



Audit & Governance Committee
09/April2026

Minutes of a meeting of Audit & Governance Committee held on Thursday, 9 April 2026

Members present:

Helene Mansilla

Nick Bridges

Paul Hodgkinson

Craig Thurling

Len Wilkins

Nick Craxton

Christopher Bass

Officers present:

Nickie Mackenzie-Daste

Angela Claridge

Lucy Cater

Emma Cathcart

David Stanley

Alex Walling

Tyler Jardine

Observers:

64 Apologies

The Chair noted the attendance of Councillor Thurling and Independent Member Nick Craxton, both of whom were new additions to the Committee, and congratulated the Head of CFEU for being recognised as Female Pioneer of the Year. The Chair introduced the other attending members of the Committee, noted that no members of the public were present, and confirmed that Councillors Jon Wareing and Jeremy Theyer had sent their apologies.

The Monitoring Officer explained that an additional report had been issued to members of the Committee that was not included in the agenda as published. The Officer confirmed that a vote would be needed on this item, but that the report itself formed part of a suite of data reviewed regularly by the Committee.

65 Substitute Members

The Chair confirmed that there were no substitute members attending the Committee.

66 Declarations of Interest

The Chair confirmed that there were no declarations of interest.

67 Minutes

The Chair invited members to comment on the minutes of the Committee held 27 January 2026. Councillor Paul Hodgkinson noted that he had been present at that meeting and Councillor Tony Dale had not, requesting the attendees be corrected. The Chair noted a misalignment on the formatting of the text on Page 9. The Deputy Chief Executive (S151) Officer advised that during the previous Committee members had requested the purchase price of the Council's portfolio of investment properties, and confirmed that the available data would be issued to members. The Committee approved the minutes with the above amendments.

68 Public Questions

No public questions were received.

69 Member Questions

No Member questions were received.

70 Audit and Governance Committee Work Plan

The Monitoring Officer introduced the item and explained that the table set out upcoming Audit and Governance Committee dates and the preliminary reports expected at each. The Officer advised that, in line with wider Council matters, it was proposed to move the 8 June Committee date to 27 July; the Chair put this to a vote, and the Committee unanimously approved the change.

Officers noted that no Internal Audit Progress Reports were listed in the Workplan and confirmed that they would liaise with Democratic Services to update the plan.

No other comments were received and the Committee voted to approve the Audit and Governance Committee Workplan.

71 Procurement Action Plan - Follow-Up

The Chair noted that this item had been agreed at the Committee in September 2025, that this report provided a progress update, that a further update was expected in October 2026, and invited the Deputy Chief Executive (S151) Officer to introduce it.

The Officer presented a report on CFEU actions – noting Members had sought further assurance on procurement controls, which was included. Actions 1 through 4 were

completed, and actions 6-9 were progressing well. Changes had been made to cost centres and payment approval hierarchies, including the implementation of the 'No PO, No Pay' rule, requested by Internal Audit. One mandatory procurement briefing for Members had been held in March and recorded for Members. Action 5 had been removed as it was no longer required, having been superseded by controls implemented in Action 2.

In response to the Committee's question regarding the "implementation of a procurement toolkit", and assurance around its use, Officers confirmed that this toolkit was available on the Council's internal system. They explained that the Commissioning and Procurement Board, chaired by the Monitoring Officer, would only approve requests submitted via the toolkit. Guidance had been issued to officers, and the team would be available to support those wishing to raise procurement requests. Members queried audit controls for expenditure below £5000 under the enhanced procurement process. Officers advised that such lower-value sums typically reflected time-limited or one-off purchases which were covered by the procurement process and considered lower risk. Procurement fraud was recognised as a risk area, with mandatory staff training in place. Officers also confirmed that a review of the process was underway, including monitoring for duplicate payments and supplier oversight, with findings to be provided to the Committee for its next meeting.

The Committee noted the report.

72 Annual Governance Action Plan 25/26 Update

The Chair introduced the Annual Governance Action Plan update. Officers advised that seven of eight actions included in the report had been completed, including the business impact assessments which would feed into the new business continuity plans. Committee members queried the updates to business continuity plans. Officers explained that recent business impact assessments had offered new insights to inform and update the Council's plans, while existing plans remained in place in the interim. Members queried whether they would typically review business continuity plans. Officers clarified that the Committee's role was to be assured that appropriate up-to-date plans were in place, rather than to review them individually.

The Committee noted the report.

73 Strategic Risk Register and Risk Management Policy

The Deputy CEO (S151) explained that these reports formed part of the suite now provided to the Committee by the governance teams on a quarterly basis. No changes had been proposed to the Council's Risk Management Strategy since its last review in May 2025. The Corporate Leadership Team (CLT) had reviewed the Strategic Risk Register alongside service-specific risk registers had identified two additional risks for inclusion, together with adjustments to the scoring of existing risks. These changes related in particular to the Local Plan project and the District's civil contingency plans. As set out on page 46 of the Committee pack, the CLT had identified that the Council was insufficiently prepared for a "civil emergency leading to harm of life", and although mitigation work was underway, the risk was not yet considered adequately controlled. Officers intended to have a full contingency plan in place by May 2026. It was noted that aside from this risk, the Council was otherwise well placed to respond to unforeseen emergencies. Regarding the Local Plan project, officers advised that the risk was expected to reduce significantly once the Local Plan had reached Reg19 stage in August 2026.

The Committee enquired how increased activity at RAF Fairford was being assessed in relation to potential hostile interests. Officers advised that given the sensitivity of the matter and importance of accuracy, members would receive a written response outlining the plans in place. Members further queried whether contingency arrangements included sufficient redundancy, to prevent cascading failures and to ensure effective communication with residents of the District during an emergency. Officers confirmed that these details would be addressed in their written response.

Members queried how the Risk Register should be interpreted; specifically, whether initial risk referred to the inherent unmitigated risk or the risk as first recorded on the register, with the 'residual risk' reflecting the position after mitigation. Officers clarified that the 'initial risk' was the unmitigated risk exposure, which may vary depending on external factors, with 'residual risk' reflecting the position following the application of controls.

Members noted that the Risk Register included risks related to staff recruitment and retention, especially in light of the upcoming Local Government Reorganisation project. Officers advised that a revised retention strategy would be brought before Cabinet in the weeks following the Committee to address the unique challenges associated with the project.

The Committee requested the explanation of PCI/DSS (Payment Card Industry Data Security Standard). Officers explained that the Council operated at the lowest of the four compliance levels, which was appropriate for the nature of data processing

undertaken by local authorities. They noted that a key vulnerability related to the included taking of payment information over the phone, which was considered an unavoidable service requirement. Officers further advised that the associated health and safety risk related to an open Internal Audit action and reflected the Council's ability to evidence compliance to potential auditors rather than indicating non-compliance.

The Committee approved the Risk Register and Risk Management Policy.

74 Internal Audit Progress Report - April

The Committee received the Internal Audit Annual Report presented on an annual basis and prepared in consultation with Members and officers. The Head of Internal Audit advised that the key section for Members' consideration was the draft Annual Audit Plan for 2026–2027, set out from page 14 onwards. The Plan had been developed to ensure coverage of core assurance areas within the Council's control framework, including financial systems, human resources, revenues and benefits, and information and communication technology, and to deliver additional governance audits in higher risk areas, specifically emergency planning and business continuity, health and safety, and safeguarding.

The Committee was also advised of ongoing audit work throughout the year, including quarterly duplicate payment analysis as well as quarterly reviews in collaboration with the procurement review unit and building control, in advance of upcoming external assessments

Officers presented the report, which provided a summary of internal audit activity since January 2026 and assurance on the effectiveness of the Council's internal controls. The Committee was also presented with the Internal Audit Plan and Internal Audit Mandate. The Chair queried whether sufficient support had been received from service managers in delivering the audit actions. The Head of Internal Audit confirmed that they had received strong support from the Corporate Leadership Team, with escalation procedures in place where required. It was further noted that the audits listed as not having been started at the time of the report's production had now commenced. The Committee noted that there were five 'substantial' items in progress and queried how compared to previous reports. The Officer advised that the current report provided a snapshot of recent activity, and that a more comprehensive update would be provided in July detailing progress made during 2025/26 period and how this was reflected in the status of the items. Members requested that this July report include a comparison to the status of Internal Audit at the same point the previous year.

75 CFEU Update Report (Including RIPA and IPA annual update)

The CFEU Assistant Director presented a summary of service activity for 2025–26, including the annual update on RIPA and IPA surveillance powers and an update on the whistleblowing policy. Members were advised that procurement remained a key focus; with strengthened controls in place, including a procurement fraud section on the Council’s intranet, a new fraud risk register, and ongoing mandatory training across the District partnership.

The fraud awareness workstream had been expanded to target different audiences, with tailored approaches for staff, Members, and residents. The new “failure to prevent fraud” offence was highlighted, relating particularly to procurement activity where if processes were not properly followed.

Further initiatives included the launch of a public fraud reporting website (‘Glassjar’), continued work on business grants (with remaining debt collection transferred to external agencies) and ongoing National Fraud Initiative work, focusing mainly on council tax, housing, and payroll data matching. The housing waiting list review had been delayed but was expected to commence within the year. Reactive casework included a review of council tax reduction claims, which had identified, with a further report to follow on lessons learned. Surveillance, policy updates were noted, with a full review scheduled later in the year, alongside a minor amendment to the whistleblowing policy following legislative change.

In relation to COVID-19 grant payments, Members noted the £75.5m distributed and queried the £1 million identified as resulting from fraud and error, as well as the remaining unrecovered sum of over £500,000 and reference to “DBT”. Officers advised that given the scale and urgency of the schemes, some fraud and error was expected primarily arising from incorrect or duplicate applications and that the Councils post-payment audit approach had supported identification of issues. The Officer noted that, in the context of the total £75.5 million distributed, the £1 million attributed to fraud and error was relatively low. It was further explained that the council undertook a comprehensive post-payment audit of all mandatory grants, a process not carried out universally by other authorities, which contributed to the identification of these figures. Some duplication arose from genuine confusion due to the complexity and rapid evolution of multiple grant schemes, rather than deliberate dishonesty. Regarding recovery, the Officer stated that recovered funds had been returned to central government, as it was the original source of the grant funding. Responsibility for the

remaining outstanding debt had been transferred to the relevant government department (the Department for Business and Trade, DBT).

Officers advised that at the time, the Council was reliant on temporary staff to administer the schemes, and that some errors were attributable to reliance on temporary staff and limited central government guidance at the time, and that CDC's error and fraud rates were notably lower than that of government as well as compared to other local authorities. Members were advised that communications regarding the 'Glassjar' fraud reporting site had been issued and further details would be provided to the Committee outside the meeting.

76 Statement of Accounting Policies 2025/26

The Committee received a report presenting the draft accounting policies to be included in the 2025/26 Statement of Accounts. It was explained that the policies which set out the principles, bases, conventions, and rules for preparing and presenting the accounts had been reviewed and updated to reflect the latest guidance for 2025/26. A key change within Section 4 concerning the valuation of property, plants, and equipment was highlighted, whereby full valuations would now be undertaken every five years, with indexation permitted in intervening years, representing a change in approach from previous practice. Officers noted that the main challenge to implementation would be the selection of an appropriate index, which would be agreed in consultation with the internal valuer and external auditors prior to finalisation of the accounts.

The Committee discussed the proposed approach to indexation for asset valuations. and queried which index would be applied, noting potential variation between measures such as CPI and RPI.). Officers advised that the most appropriate index was still under review and would be selected in consultation with the Council's valuer, drawing on a range of recognised and national indices. It was noted that different indices may be applied to different classes of assets, depending on their characteristics, and that some assets, such as investment properties, would continue to be subject to full valuation rather than indexation. Officers clarified that the indexation approach applied only to Council-owned assets and included in its Statement of Accounts. It was further confirmed that asset valuations did not determine or directly influence fees and charges, which are set separately, based on operational and policy considerations.

There being no further questions, the Chair put the recommendations to the Committee, and the accounting policies were approved.

77 Q3 Treasury Management Prudential Indicators

The Committee received an interim treasury management update, in line with CIPFA guidance. Members noted that three formal reports are presented annually: the strategy (January), a mid-year update (December), and the outturn report (July), alongside this additional update to provide more regular oversight. The report reviewed performance for the previous quarter and confirmed that the Council remained compliant with its Treasury Management Strategy, including investment limits and the principles of security, liquidity and yield.

An update was given on the Prudential Indicators, including the liability benchmark, which had shifted to a negative position, reflecting changes in financing arrangements, notably in relation to the waste fleet. This indicated that the Council was not expected to undertake external borrowing and would continue to fund its capital programme from internal resources. One area of non-compliance was noted in relation to interest rate exposure, reflecting surplus cash levels and recent rate movements although interest rate expectations had become more uncertain. Officers advised that, despite their volatility, higher-than-anticipated interest rates might have a positive impact on treasury income relative to earlier budget assumptions.

The Committee requested an explanation of the factors shaping the Council's investment strategy, which was driven primarily by cash flow requirements and the timing of income and expenditure. It was noted that balances typically increased following council tax and business rates receipts at this point in the financial year. The Council maintained a mix of long-term investments, including strategic pooled funds, alongside shorter-term investments, such as deposits with the UK Government's Debt Management Office, money market funds, and bank deposits with varying maturities. Cash flow forecasting was used to align investment decisions with planned expenditure, including provision for the £6m waste fleet purchase later in the year.

Inflationary pressures, particularly rising energy costs and fuel costs, were highlighted as a key risk, which were expected to create additional financial pressure across other areas, including energy costs for buildings and contracted services. It was noted that these factors may require a greater proportion of cash to be held in short-term, liquid investments to meet increased costs. Officers further advised that timing uncertainties, including potential delays to capital purchases, could affect cash flow forecasts by deferring the release of associated funds into the following financial year.

The Council's exposure to inflation on cash holdings was discussed, noting that holding approximately £3 million in cash could result in a real-terms loss of around £150,000

per year if inflation and interest rates rose to 5%. Questions were also raised about the approach to fuel procurement, noting the potential real-time impact of holding cash in a higher inflation environment. In response, the officer advised that waste fleet fuel was currently purchased at pump prices, due to the absence of on-site fuel storage, although plans were underway within the capital programme to install a fuel bunker, with work underway to determine the location, complete necessary civil engineering, and decide whether it would store diesel or hydrotreated vegetable oil (HVO). By contrast, gas and electricity used across council properties was procured through a consortium with neighbouring councils and the use of an energy broker. This arrangement had enabled forward purchasing and partial hedging of energy costs, which had reduced exposure to spot market volatility compared to previous arrangements.

On treasury management, the officer explained that a working cash balance must be maintained to meet day-to-day obligations including payroll, supplier payments, and distribution of council tax receipts to partner bodies. Surplus funds were actively managed and regularly transferred into money market funds to mitigate the impact of inflation. It was noted that reported balances represented a point-in time snapshot and fluctuated frequently depending on operational needs.

Members noted that there was an error in Table 1: Investment Limits, Officers then provided the corrected table (below)

Table 1: Investment Limits

Investment Limits Qtr 3	2025/26 Maximum (£)	31/12/2025 Actual (£)	2025/26 Counterparty limit (£)	2025/26 Sector Limit (£)	Compiled?
The UK Government	23,250,000	17,180,000	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	3,000,000	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-33m	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-.

The Committee discussed the Council's approach to investment returns, risk, and timescales. Members queried long-term return expectations, and whether performance was assessed against market benchmarks or subject to review in the event of

underperformance and asked whether underperformance would prompt a change of provider.

The Deputy CEO advised that investment decisions were governed by the principles of security, liquidity, and yield, with yield considered only after the first two objectives were met. It was explained that the Council sought to manage risk through diversified portfolios, particularly pooled funds, and that performance was monitored and reported regularly to Members, who had the opportunity to challenge returns in comparison to other funds; however, it was noted that past performance is not a reliable indicator of future returns and that practical constraints, such as exit costs and liquidity constraints particularly for property funds also influenced decision making arrangements. Members were offered the opportunity to receive more detailed performance information and analysis through existing reporting arrangements.

The Committee noted the importance of aligning investment strategy with timescales, recognising that longer investments could reduce risk and enhance returns, whereas shorter-term investments may require a more conservative approach.

The Deputy CEO agreed with this point and proposed further discussion outside of the Committee. He reiterated that yield was not a primary objective and highlighted that most treasury investments were medium-term, (typically five to ten years), with shorter-term planning horizons driven by financial planning cycles and liquidity needs. He also advised that future arrangements, including those arising from local government reorganisation, would require a reassessment of investment strategies in light of inherited assets and cash flow requirements.

78 2025/26 External Audit Plan

The Committee received the External Audit Plan for 2025/26, introduced by the external auditor. Members were reminded that the auditor's role, as defined by the National Audit Office Code of Practice, was to provide an opinion on the Council's financial statements and to assess value for money arrangements.

The plan was based on initial planning work, incorporating a review of key risks, prior audit findings, and relevant internal audit outcomes, with 'materiality' set at approximately 2% of gross revenue expenditure (just over £1m). The auditor confirmed that significant risks remained broadly in line with previous years, including the valuation of property, plant and equipment, and noted revised accounting guidance, which now allowed local authorities to revalue assets on a five-year cycle with

indexation applied in intervening years, which had been reflected in the audit approach.

Value for money work would focus on financial sustainability, governance, and economy, efficiency, and effectiveness. A potential significant risk had been identified in relation to governance linked to the previously reported procurement issues. The proposed audit timetable was outlined, including the statutory reporting deadline at the end of January, which placed pressure on both the finance and audit teams. Audit fees were also noted as being nationally determined, with any variations arising from additional work to be calculated and reported at a future Committee.

79 Proposal to Appoint New Member of the Standards Hearings Sub-Committee

The item proposed the appointment of Councillor Nick Bridges to the Standards Hearings Subcommittee. Councillor Bridges noted that this appointment would only extend through May 2026. The Committee unanimously approved the appointment.

80 Proposal to Change Audit & Governance Committee date

The Committee was requested to approve the amended date for the next meeting of the Audit and Governance Committee from 8 June to 17 July 2026. The Committee unanimously approved the amendment.

The Meeting commenced at 16:03 and closed at 18:01.

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