging fraud risks, along with the strategies in place to mitigate those risks.
The Portfolio Lead	Compliance	Comments
Receives a regular report that includes information, progress and barriers on the assessment against the FFCL checklist Fraud risk assessment and horizon scanning.	Partially Compliant	This is an area that may benefit from further consideration, considering the existing arrangements and their effectiveness.

## Fighting Fraud and Corruption Locally - Checklist

Checklist	Compliance	Comments
The Local Authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior board and its members.	Compliant	Work plans are developed in collaboration with individual councils to include targeted proactive fraud initiatives in high-risk areas, deterrent activities, and the necessary resources for reactive case investigations. These plans ensure a comprehensive approach to tackling fraud, balancing prevention, deterrence, and effective response. The CFEU HoS meets regularly with the S151 Officer at each partner Council to report on activities.
The Local Authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the understanding of the harm that fraud may do in the community.	Partially Compliant	This area presents an opportunity for expansion, enabling the CFEU to adopt a more proactive approach in identifying and mitigating emerging threats, allowing for a better balance with reactive investigations.
There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 checklist.	Partially Compliant	Audit Committees receive direct reports from the CFEU during the year outlining all activities and work streams. The Fraud Risk Strategy was also presented to Audit Committees. This referenced the FFCL checklist, and a summary of the checklist and associated compliance report will be reported in due course.
The relevant portfolio holder has been briefed on the fraud risks and mitigation.	Partially Compliant	This is an area that warrants further consideration, taking into account the existing arrangements and their effectiveness. The proposed fraud risk register will identify any gaps or areas for improvement, ensuring that current measures are fully aligned with best practice.
The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources.	Compliant	Audit Committee support the CFEU. Due to the transparency of the CFEU's governance arrangements and reporting requirements, Members are well informed and able to challenge activity if necessary. The CFEU HoS updates members on emerging risks and mitigation.
There is a counter fraud and corruption strategy applying to all aspects of the Local Authority's business which has been communicated throughout the Local Authority and acknowledged by those charged with governance.	Compliant	The CFEU has developed a fraud risk strategy in alignment with the Government Functional Standard GovS013: Counter Fraud. The strategy sets clear direction and the desired outcomes for the partnership, with a strong emphasis on fostering an anti-fraud culture. It provides guidance to both members and staff on addressing the serious issues of fraud and corruption, ensuring a consistent approach across the partnership. As part of this strategy, a workstream has been initiated to expand governance and assurance activities. This includes the development of Service-Specific Fraud Risk Registers, categorised into high and low-risk service areas. These registers will be reviewed and updated annually to identify new and emerging risks, as well as areas requiring additional resources. The insights gained will directly inform the CFEU's annual work plans, which together constitute the CFEU fraud response plan.
The Local Authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	Compliant	The CFEU plays a key role in ensuring compliance with the Local Authority's arrangements, promoting probity and propriety in all aspects of its business operations.

## Fighting Fraud and Corruption Locally - Checklist

Checklist	Compliance	Comments
The risks of fraud and corruption are specifically considered in the Local Authority's overall risk management process.	Partially Compliant	This is an area for expansion. The CFEU attends corporate governance groups across the partnership, ensuring that key governance officers consider the risks associated with fraud and corruption. Through the creation and implementation of service-specific fraud risk registers, there will be an increase in overall awareness of fraud risks and a greater focus on effective fraud risk management across the partnership.
Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments, and this is reported upon to committee.	Partially Compliant	This is an area for improvement to ensure counter fraud staff are consistently involved in fraud-proofing new policies, strategies, and initiatives.
Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Compliant	Successful cases of proven fraud, corruption, and other enforcement activity are regularly highlighted in audit committee reports and publicised through press releases. These communications serve to raise awareness and act as a deterrent to potential offenders, as well as keeping the public informed as to the Council's counter fraud and wider enforcement activity.
The Local Authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.	Compliant	The CFEU serves as an in-house support service, delivering a range of preventative activities, proactive initiatives, and reactive investigations. While certain activities are standardised to maximise resource efficiency, the work plans consider the District / Borough demographic and the specific priorities of each council. Regular updates on the effectiveness of these arrangements are provided through committee reports.
The Local Authority has put in place arrangements for monitoring compliance with standards of conduct across the Local Authority covering: 1. Codes of Conduct including behaviour for counter fraud, anti-bribery and corruption. 2. Register of Interests. 3. Register of Gifts and Hospitality.	Compliant	The CFEU HoS regularly attends these meetings. The CFEU HoS is a member of each partner Councils' Corporate Governance Group. This group have responsibility for Gifts and Hospitality, Codes of Conduct and Register of Interests. The process and associated documents are reviewed by the Group with due consideration to fraud risk.
The Local Authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended in FFCL 2020 to prevent potentially dishonest employees from being appointed.	Partially Compliant	This is an area that requirements further development for 2025/2026. The aim is to enhance recruitment procedures/process by ensuring appropriate measures are in place prevent the appointment of potentially dishonest employees.
Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.	Compliant	Members and staff are fully aware of their obligations to make appropriate disclosures regarding gifts, hospitality, and business interests. Clear reporting procedures have been established to outline the necessary disclosures, and these are regularly reviewed at governance groups to ensure compliance. Auditors check these disclosures, and any relevant findings are reported to the committee.



## Fighting Fraud and Corruption Locally - Checklist

Checklist	Compliance	Comments
There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.	Partially Compliant	The CFEU supports all service areas and staff across the Councils. Reminders regarding areas of risk and whistleblowing are issued to all staff on an annual basis. Whilst there is a programme of fraud awareness training, this is under review and could be improved.
There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.	Compliant	The CFEU is responsible for overseeing the whistleblowing policy across the partnership, ensuring it remains independent, up-to-date, and fully aligned with best practices. To promote awareness and encourage use, internal communications are issued to staff, highlighting the importance of the policy and how to report concerns.
Contractors and third parties sign up to the whistleblowing policy. There should be no discrimination against whistleblowers.	Not Compliant	Area to be reviewed 2025/2026.
Fraud resources are assessed proportionately to the risk the LA faces and are adequately resourced	Compliant	Resource is continually reviewed by the HoS to ensure it is proportionate to the risks faced by the Local Authority. Adjustments are made as necessary to ensure the fraud response remains robust and effective. As previously noted, the work plans and resources are tailored to reflect the unique needs and priorities of the partnership.
There is an annual fraud plan agreed by committee. It reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the LA's business and includes activities undertaken by contractors and third parties or voluntary sector activities.	Compliant	Work plans are developed with individual Councils to include proactive fraud drives in high-risk areas, deterrent activity and the resource for reactive case investigation work. This is reported to committee and Members can request areas for inclusion on the work plan.
Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.	Compliant	The CFEU maintains comprehensive statistics on case outcomes, which are reported quarterly through Audit Committee and Partnership Board reports. In addition, detailed results are provided separately to the Section 151 Officer. By recording this data, the partnership is ensuring a well-rounded risk management approach that is working to continuously review and improve internal controls.
Fraud officers have unfettered access to premises and documents for the purposes of investigation.	Compliant	Officers have access to premises and documentation as required.
There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.	Compliant	Successful outcomes are endorsed by the Council's communications team and publicised via the Council's website.
All allegations of fraud and corruption are risk assessed.	Compliant	All allegations of fraud and corruption are thoroughly assessed to determine the appropriate course of action. Each referral is triaged by a CFEU officer, who conducts an initial assessment to prioritise cases based on their severity and potential impact. This ensures that resources are allocated effectively, and high-risk cases are addressed promptly.

## Fighting Fraud and Corruption Locally - Checklist

Checklist	Compliance	Comments
The fraud and corruption response plan covers all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.	Compliant	The fraud and corruption response plan comprehensively covers the key areas of counter fraud work. The plan is detailed in Council's Counter Fraud and Anti-Corruption Policy, as well as the Fraud Risk Strategy.
The fraud response plan is linked to the audit plan and is communicated to senior management and members.	Compliant	The CFEU HoS meets quarterly with Internal Audit to review ongoing activities, assess emerging risks, and discuss the effectiveness of internal controls. Both the HoS CFEU and the head of Internal Audit communicate directly with senior management and members, ensuring that key updates, risks, and actions are consistently communicated.
Asset recovery and civil recovery are considered in all cases.	Compliant	Asset recovery and civil recovery are considered in all cases where the authority has the necessary legal powers to pursue such actions.
There is a zero-tolerance approach to fraud and corruption that is defined, monitored and reported to committee.	Compliant	The council has a clear zero-tolerance approach to fraud and corruption which is defined in the counter fraud and anti-corruption policy. This approach is upheld across all levels of the organisation, with any instances of fraud or corruption thoroughly investigated and reported on at the appropriate time.
There is a programme of proactive counter fraud work which covers risks identified in assessment.	Compliant	The CFEU carry out proactive work in several areas to detect fraud and anomalies and provide assurance. Areas of proactive work are detailed in the CFEU work plans.
The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.	Compliant	The CFEU team adopts a multi-agency approach and actively engages with external partners. A key member of the Gloucestershire's Multi-Agency Approach to Fraud (MAAF) Group, the CFEU collaborates with Gloucestershire Constabulary, Trading Standards, Victim Support, and the NHS to collectively reduce and disrupt fraud across the county. Working closely with these partners and the wider criminal enforcement community facilitates the exchange of best practices and expertise, strengthening the CFEU's capacity to prevent fraud and respond to emerging fraud threats.
The Local Authority shares data across its own departments and between other enforcement agencies.	Compliant	Data is shared across departments and with other enforcement agencies in accordance with established data sharing agreements, ensuring full compliance with GDPR.
Prevention measures and projects are undertaken using data analytics where possible.	Not Compliant	The CFEU does not currently utilise data analytics due to concerns around cost and its overall effectiveness. However, this decision is regularly reviewed to assess the balance between available resources, budget constraints, and the necessity of implementing such tools for enhanced fraud detection.
The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.	Compliant	The CFEU is registered with the Knowledge Hub, granting access to a wide range of valuable resources, including directories and other specialised tools. The CFEU is also seeking to be accredited by the Public Sector Fraud Authority (PSFA) which would allow access to central government training resource.
The counter fraud team has access to the FFCL regional network.	Compliant	The CFEU has access to the FFCL regional network, enabling collaboration and knowledge sharing with other counter fraud professionals. The CFEU also has close links with other counter fraud shared services which enhance the overall approach to fraud prevention and detection through collaboration and sharing insight.

## Fighting Fraud and Corruption Locally - Checklist

Checklist	Compliance	Comments
There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.	Compliant	All CFEU officers hold Accredited Counter Fraud Specialist (ACFS) or Accredited Counter Fraud Technician (ACFT) qualifications, ensuring they possess the necessary expertise required to effectively manage counter fraud activities. Investigation and Enforcement Officers are required to background in investigations prior to joining the CFEU. Beyond these qualifications, staff engage in continuous professional development, receiving ongoing training to enhance their skills and stay current with changes in legislation, investigatory techniques, and best practice.
The counter fraud team has adequate knowledge in all areas of the Local Authority or is trained in these areas.	Compliant	The CFEU team possesses a good knowledge across the different service areas of the Local Authority. Knowledge is further enhanced through regular collaboration with various the departments.
The counter fraud team has access (through partnership/ other Local Authorities/or funds to buy in) to specialist staff for surveillance, computer forensics, asset recovery and financial investigations.	Compliant	The CFEU has a Memorandum of Understanding (MOU) with Gloucestershire County Council Trading Standards to provide specialist support for financial investigations. The CFEU has responsibility for surveillance (RIPA) policies, procedures and activities across the partnership. Additionally, the team maintains links with the police and other relevant agencies for assistance in the execution of warrants and asset and/or the seizure of evidence.
Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.	Compliant	Areas of weakness identified by instances of fraud and corruption are reported back to the relevant department through a detailed management report. This feedback process enables the identification of vulnerabilities and ensures that effective mitigation measures are implemented to strengthen controls and prevent future occurrences.

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# FRAUD RESPONSE PLAN 2025



# Introduction

The Councils that form the Counter Fraud and Enforcement Unit (CFEU) Partnership are committed to the highest standards of openness, probity, and accountability in their affairs. Where fraud or corruption is suspected, the Councils will treat the allegations with the utmost seriousness.

The Counter Fraud and Anti-Corruption Policy, Fraud Risk Strategy and Whistleblowing Policy demonstrate the Council's commitment to a zero-tolerance approach to fraud and corruption, from both internal and external sources. These documents outline the Council's commitment to prevention, deterrence, detection, investigation and redress. The Fraud Response Plan supports these by providing clear guidance to employees, Councillors, and members of the public on how to report concerns they may have regarding suspected fraud and corruption and outlines how such allegations will be handled.

Adhering to this plan ensures timely and effective action is taken to safeguard public funds, recover losses, identify offenders, and secure the evidence required for any civil, criminal, or disciplinary proceedings.

Councillors and employees play a vital role in creating and maintaining a culture of zero tolerance towards fraud and corruption. They are actively encouraged to raise concerns regarding wrongdoing in the knowledge that such concerns will be taken seriously and, wherever possible, remain confidential.

## Aims and Objectives

The aim of the Fraud Response Plan is to outline a clear framework for responding to suspect fraud. Its objectives are to:

- Identify the procedure for reporting allegations of fraud, corruption, and misconduct.
- Minimise the risk of inappropriate actions or disclosures that could compromise an investigation.
- Ensure there is a clear understanding over who will lead any investigation and to ensure the appropriate response.
- Secure and preserve evidence for disciplinary, civil and/or criminal proceedings.
- Identify perpetrators and take timely, appropriate action, including disciplinary, civil and/or criminal action.
- Prevent further losses of funds or assets where fraud has occurred and maximise the Council's ability to recover losses.
- Mitigate any reputational damage to the Council.

## FRAUD RESPONSE PLAN 2025

### Notifying Suspected Fraud / Whistleblowing

All employees, Councillors and contractors are encouraged to report any concerns or suspicions they may have. Early reporting increases the likelihood of a successful investigation and helps prevent loss or further losses to the Council.

Employees, in particular, play a critical role in the Council's efforts to detect and prevent fraud and corruption, as they are often the first to notice or suspect wrongdoing within the organisation. Concerns may relate to the conduct or behaviour of fellow employees, Councillors, partner organisations, or contractors.

However, individuals may hesitate to speak up due to fear of reprisal, harassment, or other forms of victimisation in the workplace. It is therefore essential that all employees feel safe and supported in reporting concerns, understand the reporting process, and can do so without fear of retaliation.

Whistleblowing refers to the act of passing on information concerning wrongdoing – see the Council's Whistleblowing Policy for further information.

### Reporting by Employees, Councillors, Members of the Public and Third-Party Organisations

Any suspicion of fraud, theft, or corruption should be reported as a matter of urgency to the CFEU and/or the Chief Finance Officer. If this is not possible, concerns can be reported to the Chief Executive, Monitoring Officer, or a member of the Corporate Management/Leadership Team.

To support the early identification and mitigation of fraud and corruption risks, a Fraud Response Plan flowchart and a quick guide to dos and don'ts are included at the end of this document. It outlines the referral process and provides guidance on actions that should and should not be taken.

#### **Employees and Councillors**

At the earliest opportunity, employees and Councillors should:

- Make a detailed record of all activities/actions that have been witnessed, or any circumstances that have led to their suspicion.
- Retain all information received, either personally or through others, that contributed to the suspicion.
- The officer receiving the initial disclosure or referral should make a detailed record of the suspicion or complaint and advise the reporting individual to preserve and securely store all relevant documentation and evidence.

## FRAUD RESPONSE PLAN 2025

- Gather as much information as possible from the reporting individual, including any notes or evidence they possess that may support the allegation. Do not interfere with any evidence and ensure it is stored safely.

### **Members of the Public and Third-Party Organisations**

The Council encourages members of the public and other external agencies to report any suspicions of fraud or corruption to the Council via the CFEU. Reporting instructions are available on the Council's website or via the fraud hotline: 01242 264215.

Anonymous reports are accepted; however, providing details is encouraged, as anonymous concerns are often more challenging to investigate effectively.

### **Counter Fraud and Enforcement Unit**

The CFEU has trained fraud investigators who act impartially and in accordance with applicable laws, policies, and procedures when conducting disciplinary and criminal investigations. The CFEU collects information on all suspected cases of fraud, theft, or corruption along with their outcomes, across the Council. This information contributes to assessing the effectiveness of the Council's Fraud Risk Strategy and internal control systems, forming a key element of the Council's assurance framework.

It is the responsibility of the CFEU Head of Service, supported by Internal Audit, to keep the Council's Chief Finance Officer informed of any suspicions of fraud or corruption. Where an allegation involves a member of employees, Human Resources (HR) will be notified, and the matter will be dealt with in accordance with the Council's Disciplinary Policies and Procedures.

### **The Investigation Process**

Fraud committed against the Council will be investigated by the CFEU. Where appropriate, investigations may be conducted in collaboration with other investigatory agencies such as the Police, Department for Work and Pensions (DWP), Home Office, Her Majesty's Revenue and Customs (HMRC), UK Borders Agency, and other Local Authorities.

Investigations into suspected fraud or corruption will be carried out in accordance with the relevant statutory provisions, guidance, codes of practice and local protocols, ensuring that all investigatory actions are lawful and conducted fairly. This includes, but is not limited to:

- Police and Criminal Evidence Act 1984 (PACE)
- Criminal Procedure and Investigations Act 1996 (CPIA)
- Human Rights Act 1998
- Regulation of Investigatory Powers Act 2000 (RIPA)
- Investigatory Powers Act 2016
- Data Protection Act 1998 / GDPR



## FRAUD RESPONSE PLAN 2025

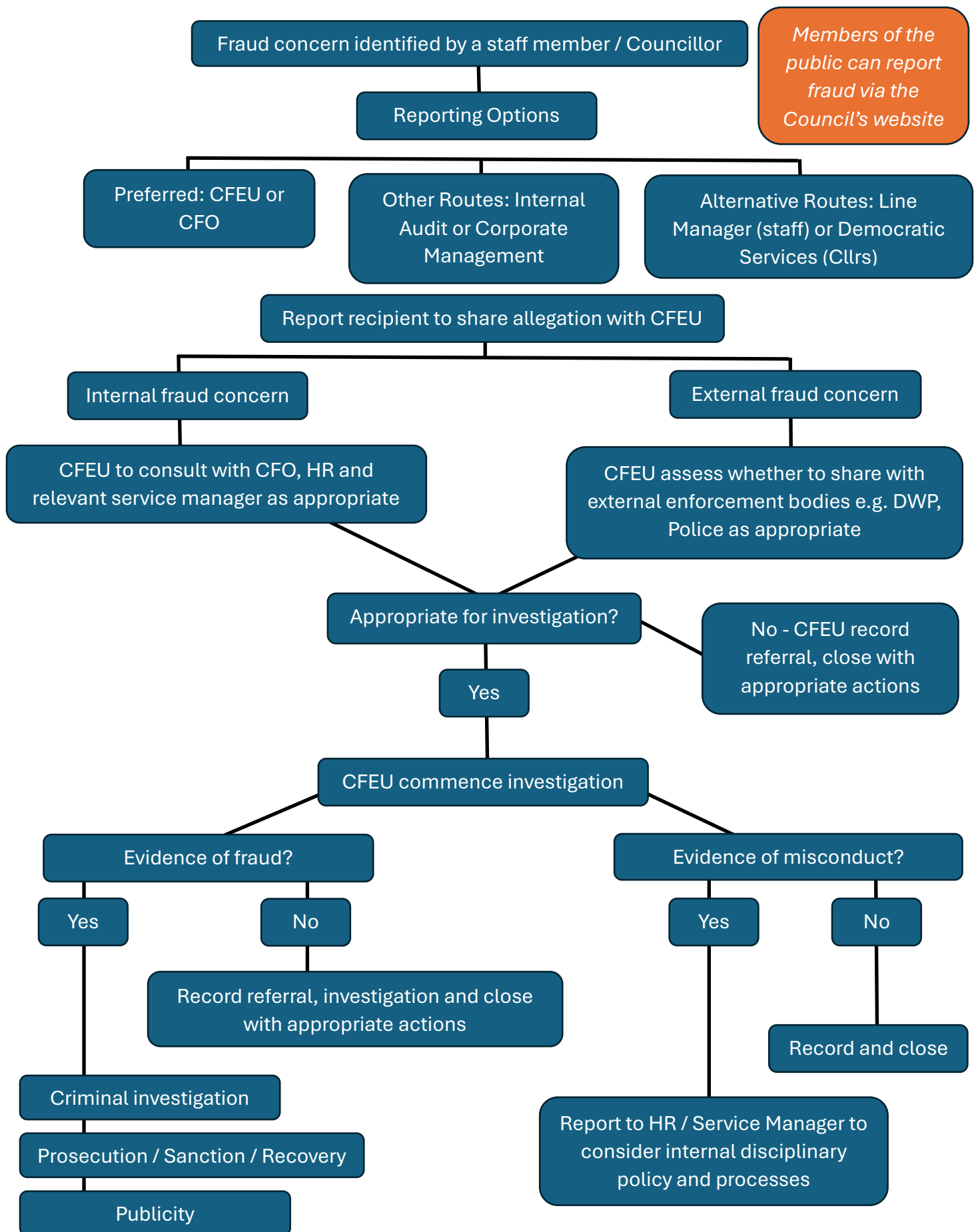
If sufficient evidence is established, the case will be reviewed to determine the appropriate course of action. The Council's Counter Fraud and Anti-Corruption Policy provides further guidance on actions that will be considered.

The Council will take appropriate steps, including legal action where necessary, to recover any losses arising from fraud, theft, corruption, or misconduct. This may include action against third parties involved in the fraud, or whose negligent conduct contributed to it.

The CFEU will also prepare an internal Management Report, providing recommendations to address any identified weaknesses in internal controls, with the aim of preventing recurrence. All details of any investigation are strictly confidential and must not be discussed or disclosed to anyone outside the reporting and investigation process.

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## FRAUD RESPONSE PLAN – SUMMARY



If you suspect fraud or corruption, the most important thing to remember is – REPORT IT

## FRAUD RESPONSE PLAN – SUMMARY

### Do

- **Report your concerns promptly**
  - Where possible, report directly to the CFEU or the Chief Finance Officer.
- **Document your concerns**
  - Clearly record the nature of your concerns. Include all relevant details, such as dates, conversations, and any notable comments or actions in meetings.
  - Note the names and, if known, the positions of those involved.
  - Your notes should be timed, signed, dated, and kept in a secure place.
  - Timeliness is critical. Delays in documenting concerns increase the of distorted recollections and may weaken the case.
- **Retain any evidence**
  - Keep all relevant records and evidence in a secure and confidential location.
- **Reporting by members of the public**
  - Members of the public can report concerns to the CFEU via the Council's website.

### Don't

- **Be afraid to raise your concerns**
  - The Public Interest Disclosure Act provides protects staff who raise reasonably held concerns through the appropriate channels.
  - The Whistleblowing Policy provides guidance on how to make whistleblowing referrals.
  - You will not face discrimination or victimisation for following these procedures. All matters will be handled sensitively and confidentially.
- **Discuss your concerns with anyone other than authorised individuals**
  - There may be a reasonable explanation for the events that have raised your suspicions. Spreading concerns unnecessarily can harm innocent people and damage the Council's reputation.
- **Approach the person you suspect, or attempt to investigate the matter yourself**
  - Specific rules govern the collection of evidence for use in criminal cases. Attempts to gather evidence by individuals who are unfamiliar with these rules may compromise the ability to take appropriate action.
  - Do not interfere with or alter any documentary or computer-based evidence.
  - Do not attempt to interview or question anyone unless you are authorised to do so.

If you suspect fraud or corruption, the most important thing to remember is – REPORT IT



**COTSWOLD**  
District Council

Council name	<b>COTSWOLD DISTRICT COUNCIL</b>
Name and date of Committee	<b>AUDIT AND GOVERNANCE COMMITTEE – 30 SEPTEMBER 2025</b>
Subject	<b>PROCUREMENT INVESTIGATION - COUNTER FRAUD AND ENFORCEMENT UNIT</b>
Wards affected	All
Accountable member	Councillor Mike Every, Leader of the Council Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Report author	David Stanley, Deputy Chief Executive and Section 151 Officer Email: <a href="mailto:david.stanley@cotswold.gov.uk">david.stanley@cotswold.gov.uk</a>
Summary/Purpose	<p>To present the Committee with a report on findings from an investigation into concerns related to three specific procurement activities of Cotswold District Council.</p> <p>To provide assurance to the Committee that the risks of fraud committed against the Council or within the Council are recognised, managed, and mitigated appropriately.</p>
Annexes	<ul style="list-style-type: none"> <li>• Annex A – Governance of procurement activities</li> <li>• Annex B – Action Plan.</li> </ul>
Recommendation(s)	<p>That the Committee resolves to:</p> <ol style="list-style-type: none"> <li>1. Note the report.</li> <li>2. Request an update on the action plan being brought back to the committee in April 2026.</li> </ol>
Corporate priorities	<ul style="list-style-type: none"> <li>• Delivering Good Services</li> </ul>
Key Decision	NO



**COTSWOLD**  
District Council

Exempt	NO
Consultees/ Consultation	Corporate Leadership Team, Leader of the Council, Cabinet Member for Finance



## **1. EXECUTIVE SUMMARY**

- 1.1** In October 2024, multiple whistleblowing concerns were raised with the Head of Service Counter Fraud and Enforcement Unit ("CFEU") and the Head of Internal Audit, regarding procurement activities related to the Publica Review.
- 1.2** An investigation was undertaken by CFEU. This report outlines details of the allegations and subsequent investigation.
- 1.3** In relation to the procurement, it was alleged that three companies were engaged outside of the Contract Rules and that these three companies were targeted due to undeclared relationships / connections by those Officers and the Councillor involved in their procurement.
- 1.4** The Council's Corporate Leadership Team ("CLT") have reviewed the findings from the initial investigation. The internal controls around procurement will be strengthened with an Action Plan (Annex B) outlining the additional measures being put in place including:
- All staff who undertake procurement or are responsible for providing management oversight will receive comprehensive training on procurement, the council's processes, and procedures.
  - Standardised set of templates will be developed that must be used in all procurement activity.
  - Improvements to the Council's ERP (Enterprise Resource Planning) system ABW (Agresso Business World) procurement module. The system will mandate certain steps and fields to be completed when goods and services are procured to ensure supplier spend data feeds through into the financial system modules.
- 1.5** 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 a councillor.
- 1.6** 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 priorities and community plans.



**1.7** As the body charged with governance in this area, 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.

## **2. MAIN POINTS**

**2.1** The CFEU undertook an investigation relating to concerns around three specific procurement activities of CDC.

**2.2** Audit and Governance Committee have a number of responsibilities relating to the Council's control environment including:

- Monitoring the effectiveness of the Chief Finance Officer's responsibility for ensuring an adequate internal control environment,
- Monitoring the arrangements for the identification, monitoring, and control of strategic and operational risk within the council,
- Monitoring the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.

**2.3** This report is presented to the committee detailing what is known about the three specific procurement activities, identifying the areas of concern arising from the investigation and the associated proposed action plan to mitigate future risk.

**2.4** Several key policies, and areas of regulation and legislation are summarised for information and consideration, these are attached at Annex A.





### **3. FINDINGS – COMPANY A**

- 3.1** Three proposals were received by CDC for communications support. Company A was recommended by a Council officer to be commissioned to undertake communications support.
- 3.2** The contract value of the proposals received from all the potential suppliers exceeded £25,000. Therefore, it was apparent that a procurement exercise was required.
- 3.3** The initial proposal received from Company A did not provide an accurate assessment of the full contract value. It stated that the total value of services to be provided was £18,750 based on £18,000 for the “Re-integration communications support project” and £750 per day for the provision of an Interim Head of Communications. Whilst the ‘day rate’ is quoted, the number of days and associated minimum fee is not.
- 3.4** As the contract sum from Company A did in fact exceed £60,000 in total there was a requirement for a formal procurement process in line with legislation and internal policy.
- 3.5** No procurement exercise was undertaken; there was a breach of Contract Procedure Rules. Whilst the procuring officer did seek advice from the Head of Procurement on how to procure the communications support, not all relevant information was provided to enable the Head of Procurement to give robust advice in line with the thresholds set out in the Contract Procedure Rules and relevant legislation.
- 3.6** The investigation highlighted that key stakeholders such as Legal Services, Finance and the wider Corporate Leadership Team were not consulted on the procurement of Company A’s services.
- 3.7** Company A was listed on the council’s Contracts Register but this did not accurately reflect the estimated or actual contract value. This is misleading and did not accurately reflect the spend on Company A. The value reflected on the register notably identifies Company A spend as below threshold. This could be interpreted as falsification of public records – the council appears to have misled by detailing that the contract was under £25,000.
- 3.8** There was no contract with Company A, only Company A’s standard ‘Terms of Service.’ This is in breach of the Council’s Contract Procedure Rules.



- 3.9** Once Company A was commissioned to provide the services it is not clear that adequate contract management was undertaken.

#### **4. FINDINGS – COMPANY B**

- 4.1** Three proposals were received by the council for rebranding work. Of the three proposals received, one was a recommendation from a councillor and one (Company B) was recommended by a council officer. The commission was to undertake a review of the council's brand identity and design guidelines.
- 4.2** The appointment of Company B was on the basis of an evaluation of quotations and proposals received from the three companies. The evaluation was not in accordance with the council's procurement processes, as outlined in the Contract Procedure Rules. Specifically, there was no award criteria specified, evaluation was undertaken by a single officer and was not checked independently prior to the award of contract.
- 4.3** A contract exists, signed by Company B, but it was not signed by the CDC. Key stakeholders such as Legal Services, Finance and the wider Corporate Leadership Team were not consulted on the procurement of Company B's services

#### **5. FINDINGS – COMPANY C**

- 5.1** Cotswold District Council required external support to develop a People and Culture Strategy. Proposals were sought from two companies.
- 5.2** One company was selected at a contract price of £30,000. Following a telephone call with a council officer, the contract price reduced to £16,000. The council utilised a contract waiver to appoint Company C citing section 6.1.5 of the Contract Procedure Rules (in place at the time).

"Specialist consultants, solicitor, barrister, agents, artist or professional advisers are required and

- There is no satisfactory alternative; or
- Evidence indicates that there is likely to be no genuine competition; or



- It is, in the opinion of the Authorised Officer in consultation with the Section 151 Officer and the Authority's Solicitor in the Authority's best interest to engage a particular consultant, solicitor, barrister, agent, artist or adviser

**5.3** The investigation highlighted breaches of procurement rules:

- There should have been three quotes and not two, in line with the Contract Procedure Rules.
- The telephone call from the council officer to Company C which significantly reduced the contract value could be perceived as bid tailoring to avoid procurement thresholds putting the council at risk.
- There is no Contract. Company C confirmed a contract was not requested by the council. Payment terms were provided on the proposal.
- There is insufficient evidence to support the legitimate use of a waiver.
- The details of the contract were not listed on the Contracts Register.

**6. SUMMARY OF FINDINGS AND IMPLICATIONS**

- 6.1** The report produced by the CFEU raised concerns relating to the approach taken by the council regarding these contracts.
- 6.2** The CFEU suggested that in addition to the report, urgent intervention be undertaken to establish whether there were current procurement activities being conducted with a view to reviewing the process for these and all future activities. The true extent of spend needed to be anticipated in all current procurements being undertaken by the same officers to mitigate for any ongoing activities concerning contract creep, a lack of transparency in terms of the procurement and amended scope / quotes.
- 6.3** Services provided by Company A and Company B were over the period November 2024 to March 2025. As no further work was being commissioned at the time of the CFEU report, the requirement for an urgent intervention was mitigated. However, this position was not known at the time of the investigation.
- 6.4 Reputational Damage:** Failure to adhere to the Contract Rules can harm the public's trust in the integrity and transparency of the procurement process, especially if any



irregularities come to light. This could damage the council's reputation and diminish public confidence.

- 6.5 Legal and Financial Risks:** Non-compliance with the contract rules, even for contracts under the PCR threshold, could lead to legal challenges from a supplier or contractor who believe they were unfairly excluded or treated. This could result in costly litigation, delays, and financial penalties. The Local Government Transparency Code requires the publication of details of any contract, commissioned activity, purchase order, framework agreement and any other legally enforceable agreement with a value that exceeds £5,000.
- 6.6 Audit Scrutiny:** If the procurement process is found to be non-compliant, it could trigger an audit or investigation by external bodies. These audits may uncover systemic issues and lead to more stringent scrutiny or even penalties.
- 6.7 Breach of Governance and Accountability:** The Constitution, Code of Conduct and Contract Rules exist to ensure transparency, fairness, and accountability in public spending. Non-compliance with these rules can lead to breaches in governance, which might attract internal reviews, disciplinary actions, or questions from Councillors or the public about the decision-making process.
- 6.8 Potential for Corruption:** If procurement is not properly managed, it can leave room for favouritism or corruption, even if unintentionally. This might invite external scrutiny or accusations of misconduct, which can also be damaging to the Council's reputation.
- 6.9** The Council's Constitution and Contract Rules that govern the procurement of goods and services protect the Council from these risks and maintain a transparent, accountable process. The best interests of the Council lie in ensuring compliance and conducting business in an open, fair, and transparent manner, not in awarding non-compliant contracts, or senior staff placing themselves in a position where their integrity and impartiality is open to challenge/scrutiny.



## **7. AGREED ACTIONS**

**7.1** The Council's Corporate Leadership Team ("CLT") have reviewed the findings from the initial investigation. The internal controls around procurement will be strengthened with an Action Plan (Annex B) outlining the additional measures being put in place including:

- Contracts Register to be updated to reflect actual procurement/contract values for services provided by all suppliers.
- Mandatory Procurement Training for all senior staff (Directors, Heads of Service).
- Mandatory Training for all other staff.
- Introduction of "Procurement Toolkit" covering documentation to include bids / tender docs, scoring, contract etc for all levels of procurement.
- Documentation supporting procurement activity including scope/brief, evaluation methodology and scoring matrix to be prepared prior to commencement of any authorised procurement.
- Code of Conduct – all senior staff required to review and formally acknowledge the Code of Conduct as set out in the Business Code of Conduct Policy for all employees at Cotswold District Council and Publica
- Procurement Fraud Toolkit for Staff – A checklist of issues to be aware of provided by CFEU should be referred to by all staff undertaking procurement activities.
- Enhancements to the procurement module of Agresso Business World ("ABW") that will have mandatory fields that procuring staff are required to fill out and will enable a far greater accountability and transparency on any procurements undertaken. This will consolidate information on expenditure, providing transparency on how much is being paid to individual contractors over time and will link to the finance system.

**7.2** The Action Plan includes details of the accountable officer and a deadline for completion of each activity. It is proposed that Audit and Governance Committee receive a follow-up report on the Action Plan at their meeting on 09 April 2026.



## **8. FINANCIAL IMPLICATIONS**

- 8.1** Whilst there are no financial implications arising directly from this report, the council is required to prevent fraud and corruption.
- 8.2** The council must ensure that all procurement activities are undertaken in accordance with the relevant legislation and in compliance with the council's constitution, financial procedure rules and contract rules. This will reduce the risk of fraud and corruption and mitigate risk of reputational damage and financial loss.

## **9. LEGAL IMPLICATIONS**

- 9.1** To procure supplies and services effectively and to support the delivery of strategic priorities, all procurement and contracting activity needs to comply with all applicable legislation, directives and regulations.

## **10. RISK ASSESSMENT**

- 10.1** The council is required proactively to tackle fraudulent activity in relation to the abuse of public funds. The Counter Fraud and Enforcement Unit provides assurance in this area.
- 10.2** Failure to undertake such activity would accordingly not be compliant and expose the Authority to greater risk of fraud and/or corruption.
- 10.3** If the council does not have effective counter fraud and corruption controls, it risks both assets and reputation.

## **11. EQUALITIES IMPACT**

- 11.1** Effective counter fraud controls and a zero-tolerance approach to internal misconduct promotes a positive work environment.



**COTSWOLD**  
District Council

## **12. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

**12.1** None directly.

## **13. BACKGROUND PAPERS**

**13.1** None.

(END)

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## **ANNEX A – GOVERNANCE OF PROCUREMENT ACTIVITIES**

### **Constitution**

- 1.1** The Constitution sets out how the council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent, and accountable to local people. It mandates that the council will act in accordance with the law and the Constitution and decisions made should have due regard to transparency, probity, and equity. The Head of Paid Service, Chief Finance Officer, and the Monitoring Officer have specific duties to ensure the council adheres to legal standards and manages its resources responsibly.

### **Code of Conduct (Employee)**

- 1.2** The Code of Conduct sets out the standards expected from every employee, and all are required to comply with it. The code forms part of every employee's contract of employment and requires employees to adhere to the Nolan Principles.

### **Conflict of Interest**

- 1.3** The code mandates an employee must not place themselves in a situation within which they could derive or be perceived to derive personal benefit from actions or decisions made in their official capacity as an employee. Examples include:
- Liaising with a supplier who employs a close relative.
  - Involvement with interview panel when a relationship exists with one of the applicants.
  - Involvement in a procurement where a relationship exists with one of the suppliers.
- 1.4** The code identifies the role of a manager is to understand their responsibilities under relevant financial, legal procurement, technological, human resources, and other relevant policies and procedures, maintaining the principles of accountability, continuous improvement, fairness, flexibility, and equity in the workplace, as well as setting a good example for employees through their behaviour and attitudes, especially in relation to upholding ethical principles.

### **Code of Conduct (Member)**

- 1.5** In carrying out their duties members are expected to:



## **ANNEX A – GOVERNANCE OF PROCUREMENT ACTIVITIES**

- Observe the Nolan Principles.
- Base their conduct on a consideration of public interest.
- Avoid conflict between personal interest and public interest.
- Not behave in a manner which brings their role or the council into disrepute.
- Ensure decisions are made on merit, particularly when awarding contracts.
- Disclose pecuniary interests.

### **Contract Rules**

**1.6 Compliance:** Every contract entered into by the authority shall be entered into pursuant to or in connection with the authority's functions and shall comply with the Constitution, Contract Rules, and Financial Rules. The Constitution requires that work, goods and services are obtained with probity and propriety to ensure the proper expenditure of public funds.

**1.7 Calculation of Contract Value:** The estimated value of a procurement shall be based on the total amount payable in pounds sterling, net of VAT, as estimated by the authority over the entire contract period. Contracts:

- Should be for a fixed term, where this not possible the contract value should be calculated by multiplying the monthly value by 48.
- Must not be artificially under, over-estimated, or divided into two or more separate contracts where the effect is to avoid the application of these Contract Rules or the Regulations.

### **1.8 Procurement Requirements by Value:**

1. Contracts above £10,000 and up to £25,000 or less require:
  - A minimum of three written quotes sought through the Portal.
  - The contract should be advertised on Contract Finder if estimated to be above £25,000.
  - Contracts shall be by a purchase order with the relevant standard Terms and Conditions attached in full or otherwise drawn to the attention of the supplier.
  - That if the lowest quote exceeds £25,000, the contract shall NOT be awarded unless a contract waiver is approved in accordance with rule 6.1 or approved by



## **ANNEX A – GOVERNANCE OF PROCUREMENT ACTIVITIES**

Section 151 Officer. In the absence of these, new procurement exercise required in accordance with applicable process.

2. Contracts above £25,000 to threshold require:

- Full competitive procurement undertaken through the portal using invitation to tender.
- The opportunity to be advertised on Contract Finder with access to contract documents.
- A formal written contract prepared or approved by Authority's solicitor must be used.
- All contracts with a value of £25,000 and above shall be kept by the authority's solicitor and a copy sent to the procurement advisor.

### **Financial Procedure Rules**

**1.9 Employees:** All employees and/or agents acting on behalf of the Council are responsible for:

- Complying with the Financial and Contract Rules and any other internal regulatory documents of the Council.
- Keeping accurate and comprehensive records to support transactions they undertake on the Council's behalf. These records must be in accordance with the accounting systems and policies established by the Section 151 Officer.
- Avoiding conflicts of interest and ensuring compliance with the employees' code of conduct.

**1.10 Preventing Fraud and Corruption:** The Council maintains a culture which will not tolerate fraud or corruption and has adopted a Counter Fraud and Anti-Corruption Policy to reflect this. Where abuse of position is identified, disciplinary action may be instigated and may also result in criminal proceedings. The Council's expectation of propriety and accountability is that Members and Officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures, and practices.

**1.11 Orders for Work, Goods and Services:** Requisitions and official orders shall:



## **ANNEX A – GOVERNANCE OF PROCUREMENT ACTIVITIES**

- In addition to any requirement under the Contract Rules, be in a form approved by the Section 151 Officer and are to be authorised only by Employees designated for that purpose.
- Clearly indicate the nature and quantity of the work or services required and any relevant contract or agreed prices.
- Conform to the guidelines contained in the Council's Contract Rules.

### **Commissioning and Procurement User Guide**

**1.12 Supplier and Contract Management:** A commissioning and procurement exercise does not conclude at contract award. It is the responsibility of the contract owner (manager) to undertake effective contract management once a contract has been awarded and through to the point at which a contract has reached its natural end. The contract owner is the individual who initiated the commissioning and procurement exercise.

**1.13 Governance:** To ensure commissioning and procurement activities are carried out in a controlled environment, the following policies and legislation must always be adhered to:

- Constitution
- Contract Procedure Rules
- Financial Procedure Rules
- Codes of Conduct

**1.14 Thresholds:** The thresholds set out in the Contract Procurement Rules at the time of the activity were:

- Above £10,000 to £25,000 – At least three written quotes shall be sought through the Portal using the Request for Quote template.
- Above £25,000 to Threshold – A full competitive procurement shall be undertaken through the Portal using an Invitation to Tender, and if over £50,000 a Procurement Board is required for all new or existing contracts.

### **Procurement Act 2023**



## **ANNEX A – GOVERNANCE OF PROCUREMENT ACTIVITIES**

- 1.15** This came into force in February 2025 and includes enhanced requirements for the Council to be transparent and open. Failure to comply with the legislation risks scrutiny from Central Governments Procurement Review Unit. Some of the key legislative requirements include a requirement to record and retain information and to record and publish contract spend for all contracts over £30,000.

### **Economic Crime and Corporate Transparency Act 2023**

- 1.16** The Economic Crime and Corporate Transparency Act (ECCTA) received Royal Assent in October 2023 and created the new Failure to Prevent Fraud offence. Guidance was published in November 2024 and officially came into force on 1 September 2025. It makes clear that under the offence, an organisation may be "criminally liable where an employee, agent, subsidiary, or other 'associated person,' commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place."
- 1.17** If liable, penalties could include unlimited fines and other severe commercial and operational consequences.

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## ANNEX B– ACTION PLAN

Ref	Action	Assigned to	Deadline	Action Completed
1.	<b>Constitution – Contract Rules (part D10).</b> Updated to reflect the Procurement Act, effective 24 February 2025	Ciaran O’Kane	31/03/2025	Completed
2.	<b>Mandatory eForm – purchases £5,000 and above</b> Procurers must complete an eForm for all purchases over £5,000 with the required mandatory information before any purchase requisition can be approved. Ensuring: <ul style="list-style-type: none"><li>• The Procurement Team can review and, if necessary, query any proposed purchase to confirm compliance with the Council’s Contract Procedure Rules (CPRs).</li><li>• The Contracts Register remains accurate and up to date.</li><li>• The Council meets its transparency obligations under the Procurement Act 2023.</li></ul>	Procuring managers	31/08/2025	Completed
3.	<b>Mandatory Officer Training Programme</b> to cover a spectrum of needs: <b>Senior Managers</b> - high level training on legal requirements. <b>New Employees</b> - a broad overview of procurement processes <b>Budget Holders/Procurers</b> - more detailed training on the new Procurement Act 2023, Internal Contract Procedure Rules and contract management.	Claire Locke Ciaran O’Kane	31/12/2025	In progress
4.	<b>Implement a Procurement Toolkit</b> - a step-by-step guide with templates needed	Ciaran O’Kane	31/10/2025	In progress



Ref	Action	Assigned to	Deadline	Action Completed
	including scoring matrices, fraud mitigation, minimum legal and policy obligations involved in each stage of the procurement process.			
5	<p><b>System Improvements</b> – develop the procurement module within the Agresso Business World system to capture procurement activity, route to market, value and details of the form of contract.</p> <p>Ensuring:</p> <ul style="list-style-type: none"> <li>Consolidated information on expenditure, providing transparency on how much is being paid to individual contractors.</li> <li>Greater accountability and transparency on any procurement activity undertaken.</li> </ul>	Claire Locke	<p>Testing phase 30/11/2025</p> <p>Implement 31/03/2026</p>	In progress
6.	<b>Review of the Terms of Reference</b> for the Officer Commissioning & Procurement Board.	Claire Locke	31/12/2025	In progress
7	<p><b>Improved financial reporting</b> – to enhance the wider internal controls on expenditure – developing:</p> <p>A standard set of financial reports to provide budget holders, Heads of Service and Directors with relevant and timely financial information appropriate to each 'level'.</p> <p>Spend Analysis – a periodic analysis (Q1 &amp; Q3) of expenditure by product</p>	David Stanley	<p>31/03/2026</p> <p>30/06/2026</p>	In progress





## **ANNEX B– ACTION PLAN**

<b>Ref</b>	<b>Action</b>	<b>Assigned to</b>	<b>Deadline</b>	<b>Action Completed</b>
	categories/supplier to be provided to the officer Commissioning and Procurement Board to support identification of 'non-contract' spend.	David Stanley		Not started
8.	<b>Implement No Purchase Order No Pay</b> – a requirement that obligates suppliers to provide a valid purchase order (PO) before payment can be made for goods or services.	Keren Bass Ciaran O'Kane	30/06/2026	In progress
9.	<b>Councillor Awareness/Resource</b> – add the LGA/CIPFA Guide "Managing the Risk of Procurement Fraud" to the member portal. A member briefing on procurement will be arranged for October 2025	Angela Claridge	30/09/2025	In progress

### **Follow-up/Review**

- Audit & Governance Committee – April 2026

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### **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 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
<b>30 September 2025</b>		
Internal Audit Progress Report	30 Sep 2025	Lucy Cater, Assistant Director (SWAP) <a href="mailto:lucy.cater@publicagroup.uk">lucy.cater@publicagroup.uk</a>

Q1 Prudential Indicators (Treasury Management)	30 Sep 2025	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk
Local Code of Corporate Governance	30 Sep 2025	Angela Claridge, Director of Governance and Development (Monitoring Officer) Angela.Claridge@Cotswold.gov.uk
Counter Fraud and Enforcement Unit Update Report	30 Sep 2025	Emma Cathcart, Head of Service, Counter Fraud and Enforcement Unit emma.cathcart@cotswold.gov.uk
<b>4 December 2025</b>		
Treasury Management Mid-Year Report	4 Dec 2025 21 Jan 2026	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
External Auditors Annual report 2025/26	4 Dec 2025	
Statement of Accounts and Audit Opinion	4 Dec 2025	David Stanley, Deputy Chief Executive and Chief Finance Officer David.Stanley@cotswold.gov.uk
Corporate Risk Register	4 Dec 2025	Cheryl Sloan, Business Manager - Business Continuity, Governance and Risk cheryl.sloan@publicagroup.uk
<b>27 January 2026</b>		
Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2026/27	27 Jan 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk

CyberSecurity Update	27 Jan 2026	John Chorlton, Chief Technology Officer john.chorlton@publicagroup.uk
Internal Audit Progress Report	27 Jan 2026	Lucy Cater, Assistant Director (SWAP) lucy.cater@publicagroup.uk
Annual Capital Strategy 2026/27	27 Jan 2026	Michelle Burge, Chief Accountant and Deputy Section 151 Officer michelle.burge@cotswold.gov.uk

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