



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	AUDIT AND GOVERNANCE COMMITTEE – 30 SEPTEMBER 2025
Subject	PROCUREMENT INVESTIGATION - COUNTER FRAUD AND ENFORCEMENT UNIT
Wards affected	All
Accountable member	Councillor Mike Every, Leader of the Council Email: mike.every@cotswold.gov.uk
Accountable officer	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
Report author	David Stanley, Deputy Chief Executive and Section 151 Officer Email: david.stanley@cotswold.gov.uk
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">• Annex A – Governance of procurement activities• Annex B – Action Plan.
Recommendation(s)	<p>That the Committee resolves to:</p> <ol style="list-style-type: none">1. Note the report.2. Request an update on the action plan being brought back to the committee in April 2026.
Corporate priorities	<ul style="list-style-type: none">• Delivering Good Services
Key Decision	NO



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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.



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12. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

12.1 None directly.

13. BACKGROUND PAPERS

13.1 None.

(END)