



Minutes of a meeting of Audit and Governance Committee held on Tuesday, 27 January 2026

Members present:

Nigel Robbins	Helene Mansilla	
Nick Bridges	Tom Stowe	Michael Vann
Paul Hodgkinson	Len Wilkins	

Officers present:

David Stanley, Deputy Chief Executive &
Section 151 Officer

Lucy Cater, SWAP Assistant Director

Michelle Burge, Chief Accountant &
Deputy Section 151 Officer

John Chorlton, Chief Technology Officer

Emma Cathcart, CFEU Assistant Director

Frank Wilson, Publica Director

Tyler Jardine, Trainee Democratic Services
Officer

Nickie Mackenzie-Daste, Senior Democratic
Services Officer

Alex Walling, Auditor (Bishop Fleming)

Richard Clarke, CEO (Bishop Fleming)

51 Apologies

Apologies were received from...

Councillors Jon Wareing and Jeremy Theyer, and independent member Christopher Bass offered their apologies for being unable to attend the Committee meeting.

52 Substitute Members

Councillor Michael Vann substituted for Councillor Jon Wareing, and Councillor Tom Stowe substituted for Councillor Jeremy Theyer.

53 Declarations of Interest

No declarations were made.

54 Minutes

The Committee discussed the minutes for the 4 December 2025 Audit and Governance Committee. The Chair noted that page six should use either 'atypical' or 'untypical' rather than mix both. The Committee voted to approve the minutes of the 4 December 2025 Audit and Governance Committee meeting.

55 Public Questions

There were no public questions.

56 Member Questions

There were no member questions.

57 Audit and Governance Committee Work Plan

The Chair introduced the Work Plan going forward into 2026. The Deputy Chief Executive (S151) Officer noted the two items planned for the April Committee and that officers from the Southwest Audit Partnership (SWAP) were in attendance to provide a verbal update to the Committee. An officer explained that due to administrative errors the report itself was unable to come before the Committee, but since the last Committee the previously discussed Disaster Recovery Audit had been completed, with a finalised 'low' risk rating. The follow-up of Members' Allowances had nearly been completed, with one outstanding action awaiting evidence of reconciliation before being confirmed as complete.

Two additional audits had been undertaken, those being data retention and digital exclusion, and two audits remained in draft format: housing benefits and Council Tax support, which the officer confirmed would come before the Committee at its next meeting. Also in draft formats were the climate change audit and bank reconciliation, which would be brought to the Committee alongside and audit plan for members of the Committee to provide their input. The officer suggested that Committee members may benefit from a workshop prior to the next meeting to provide guidance on the internal audit charter, audit plan, and an Audit and Governance Committee audit effectiveness review, to which the Chair and the Committee agreed.

58 Annual Treasury Management Strategy and Annual Non-Treasury Investment Strategy 2026/27

The Chair noted the attendance of a guest speaker, an Auditor from the Council's external auditors Bishop Fleming, and allowed the Deputy Chief Executive Officer to introduce the report. The Deputy CEO noted that treasury management was in effect the management of the Council's cash, and that the strategy was an explanation of how the Council would approach utilising liquidity for investment purposes and how,

for example; the levels of risk involved, how decisions would be made, how an investment opportunity's value was calculated, and how long they might persist on the Council's books.

The items of particular focus were Annex A, pages 35-36, which listed the proposed organisational cash limits for recommendation by the Committee to Council and the treasury management prudential indicators, which were required to be set for the year and subsequently reported on how they had been met. Page 47 of Annex A listed non-treasury investment, explained by the Deputy CEO as anything the Council invests in that was not part of day-to-day treasury management. Page 52 included Table 3 which was a list of the investment properties in the Council's possession; the Committee was advised that this, as well as the non-treasury investment strategy, was required to provide information on the makeup and performance of the Council's property portfolio and how this impacted more widely the financial position of Cotswold District Council.

The Committee queried the performance of the Council's commercial investment properties, noting that recent market conditions may have adversely affected their value. Members sought clarification on whether reported gains and losses related solely to annual performance or reflected variance from original purchase prices, and asked whether original acquisition values were available. The Deputy CEO advised that while this information was held by the Council, it was not readily available for the out-of-district portfolio at the time the report was prepared. To avoid presenting incomplete information, original purchase prices were therefore excluded, with the report instead showing property valuations for 2024, final valuations at the end of 2025, and projected values for 2026.

The Deputy CEO further explained that the three most recent out-of-district acquisitions had been purchased for significantly more than their current valuations, resulting in an unrealised loss, which was already reflected in the Council's statement of accounts. It was noted that the Treasury Management Strategy did not incorporate rental income, which had partially offset these losses over time; however, as the report remained in draft form, the inclusion of this information could be considered ahead of submission to Full Council. The report therefore presented investment performance based on the most recent 12-month period, with asset valuations reviewed annually in line with accounting requirements, as full lifetime performance data was not available at the time of preparation. The Chair requested the perspective of the external auditor in attendance on how these properties were valued and maintained as investments, who commented that as long as the Council remained in line with CIPFA requirements it would be down to individual officers to make appropriate judgements on a case by case basis.

The Chair invited the Deputy Chief Executive Officer to introduce the report, who explained that the item was a draft assessment of the Council's capital programme and expenditure, and noted that the contents was likely to change before a revised version of the capital programme would be presented to Cabinet and Council in February 2026. The capital strategy reflected how existing resources would be utilised to achieve the objectives set by the Council for 2025-2028 in their corporate plan and corporate strategy. It was highlighted that this programme included £7.1m for the planned waste vehicle fleet replacement, and that as it stood there was no anticipated need for external borrowing to meet the Council's financial obligations. Forecast capital receipts were low despite the property assets in the Council's portfolio, and most of these arose from UBICO repayments for vehicle purchases.

Committee members thanked officers and welcomed that this programme indicated the Council could deliver its capital priorities without the need for external borrowing, commenting that this indicated prudent financial management, and that interest rates in the wider economy may have made such borrowing expensive for the Council. The Chair noted that this proactive effort to replace the aging waste fleet may have been positively influenced by the Council's decision to outsource its operation to UBICO.

The Committee queried what, under the assumption of no borrowing, would be required if the capital receipts referred to earlier were not received or if capital costs exceeded expectations, as well as whether there were earmarked reserves being utilised to cover gaps in funding and if this could become an issue in the future. The Deputy CEO responded that there would be a two stage approach in the scenario suggested by Committee members; first, the scale and timings of any necessary expenditure would be reviewed, taking into account options such as reprofiling or deferring nonessential schemes in the capital programme to a later time, and second by considering alternative financing options if this became necessary. It was noted that the current strategy was based on the assumption of not needing prudential borrowing but this remained an option if circumstances changed. The Deputy CEO emphasised that this would not be a default response, and would be subject to a full financial assessment, including how this would impact the Council's ability to meet its corporate objectives – and also explained that there was a proportion of Extended Producer Responsibility (EPR) funding earmarked for the waste fleet replacement, and approximately £150,000 of parking income in reserve to be released in 2026/27 for replacement car park ticket machines. The Deputy CEO advised that he would provide further details on the use of reserve funds to Committee members outside of the Committee.

Resolved that the Committee:

1. Noted the draft Capital Strategy (Annex A) for 2026/27 and provided feedback to the Cabinet and Council for consideration as part of the Council's budget setting process.

60 Information Governance Update & Senior Information Risk Owner (SIRO) Annual Highlight Report 2024/25

The Chair introduced the External Auditor from Bishop Fleming. The External Auditor introduced the report on the 2024/25 financial statements, noting that the previous report brought to the Committee was the Auditor's Annual Report, which focused on value for money, while this highlights the Auditor's findings. The Auditor noted that an audit regarding leases was still ongoing and would be subject to final review, but the audit was otherwise nearly complete. One area – readiness for audit - was considered 'Amber' on the audit report, due to delays in responding to requests and external factors affecting the Finance team. The Auditor noted that this was also impacted by resourcing issues on behalf of the auditor themselves as well as the budget/audit timing. The audit opinion previously provided to the Committee would be unchanged, similarly reflecting the weakness in procurement arrangements.

The Auditor explained that this report indicated a positive outcome, with no significant issues with financial statements and only two disclosure amendments identified, and commended the Council's finance officers. As provided to Committee members before the meeting in a Letter of Representation, some items had not been adjusted due to them being of less significant material concern, and the auditor requested that Committee members review the rationale of this decision. The Auditor noted that the audit certificate was not able to be issued immediately due to changes to auditing standards and delays related to Whole of Government Accounts work, and that this meant the audit remained open, but this was a formality.

The Auditor noted that additional fees arising from work to address the Council's weaknesses in procurement and the implementation of IFRS 16 (Leases) had been submitted to the PSAA for approval; this additional cost needed to be approved as auditing fees were set nationally by the PSAA, not by Bishop Fleming, but the £7,475 figure had been calculated using the appropriate rates for scrutiny by the PSAA.

The Committee queried, regarding the unadjusted items mentioned, at what point the auditors would reconsider the material relevancy of an item. The Auditor advised that it would be for the Council to decide what items they felt were of material concern, based on whether any changes would alter the reader's understanding of the financial statements as a whole – but that the Auditors used a 'working materiality' threshold of approximately 2% of gross revenue expenditure.

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The Chair noted the previously discussed delays in responding to requests and voiced concern that the Council's separation from Publica may have contributed to difficulty in resolving these issues. The Deputy CEO responded that many of the delays listed related to data held within the Property and Assets Team, and often involved time-consuming requests such as verifying property valuations and supporting plans to ensure the accuracy of records. The officer conceded that despite their effectiveness the small size of the Finance team, who reviewed all audit requests, may have contributed to delays – but that it may not be appropriate to dedicate additional resources to address this due to the intermittent nature of audit requirements. The issues in question were reflected in other local authorities' audit processes due to the nature of long-term property records, but the officer confirmed that the result of this audit experience would be analysed to improve responsiveness in future audit processes.

The Committee also identified that on p.139 a word was missing; the officer confirmed this was 'influence' and subsequent copies of the report would be corrected. The Chair queried if the Auditor was satisfied with the narrative report, who confirmed that they had reviewed it and ensured it met CIPFA requirements as well as appropriately represented what their experience of the Council's governance situation was and were satisfied.

The Committee questioned what continued relevance the listed COVID-related expenses had. The Deputy CEO clarified that they were listed in the report for completeness, but the included figures are nil as the costs are no longer applied to local government entities. Also identified was a small discrepancy between the stated total scale fee compared to the parts totalled up, and it was explained that this is likely due to timing differences between the two external audit firms – Bishop Fleming and KPMG – when agreeing and paying fees: some outstanding fees relating to the 2023/24 audit were agreed and paid during 2024/25, but the figures as listed only related to the 2024/25 audit.

Before moving to the next agenda item, the Chair noted that the Committee had not confirmed their delegation of authority to the Deputy CEO to approve the Council's statement of accounts subject to the completion of the previously discussed audit work, and requested the Committee vote – the Committee members voted unanimously to delegate the relevant authority to the Deputy CEO.

There were no further questions, and the Chair noted that they were satisfied with the report and comfortable signing the Letter of Representation. The Committee approved the Letter of Representation and authorised the Chair to sign the document on behalf of the Audit and Governance Committee.

Resolved that the Committee:

1. Noted the Audit Completion Report (Annex A) and revised 2024/25 Statement of Accounts (Annex B).
2. Delegated authority to the Deputy Chief Executive and S151 Officer, in consultation with the Chair of the Audit and Governance Committee, to approve the 2024/25 Statement of Accounts subject to completion of outstanding audit work.
3. Recommended that the Chair of the audit and Governance Committee and Deputy Chief Executive and S 151 Officer sign the Letter of Representation (Annex C)

61 2024/25 External Audit Report and Audit Opinion

The Chair introduced the Monitoring Officer, who attended the Committee remotely, and who was presenting the item on behalf of the Council's Chief Executive. The Monitoring Officer explained that all local authorities were required to appoint a Senior Information Risk Officer (SIRO), and following the changing relationship between Publica and Cotswold District Council, the Chief Executive had been nominated to the role. The Council had made the decision to produce an annual SIRO report despite this not being a statutory requirement as it was felt this would be good practice, and this was the report before the Committee. The report contained overviews on data governance and data protection policies and how the Council met its statutory obligations regarding these and Freedom of Information requests. The report also contained details on the risks and their mitigations during the 2024/25 period, and how the Council expected these to change and how they would be responded to in the coming year. The Monitoring Officer confirmed that the SIRO Annual Report was intended to be issued together with the Annual Governance Statement, with a regular reporting interval set in July.

The Committee queried the low-medium-high level data breaches, noting that there were very few but asking how the level of seriousness was calculated. The Monitoring Officer provided examples of sending documents relating to two different individuals in one envelope, or email recipients being copied rather than blind copied into correspondence, but advised that they would provide further detail on the actual breaches in a written response to Committee members.

The Committee requested further explanation on the 'retention schedule' and what a review of this entailed. The Monitoring Officer explained that all local authorities are required to have a data retention policy in place: this dictated what types of information were and could be held by the Council both physically and electronically, how long these items could be held for, and what the Council must do at the end of these periods. The already-existing retention schedule and its recent review allowed officers to ensure that information was being stored appropriately and destroyed in the

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proper manner once no longer required or when reaching the end of its permitted storage period.

Resolved that the Committee:

1. Noted the report of the Senior Information Risk Owner (SIRO) on Information Governance for the 2024/25 period
2. Approved the future inclusion of the SIRO's Annual Report within the Annual Governance Statement for reporting purposes

62 Matters exempt from publication

The Committee considered the exclusion of the press and public for the remaining item of business on the basis that it contained exempt information within the meaning of Paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972. Upon being proposed and seconded the Committee voted to approve a resolution to exclude the press and public.

Resolved that the Committee:

Agreed to exclude the press and public for the remaining items of business in accordance with the provisions of section 100A of the Local Government Act 1972 on the grounds that their presence could involve the likely disclosure of exempt information as described in paragraph 7 of Schedule 12A of the Local Government Act 1972, with the public interest in maintaining the exemption outweighing the public interest in disclosing the exempt information

63 Cybersecurity Update

The Committee received an update from the Chief Technology Officer on cybersecurity matters concerning the Council.