

Agenda

Audit Committee

Date: **Tuesday 24 June 2025**

Time: **5.30 pm**

Place: **Council Chamber**

For any further information please contact:

Democratic Services

committees@gedling.gov.uk

0115 901 3844

Audit Committee

Membership

Chair Councillor Ron McCrossen

Vice-Chair Councillor Sandra Barnes

Councillor Stuart Bestwick
Councillor Helen Greensmith
Councillor Paul Hughes
Councillor Alison Hunt
Councillor Ruth Strong
Jonathan Causton

WEBCASTING NOTICE

Please note that this meeting will be live streamed on the Council's YouTube channel and via the website (www.gedling.gov.uk). At the start of the meeting the Chair will confirm if all or part of the meeting is being broadcast.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Council's published policy.

For more information about how your personal data is collected and used please view our privacy notice <https://www.gedling.gov.uk/elections-privacy/>

Responsibility of Audit Committee:

Statement of purpose

- a) The Audit Committee is a key component of Gedling Borough Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- b) The purpose of the Audit Committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of Gedling Borough Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

- c) To review the Council's corporate governance arrangements including the Local Code of Corporate Governance.
- d) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal

audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

e) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

f) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

g) To consider and monitor the effective development and operation of risk management in the council.

h) To monitor progress in addressing risk-related issues reported to the committee.

i) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

j) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

k) To consider and monitor the counter-fraud strategy, actions and resources.

Internal audit

l) To approve the internal audit charter defining the role and scope of internal audit.

m) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

n) To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.

o) To consider reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of external providers of internal audit services.

p) To consider the Head of Internal Audit's annual report confirming compliance with auditing standards and the opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control - these will assist the committee in reviewing the Annual Governance Statement.

q) To consider summaries of specific internal audit reports as requested.

r) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

s) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations.

t) To support effective communication with the Head of Internal Audit.

External audit

u) To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

v) To consider specific reports as agreed with the external auditor.

w) To comment on the scope and depth of external audit work and to ensure it gives value for money.

x) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

y) To consider and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

z) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

aa) To report to those charged with governance on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

AGENDA

Page

- | | | |
|----------|---|------------------|
| 1 | Apologies for Absence and Substitutions. | |
| 2 | To approve, as a correct record, the minutes of the meeting held on 18/03/25. | 7 - 9 |
| 3 | Declaration of Interests. | |
| 4 | External Audit Fees 2024-25
A report of the Chief Finance & Section 151 Officer. | 11 - 16 |
| 5 | Accounting Policies 2024-25
A report of the Chief Finance and Section 151 Officer. | 17 - 38 |
| 6 | BDO Progress Report
A report of the Internal Audit Partner (BDO). | 39 - 75 |
| 7 | BDO Annual Report
A report of the Internal Audit Partner (BDO). | 77 - 100 |
| 8 | Risk Scorecard Quarter 4 2024/25
A report of the Chief Finance and Section 151 Officer. | 101 - 120 |
| 9 | Any other item which the Chair considers urgent. | |

This page is intentionally left blank

MINUTES AUDIT COMMITTEE

Tuesday 18 March 2025

Councillor Kyle Robinson-Payne (Chair)

Councillor Sandra Barnes	Councillor Paul Hughes
Councillor Stuart Bestwick	Councillor Alison Hunt
Councillor Helen Greensmith	Jonathan Causton

Absent: Councillor Ruth Strong

Officers in Attendance: T Adams, C Goodall, P Whitworth and F Whyley

Guests in Attendance: G Dulay – Internal Audit Partner (BDO) and F Orton – Internal Auditor (BDO)

37 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.

Apologies for absence were received from Councillor Strong.

38 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 25 FEBRUARY 2025

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record, subject to a correction at item 35 which should have read that The External Auditor then introduced the report, rather than the Internal Auditor.

39 DECLARATION OF INTERESTS.

None.

40 LOCAL CODE OF CORPORATE GOVERNANCE

The Chair brought this item forward on the agenda.

The Monitoring Officer introduced a report seeking approval for the updated Local Code of Corporate Governance 2025/26.

RESOLVED to:

Approve The Local Code of Corporate Governance for 2025/26.

41 BDO PROGRESS REPORT 2024-25

The Internal Audit Partner (BDO) introduced a report, summarising the outcome of internal audit activity completed by the BDO Internal Audit Team, for the period January to March 2025.

Councillor Greensmith joined the meeting.

RESOLVED to:

Note the progress of the delivery against the 2024/25 Internal Audit Plan, including the Executive Summary for the following audit reports: Temporary Accommodation and Equality, Diversity and Inclusion.

42 BDO INTERNAL AUDIT PLAN 2025/26 - 2027-28

The Internal Audit Partner (BDO) introduced a report, detailing the three-year Internal Audit Plan for 2025/26 – 2027/28, for Gedling Borough Council.

Councillor Hunt left the meeting.

RESOLVED to:

Approve the Internal Audit Plan for 2025/26 – 2027/28.

43 RISK SCORECARD QUARTER 3 2024/25

The Monitoring Officer introduced a report of the Chief Finance and Section 151 Officer, updating members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Councillor Hunt re-joined the meeting.

RESOLVED:

To note the current risk level and actions identified within the Corporate Risk Register.

44 TREASURY MANAGEMENT POLICY AND TREASURY MANAGEMENT PRACTICES

The Chief Finance and Section 151 Officer introduced a report, requesting that Audit Committee agree to set up a working group to

review the newly adopted Treasury Management Policy Statement and the Treasury Management Practices.

Councillor Hughes left the meeting.

Councillor Hughes re-joined the meeting.

RESOLVED to:

Agree to set up a working group to review the Treasury Management Policy Statement and Treasury Management Practices set out in Appendix 1, and bring back any recommendations to the Audit Committee in June.

45 ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 7.04 pm

Signed by Chair:
Date:

This page is intentionally left blank



Report to Audit Committee

Subject: External Audit Fees for the 2024/25 Statement of Accounts

Date: 24 June 2025

Author: Chief Finance and Section 151 Officer

1. Purpose of the Report

To inform members of the proposed audit fees in respect of the 2024/25 financial year.

Recommendations:

That Members:

- Note the audit fee letter for 2024/25;
- Recommend to Council the approval the additional budget required of £88,549 for the 2024/25 External Audit fees.

2. Background

It is a requirement that the Council's financial statements are audited on an annual basis and that in addition the auditors undertake all work necessary to support their conclusion on value for money.

3. Proposal

Mazars, the Council's external auditor, have set out their proposals for the audit work and associated fee in respect of the 2024/25 audit in the annual External Audit Fee letter as attached at appendix 1. The audit fee covers the audit of the 2024/25 financial statements and the value for money conclusion.

4. Financial Implications

The budgeted audit fee is £53,600 the letter proposes fees of £142,149 an increase of £88,549. This will additional budget required and will be funded from the General Fund.

Audit fees are set the Public Sector Audit Appointments (PSAA), who is the “appointing person” for the audit of the accounts of local government bodies that opt into its national scheme. The PSAA appoints auditors and sets the fees, which are based on a scale fee for the previous year, adapted for changes in audit requirements. The Council has no control over the scale fees that are set.

External Audit Fees have increased significantly due a number of factors including a backlog of audits, increased regulatory requirements, and a limited number of qualified audit firms. These issues have led to higher costs for councils.

Due to the backstop arrangements and the recent fraud which has delayed previous years audits, the amount of fees have been unclear, an earmarked reserve amount was set aside to fund increases in fees and supplementary fees arising from the additional work required for the fraud on an interim basis, however as that amount is now depleted it is appropriate to ensure ongoing budget is increased to meet current and future audit fees.

5. Legal Implications

None arising directly from this report, The Accounts and Audit Regulations 2015 mandates that Local Authorities in the UK must have external audits. It outlines the framework for audits of local authorities, including the requirement to appoint an external auditor.

6. Equalities Implications

None arising directly from this report

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

8. Appendices

Appendix 1 – External Audit Fees 2024/25

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: 16 June 2025

Approved by: Monitoring Officer
Date: 16 June 2025

This page is intentionally left blank

Private & Confidential

Ms Tina Adams
Head of Finance
Gedling Borough Council
Civic Centre
Arnott Hill Park
Notts
NG5 6LU

Our ref: Bill 2024-25

Direct line: +44 (0)7979164444

Email: Karen.Murray@mazars.co.uk

Date: 25 May 2025

Dear Ms Adams

Re: Gedling Borough Council – External Audit Fees 2024-25 – Arrangements for Billing.

I am writing to confirm the billing arrangements for your audit for the year ended 31 March 25.

This information is set out in detail in the Fee Letter sent to you by Public Sector Audit Appointments and is also available via their website:

<https://www.psaa.co.uk/appointing-auditors-and-fees/auditor-appointments-and-scale-fees-2023-24-2027-28/2024-25-auditor-appointments-and-audit-fee-scale/>

As you will be aware the fee is due to be paid in accordance with milestones specified in our contract with PSAA. The instalments are due as follows:

Milestone Completed	Fee
Annual Audit Report for y/e 31 March 2024 issued	£35,537.00
Audit Plan issued	£35,537.00
Audit 50% complete	£35,537.00
Audit 75% complete	£35,538.00
TOTAL FEE	£142,149.00

Any fee variations will be billed on completion of your audit, following discussion with you and approval by PSAA Ltd.

If your audit for 31 March 2024 or an earlier year resulted in a disclaimed audit report (issued in line with the backstops in December 2024 and February 2025), please note PSAA have not yet determined the audit fees due for those audits.

Work is in progress to determine how assurance will be rebuilt for those bodies receiving one of more disclaimed audit opinions as part of the backstop arrangements. Until we receive this guidance, we are not able to fully determine our operational delivery plans. Once we are able to do so, we will agree with you the timing of the delivery of your audit and will be able to advise of the likely timing of your bills for the 2024/25 audit. In the meantime, we will provide invoices for the instalment amounts specified above.

Our bank details and payment arrangements are unchanged from prior years.

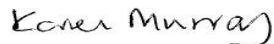
It would be helpful if you would confirm the details of any Purchase Orders that you want us to use to our Administration Manager, Catherine Allen, at cath.allen@mazars.co.uk.

Please be aware that PSAA Ltd have yet to finalise their work in respect of fees and fee variations for audits up to 2023/24. This means you may not yet have received your final bills for this period.

Please let me know if you have any queries or require more information.

We look forward to continuing to work with you.

Yours sincerely



Karen Murray
Head of Public Sector
Forvis Mazars LLP



Report to Audit Committee

Subject: Accounting Policies 2024/25

Date: 24 June 2025

Author: Chief Finance and Section 151 Officer

1. Purpose of the Report

To present the proposed Accounting Policies to be applied in the production of the 2024/25 financial statements, for approval.

Recommendations:

That Members:

- Approve the Accounting Policies 2024/25, as set out in the Appendix, for application to the financial statements in respect of 2024/25.

2. Background

It is considered good practice for Members to be given the opportunity to discuss and comment upon the Accounting Policies used each year in the production of the financial statements.

The Accounting Policies will be applied to the treatment of transactions that make up the Statement of Accounts 2024/25 to ensure that the accounts provide a “true and fair view” of the position of the Council at 31 March 2025.

The Statement of Accounts 2024/25 will be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) based on International Financial Reporting Standards.

A new standard with respect to leasing (IFRS 16) was deferred until 1 April 2024 (ie. applicable to the 2024/25 financial statements) and this will change the accounting treatment of finance and operating leases. The Council is actively assessing the implications of the new standard and considers it unlikely that the impact will be material.

3. Proposal

The Council has prepared its Accounting Policies in advance of the preparation of its 2024/25 financial statements. There has been one change in Section 15 – Leases which has been updated to include the new standard IFRS16. The Council will apply these policies to the Accounts once they have been considered and approved by Members.

4. Financial Implications

There are no financial implications directly arising from this report.

5. Legal Implications

There are no legal implications directly arising from this report.

6. Equalities Implications

None arising directly from this report

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

8. Appendices

Appendix 1 – Gedling Borough Council Accounting policies 2024/25.

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: 16/06/2025

Approved by: Monitoring Officer
Date: 16/06/2025

This page is intentionally left blank

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

FOR GEDLING BOROUGH COUNCIL

1. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with the proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 2024/25 Code), supported by International Financial Reporting Standards (IFRS).

The Accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Statement of Accounts has been prepared on a going concern basis. As required by IAS1, it has been assumed that the Council will continue in operation for the foreseeable future.

2. Accruals of Income and Expenditure

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

- Revenue from the sale of goods or services is recognised in accordance with the terms and conditions of the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and similar quarterly payments, which are charged at the date of meter readings rather than being apportioned between financial years. This policy is consistently applied each year and is unlikely to have a material effect on the year's accounts.

3. Cash and Cash Equivalents

Cash is represented by cash in hand at the bank, cash in transit and imprest amounts. Cash equivalents are represented by deposits held in Business Reserve accounts and Money Market

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Funds that are repayable at call without penalty. They are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

All deposits held for fixed periods, however short, are classed as short-term investments, since they are not readily convertible to cash as they cannot be broken without the payment of penalties.

4. Exceptional items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in Accounting Policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, ie. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in Accounting Policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 require local authorities to approve an MRP policy at the beginning of each financial year, determining how the amount to be set aside for the repayment of principal on outstanding debt is to be calculated. This policy is included in the Treasury Management Strategy Statement for 2024/25, which was approved by Council on 5 March 2025.

7. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year which employees render service to the authority. An accrual is made for the estimated cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserve Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Authority are members of The Local Government Pensions Scheme, administered by Nottinghamshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Authority.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Nottinghamshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate that reflects the time value of money and the characteristics of the liability.
- The assets of Nottinghamshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unitised securities – current bid price;
 - property – market value.

The change in net pension liability is analysed into the following components:

- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
 - Net interest on the net defined benefit liability (asset), ie. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- Re-measurements comprising:
 - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Nottinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

8. Events After the Balance Sheet Date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

9. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For all the Authority's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has not undertaken any repurchase or early settlement of borrowing during 2023/24.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measure at:

- Amortised cost;
- Fair value through profit and loss (FVPL); and
- Fair Value through other comprehensive income (FVOCI).

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has provided car loans to employees at less than market rates (soft loans). In normal circumstances soft loans would be recognised and measured in the accounts at fair value, in accordance with the Code. However, car loans to employees have been considered at length and it has been concluded that the sum outstanding is not material. Accordingly, no additional calculations for fair value have been undertaken and car loans are recognised at the value of the sums loaned less repayments made.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade debtors held by the Authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since the instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised in the Balance Sheet when the authority becomes a party to contractual provisions of a financial instrument and are initially measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they occur.

The Authority holds an investment in the CCLA property fund (a pooled investment fund) which is classified as FVPL. Gains and losses on the fund must now be charged to the Comprehensive Income and Expenditure Statement, however a statutory override effective until 31 March 2025 requires that gains and losses on pooled investment funds must be reversed out through the Movement in Reserves Statement to the Pooled Investment Funds Adjustment Account.

Fair Value through Other Comprehensive Income (FVOCI)

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the Comprehensive Income and Expenditure Statement when the asset is disposed of. The Authority did not hold any FVOCI instruments during 2023/24.

10. Foreign Currency Conversion

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are converted at the European Central Bank Reference Rate applicable at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

11. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments and;
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of a grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges are largely used to fund capital expenditure. However, a small proportion of the charges for this authority may be used to fund revenue expenditure and to meet administrative expenses.

12. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resource being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible assets held by the Authority meets the criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

13. Inventories

Inventories included in the Balance Sheet are valued at last price paid.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Stocks and stores held in the Authority's depot and leisure centres at the year-end are valued at the latest price paid. This is a departure from the requirements of the Code which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is not considered to be material. Work in progress on uncompleted jobs is valued at the lower of cost or net realisable value.

14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but values are revalued annually and are reviewed at year-end according to the market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Investment property that meets the classification criteria for assets held for sale with a realistic expectation of disposal within the next financial year will be re-classified as Held-for-Sale Investment Property in Current Assets.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15. Leases

Leases are now accounted for under IFRS 16 which came into effect for Local Authorities from 1st April 2024. The Council has conducted an exercise to determine if there are any leases that would fall into the new standard.

The Authority as Lessee:

Recognition exemptions for IFRS 16;

If the following criteria aren't met an election can be made to account for lease payments as an expense to I&E on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- i) leases with a lease term of **12 months or less** and containing no purchase options – this election is made by class of underlying asset; and
- ii) leases where the underlying asset has a **low value** when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Under IFRS 16, a lease is defined as a contract granting an entity the right to utilise a specific asset for a prescribed period of time in exchange for agreed-upon consideration. To determine whether a contract grants control of the asset to the lessee, the agreement must provide the following to the lessee:

- The right to substantially all economic benefits from the use of the asset
- The right to dictate how the asset is used by the entity

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement a lessee recognises a right-of-use asset and a corresponding lease liability on the Balance sheet.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless:

- i) the right-of-use asset is an investment property and the lessee fair values its investment property under [IAS 40](#); or
- ii) the right-of-use asset relates to a class of PPE to which the lessee applies [IAS 16](#)'s revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

The lease liability is subsequently remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustments to the right-of-use asset.

Property, plant and equipment recognised under right-of-use assets are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

by a revenue contribution in the General Fund Balance, by way of any adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Authority does not currently have any qualifying right-of-use assets.

The Authority as Lessor:

Finance Leases

These are classified as Finance leases if;

- the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal) matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received) and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Authority does not currently have any finance leases as lessor.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the appropriate service revenue account in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

16. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance.

17. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment. The Authority operates a de minimis level of £5,000 in recognising and valuing assets.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (ie. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The authority does not capitalise borrowing costs incurred whilst assets are under construction.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure, community assets and assets under construction – depreciated historical cost;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end but as a minimum every two years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains);
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.
- Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

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

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment – straight-line allocation over useful life of the asset as advised by a suitably qualified officer;
- Infrastructure – straight line allocation over estimated useful life.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non-Current Assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have to be recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant, and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment, or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in Movement in Reserve Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

18. **Provisions, Contingent Liabilities and Contingent Assets and Reserves**

Provisions

Provisions are made where an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg. from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

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

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

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

Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

19. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

20. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

21. Fair Value Measurement

The Authority measures some of its non-financial assets i.e. investment assets and some of its financial instruments at fair value at each reporting date. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability; or

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of a fair value measurement are categorised within the fair value hierarchy, as follows:

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

22. Collection Fund

As a billing authority, Gedling Borough Council is required to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR). The Council acts as an agent, collecting and distributing council tax and NDR income on behalf of the major preceptors (including central government for NDR) and, as principals, collecting council tax and NDR for themselves. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risk and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which are outside it.

Gedling's share of non-domestic rating income and its own council tax demand are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statement (CIES). The transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, however each authority will recognise income on a full accruals basis, ie. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to, or recovered from, the relevant authorities in a subsequent financial year. The difference between the accrued income included in the CIES and the estimated income share or demand is reversed out via the Movement in Reserves Statement, and transferred to the Collection Fund Adjustment Account.

There is no requirement for a separate Collection Fund Balance Sheet. Instead Collection Fund balances are distributed across the balance sheets of the billing authority, central

ANNUAL STATEMENT OF ACCOUNTS 2024/25

STATEMENT OF ACCOUNTING POLICIES

government, and precepting authorities. In Gedling's accounts this is represented by the establishment of a debtor or creditor position with each organisation for the difference between the preceptors' and central government's share of business rates income or council tax demand and the cash collected, and settlement of the surplus/deficit on the Collection Fund.

Gedling's Balance Sheet includes the authority's share of the year end balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

As the billing authority, Gedling Borough Council's Cash Flow Statement includes in 'operating activities' only its own share of the council tax and non-domestic rating income collected with movements in the debtor/creditor position with preceptors and central government being included in the Cash Flow Statement as 'financing activities'.



Report to Audit Committee

Subject: Internal Audit Progress Report

Date: 24 June 2025

Author: Gurpreet Dulay – Internal Audit Partner (BDO)

Purpose

To summarise the outcome of internal audit activity completed by the BDO Internal Audit Team for the period April to June 2025.

Recommendation(s):

THAT:

Members note the progress of the delivery against the 2024/25 Internal Audit Plan, including the Executive Summary for the following audit reports: Parks and Street Care, Fleet Management, Budget Management, Procurement and Contract Management.

1. Background

1.1 The Internal Audit Plan for 2024/25 was approved by the Audit Committee on 19 March 2024. The progress report provides a summary update of the work undertaken by BDO for 2024/25 and the schedule in which we anticipate presenting the final reports to the Audit Committee over 2025/26.

2. Proposal

2.1 Since the last Audit Committee meeting, four reports have been finalised (Parks and Street Care, Fleet Management, Budget Management, Procurement and Contract Management). This concludes our audits for 2024/25. We have commenced scoping and fieldwork for audits that form part of the 2025/26 Internal Audit Plan.

3. Financial Implications

3.1 The Internal Audit Plan is delivered within the approved budgets.

4. Legal Implications

4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides the annual position of internal audit for 2024/25 and is provided to Committee in accordance with the Council's Constitution and delegations contained therein.

5. Equalities Implications

5.1 There are no equalities implications arising directly from these reports.

6. Carbon Reduction/Environmental Sustainability Implications

6.1 There are no carbon reduction/environmental sustainability implications arising directly from these reports.

7. Appendices

7.1 BDO Internal Audit Progress Report – June 2025.

INTERNAL AUDIT PROGRESS REPORT

GEDLING BOROUGH COUNCIL

2024/2025

CONTENTS

SUMMARY OF 2024/25 WORK	2
REVIEW OF 2024/25 WORK.....	3
REVIEW OF 2025/26 WORK.....	4
PARKS AND STREET CARE (PASC).....	5
FLEET MANAGEMENT	12
BUDGET MANAGEMENT	19
PROCUREMENT AND CONTRACT MANAGEMENT	23
LOCAL GOVERNMENT SECTOR UPDATE.....	29
KEY PERFORMANCE INDICATORS	32
APPENDIX I	33



SUMMARY OF 2024/2025 WORK

INTERNAL AUDIT

This report is intended to inform the Audit Committee of progress made against the 2024/2025 internal audit plan. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks, which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

INTERNAL AUDIT METHODOLOGY

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in Appendix 1 of this report and are based on us giving either 'substantial', 'moderate', 'limited' or 'no'. The four assurance levels are designed to ensure that the opinion given does not gravitate to a 'satisfactory' or middle band grading. Under any system we are required to make a judgement when making our overall assessment.



2024/2025 INTERNAL AUDIT PLAN

We continue to make good progress in the delivery of the 2024/25 audit plan and remain on schedule with our planned internal audit delivery.

We are pleased to present the following final reports to this Audit Committee meeting:

- ▶ Parks and Street Care (PASC)
- ▶ Fleet Management
- ▶ Budget Management
- ▶ Procurement and Contract Management.

REVIEW OF 2024/2025 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Housing Benefits	Tina Adams, Chief Financial and S151 Officer	September 2024	✓	✓	✓	S	S
Carbon Management Strategy	Francesca Whyley, Deputy CEO	September 2024	✓	✓	✓	S	M
Cemeteries and Pet Crematorium Services	Tina Adams, Chief Financial and S151 Officer	December 2024	✓	✓	✓	M	M
Equality/Equity, Diversity and Inclusion (EDI)	Francesca Whyley, Deputy CEO	March 2025	✓	✓	✓	Advisory Report	
IT Disaster Recovery Plan Parks and Street Care (PASC)	Tina Adams, Chief Financial and S151 Officer	June 2025	✓	✓	✓	M	L
Fleet Management	Sarah Troman, Director of Operations	June 2025	✓	✓	✓	M	M
Temporary Accommodation	Tina Adams, Chief Financial and S151 Officer	March 2025	✓	✓	✓	M	L
Budget Management	Tina Adams, Chief Financial and S151 Officer	June 2025	✓	✓	✓	M	M
Procurement and Contract Management	Francesca Whyley, Deputy CEO	June 2025	✓	✓	✓	M	M

REVIEW OF 2025/26 WORK

AUDIT	EXEC LEAD	AUDIT COMMITTEE	PLANNING	FIELD WORK	REPORTING	DESIGN	EFFECTIVENESS
Risk Management	Tina Adams, Chief Financial and S151 Officer / Francesca Whyley, Deputy CEO	September 2025	✓	✓			
Main Financial Systems (Fraud)	Tina Adams, Chief Financial and S151 Officer	September 2025	✓				
Asset Management - Commercial Assets	Mike Avery, Director of Place	March 2026	✓				
Asset Management - Residential Assets	Paul Whitworth, Assistant Director for Housing and Resettlement	December 2025	✓				
Freedom of Information Requests and Complaints	Natalie Osei, Assistant Director for Governance and Democracy	June 2026	✓				
Corporate Governance	Francesca Whyley, Deputy CEO	June 2026	✓				
People Services	Jennifer Lovett, Assistant Director for Workforce	December 2025	✓				
Cyber Security	Daniel Reason, Assistant Director for Digital, Data and Technology	March 2025	✓				

PARKS AND STREET CARE (PASC)

CRR REFERENCE: CR3 - HEALTH AND SAFETY AT WORK AND CR4 - ENVIRONMENTAL

Design Opinion



Moderate

Design Effectiveness



Limited

Recommendations



SCOPE

BACKGROUND

- ▶ Gedling Borough Council (the Council) are responsible for managing parks across the authority, including:
 - ▶ Arnott Hill Park
 - ▶ Burntstump Country Park
 - ▶ Burton Road Jubilee Park
 - ▶ Gedling Country Park
 - ▶ Breck Hill Park.
- ▶ Parks are managed using the Zurich Crimson System for annual insurance inspections in accordance with the Parks and Open Spaces Byelaws. These parks are accessible for public use. British Standard 1176 (BS EN 1176) establishes a series of standards for playground equipment and surfacing in public play areas, including local authority parks. These provide standards on the installation, structural safety and inspections of play equipment to ensure they are safe to use.
- ▶ BS EN 1176 and the Health and Safety Executive recommend that play equipment in parks is inspected at least annually, including checks by independent specialists, such as the Royal Society for the Prevention of Accidents (RoSPA). To maintain the ongoing safety of equipment, more frequent proactive and reactive maintenance for equipment may be required.
- ▶ Local authorities are responsible for maintaining and ensuring the safety of trees in its public spaces, ie parks. Trees are categorised a risk rating depending on various factors, such as the size of the tree, use of the area it is in, proximity to children's play areas, etc. All trees must be inspected periodically, with higher risk trees inspected more frequently. The Council use the TreePlotter System (TreePlotter) to manage its trees across the authority. This system was implemented in August 2023.
- ▶ Reactive maintenance requests from the public are usually raised through the HandOver System (HandOver), the Council's customer services system.
- ▶ The Council are also responsible for street care within the borough, including street cleaning, littering collection, removing fly tipping and removing graffiti. In 2024 and 2025, the borough has suffered from flood events. These flood events have increased the demands on the Street Cleansing Team who are responsible for cleaning the street after these incidents.

PURPOSE

- ▶ The purpose of this review was to provide assurance over the operational management of the Parks and Street Care Team, including compliance with statutory requirements for health and safety. This audit covered inventory logging and the management of the Council's equipment used for parks and street care.

AREAS REVIEWED

As part of the scope of this audit, the following areas were reviewed:

- ▶ The Council's management plans for Gedling Country Park (2023-2029), Burton Road Jubilee Park (2022-2026) and Arnot Hill Park (2006-2026, revised edition) to assess whether there were effective policies and procedures for proactive and reactive maintenance of playground equipment and trees. We also considered whether these complied with relevant standards, including BS EN 1176, BS EN 1177, and other statutory requirements. Although, we are not providing assurance over full compliance with statutory legislation in this review.
- ▶ The Council's draft Tree Policy to assess whether it provides clear guidance on tree management, inspections, record-keeping, and staff training requirements, in compliance with British Standards.
- ▶ The Play Area Maintenance Procedure to assess whether it aligns with the RoSPA playground safety inspection guidelines and BS EN 1176 and EN 1177 standards.
- ▶ Weekly inspection forms for 12 December 2024 to 26 January 2025, covering various play areas, outdoor gym equipment, skate parks, and ball courts across the borough, to verify whether regular inspections were conducted in line with the inspection schedules. We also assessed whether sufficient documentation was retained for the inspections.
- ▶ Performed a walkthrough of TreePlotter, to assess whether trees are accurately recorded, with sufficient details of tree inspections, conditions, and maintenance requirements.
- ▶ A sample of ten reactive maintenance requests for playground equipment on HandOver between May 2024 and February 2025, to assess whether action was taken promptly to repair equipment in line with timescales set out in the Council's policies.
- ▶ A sample of ten reactive tree maintenance requests received on HandOver between May 2023 and October 2024, to assess whether the incident had been allocated a risk level and priority, and corrective action was taken promptly.
- ▶ The TreePlotter Works Records Report for scheduled maintenance between March 2024 and February 2025 to assess whether actions were taken promptly based on the risk rating and priority level. We focused on higher risk and urgent priority tasks.
- ▶ The Grass Maintenance Operating Procedure and risk assessments to ascertain whether mowing risk assessments, for operations on uneven or sloped surfaces are in place and subject to regular reviews.
- ▶ The Nottingham and Nottinghamshire Local Resilience Forum (the LRF) and the Gedling Borough Local Flood Response Plan and Winter Preparation Plan to assess the Street Cleaning Team's emergency response planning for post-flood event clean up operations.
- ▶ After Incident Reports following recent flood events in the borough to evaluate whether lessons learned were documented and incorporated into revised emergency plans for future incidents.
- ▶ Training records for flood responses, including the Severe Flood Warnings and Emergency Alerts training and Water Awareness and Safety training, to assess the preparedness and skill levels of the Street Cleaning Team for post-flood events street cleaning responses.
- ▶ The PASC Team's Vehicle, Plant and Machinery Management Policy to assess whether there are appropriate controls for recording and managing assets and inventory.
- ▶ The PASC Team's Plant and Vehicle Inventory Listing for February 2025 to assess whether inventory records are retained and updated, ie newly purchased items are added to the listing.
- ▶ A physical inspection of a sample of 20 items of equipment/inventory at the Council's depot to verify whether these are accurately recorded on the inventory log. We also assessed whether there were appropriate controls for daily checking in and checking out of inventory and assets to monitor where items are being used.



AREAS OF STRENGTH

For a Limited opinion report, we would not usually identify this many points in the 'Areas of Strength', however, as this scope covered a range of areas, we identified good practice over the management of certain areas. We identified the following areas of good practice:

Parks and Open Spaces

- ▶ There were adequate plans, policies and procedures for the management of Gedling Country Park, Burton Road Jubilee Park and Arnot Hill Park. These documents provide the control framework for how play equipment and trees are managed and inspected. These documents referenced statutory guidance and standards, including RoSPA guidelines and EN1176/EN1177 for playground safety.
- ▶ The Tree Policy was in draft however, it provides clear guidance and procedures for how trees are managed and inspected across the borough and reference BS 3998, BS 5837, and BS 8545.
- ▶ There is an inspection schedule for playground equipment with clear guidance on how these should be performed and the frequency of inspections. We reviewed a sample of weekly inspections forms completed between 12 December 2024 and 26 January 2025 and confirmed there was a suitable schedule for the RoSPA-trained Operative Maintenance Officer and other members of the PASC Team to perform proactive maintenance of playground equipment. Following inspections, there is a risk-based coding system for any repairs or maintenance required. These are:
 - ▶ Immediate Repair (I/R) - made safe within 24 hours with full repairs completed within six days
 - ▶ Normal Repair (N/U/R) - addressed within six days. Where immediate remediation is not possible, preventive measures are implemented, ie cordoning off affected areas.
 - ▶ For insurance purposes, independent assessments of play area equipment are recorded on the Zurich Crimson System.
- ▶ We reviewed a sample of reactive maintenance requests for play area equipment between 12 December 2024 and 26 January 2025 and confirmed that the work was performed promptly with safety-critical issues (broken swings, missing bolts, glass hazards) 'made safe' within 24hrs of the issue being reported by a member of the public. Timestamps are recorded for when an issue was reported and resolved, providing a sufficient audit trail.
- ▶ The PASC Team use a risk management framework for mowing operations in its Grass Maintenance Operating Procedure. To minimise health and safety risks to staff, it only mows banks annually. For sloped areas, specialist equipment is used, with appropriate safety features. Site specific controls are in place for higher risk areas.

Street Care

- ▶ The Council Street Cleaning Team's responsibilities for clearing the streets of debris as part of the flood response is incorporated into the Nottingham and Nottinghamshire LRF plan. The Street Cleaning Team's focus is on deploying sandbags, clearing drainage grids to improve water conveyance, and post-event clean-ups of the roads ensuring the clean and return of public services to normal levels.
- ▶ Council staff responsible for flood response planning, including the PAS Manager, receive bad weather alerts, supplemented by active monitoring of Met Office forecasts at higher risk times of the year. The purpose of this is to allow them to plan for the street cleaning response.
- ▶ Staff in the Street Cleaning Team have completed the Water Awareness and Safety Certification, provided by Rescue 3 International. Refresher courses have been provided to maintain knowledge and all certificates were valid until 2027. Staff have also had training on the street cleaning response to flood events.



AREAS OF CONCERN

Finding	Recommendation and Management Response
<p>The PASC Team estimates that only 40% of its tree stock is recorded on TreePlotter. TreePlotter automatically calculates the inspection timescales for trees depending on their risk level and provides evidence for previous inspections. The Council may be liable to significant fines or charges if it is unable to demonstrate that it has discharged its statutory duties for its trees, as other local authorities have been subject to these recently (Finding 1 - High).</p>	<p>A. The Tree Officer, overseen by the PASC Manager, should add all Council-owned trees onto TreePlotter. Each tree should be allocated a risk level and tree inspections should be recorded on the system.</p> <p>B. The PASC Manager should perform periodic audits to verify that all trees are recorded on TreePlotter and have been inspected in accordance with the inspections schedule.</p> <p>Management Response:</p> <p>The PASC Team acknowledge that approximately 40% of its tree stock is currently recorded on Tree Plotter. Work to record and monitor the stock commenced in September 2023 and will continue until all trees/sites are covered, which is expected to be approximately September 2027.</p> <p>Target Date: 8 April 2025</p>
<p>There were significant delays to reactive tree maintenance requests, later than the timescale that they should be addressed in based on the risk level. Furthermore, for scheduled maintenance, there were 92 overdue tasks on trees (Finding 2 - High).</p>	<p>A. The PASC Manager should, in liaison with the Director of Operations, establish a programme schedule to clear the backlog of 218 overdue scheduled maintenance tasks on TreePlotter and consider whether additional capacity can be found internally, or external contractors are needed to address these.</p> <p>B. The Tree Officer should establish a regular monitoring process for overdue tasks and send weekly reports to the PASC Manager to escalate urgent and high-priority overdue tasks.</p> <p>C. Notification and alert functionality on TreePlotter should be turned on and sent to the PASC Supervisor to identify when scheduled maintenance is due and to support the allocation of tasks.</p> <p>Management Response:</p> <p>There is a program in place to clear the backlog of 218 overdue tasks. The 126 tasks as regards planting new trees at Digby Park is complete. The other 92 tasks assigned to the Council's PASC Team are being caught up on. Forest Farm as an external contractor have also</p>

		<p>been commissioned to help address those remaining works.</p> <p>A regular monitoring meeting takes place on a weekly basis. The Tree Officer has now been requested to alert the Operations Manager in these weekly meetings of any high-priority overdue tasks, so that they can be identified and dealt with.</p> <p>The Notification and alert functionality on TreePlotter has now been turned on so that messages are sent to the Parks Supervisor and the Parks Operations Manager to further prioritise the allocation of tasks.</p> <p>Target Date: 8 April 2025</p>
	<p>There was inadequate management of inventory at the Depot, with inaccurate inventory logs and items that could not be located during our physical observation on 7 March 2025 (Finding 3 - Medium).</p>	<p>A. The PASC Team should undertake an inventory count to reconcile its items to the central Inventory Log. This should provide a 'single source of truth' over the inventory held in the Depot and on other sites by the PASC Team. This should record the location that the equipment is stored at.</p> <p>B. The PASC Team should label all inventory and equipment and cross-reference this to the Inventory Log to provide a clear trace to the item.</p> <p>C. Monthly or quarterly spot checks should be performed to confirm the existence of inventory on the Inventory Log. The checks should also include confirming the equipment held is recorded on the Inventory Log.</p> <p>D. The PASC Manager should allocate the responsibility to a member of the PASC Team for maintaining the Inventory Log. When items are purchased or disposed of, staff should be instructed to inform that individual so that they can update the Inventory Log.</p> <p><u>Management Response:</u></p> <p>The weakness in the management of the PASC general inventory at the Depot has been acknowledged. The base line central inventory has been updated and records the location that the equipment is stored at. The few items that could not be located during the physical observation on 7 March 2025 have been accounted for. All inventory and equipment are now labelled and inventoried and a program of application</p>

		<p>of HAVs monitoring tags on equipment is taking place. All new equipment is purchased, inventoried and then tagged with a HAVS monitoring tag before it is put into general release for staff to use.</p> <p>Quarterly spot checks have been programmed to confirm the existence of inventory on the Log and confirm the equipment held is recorded on the Inventory Log.</p> <p>When new equipment for Parks use is purchased, before use, it is sent to the Plant & Small Machinery Workshop where it is labelled and inventoried. At the same time the Plant & Small Machinery Workshop 'write off' machines as being beyond economic repair. This is not a function of the Parks Services. The Senior Plant & Small Machinery Workshop Fitter is responsible for 'Fleet numbering' the machines and updating the inventory accordingly.</p> <p>Target Date: 8 April 2025</p>
	<p>Staff do not consistently check items out of the Depot when it is being used, non-complying with the Council's policies, which could lead to lost or improper use of equipment. Furthermore, inadequate records were maintained for machinery sent to external contractors for servicing and repairs (Finding 4 - Medium).</p>	<p>A. The Parks and Street Care Supervisor should create a log for when inventory is checked in and out of the Depot for internal use by staff or for when it is sent to external contractors for repairs. This log should show a record of:</p> <ul style="list-style-type: none"> • Serial number of the item • Date and time the item was logged out of the Depot • Name of the person that logged the item out • If the item was sent to external contractors, the name of the contractor • Date and time the item was logged back into the Depot. <p>B. The Fleet Manager should reconcile invoices to actual work performed on vehicles for approving the payment of invoices for maintenance/repairs to vehicles or machinery.</p> <p>Management Response:</p> <p>The weakness in the management of the PASC general inventory at the Depot has been acknowledged. The base line central inventory has now been updated and records the location that the equipment is stored at. The few items that could not be located during the physical observation on 7 March 2025 have been accounted for. All inventory</p>

	<p>and equipment are now labelled and inventoried.</p> <p>The Senior Plant & Small Machinery Workshop Fitter is responsible for arranging external contractors to carry out work on GBC small plant and machinery if required and should be able to evidence a record of:</p> <ul style="list-style-type: none"> • Serial number of the item • Date and time the item was logged out of the Depot • Name of the contractor that logged the item out • Date and time the item was logged back into the Depot. <p>At the same time, they reconcile invoices to actual work performed on vehicles for approving the payment of invoices for maintenance/repairs to vehicles or machinery.</p> <p>Target Date: 8 April 2025</p>
--	---



CONCLUSION

We have concluded that there was Moderate design of controls and Limited effectiveness of controls for managing PASC operations.

Control Design

The control design is Moderate because the Council generally has a sound system of internal controls designed to achieve its objectives, but there are some exceptions.

We have raised findings in this report that relate to inadequate controls being in place, but these relate to specific parts of the scope of this audit (tree and inventory management). Broadly, across other areas, such as the management of park equipment and street cleaning emergency responses, there were appropriate controls in place.

The Council has invested in TreePlotter to record and manage tree condition and inspections, but it was not being used properly, and a large proportion of trees had not been recorded on the system. Similarly, for inventory management in the Depot, Inventory Logs had been created and there was a sufficient policy in place for managing inventory, but it was not consistently followed, ie equipment was not checked out when in use.

Control Effectiveness






Due to the non-compliance we have identified, the control effectiveness is Limited because there was evidence of non-compliance with controls that may put the system objectives at significant risk. Particularly in relation to tree management and inspections, this could lead to significant reprimands for the Council if an incident were to occur and it had not discharged its duty appropriately. This has been the case at other local authorities where fines of up to £500,000 have been issued. There was an incident in April 2024 where one of the Council's trees fell and damaged a residential property, and an investigation found that there were inadequate records to demonstrate inspections.

Furthermore, we have raised a high finding about the number of overdue reactive and scheduled tree maintenance tasks on TreePlotter. Based on the risk level for the tree, timescales have been defined for when maintenance or inspections are required, but records on TreePlotter showed 92 scheduled maintenance tasks as overdue.

FLEET MANAGEMENT

CRR REFERENCE: CR7 - THIS LOOKS AT THE LOSS, PROTECTION AND DAMAGE OF PHYSICAL ASSETS AND TAKES INTO ACCOUNT THE NEED TO MAINTAIN, PROTECT, INSURE AND PLAN FOR UNEXPECTED LOSSES.

CR12 - THIS RELATES TO THE SETTING OF ACCEPTABLE STANDARDS AND LEVELS OF OUTPUT FOR A SERVICE AREA AND THE PROCESSES PUT IN PLACE TO ENSURE THESE ARE DELIVERED AND MANAGED APPROPRIATELY.

Design Opinion	 Moderate	Design Effectiveness	 Moderate
Recommendations	 0	 4	 1



SCOPE

BACKGROUND

- ▶ Fleet management refers to all actions that need to take place to keep a fleet of vehicles running efficiently on time, and within budget. It is the process used by fleet managers to monitor fleet activities and make decisions the use and maintenance of vehicles.
- ▶ Gedling Borough Council (the Council) maintain a fleet of 64 vehicles, comprising of heavy goods vehicles (HGVs), sweepers and vans. These are used for waste and refuse collections, and parks and street care. The Council use FleetWave as its fleet management system.
- ▶ As the Council operate vehicles over 3.5 tonnes, it is required to hold an operator's licence (O-Licence) and meet the statutory maintenance and qualification requirements. Non-compliance with the requirements could result in the Council losing its O-Licence and incurring fines or other penalties. This places a responsibility on the Council to have sufficient systems and controls for some of the following areas (although this is not an exhaustive list):
 - Have satisfactory facilities and arrangements for maintaining vehicles in a fit and serviceable condition
 - Ensure drivers are trained, comply with drivers' hours rules and vehicles are not overloaded
 - Specify a suitable operating centre at which there is sufficient capacity for heavy goods vehicles used under the licence
 - Have appropriate personnel, driving and maintenance records for each vehicle.

PURPOSE

- ▶ The purpose of this review is to provide assurance over the Council's management of its fleet of vehicles, including its fleet replacement programme and maintenance, and compliance with statutory requirements.

AREAS REVIEWED

As part of the scope of this audit, the following areas were reviewed:

- ▶ Vehicle acquisitions to assess whether appropriate procedures were followed and vehicles were purchased from the Nottinghamshire Officers Transport framework. We sampled five recent purchases to ascertain whether decisions were made in accordance with the delegated authorisation levels, value for money was demonstrated, and environmental factors were considered.
- ▶ The last four disposals of vehicles by auction to verify that records were retained to justify the rationale for the disposal and the authorisation and confirmed that disposed vehicles were removed from the Council's Asset Register and O-Licence.

- ▶ Proactive vehicle servicing and repairs to confirm that these were timely. We also confirmed that statutory vehicle checks were scheduled and performed, ie MOT tests and Lifting Operations and Lifting Equipment Regulations (LOLER) checks. We tested a sample of five vehicles to verify these checks had been completed and enquired about processes to monitor inspection and servicing schedules and other statutory maintenance.
- ▶ Inventory management controls in the Vehicle Workshops, including how stock is monitored, stored and checked. We attended the Vehicle Workshops and observed these controls in practice and enquired stock management procedures.
- ▶ Walkthrough of on-site fuel management using the Triscan Systems (Triscan) fuel dispensing system. We enquired about how fuel key fobs are allocated and reconciliations between the fuel stocks and usage.
- ▶ Vehicle usage reporting on Quartix for period covering 31 March 2024 - 1 April 2025 for four Council-owned vehicles that are taken home by staff to identify trends and irregularities in the timings of vehicle use and journey patterns.
- ▶ A sample of five vehicles to verify that these were taxed, insured, MOT certified and serviced in accordance with statutory requirements and the Council's policies. We also enquired about processes in place for monitoring when these are due.
- ▶ A sample of five drivers to verify that they held appropriate licences, Certificate of Professional Competence (CPC) cards, and whether Drivers Vehicle Licensing Authority (DVLA) checks are regularly undertaken, Logistics UK Vision Compliance Platform (Vision) entries, and CPC qualifications were held.
- ▶ The Council's arrangements for compliance with its O-Licence, including maintenance and inspection schedules and monitoring of driver hour records using the tachographs. For vehicles with lifting functionality, we confirmed that LOLER certificates were maintained to demonstrate that these had been serviced.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ There were adequate arrangements in place to ensure vehicles were serviced and maintained in accordance with statutory timescales to verify that the vehicle was roadworthy. For instance, HGVs are serviced on an eight-week cycle, with a schedule in place to monitor this. We also confirmed that vehicles had LOLER certificates where appropriate.
- ▶ The Council have taken reasonable steps to reduce the carbon emissions of its fleet. A baseline review of its carbon footprint identified that 49% of the emissions from its own operations were from its fleet, therefore, this is a significant contributor to achieving its net zero targets. Approximately 90% of vehicles use hydrotreated vegetable oil (HVO) as a sustainable alternative to diesel. We also confirmed in our sample of five vehicle acquisitions that these complied with the Euro 6 Vehicle Emissions Standards.
- ▶ For a sample of five vehicles purchased in 2024/25, we confirmed that the justification for acquiring the vehicles were documented and value for money assessments were followed. The purchases were approved by the Senior Leadership Team. Four of the five vehicles were purchased from established framework agreements, with a direct award for the other vehicle.
- ▶ We reviewed a sample of five of the Council's drivers and confirmed that the drivers held UK driving licences and Driver CPC certificates (for those driving vehicles where this qualification is required). Checks were performed of changes to the driver's licence status on Vision.
- ▶ Tachograph and driver hour records were documented on external platforms to enable the Council to monitor the time drivers have spent operating vehicles to ensure it complies with the terms of the O-Licence.
- ▶ There are four Council-owned vehicles that designated members of staff take home outside of working hours as they may be required for callouts. We reviewed the journey logs for these vehicles using data from the Quartix System and did not

identify any inappropriate or clear personal use of these vehicles. This shows the departure and arrival location, miles travelled and journey time for each journey which appeared reasonable.

- ▶ The Council's Certificate of Motor Insurance provides comprehensive insurance cover to all its vehicles when operated by a Council employee. There were appropriate internal processes in place to remove disposed vehicles or add new vehicles to the insurance policy promptly.



AREAS FOR IMPROVEMENT

Finding	Recommendation and Management Response
Processes performed by the former Waste, Fleet and Depot Manager were not always documented but, since their retirement, have been re-allocated to other staff. The former Waste, Fleet and Depot Manager was the only Transport Manager for the O-Licence which is a condition of the licence. Albeit, the Council have submitted a request for a Period of Grace to the Traffic Commissioner and has planned for other staff to complete the relevant training to be the Transport Manager by the end of August 2025 (Finding 1 - Medium).	<p>A. The Fleet Operations Manager should internally train other service managers and supervisors on current processes that they perform to ensure there is continuity within the Fleet Team. They should also formally document the procedures they follow. This could be in a Transport and Compliance Manual and cover the key areas we have listed in this finding.</p> <p>B. The Council should train a suitably qualified individual to hold the role of the Transport Manager for the O-Licence. For succession planning, it should train more than one individual for the Transport Manager role.</p> <p>Management Response:</p> <p>The Waste Supervisors, newly appointed Fleet Operations Manager (FOM) and Service Support Assistant (SSA) supporting Fleet have already undertaken Vision training to enable closer monitoring of licence checks and tachograph compliance. In addition the newly appointed Waste Operations Manager has also been booked on to this training in June to provide additional resilience in this area.</p> <p>The new FOM has been set up on the current systems including fuel management, vehicle trackers, licence checker etc. and will have overall control of all these systems. The SSA will also have access to these systems and will assist in the maintaining accurate records.</p> <p>The FOM is booked to attend the CPC Transport Manager course in August 2025, and the new Assistant Director - Environment (Operations), (AD), will also be booked on soon after starting the role on 21st July 2025. Once qualified both of these postholders will be appropriate</p>

		<p>Operator Licence holders going forwards.</p> <p>Additional interim external support has been secured through APSE to provide a review of existing processes and procedures to ensure all requirements of the transport function are operating effectively and efficiently which will operate 1-2 days a week for a period of four months.</p> <p>The external support will also coach and mentor the new postholders to ensure they are fully competent in fulfilling their roles.</p> <p>In the meantime a Period of Grace has been formally requested from the Traffic Commissioner, which enables an operator who does not meet one of the mandatory licence requirements to continue operating and allows them time to rectify the issue during the period granted. The initial request is for a grace period of 3 months, with ongoing updates throughout the period to be provided on progress.</p> <p>Target Date: A. 31 December 2025 and B. 30 September 2025.</p>
	<p>Inventory and stock were not monitored or recorded effectively on a log or electronic system, increasing the risk of loss or misappropriation of items. This is mitigated by the fact that for larger items, these are ordered for immediate use for a vehicle and there is limited stock retained in the Vehicle Workshops (Finding 2 - Medium).</p>	<p>A. The Fleet Operations Manager should explore integrated solutions for inventory management for its vehicles, potentially using existing systems (ie FleetWave). We recognise that this may be a more expensive solution which, due to the low volumes of stock held in the Vehicles Workshop, may not be desirable. Therefore, we have provided an alternative recommendation in 2B.</p> <p>B. A spreadsheet or paper-based inventory management system should be implemented to record the stock held in the Vehicle Workshops and track the movements of these items (ie when they are ordered and used). This should include the following details:</p> <ul style="list-style-type: none"> • Name and description of the item • Brand or reference of the item • Quantity of the items held • Location for where these are held. <p>Fitters and other staff in the Vehicle Workshops should be instructed to</p>

		<p>update the inventory management records when items are ordered or used.</p> <p>For items that are considered obsolete but are still held as stock, the Fleet Operations Manager should consider whether these should be disposed of or sold, if they have a residual value.</p> <p>Management Response:</p> <p>A suitable budget has been secured to upgrade the existing Fleetwave system to enable more effective record keeping and information management relating to the fleet, along with integration with the in-cab system, Whitespace. This provides an opportunity to move towards recording stock information on the system going forwards and allocating parts to specific vehicles as they are used to provide more accurate whole life costing information, however this will not be immediate as a lot of work is required to implement this.</p> <p>In the interim a full stock take will be completed, and a more basic spreadsheet system will be implemented.</p> <p>Target Date: 31 March 2026 due to the rollout of the upgrade to FleetWave</p>
	<p>The Council has access to data about driver penalty points via TTC Continuum and Vision reports; however, these are not regularly monitored and follow up action is not taken with driver's that had received penalty points on their licence. There was also one HGV driver where there was no evidence on Vision that ongoing checks are performed (Finding 3 -Medium).</p>	<p>A. Driver penalty and conviction reports should be reviewed at a specific interval (ie monthly or bi-monthly) to identify any individuals operating the Council's vehicles who have incurred penalty points on their licence or have been disqualified from driving. These reports are available on TTC Continuum or Vision.</p> <p>B. For all operators of higher risk vehicles (ie HGVs), the Fleet Operations Manager should ensure that appropriate checks of these drivers are performed and recorded on Vision at appropriate intervals.</p> <p>Management Response:</p> <p>The current driving licence checks are carried out through Vision TTC Continuum, which includes information on all existing drivers and new appointees as part of their recruitment.</p> <p>The system has been set to automatically run reports every month to provide a dashboard of any infringements, and to routinely refresh individual licence checks every 6 months. This will provide</p>

		<p>the FOM and relevant Supervisors with the information needed to follow the Vehicle Driver Handbook and escalate any endorsements appropriately.</p> <p>The Vehicle Driver Handbook is due for a refresh to incorporate the use of the new in-cab software, which will provide an opportunity to provide more clarity on the process for dealing with any driver endorsements.</p> <p>Target Date: 31 October 2025</p>
	<p>There was a lack of documentation for disposals of vehicles to explain the rationale and authorisation for these, as required by the Financial Regulations (Finding 4 -Medium).</p>	<p>A vehicle disposal form should be created and completed before a vehicle is disposed of. This should include sections to:</p> <ul style="list-style-type: none"> • Explain the justification for the disposal of the vehicle and alternative options explored for the continued use of the vehicle. • Estimate the proceeds that will be obtained for the vehicle. • Justify the proposed method of sale and alternative options available. • Obtain the Chief Finance Officer authorisation for the disposal. <p><u>Management Response:</u></p> <p>All vehicles are sold through auction to ensure they achieve the best price reasonably obtainable, and their records updated on Fleetwave to provide a record of the date of disposal.</p> <p>Any vehicle replacements are identified on the Vehicle Replacement Programme, which is agreed with Finance annually, however going forwards a formal approval decision for each disposal can be created to provide a more robust audit trail.</p> <p>Target Date: 30 September 2025</p>



CONCLUSION

We have concluded that the Council have a Moderate design of controls and Moderate effectiveness of controls for the management of its fleet of vehicles.

Control Design

The control design is Moderate because there was generally, a sound system of internal control designed to achieve system objectives with some exceptions.

While we did not identify any significant areas of non-compliance with statutory legislation or requirements, there were a number of findings raised around the absence of formal controls to support effective management and monitoring of stock, drivers and fuel usage.

Furthermore, some of the processes performed by the former Waste, Fleet and Depot Manager were not consistently documented. Albeit their responsibilities have been allocated to other staff in accordance with the Staffing Review Report presented to the Appointment and Conditions of Service Committee in February 2025. A Transport

Manager has not yet been appointed to the O-Licence, which is a statutory obligation, following the departure of the former Waste, Fleet and Depot Manager, however a Period of Grace has been requested from the Traffic Commissioner. The new Fleet Operations Manager will complete the relevant CPC training to perform the Transport Manager role in August 2025.

Control Effectiveness

The control design was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. Although, there were no instances of non-compliance identified with statutory legislation.

Vehicles were taxed, insured and had an MOT test and servicing in line with statutory timescales and the terms of the O-Licence. Drivers selected in our samples also held appropriate licences and qualifications for the vehicles that they were operating.

However, we identified that proactive monitoring and escalation was not in place for drivers operating Council-owned vehicles who had incurred penalty points on their driving licence. This included staff with leased cars.

There was also non-compliance with the Financial Regulations for the retention of documentation for vehicles disposed by the Council at a public auction. These did not explain the rationale or justification for the disposal.

BUDGET MANAGEMENT

CRR REFERENCE: CR1 - THE COUNCIL ARE UNABLE TO MEET ITS FINANCIAL COMMITMENTS AND/OR THE SCALE AND PACE OF BUDGET CUTS. THIS RELATES TO INCOME AND EXPENDITURE AND INCLUDES INTERNAL BUDGETARY PRESSURES, SAVINGS/GROWTH CONSIDERATIONS, EXTERNAL ECONOMIC CHANGES ETC.

Design Opinion



Moderate

Design Effectiveness



Moderate

Recommendations



SCOPE

BACKGROUND

- ▶ Budget management processes support effective financial management for local authorities to mitigate the risk of overspends. Gedling Borough Council (the Council) set its budgets annually, with Full Council approving the budget prior to the start of the financial year. For 2024/25, Full Council approved the budget on 6 March 2024. This was for a Net Council Budget of £15.45m with £0.51m transferred from its ear-marked reserves. The budget for 2025/26 was approved by Full Council on 5 March 2025, with a balanced budget.
- ▶ The Local Government Association (LGA) have reported that there has been a growing challenge on local authority's finances amidst increasing cost pressures and demand on statutory services. Although, the Government announced in its Autumn Budget that it will be introducing multi-year settlements from 2026/27 which is expected to give Councils greater stability and certainty over its income, to help balance its budgets. Other expenditure for local authorities has continued to rise, including energy costs and national insurance contributions, plus general inflationary increases which place a challenge to budgets. To manage these rises in costs, the Council has increased its council tax precept by 2.99% in 2025/26 and is undertaking a savings efficiency programme.
- ▶ There has been an increase in local authorities issuing a Section 114 notice over recent years, including some high-profile councils. This prevents a local authority from any new spending commitments when it is unable to balance its finances. This increases the importance of effective budget management processes, to ensure that overspends are identified and addressed.
- ▶ The Council's unaudited accounts for 2023/24 were approved by the Audit Committee on 25 February 2025, reporting a small surplus on the provision of its services of £795,000. This followed a deficit of £6.2m in the prior year.

PURPOSE

- ▶ The purpose of the review was to provide assurance over the Council's budget management processes and procedures.

AREAS REVIEWED

The following areas were reviewed as part of this audit:

- ▶ The Financial Regulations and Budget Management Policy/Budget Book to ascertain whether the roles, responsibilities and consequences of non-compliance were clearly defined.
- ▶ Training for budget holders and service managers to assess whether this was sufficient to ensure that staff understand effective budget management principles and the Council's budget management processes.
- ▶ Enquiries to five budget holders over the support provided by Finance Business Partners (FBPs) on monitoring budget performance.

- ▶ Reporting to departments and service managers, the Senior Leadership team (SLT), Budget Performance Board and Cabinet on performance against the budget, including any variances and overspend.
- ▶ The effectiveness of the virement process for changing budgets throughout the year to assess whether it was clear, and amendments were approved at an appropriate level. We selected a sample of eight virements to assess whether they were approved in accordance with the Financial Regulations.
- ▶ The process for assessing budget variances and action planning against them.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Financial Regulations and Budget Management Policy clearly outline the responsibilities for budget management and reporting requirements to support effective oversight and monitoring. This is at the higher level for the Chief Financial Officer, the Audit Committee and Cabinet. Both policies were up to date and were approved by Cabinet with the Constitution in March 2025.
- ▶ We interviewed five budget holders to ascertain how budget management operates in practice. We were informed that there is sufficient support from FBPs who advise budget holder on how to effectively manage budgets. They informed us that FBPs were accessible and have taken time to understand the operational nuances and complexities of budgets for certain departments, ie where costs are rising across the sector. and are available to answer questions and deal with issues that arise. They also confirmed that FBPs have assisted in submitting bids for grant funding and setting fees and charges, to help build realistic budgets. We understand that the Council will be undertaking a zero-base budgeting process for certain departments in 2026/27 to focus on potential cost savings and improving the management of its budgets.
- ▶ There was adequate reporting to SLT and Cabinet to support effective budget monitoring and scrutiny. Budget variances were presented clearly with narrative to explain the reasons for these and potential mitigations to manage them. Additionally, the Budget Monitoring and Virement Report is submitted to Full Council on a quarterly basis to provide Members with oversight of budgetary performance and changes.



AREAS FOR IMPROVEMENT

Finding	Recommendation and Management Response
Introductory training is provided for budget holders, however, there is not ongoing refresher training. We interviewed FBPs and budget holders who all informed us that more regular budget management training would be beneficial and allow for more accountability for budget holders over their budgets (Finding 1 - Medium).	<p>A. The Finance Team should liaise with budget holders to develop a formal training needs analysis for ongoing refresher training. This may factor in the risk level for the budgets being managed by the budget holders and their experience in managing budgets. This should inform refresher training for budget holders at intervals.</p> <p>B. Once Agresso has been updated, a 'how to' guide should be developed to advise staff on how they can extract reports from the system, what key terms mean and functionality in the system that supports budget management. This could be in a written format or interactive videos that are uploaded onto the Council's intranet.</p>

		<p>Management Response:</p> <p>A. Training needs will be assessed through the Budget & Performance Board and will be on the Agenda as a standing item commencing in June 25.</p> <p>B. A written guide will be prepared once the system has been upgraded later in the year.</p> <p>Target Date: A. 30 June 2025, B. 30 September 2025</p>
	<p>Action logs are not in place to monitor the completion of actions agreed by budget holders and FBPs in the monthly budget monitoring meetings (Finding 2 - Medium).</p>	<p>A. A Standard Operating Procedure should be implemented for monthly budget management processes, outlining the responsibilities of budget holders to have reviewed and provided narrative for variances between actual and budgeted performance.</p> <p>B. An action log should be created to record actions agreed at one-to-one meetings between budget holders and FBPs. This should be reviewed at subsequent meetings until actions have been closed.</p> <p>C. An action log could be presented to the Performance and Management Board periodically to summarise all outstanding actions for budget holders.</p> <p>Management Response:</p> <p>Budget meeting notes are taken at budget meetings and any narrative and any budget adjustments that are needed are recorded on the RQBC. This ensures budgets are amended accordingly in line with most recent forecasts. Actions for budget managers to rectify are not currently formally held in a central position and are usually communicated through a series of e-mail communication. Directors are advised of any significant issues through SLT.</p> <p>A budget management operating procedure will be compiled once the system has been upgraded to reflect any changes in the system and provide clarity on what is expected of budget managers.</p> <p>An action log will be created and maintained for the first period of budget monitoring in July 25.</p> <p>Outstanding actions will be raised at Performance & Management Board.</p> <p>Target Date: 31 August 2025</p>



CONCLUSION

We have concluded that the Council have a Moderate control design and control effectiveness for budget management. We have only raised two Medium and one Low findings, however, due to the wider landscape of budget management across the local government sector, it is an inherently higher risk area. The Council have delivered a balanced budget in 2024/25, however, there has been a reliance on transferring funds from earmarked reserves. This is set to continue into 2025/26, with a budgeted movement of £808,200 from its reserves, amidst an increasing cost base. The Council have taken steps to address this, including its efficiency savings programme and zero-base budgeting, but, as with other local authorities, budget management remains a challenge. This places a high importance on approved budgets being managed properly and effectively.

Control Design

The control design is Moderate because there was generally a sound system of internal control designed to achieve system objectives with some exceptions. In practice, despite the wider budgetary challenges, internal processes were generally sound.

Budget holders were broadly satisfied with the support and the quality of information provided by the FBPs to ensure they are aware of their budgetary performance. Furthermore, this was reported to the SLT, Cabinet and Full Council periodically. To ease capacity challenges in the Finance Team, the Budget Monitoring Report is prepared four-monthly rather than quarterly but there was monthly monitoring between budget holders and the Finance Team.


We were informed by budget holders that there could be opportunities to further improve budget management by providing refresher training and creating guides on how to use Agresso and effectively manage budgets. Furthermore, actions from one-to-one meetings with budget holders were not documented.

Control Effectiveness

The control effectiveness was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk. Specifically, the Virement Form was not up-to-date to reflect changes to the Leadership Team structure, and in some instances there was two signatures needed for approval and in others there were three.

PROCUREMENT AND CONTRACT MANAGEMENT

CRR REFERENCE: CR5 - THIS REFERS TO BOTH THE RISKS REGARDING PARTNERSHIP/CONTRACTUAL ACTIVITIES AND THE RISKS ASSOCIATED WITH THE PARTNERSHIP/CONTRACT DELIVERING SERVICES TO THE AGREED COST AND SPECIFICATION

Design Opinion	 Moderate	Design Effectiveness	 Moderate
Recommendations	 0	 2	 0



SCOPE

BACKGROUND

- ▶ Procurement and contract management are critical to ensure that local authorities achieve value for money and provides effective service delivery that complies with statutory legislation. Gedling Borough Council (the Council) have implemented a new e-procurement system (Intend), in collaboration with Bolsover District Council (BDC).
- ▶ The Procurement service was previously outsourced to North East (NEDDC) Derbyshire District Council to administer. This included: performing due diligence checks and retaining evaluation records. The Council have recently changed its supplier for this service to Orbis Procurement in April 2025. Orbis Procurement is a public sector shared procurement service, hosted by East Sussex County Council and Surrey County Council.
- ▶ The Council have recruited a new Contract and Procurement Manager who started in April 2025. This role has been created as part of their Transformation Programme.
- ▶ The Council's Contracts and Procurement Procedure Rules are included in Section 22 of its Constitution. This sets out the procurement processes that should be followed for different levels of spend, including preliminary market testing, evaluating quotes and tenders, and contracting suppliers.
- ▶ The Procurement Act 2023 (the Act) received royal assent on 26 October 2023 and was due to come into force in October 2024. This was delayed by central government and so the legislation went live in February 2025. The new Act is designed to simplify the bidding process to work with the public sector and make commercial frameworks more open. A new Procurement Review Unit (PRU) will also be established for better oversight of the adherence to the new Act's requirements.
- ▶ In preparation for the new Act, the Council have updated its Contracts Register on the Intend System (the procurement system). It has also conducted a compliance exercise of spend with suppliers to identify any aggregated purchases or suppliers used by several departments. This could enable efficiency savings to be developed.

PURPOSE

- ▶ The purpose of the review was to assess the effectiveness of the Council's procurement and contract management processes and its preparedness for the new Procurement Regulations which came into full effect in February 2025. The audit also evaluated the Council's contract management arrangements with key suppliers to ensure proper oversight of contractor performance and timely escalation of issues.

AREAS REVIEWED

As part of the scope of this audit, the following areas were reviewed:

Procurement

- ▶ The Financial Regulations and Procurement Strategy to assess whether these provide clarity on the Council's procurement requirements and comply with regulatory requirements.
- ▶ Processes for assessing annual supplier spend to ascertain whether the Council have appropriate controls in place to detect aggregated spend to avoid procurement requirements.
- ▶ A sample of eight suppliers with different levels of spend to assess whether appropriate procurement processes had been followed. Specifically, we assessed whether:
 - Quotes or tenders were received and evaluated in accordance with the Contract and Procurement Procedure Rules
 - Multiple suppliers were evaluated, and evidence of the supplier evaluation was documented with sufficient rationale for the selection of the successful supplier
 - Contract notices and award notices were published on Contracts Finder or the Find a Tender Service, as appropriate
 - Financial and reputational due diligence was conducted on suppliers before entering into legal agreements.
- ▶ Preparedness for the implementation of the Act to assess whether adequate governance and operational changes were made to ensure the Council are complied with new or amended requirements. This included review training sessions and updates to templates.

Contract Management

- ▶ Ascertain whether contracts were recorded on a central contract register and the accuracy and completeness of this. Also, assess whether the Council monitor the procurement pipeline to identify when contracts are due to end so that sufficient time was available for a procurement process to take place or quotes to be obtained from multiple suppliers.
- ▶ For the same contracts as those tested in the procurement sample, we assessed whether:
 - Contracts had been signed by both parties and had been retained
 - Contracts had break clauses or penalty clauses for poor performance
 - Contract management procedures were in place to monitor the performance of the suppliers and resolve or escalate issues for underperformance
 - Actions agreed with contractors in contract management meetings were recorded and followed up to support effective service delivery and improvement over the duration of the contract.
- ▶ Internal reporting to the Senior Leadership Team (SLT) for service critical or high value contracts to ascertain whether there was adequate senior oversight of performance of key contractors.



AREAS OF STRENGTH

We identified the following areas of good practice:

- ▶ The Council published a notice to amend its Constitution to comply with the requirements of the Act, with the new Contract and Procedure Rules approved by Full Council on 22 January 2025. This was to comply with the new requirements for procurement and contract management in the new Act.
- ▶ We reviewed a sample of eight contracts with suppliers from Contract Register, with varied values, and confirmed that in all instances:
 - The contract was signed by both parties
 - Contract notices were published on Contracts Finder, if over the value of £25,000, as required by statutory legislation
 - Live contracts were recorded on the Contract Register which was held on Intend
 - The contract had provisions for break clauses or a warranty for equipment.

- ▶ Through contract management processes, there have been instances where underperformance of contractors has been escalated to the Senior Leadership Team (SLT), eventually resulting in the termination of the contract. Broadly, only contracts where there was significant underperformance would be escalated to the SLT as performance is generally monitored by the contract manager, with support from Directors and Assistant Directors. The Council has introduced a new Risk Board in April 2025 to enable contract risks and issues to be escalated to SLT members where necessary.
- ▶ The Council undertook an exercise of analysing spend with its suppliers in October 2024 to identify potential non-compliance with its procurement procedures. For instances where the spend with suppliers exceeded procurement thresholds and contracts were not in place, the Legal Team met with the heads of departments to address knowledge gaps and non-compliance. An observation has been raised to ensure this is included within our follow up as the process should be completed annually.
- ▶ In-tend generates automatic notifications for when contracts are due to end to provide oversight of the procurement pipeline. The reminders are sent at different times depending on the type of contract to allow a sufficient lead-in time to evaluate options for the renewal of the contract or service provided.



AREAS FOR IMPROVEMENT

Finding	Recommendation and Management Response
In our sample of contracts, due diligence checks were not retained or completed in all instances to identify any financial or reputational risks of engaging with a supplier. These were the responsibility of NEDDC to perform and will be the responsibility of Orbis Procurement under the new contract (Finding 1 - Medium).	<p>A. Due diligence thresholds for suppliers (based on value or risk level of the contract) should be documented in the Procurement Strategy or Policy. The Council may wish to consider a minimum credit score for a supplier before entering into a contract. We have provided an example in Appendix I of due diligence guidance used by a different public sector organisation.</p> <p>B. The Council should obtain the original credit report for new suppliers from Orbis Procurement and retain this on Intend to obtain assurances over the supplier's credit score. It could seek to obtain subsequent credit scores on suppliers during the contract to obtain assurances over the supplier's financial sustainability over the whole contract term. Annual intervals may be appropriate for these ongoing checks.</p> <p>Management Response:</p> <p>The Council is currently undertaking a piece of work around Due Diligence of suppliers, which include the following:</p> <ul style="list-style-type: none"> ▶ All procurements under £30k will have a minimum Red Flag score. The score is yet to be determined, however the score table provided seems like a good starting point.

		<p>Once agreed this will be built into new tender templates.</p> <ul style="list-style-type: none"> ▶ The Procurement manager is working with finance staff to develop an in depth financial analysis for over threshold procurements and potentially any other procurements deemed to be higher risk. ▶ We are currently considering the use of patent Company Guarantees, there will be a new PCG section in the new ITT template, consideration will be given to mandating on over threshold tenders. ▶ Potentially some due diligence around modern day slavery, human trafficking and child labour in high-risk markets. <p>Target Date: 30 September 2025</p>
	<p>There were inconsistencies in contract management processes for different contracts, with documentation not being retained to demonstrate monitoring and oversight of contractors in some instances. The Act places more responsibilities of public authorities for monitoring supplier performance and publishing contract notices for underperforming suppliers (Finding 2 - Medium) (Finding 2 - Medium).</p>	<p>A. The Council should develop a contract management guide for staff to refer to for minimum expectations for contract management. This should have thresholds for the expectations based on the level of spend and/or the risk of the services, ie whether they are critical to the Council service delivery objectives. This should ensure that there is sufficient contract performance monitoring and evidence retention to fulfil the Council's obligations under the Act, ie publishing contract notices.</p> <p>B. Training on the basic and fundamental principles of contract management should be offered to contract manager, particularly those that have limited experience of managing contract. E-learning modules for public sector organisations could be used to support this, eg Civil Service Learning or the Government Commercial College, which are used by other public sector organisations. Providing training to contract managers is identified as an action in the Procurement Strategy.</p> <p>Management Response:</p> <p>The newly appointed Procurement Manager is currently looking at a number of areas within contract management to aim to strengthen the process including:</p> <ul style="list-style-type: none"> ▶ A specification template using mandatory sections where service areas will be able to demonstrate

		<p>the bidder has met KPI and minimum performance requirements. This will create focus on contract management and the template will have a set section on contract management to consider from the outset of the contract. Some standard questions are also being developed on the bidder's approach to contract management when creating the tender.</p> <ul style="list-style-type: none"> ▶ Training on contract management will be developed and rolled out; in addition, Drop-in clinics with service areas are being developed to support managers with contract management. A database is intended to be built to track and monitor contract performance. ▶ A section in the ITT will focus on contract-based risks, which will help us to have an effective contract variation process in place which is compliant. ▶ A mandatory section in the ITT is being developed for KPI's to enforce contract management into the tender. <p>Target Date: 31 October 2025</p>
--	--	--



CONCLUSION

We conclude that the Council has a Moderate design and effectiveness of controls for the management of procurement and contract management. Due to changes in legislations, there have been new requirements placed on local authorities to ensure more transparent reporting of procurement and contract management. The Act has streamlined other processes, making it simpler supplier to access commercial frameworks. The Act went live in February 2025, therefore, most of the contracts that we reviewed pre-dated these requirements. However, we have assessed the actions taken by the Council to prepare for the Act.

Control Design

The control design was Moderate because there was generally a sound system of internal control designed to achieve system objectives with some exceptions. Procurement support and administration was provided by NEDDC; however, the Council have recently signed a contract with Orbis Procurement for these services. There has also been limited central resource to monitor procurement processes in the past, but a Contract and Procurement Manager joined the Council in April 2025, which is expected to improve these. As such, several recommendations from our Procurement and Contract Management audit in 2021/22 (Limited/ Moderate) were still outstanding prior to this review. Key findings in the previous report included, contracts missing from the contract register, a lack of control for contracts coming towards renewal, a lack of contract procedure rules alignment to strategy and the lack of a social value policy. There have been improvements in these areas as the contracts register is now up to date including the contracts we reviewed, the Intend system sends notifications to alert contract managers for contracts due for renewal, in advance and the contract procedure rules are up to date including a social value focus. However, in the last report there was a high finding as a result of a lack of contract management arrangements, after several years

there is still not a consistent approach to contract management across the council as raised in finding 2.

The Council have updated its Contract Procedure Rules to incorporate the requirements of the Act and provided some training and guidance to staff on this. However, there was no formal guidance on the expectations for contract management which led to inconsistent procedures and a lack of documentation to demonstrate contract management in some instances. Furthermore, contract managers were not provided with formal training. This has been recognised in the Procurement Strategy for 2025-27 as an action to take forward.

Control Effectiveness

The control effectiveness was Moderate because there was evidence of non-compliance with some controls, that may put some of the system objectives at risk.

We identified some contracts where there was inadequate evidence for due diligence checks performed on the supplier to provide the Council with assurances that financial and reputational risks were in line with its risk appetite.

With the changes that the Council have made, increasing resources for procurement and contract management, is expected to address these areas of non-compliance. This acknowledges the feedback that the Council received from external consultants, Spend Solutions, that there had been under-investment in the procurement function.

LOCAL GOVERNMENT SECTOR UPDATE

Our quarterly Local Government briefing summarises recent publications and emerging issues relevant to local authority providers that may be of interest to your organisation. It is intended to provide a snapshot of current issues for senior managers, Non-Executive Directors and Executive Directors.

SECTOR UPDATE
PENSION SCHEME REFORM
<p>PENSION SCHEME REFORMS TO BOOST BENEFITS AND TACKLE INEQUALITY</p> <p>CHANGES WILL MEAN MORE MONEY IN THE POCKETS OF HARD-WORKING PEOPLE WHEN THEY REACH RETIREMENT, DELIVERING ON GOVERNMENT'S PLAN FOR CHANGE</p> <p>Street cleaners, school cooks and other dedicated public servants are set to benefit from a package of reforms to the Local Government Pension Scheme (LGPS) with an aim to 'end discrimination and lead to more money in people's pockets'.</p> <p>Measures announced on the 15 May 2025 build on the government's wider Make Work Pay agenda that will back millions of workers by banning exploitative zero-hours contracts, ending 'Fire and Rehire' and 'Fire and Replace' practices and strengthening statutory sick pay.</p> <p>The Local Government Pension Scheme for England and Wales will become the first public service pension scheme, of which 74% of the scheme's seven million members are women, to make all maternity, shared parental and adoption leave automatically pensionable.</p> <p>Issues with current regulations that saw survivors of members receiving smaller pensions based on their relationship type will be fixed, ending historic inequalities. Loopholes that allow those guilty of serious offences to continue benefitting from the pension scheme will also be closed, as part of a crackdown to ensure public servants' money does not go to those who do not deserve it.</p> <p>In addition, an age cap currently in place that requires an LGPS member to have died before the age of 75 for their survivor to receive a lump sum payment will also be abolished.</p> <p>The government is also taking steps to keep people in the scheme by enhancing data collection on why people opt out, in a bid to ensure as many people as possible benefit.</p> <p>A consultation on the proposed reforms to LGPS members' benefits is open for 12 weeks, and those affected are encouraged to register their views.</p> <p>Pension Scheme reforms to boost benefits and tackle inequality - GOV.UK</p> <p>FOR INFORMATION: AUDIT COMMITTEE AND THE SENIOR LEADERSHIP TEAM</p>
LOCAL DEMOCRACY
<p>REFORM UK TAKES CONTROL OF NOTTINGHAMSHIRE COUNTY COUNCIL</p> <p>On the 2 May 2025, Reform UK became the majority party in Nottinghamshire County Council. The group secured 40 of the Council's 66 seats, surpassing the required majority of 34. The Conservatives, who previously had a majority, are now the main opposition with 17 councillors, with Labour in third with four seats.</p> <p>The Reform UK Member of Parliament for Ashfield has noted that the first thing that will be looked at is where money is being spent and where savings can be made, with funding expected to be taken from net zero teams and reallocated to frontline services. The Leader of Reform UK has stated that they want to see "a Doge in every county", referring to the Department of Government Efficiency which has been set up in the United States of America.</p> <p>In other authorities, Reform UK has proposed ending working from home practices.</p> <p>Reform takes control of Nottinghamshire County Council - BBC News What now for Nottinghamshire County Council after Reform win? - BBC News</p> <p>FOR INFORMATION: AUDIT COMMITTEE AND THE SENIOR LEADERSHIP TEAM</p>

COUNCIL FUNDING GAP

SPENDING REVIEW: COUNCILS COULD FACE £8BN FUNDING BLACK HOLE BY 2028/29

Analysis by the Local Government Association (LGA) on the 14 February 2025 revealed that Councils in England could face a £1.9 billion gap in 2025/26 rising to £4.0 billion in 2026/27, £6.0 billion in 2027/28, and £8.4 billion in 2028/29 without adequate funding in place.

In its submission to the Treasury ahead of the Spending Review, the LGA demonstrated the vital role councils have in Government reform and its growth agenda and the negative impact of not investing across the many critical council services relied upon everyday by millions of people.

Without urgent action in the Spending Review announced by the Chancellor on the 11 June 2025, many councils will be left with having to make impossible choices on what desperately needed services can be provided in the future, as well as missing opportunity to boost growth and reform.

Last year 18 councils required Exceptional Financial Support (EFS) to set their 2024/25 budgets. Of those who responded to the LGA's survey, 25 per cent of Chief Financial Officers (CFOs) now say that their council had either applied for EFS to support their 2025/26 budget or that they expected to do so in 2025/26 or 2026/27. This is indicative of the growing financial emergency facing councils.

The continued implementation of one-year settlement for councils, has severely hindered the ability to plan services and deliver to local communities. The commitment from the government to provide councils with three-year settlements is therefore encouraging.

This is still a critical time for councils, which are experiencing continued financial strain resulting from long-standing funding reductions and are expected to worsen as costs and demand pressures rise at an increased rate.

New costs associated with employer National Insurance Contribution changes not fully compensated by the government, alongside demographic change, inflation and unfunded rises to the National Living wage further exacerbate this challenge.

The LGA revealed that if current cost and demand trends continue, by the end of 2028/29 cost and demand pressures would add £21.4 billion to the cost of delivering council services since 2024/25. This is 29.8 per cent in additional service costs.

Spending Review: Councils could face £8bn funding black hole by 2028/29 | Local Government Association

FOR INFORMATION: AUDIT COMMITTEE AND THE SENIOR LEADERSHIP TEAM

DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION

THE DEVOLUTION AND LG REORGANISATION HUB

BRINGING TOGETHER INFORMATION AND RESOURCES ON DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION FOR PUBLIC AND LOCAL AUTHORITIES.

Following the publication of the English Devolution White Paper, the LGA have been working at pace to respond to, and digest the proposals and their respective opportunities and risks.

Our position is clear: we want every council in England to have the ability to secure devolution that works for them, their local economies, and their residents. The devolution of powers and resources can play a huge role in promoting inclusive economic growth, creating jobs, and improving public services. In a very centralised country, moving funding and power from Whitehall to local leaders is needed.

Devolution

Devolution will provide greater freedoms and flexibilities at a local level, meaning councils can work more effectively to improve public services for their area. The result will be more effective, better targeted public services, greater growth and stronger partnerships between public, private and community leaders in local areas.

Local government reorganisation (LGR)

The government has announced that it will facilitate a programme of local government reorganisation for two-tier areas and for those unitary councils where there is evidence of failure or where their size or boundaries may be hindering their ability to deliver sustainable and high-quality services for their residents.







Proposed reforms in the White Paper will have a significant impact on every council and community. We remain clear that local government reorganisation should be a matter for councils and local areas to

decide. There are differing directions of travel underlining the diverse range of views about devolution and local government reorganisation that exist within the local government sector. The LGA will continue to respect each perspective and each choice equally.

The devolution and LG reorganisation hub | Local Government Association





FOR INFORMATION: AUDIT COMMITTEE AND THE SENIOR LEADERSHIP TEAM

KEY PERFORMANCE INDICATORS




QUALITY ASSURANCE	KPI	RAG RATING
The auditor attends the necessary, meetings as agreed between the parties at the start of the contract	Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews have been attended by either the Partner or Audit Manager.	
Positive result from any external review	Following an External Quality Assessment by the Institute of Internal Auditors in May 2021, BDO were found to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	
Quality of work	We have received two responses to our audit satisfaction surveys for 2024/25 reviews, with an average score of 4.3/5 for the overall audit experience and for the value added from our work. The number of responses is lower than we would expect and we will work with the management team to increase the number of responses to our surveys.	  
Completion of audit plan	We have completed our work on the 2024/25 Internal Audit Plan.	

APPENDIX I

OPINION SIGNIFICANCE DEFINITION

LEVEL OF ASSURANCE	DESIGN OPINION	FINDINGS FROM REVIEW	EFFECTIVENESS OPINION	FINDINGS FROM REVIEW
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally, a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION

RECOMMENDATION SIGNIFICANCE	
High 	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium 	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low 	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

Gurpreet Dulay

Gurpreet.Dulay@bdo.co.uk

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2025 BDO LLP. All rights reserved.

This page is intentionally left blank



Report to Audit Committee

Subject: Internal Audit Annual Report 2024/25

Date: 24 June 2025

Author: Gurpreet Dulay – Internal Audit Partner (BDO)

Purpose

To provide the Head of Internal Audit Opinion based on the outcome of the internal audit activity completed by the BDO Internal Audit Team in accordance with the approved 2024/25 Internal Audit Plan.

Recommendation(s):

THAT:

- 1) Members note and approve the Internal Audit Annual Report and Head of Internal Audit Opinion for 2024/25.**

1. Background

- 1.1 The Internal Audit Annual Report and Head of Internal Opinion for 2024/25 provides a summary of Internal Audit's work and assurance for the year from 1 April 2024 to 31 March 2025, in accordance with the Strategic Internal Audit Plan approved by the Audit Committee on 19 March 2024. The conclusion and key findings from each audit have been summarised with the control design and control effectiveness opinion.
- 1.2 Internal Audit's opinion of the Council's internal controls is Moderate for 2024/25, based on the balance of the opinions issued from our audits in the year and the engagement with our follow up process. This is consistent with the prior year.

2. Proposal

- 2.2 The role of internal audit is to provide an opinion to Full Council, through the Audit Committee, on the adequacy and effectiveness of the internal control

system to ensure the achievement of the organisation's objectives in the areas reviewed. The Annual Report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service.

- 2.3 The Internal Audit Annual Report and Head of Internal Audit Opinion provides an overview of the BDO Internal Audit Team's activity and opinion of the Council's internal control system for 2024/25.

3. Financial Implications

- 3.1 The Internal Audit Plan was delivered within the approved budgets.

4. Legal Implications

- 4.1 The Accounts and Audit Regulations 2015 require authorities to undertake effective internal audit to evaluate the effectiveness of risk management, control and governance processes. This report provides internal audit's annual opinion of the Council's system of internal controls for 2024/25 and is provided to this Committee in accordance with the Council's Constitution and delegations contained therein.

5. Equalities Implications

- 5.1 There are no equalities implications arising directly from this report.

6. Carbon Reduction/Environmental Sustainability Implications

- 6.1 There are no carbon reduction/environmental sustainability implications arising directly from this report.

7. Appendices

- 7.1 BDO Internal Audit Annual Report for 2024/25.

GEDLING BOROUGH COUNCIL INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE

2024/25

CONTENTS

	Page
Executive Summary	1
Review of 2024/25 Work	3
Summary of Findings	12
Added Value	13
Key Themes	14
Background to Annual Opinion	15
Key Performance Indicators	18
Appendix 1: Opinion and Recommendation Significance	19

EXECUTIVE SUMMARY

Internal Audit 2024/25

This report details the work undertaken by internal audit for Gedling Borough Council ('the Council') and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- | | |
|---|---------------------------------------|
| ▶ Cemeteries and Pet Cremation Services | ▶ Parks and Street Care |
| ▶ Housing Benefits | ▶ Fleet Management |
| ▶ Environment - Carbon Management Strategy | ▶ Temporary Accommodation |
| ▶ Equality, Diversity and Inclusion (EDI) - Advisory Report | ▶ Procurement and Contract Management |
| | ▶ Budget Management. |

We have detailed the opinions of each report and key findings on pages 3 to 11. Our internal audit work for the period 1 April 2024 to 31 March 2025 was carried out in accordance with the internal audit plan approved by the Corporate Management Team and the Audit Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- ▶ An assessment of the design and operation of the underpinning risk management processes
- ▶ An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year; this assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses
- ▶ Any reliance that is being placed upon third party assurance.

Overall, we provide **Moderate** Assurance that there is a sound system of internal controls, designed to meet the Council's objectives, that controls are being applied consistently across various services.

In forming our view, we have taken into account that:

- ▶ We completed a total of nine reviews (eight assurance audits and one advisory review). The advisory review for to EDI was an advisory review where a formal audit opinion was not provided.
- ▶ For the eight assurance audits, two were rated Substantial and six Moderate in the design of the controls. One assurance audit was rated as Substantial, five were Moderate and one was Limited in their operational effectiveness. These ratings are similar to those in the prior year.
- ▶ There has been a continued engagement with internal audit by the Senior Leadership Team (SLT), demonstrating a commitment to enhancing internal controls, governance and risk management processes. There was appropriate levels scrutiny of our internal audit work, including robust discussions about our reports in Audit Committee meetings. This is despite a backdrop of increasing challenges on resources for local authorities, compounded by other

demands that have impacted capacity of staff (such as managing the electoral pressures of a General Election). Staff have consistently provided our Internal Audit Team with availability to support the delivery of our reviews.

- ▶ The Council had a restructure of its SLT and governance model in 2024/25, widening the management team and creating roles to support its transformation programmes and operational management. We have met with the SLT, Assistant Directors and Senior Managers individually throughout the year and collectively to agree our Internal Audit Plan for 2025/26.
- ▶ As with many other local authorities, there has been a continued challenge to sign off the Council's financial accounts for prior years. The accounts for 2022/23 and 2023/24 have been published with a disclaimed audit opinion, where an audit certificate could not be issued. This partly relates to the historic challenges that the Council has had for the control gaps in its main financial system. Our internal audit work continues to assess key financial controls as part of our core assurance.



REVIEW OF 2024/25 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Cemeteries and Pet Cremation Service	-	1	3	Moderate	Moderate	<p>This review assessed the charging and collection of fees for the cemeteries and Gedling Pet Cremation Services to ascertain the accuracy and timeliness of income collection. We also considered resource and staffing management of cemeteries and coherence of marketing strategies to increase revenue.</p> <p><u>Conclusion</u></p> <p>We provided Moderate assurance over the control design and effectiveness despite raising only one medium finding, because it pertains there was a lack of management information and regular reporting and oversight, which is a fundamental gap in the control environment. Although some controls were in place across the two services, we found weaknesses in the in-house system used for the Gedling Pet Cremation Services.</p> <p>While generally the services were delivering services to citizens successfully, we found areas of non-compliance with current controls, particularly within Gedling Pet Cremation Services in applying the correct fees and charges. There was also scope for improvement in ensuring that staffing levels are reviewed and sufficient.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> There was limited performance management reporting and scrutiny of the two services. There were no reconciliation reports in place between the orders completed and payments received, and there was no regular reporting to a relevant committee to ensure effective oversight of the services. Testing of 15 Pet Cremation Services works orders found that in nine cases, there were small discrepancies in values of the payments received by the Council compared to our recalculations using the Council's fees and charges values. In addition, collection fees and out of borough transport fees were not always applied.
Housing Benefits	-	-	3	Substantial	Substantial	<p>The audit was to provide assurance over the Council's administrative management of new housing benefit claims and changes in circumstances. We also assessed whether overpayments were identified and recovered promptly.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Conclusion</u></p> <p>The control design and effectiveness were Substantial because the Council has robust policies and procedures in place to manage the administration of housing benefits, with clearly delineated roles and a system of quality assurance checks in place.</p> <p>Furthermore, there was consistent compliance with established procedures and statutory legislation across the sample of 40 new housing benefits claims and changes of circumstances claims tested as part of this audit. This included the retention of supporting documentation and correspondence on Civica. Efforts to identify overpayments were undertaken and where identified, these were recovered promptly and in accordance with agreed processes.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> There was a one-off error where the Assistant Director for Housing and Resettlement did not approve a write off, however, a segregation of duties was still in place. In our sample of 20 changes in circumstance applications, five were not processed within the five-day target; however, annual figures on this key performance indicator for 2023/24 reported to the Oversight and Scrutiny Committee identified that overall, the Council met its target. Procedural guidance was not available to staff for some key processes and approval from the SLT for updated policies was not obtained.
Environment- Carbon Management Strategy	-	2	3	Substantial	Moderate	<p>As part of this audit, we reviewed the adequacy of the Council's Carbon Management Strategy, action plan, governance documentation, reporting and training for staff.</p> <p><u>Conclusion</u></p> <p>The Council had a clear vision and road map for achieving net zero, with support provided by committed and passionate staff, and robust controls in delivering its carbon management strategy. Therefore, we concluded that the control design was Substantial. The Strategy's commitment to staff engagement and training further enhances its potential for success, with the implementation of a Climate Impact Assessment template ensuring Council actions, decisions and policies, considers environmental impact.</p> <p>The control design was Substantial as the Council had a clear strategy in place with accountable action owners and robust governance to oversee its implementation. The</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>Council has made tangible progress on emissions reduction, with a 22% decline in its carbon emission baseline from 2019/20 to 2022/23.</p> <p>We have identified some areas for improvement in the effectiveness of controls in place, including the lack of specific and measurable targets in the Action Plan to enable robust progress tracking. Absence of costed action plans inhibits financial visibility and capability towards achieving targeted emission reduction plans footprint. There was a lack of quantitative analysis of the carbon reduction impact achieved from funded projects opportunities and monitoring and measurement of Scope 3 emissions. However, there has been a 22% reduction in the Council's carbon emission output since its baseline assessment in 2019/20 indicating that the actions that have been delivered have been effective.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ While some actions had defined quantitative metrics and performance indicators, most lacked specific and measurable targets. This reduces the scope for the Climate Change Officer to adequately assess the implementation and progress of these actions. ▶ The Council's Carbon Management Strategy actions had not been fully costed and did not always include the expected emissions savings.
Equality, Diversity and Inclusion (EDI)	-	-	-	Advisory Review		<p>We used our internally developed EDI Maturity Assessment Toolkit to assess the Council's internal EDI controls and management for its workforce. This is a 'gold standard' criteria which overlaps with the Equality Framework for Local Government (EQLG) but has higher standards than those recommended in the EQLG.</p> <p><u>Conclusion</u></p> <p>We concluded that the Council had a Defined level of maturity for EDI in its workforce, with some scope areas being Mature and Aware. Critically, the tone from the top was Mature, demonstrating a positive culture and strong leadership for promoting EDI across the Council. This is in line with, or in some areas it was stronger, than other local authorities that we have conducted an EDI Maturity Assessment for.</p> <p>The Council demonstrated a clear commitment to embedding EDI principles across its operations and community engagement. Its new approach to embedding EDI actions into annual service plans, along with the establishment of the Gedling Inclusion Group Support (GIGS), demonstrates a forward-thinking approach.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>To improve its maturity for EDI, there is scope for the Council to integrate EDI considerations into risk management processes and performance metrics as well as assessing resource allocation, enhancing EDI training and systems for monitoring EDI-related trends over time.</p> <p>Critically, the Council has developed a comprehensive EDI Policy for 2024-27, aligning with EQLG. Furthermore, the establishment of the Strategic Equality and Diversity Group (SEDG), shows clear leadership engagement with EDI issues at the highest levels of the organisation.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ While the Council has a risk management framework, the Corporate Risk Register does not explicitly include EDI-related risks, potentially leading to inadequate risk management in this area. ▶ There is a lack of specific, measurable outcomes or outputs for some of the EDI actions in the Council's action plan, making it difficult to assess the true impact of initiatives. ▶ The Council's gender pay gap analysis lacks a detailed root cause analysis and does not propose specific action plans to address the existing gap or prevent it from widening. Furthermore, while the Council collects various forms of equality data, there is limited evidence of cross-referencing this data to identify intersectional trends. ▶ Staff network leads for the GIGS did not have dedicated protected time for their roles, which may limit the effectiveness and impact of the group. ▶ EDI training completion rates were low with only 50.2% of staff completing the period covering April 2023 to March 2024. This is particularly concerning for frontline staff who do not have access to the EDI computer-based training. Furthermore, specific-role based trainings on EDI were not provided for line managers with responsibility for implement and embedding equality objectives.
Parks and Street Care	2	2	-	Moderate	Limited	<p>The purpose of this audit was to provide assurance over the management of the Parks and Street Care (PASC) service, including proactive and reactive maintenance, inventory management and emergency planning. We reviewed whether the Council complied with key elements of the relevant British Standards.</p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p><u>Conclusion</u></p> <p>There was a Moderate design of controls as there were sufficient controls in place for some areas covered in this scope, with systems in place to support maintenance of park equipment and collaboration with other responsible bodies in the Local Resilience Forum (LRF) on street care management. However, the Council's tree management software, TreePlotter, was not being used properly, with a large proportion of trees not recorded. Similarly, for inventory management in the Depot, the policy in place for managing inventory was not consistently followed, ie equipment was not checked out when in use.</p> <p>Due to the non-compliance identified control effectiveness was Limited. Specifically with relation to tree management and inspections, with increased risk of significant financial penalties for the Council if an incident was to occur where it has not discharged its duty properly.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ The PASC Team estimates that only c40% of its tree stock is recorded on TreePlotter demonstrating that an inspection has been performed. ▶ There were significant delays to reactive tree maintenance requests, later than the timescale that they should be addressed in based on the risk level. Furthermore, for scheduled maintenance, there were 92 overdue tasks on trees. ▶ There was inadequate management of inventory at the Depot, with inaccurate inventory logs and items that could not be located during our physical observation on 7 March 2025. ▶ Staff do not consistently check items or equipment out of the Depot when it is being used which could lead to lost or improper use of equipment. Furthermore, inadequate records were maintained for machinery sent to external contractors for servicing and repairs.
Fleet Management	-	4	1	Moderate	Moderate	<p>This audit assessed the Council's management of its fleet of vehicles, focusing on vehicle replacement and management and compliance with statutory requirements. We also assessed the management of fuel stocks held at the Depot.</p> <p><u>Conclusion</u></p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>We provided Moderate assurance over the design of controls due to a weakened system of internal control, with gaps in formal controls to support effective management and monitoring of stock, drivers and fuel usage.</p> <p>There was a reliance placed on one individual who retired from the Council in June 2025, however, a staffing review restructure was approved by the Appointments and Conditions of Service Committee to address these and re-allocate the responsibilities. Processes were not consistently documented, and a succession plan was not in place.</p> <p>There was also non-compliance with established processes. For example, there was a lack of proactive monitoring and escalation for drivers operating Council-owned vehicles who had incurred penalty points on their driving licence and non-compliance with the Financial Regulations for the retention of documentation for vehicles disposed by the Council at a public auction.</p> <p>Albeit, we did not note any non-compliance with statutory legislation in the vehicles maintenance or the management of the Operators Licence (O-Licence).</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> Processes performed by the former Waste, Fleet and Depot Manager were not always documented but, since their retirement, have been re-allocated to other staff. The former Waste, Fleet and Depot Manager was the only Transport Manager for the O-Licence which is a condition of the licence. Albeit, the Council have submitted a request for a Period of Grace to the Traffic Commissioner and has planned for other staff to complete the relevant training to be the Transport Manager by the end of August 2025 Inventory and stock were not monitored or recorded effectively on a log or electronic system. The Council hold limited stock on-site which mitigates this risk. TTC Continuum and Vision reports were not regularly monitored and follow up action was not taken with drivers that had received penalty points on their licence. There was also one HGV driver where there was no evidence on Vision that ongoing checks are performed. There was a lack of documentation for disposals of vehicles to explain the rationale and authorisation for these, as required by the Financial Regulations.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
Temporary Accommodation	1	1	2	Moderate	Limited	<p>We assessed the operational management of temporary accommodation, including compliance with statutory legislation when placing individuals presenting as homeless and the management of the Council's temporary accommodation stock.</p> <p><u>Conclusion</u></p> <p>There were appropriate policies and strategies in place to support the management of homelessness, including cooperation with other neighbouring authorities. Actions set to deliver the strategies, and the Service Plan were regularly monitored.</p> <p>The Council did not have a supplier to provide housing medical advice to support the banding of individuals and the prioritisation of applicants for the choice-based lettings. As part of service planning for 2025/26, the Council streamlined its KPIs to identify those that were relevant and provided meaningful data to support decision-making.</p> <p>However, there was significant non-compliance with these controls, particularly across our sample of 20 placements with risks assessments not conducted on individuals, housing needs assessments not performance and the absence of regular ongoing checks on individuals.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ There was no evidence that the Council-owned temporary accommodation properties had been subject to adequate and timely checks to ensure they meet legal standards in 19 of 20 cases. ▶ In almost half of the priority needs cases the Council had not regularly reviewed an individual assessment of needs, and in seven out of 20 cases a risk assessment had not been conducted for those facing homelessness. ▶ The Council did not have a supplier for housing medical advice which could result in mis-banding applicants and delaying the allocations to properties.
Procurement and Contract Management	-	2	-	Moderate	Moderate	<p>As part of this audit, we assessed the adequacy of procurement and contract management processes at the Council. The Procurement Act 2023 (the Act) went live on 24 February 2025, therefore, this audit also considered the preparedness for the new legislative requirements.</p> <p><u>Conclusion</u></p>

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>The control design and effectiveness were Moderate as there were some controls in place to support the delivery of the system objectives and these were generally followed, with some exceptions.</p> <p>The Council have recruited a new Contract and Procurement who joined in April 2025 and have also procured a new procurement supplier, Orbis Procurement, who specialise in supporting procurement across the public sector.</p> <p>In preparation for the implementation on the Act, the Council have updated its Contract Procedure Rules to incorporate the requirements of the legislative changes and provided training and guidance to staff. There was an absence in guidance for contract management, which the Act does place more obligations for to publicly notify other organisations of poor supplier performance. There was inconsistency in documentation retained and procedures for managing contracts. Furthermore, contract managers were not provided with formal training but this is an action in the 2025-27 Procurement Strategy.</p> <p>There was also non-compliance or inadequate evidence of due diligence for contracts tested in our sample.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ In our sample of contracts, due diligence checks were not retained or completed in all instances to identify any financial or reputational risks of engaging with a supplier. These were the responsibility of North East Derbyshire District Council to perform and will be the responsibility of Orbis Procurement under the new contract. ▶ There were inconsistencies in contract management processes for different contracts, with documentation not being retained to demonstrate monitoring and oversight of contractors in some instances.
Budget Management	-	2	1	Moderate	Moderate	<p>This audit focused on the effectiveness management of budget management procedures across the Council. This builds on our budget setting audit in the previous year and comes against a backdrop of financial challenges in local government.</p> <p><u>Conclusion</u></p> <p>We concluded that the Council had a Moderate design and effectiveness of controls for budget management. The wider landscape of budget management across the local government sector places a high importance on approved budgets being managed properly and effectively. The Council planned for a balanced budget in 2024/25,</p>

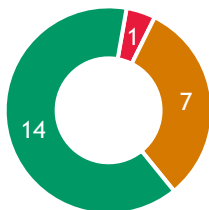
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Conclusion and Summary of Key Findings
	H	M	L	Design	Operational Effectiveness	
						<p>however, there was a reliance on transferring funds from earmarked reserves. This is set to continue into 2025/26 with the Council taking steps to address this, including its efficiency savings programme and zero-base budgeting.</p> <p>Budget holders were broadly satisfied with the support and the quality of information provided by the Finance Business Partners (FBPs). This was reported to the SLT, Cabinet and Full Council periodically.</p> <p>We were informed by budget holders that there could be opportunities to further improve budget management by providing refresher training and creating guides on how to use Agresso and effective techniques for managing budgets. Furthermore, actions from one-to-one meetings with budget holders were not documented.</p> <p><u>Findings</u></p> <ul style="list-style-type: none"> ▶ Introductory training is provided for budget holders, however, there is not ongoing refresher training. We interviewed FBPs and budget holders who all informed us that more regular budget management training would be beneficial and allow for more accountability for budget holders over their budgets. ▶ Action logs were not in place to monitor the completion of actions agreed by budget holders and FBPs in the monthly budget monitoring meetings.

SUMMARY OF FINDINGS

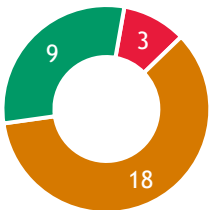
RECOMMENDATIONS AND ASSURANCE DASHBOARD

Recommendations

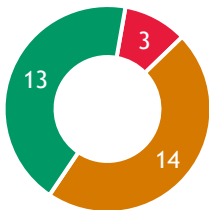
2022/23



2023/24

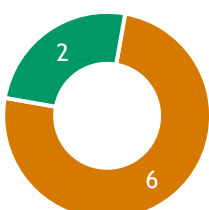
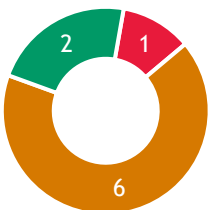
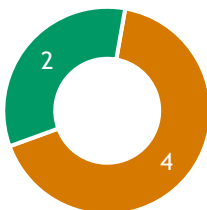


2024/25



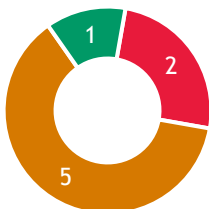
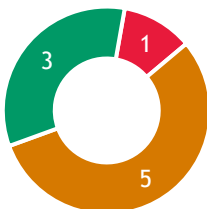
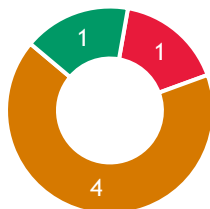
In 2024/25 there were 30 recommendations which is a small increase to the prior year, albeit there has been a higher proportion of low significance

Control Design



The opinions for the Control Design have remained stable in 2024/25 to the prior year. Our internal audit plan is prepared using a risk-based approach therefore, the higher proportion of Moderate opinions is partly expected.

Operational Effectiveness



There were two Limited effectiveness reports provided in the year which is higher than in the previous year. These relate to areas where the Council have had budgetary challenges in previous years.

ADDED VALUE



USE OF SPECIALISTS

Our reviews were performed by our dedicated Public Sector Internal Audit Team. For specialist reviews, these were completed by subject matter experts to ensure the Council received assurance from qualified individuals.



FLEXIBLE APPROACH

We applied a flexible approach to ensure that we could provide assurance to the Council over its emerging risks. During the year, we removed the IT Disaster Recovery review with a Parks and Street Care audit, which is considered a higher risk area.



ADVISORY AND SOFT CONTROLS

Our audit plan did not only consider core financial controls, but also covered soft controls which are critical the Council's objectives. This included the Carbon Management Strategy and the EDI Maturity Assessment, which assessed the culture and governance around these key processes. This goes beyond regular audits of standard services delivered by the Council.



KEY THEMES



PEOPLE

There was a continued welcoming of internal audit reviews from staff across the Council, demonstrating the commitment to improving internal controls, governance and risk management. SLT has continued to provide support and time to us during the year, integrating us into key senior management meetings to raise the profile and importance of internal audit across the Council.



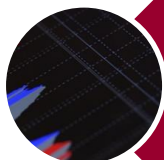
EFFECTIVE FINANCIAL CONTROLS

Financial risks and controls are critical in the current climate of financial challenges across local government. Our review of budgetary controls assessed how effectively budgets are managed across the Council. We also review income charging and collection processes provide assurance over how effectively there are followed.



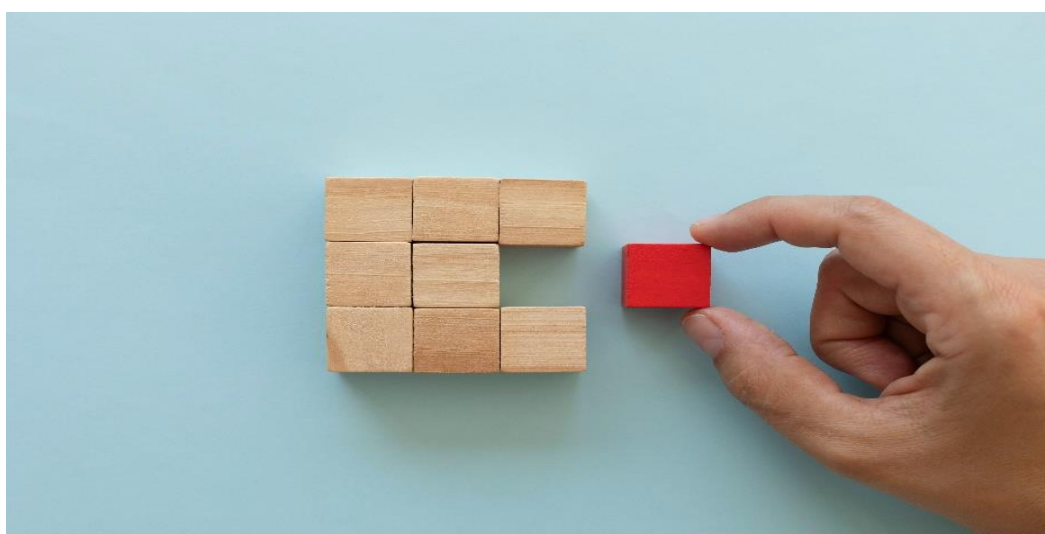
COMPLIANCE WITH STATUTORY REQUIREMENTS

The Council deliver statutory services to residents and manage services that are regulated by legislation. Our review of Fleet Management and Parks and Street Care provided assurance to the Council over its compliance with statutory requirements.



EMERGING RISKS

An effective audit plan has due consideration with emerging risks. We reviewed the Council's delivery of its Carbon Management Action Plan (amidst a climate emergency declaration) and Procurement and Contract Management. Due to a required change in policies and procedures, caused by the new framework for public procurement introduced by the Procurement Act 2023, this is an emerging risk for local authorities.



BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to Gedling Borough Council (the Council) is to provide an opinion to the Council, through the Audit Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for 2024/25 was carried out in accordance with the internal audit plan approved by the Senior Leadership Team (SLT) and the Audit Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Audit Approach

We have reviewed the control policies and procedures employed by the Council to manage risks in business areas identified by management set out in the 2024/25 Internal Audit Annual Plan which was approved by the Audit Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with the Council's management for each review, by:

- ▶ Considering the risks that have been identified by management as being associated with the processes under review
- ▶ Reviewing the written policies and procedures and holding discussions with management to identify process controls
- ▶ Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- ▶ Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- ▶ Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 1 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key contact responsible for the area under review to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports. All reports are also shared with the Senior Leadership Team (SLT) member responsible for the area to obtain their approval of the management responses, to ensure there is senior ownership and agreement to the recommendations and implementation dates.

Our method of operating with the Audit Committee is to agree reports with management and then present and discuss the matters arising at the Audit Committee meetings.

Management actions on our recommendations

Management was engaged with the internal audit process and provided considerable time to us during the fieldwork phases of our reviews, in some cases providing audit evidence promptly and allowing the reviews to proceed in a timely manner, including opportunities to discuss findings and recommendations prior to the issue of draft internal audit reports.

Management responses to our reports were generally provided within the requested timeframes, with some exceptions. The responses were robust which demonstrated a positive engagement with internal audit and ambition to improve the control environment.

Recommendations Follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner, then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Broadly, recommendations were implemented in a timely manner and there were timely responses for requests to provide information to support the implementation of audit recommendations. This has been an improvement to prior years and there has been a significant reduction in the outstanding historic recommendations, some of which have been superseded by audits in the current year.

We continue to have direct access to Pentana to align our follow up procedure with the Council's usual performance management systems to increase the engagement with the follow up of recommendations. This also provides oversight from management on a live basis.

Relationship with External Audit

All our final reports are available to the external auditors through the Audit Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

We have met with External Audit on several occasions to maintain an open dialogue and relationship.

Report by BDO LLP to Gedling Borough Council

As the internal auditors of the Council we are required to provide the Audit Committee, and the Corporate Management Team with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.

In giving our opinion it should be noted that assurance can never be absolute.









The internal audit service provides the Council with **Moderate assurance** that there are no major weaknesses in the internal control system for the areas reviewed in 2024/25. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- ▶ All internal audits undertaken by BDO LLP during 2024/25
- ▶ Any follow-up action taken in respect of audits from previous periods for these audit areas
- ▶ Whether any significant recommendations have not been accepted by management and the consequent risks
- ▶ The results of regulatory reviews and other assurance providers
- ▶ The effects of any significant changes in the organisation's objectives or systems
- ▶ Matters arising from previous internal audit reports to the Council.







KEY PERFORMANCE INDICATORS

Quality Assurance	KPI	RAG Rating
High quality documents produced by the auditor that are clear and concise and contain all the information requested.	Average client satisfaction received in 2024/25 was 4.3/5. While this is a positive score, we will continue to aim for high levels of satisfaction and act on any areas identified for further improvement.	
Frequent communication to the customer of the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies.	Sector updates are provided within the Audit Committee progress report. These provide the Audit Committee with information on hot topics and emerging risks across local government.	
The auditor attends the necessary meetings as agreed between the parties at the start of the contract.	All meetings (pre-meetings, individual audit meetings and contract review meetings) are attended by a BDO Partner or Manager. Where there has been a change in contract manager during the year, we had an effective handover process to ensure continuity in the service provided to the Council.	
Information is presented in the format requested by the customer.	In our audit satisfaction survey issued after each assignment identified that our reports added value and were presented appropriately. An average score of 4.3/5 was received in 2024/25 when asked whether our final reports were clear and concise.	
External audit can rely on the work undertaken by internal audit (where planned).	Our internal audit work is available to external audit.	
Annual Audit Plan delivered in line with timetable.	We have completed our annual programme of work for 2024/25 in time to issue our Head of Internal Audit Opinion. Where possible, the audits were delivered evenly over the year.	
At least 60% input from qualified staff.	In delivering the Internal Audit Programme, 82.7% of input was from qualified staff. Remaining audit work was performed by staff working towards a professional qualification.	
Positive result from any external review.	The External Audit Quality Assessment by the Institute of Internal Auditors in April 2021 found BDO to 'generally conform' (the highest rating) to the International Professional Practice Framework and Public Sector Internal Audit Standards.	

APPENDIX I: OPINION AND RECOMMENDATION SIGNIFICANCE

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
Moderate - Significantly meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
Limited - Partly meets expectations	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
No - Does not meet expectations	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
Substantial 	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate 	In the main, there are appropriate procedures and controls in place to mitigate the key risks reviewed, albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of noncompliance with some controls that may put some of the system objectives at risk.
Limited 	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No 	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non-compliance and/or compliance with inadequate controls.

RECOMMENDATION SIGNIFICANCE DEFINITION	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

FOR MORE INFORMATION:

GURPREET DULAY

Gurpreet.Dulay@bdo.co.uk

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

© 2025 BDO LLP. All rights reserved.

www.bdo.co.uk



Report to Audit Committee

Subject: Corporate Risk Management Review Quarter 4 2024/25

Date: 24 June 2025

Author: Chief Finance and Section 151 Officer

1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Recommendations:

That Members:

- Note the current risk level and actions identified within the Corporate Risk Register.

2. Background

The current Risk Management Strategy & Framework was approved and adopted by Cabinet on 28 March 2024. Following adoption of the new framework, a project has been underway to simplify the process of risk review and management by using the Council's performance management system, Ideagen to track risk.

All Assistant Directors and Senior Managers have now received training and individual workshop sessions on the content of the new Risk Management Framework and have completed a review of departmental risks in the new Ideagen system. All risks are scored using the new scoring matrix in the framework (appendix 2) and all scores have been provided to show the gross risk (risk level at it's highest level without controls), the residual risk (the current risk score with controls) against the risk appetite score of the Council which is currently moderate, as approved within the framework.

As part of risk review, where departmental risks increase to red this is likely to impact on the overall corporate risk linked to that departmental risk.

The risk framework sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

3. Corporate Risk Register

The Corporate Risk Register is a key enabler of the Strategy and Framework and provides assurance on the key risks identified as corporate risks. All risks are now monitored through the Council's Corporate Risk Board which meets every other month. Any significant risk changes raised through the board and flagged in departmental registers are then highlighted to Senior Leadership Team to determine any mitigatory actions.

In quarter 3 there has been a decrease in risk level across two corporate risks as identified in the risk scorecard.

There has been a decrease in risk 2 – Capacity for service delivery, 12 – 9 which has reduced the risk from red to amber. The risk has reduced as a review of staffing need in the service resulted in successful recruitment to a number of new or vacant posts.

The second risk decrease relates to risk 9 ICT – Technology. This is also linked to capacity pressures in ICT which have reduced. This risk level has decreased from 9 – 6 so remains amber but the likelihood has reduced..

No risks have increased in level in this quarter.

The Council's risk appetite is moderate, ideally all risks should be yellow or below, it is however accepted that the Council may take a higher tolerance to risk in some areas versus the reward, this decision is taken on a case by case basis.

The Corporate Risk Register and supporting comments as at the end of March 2025 are appended to this report, and this includes a summary of all control gaps identified on the Council's Corporate Risk Register and any actions added to reduce the risk level further.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report, the report is to provide reporting, in line with the Council's Risk Management Framework which is a requirement of the Accounts and Audit Regulations 2015.

6. Equalities Implications

None arising directly from this report, although EIA of all risks should be considered as part of any actions identified and controls in place.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report, although Carbon Management forms part of the Environment category on the Corporate Risk Register.

8. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 4, period ending 31 March 2025

Appendix 2 - Risk Management Scoring Matrix


Appendix 3 – Risk Definitions

Statutory Officer Approval


Approved by: Chief Financial Officer
Date: 16 June 2025



Approved by: Monitoring Officer
Date: 16 June 2025


Q4 2024/25 Corporate Risks report


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
CR001	Finance	12	4	9		Tina Adams	This refers to the ability of the Council to meet its financial commitments and/or the scale and pace of budget cuts. This relates to income and expenditure and includes internal budgetary pressures, savings/growth considerations, external economic changes etc.	Set budget for 2025/26 and the next medium- term plan (FEB 24) Completed. Agree a set of new efficiencies for delivery (FEB 24). completed Progress individual service budget reviews and zero-based budgeting, Waste competed PASC to be carried out in 2025-26. To be completed 2025/26	The outturn position for 2024/25 was a balanced budget position, however there were still some significant overspends relating to environment staffing and agency budgets. These will be closely managed in 2025/26 as part of the Budget & Performance Board. The overall risk remains high as the medium-term financial plan is still predicated on a significant amount of efficiencies that are not yet fully identified. SLT will be meeting with portfolio holders early in 2025/26 to identify and agree further efficiencies.


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
CR002	Capacity Service Delivery	9	4	9	↓	Mike Hill; Francesca Whyley	This is about ensuring that sufficient capacity is available to deliver services which meet statutory obligations, Council objectives etc and public expectation.	<p>Review of Performance Development review process and roll out of new process (June2025)</p> <p>Review of employee policies including absence management, harassment (July 2025)</p> <p>Review of Learning and development needs across the organisation and review of policy (August 2025)</p>	<p>There has been a restructure of ICT completed and a successful recruitment campaign in quarter 4. Waste have also recruited additional drivers and loaders.</p> <p>The Annual Delivery Plan has been completed focusing actions for the next year in line with capacity to ensure capacity for delivery on key priorities.</p> <p>A review of staffing policies has commenced, succession planning and recruitment and retention is part of the workforce strategy which is being update as part of wider policy change review (actions identified). Whilst not affecting the overall risk level for capacity as yet, there is potentially an emerging risk in relation to</p>


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
									recruitment and retention in light of proposals for Local Government Reform.
CR003	Health & Safety At Work	12	3	9		Francesca Whyley	This refers to Occupational Health & Safety.	<p>Assessment needs to be amended to reflect new management roles the risk assessments reviewed by all (June 2025)</p> <p>Support the roll out of new equipment in waste Services by advising on risk assessments and safe systems of work. (June 2025)</p>	<p>ICT have recruited as such reduced risk around Working Time Directive breach.</p> <p>A programme of internal inspections have been undertaken. managers have been produced with actions for improvement and completion is monitored through the Corporate Risk board.</p> <p>Capacity in the Health and Safety team has been reduced in quarter 4 so risk level has not reduced despite changes to ICT team.</p> <p>No significant health and safety issues reported in quarter 4.</p> <p>Training continues to be delivered to new drivers and loaders at the depot.</p>


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
CR004	Environmental	12	4	9		Francesca Whyley	This refers to the environmental impact on the public – it could be related to virus type illnesses or environmental incidents such as flooding which impact on health or related to events which have an impact on the natural environment such as pollution/contamination	Emergency Plan review to commence June 2025 Review position with LRF and County Council arrangements (June 25). Review of Carbon management Actions (July 2025) Review of Flood response within Parks (August 2025)	Capacity in Emergency Planning has been reduced corporately in quarter 4 but has now improved. Agreed changes to the structure in Parks to be implemented in the next month.
CR005	Contractual Partnerships	12	4	9		Francesca Whyley	This refers to both the risks regarding partnership / contractual activities and the risks associated with the partnership / contract delivering services to the agreed cost and specification.	Deliver contract management training for officers (Sept 2025) Enhancement of due diligence checks with support from Orbis (July 2025)	Significant work completed in this quarter: Contract register updated onto new system and published New procurement partner identified to commence in March 2025 Contracts and Procurement Manager appointed to commence in April 2025.


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
									New Procurement Strategy Adopted March 2025 The implementation of these measures should see a reduction in risk level in the next quarter if the new procurement partnership is effective.
CR006 Page 108	Reputation	12	4	2		Mike Hill; Francesca Whyley	This relates to public perception / expectation and the impact of media attention.	Ensure active engagement in Local Government Re-organisation and effective comms plan (ongoing) Review Communications Plan for both internal and external communications (July 2025)	Review of DBS checks across the organisation and at Councillor level has been completed with a new policy adopted by members in June 2025 and a new policy drafted for staff to be consulted on in the next quarter. Trade Waste communications plan for the new trade waste service was launched, performance of the service will be monitored through Budget and Performance Board. Submission of Interim proposals on Local


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
									Government Reform to Government in March. No change in risk level at this stage but may be changes in the next year depending on outcomes of submission.
CR007	Infrastructure Assets	16	4	12		Mike Hill; Francesca Whyley	This looks at the loss, protection and damage of physical assets and takes into account the need to maintain, protect, insure and plan for unexpected loss.	<p>Asset management strategy to be completed. (SEP 25)</p> <p>Procure and asset management system (DEC 25)</p> <p>Review temporary accommodation for suitability and establish maintenance programme. (AUG 25)</p> <p>Maintenance and compliance schedules to be combined across Leisure, properties and Housing. (AUG 25)</p> <p>Progress demolition of large garage to</p>	<p>A central asset list has been developed to start the strategy writing process, but a completed strategy will not be done until later in the year. Condition surveys of Temporary Accommodation are being procured, and the results will feed into the maintenance policy which is being drafted. The demolition of the large shed at the depot has been out to procurement with works due to be undertaken in the next quarter. Need to continue to liaise with County Council as initial works to resolve</p>


Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
								support depot improvements. (JUN 25) Further engagement with County on drainage issues (ongoing)	drainage issues at Carlton Forum have not reduced the risk as much as anticipated. Further works likely.
CR008 Page 110	Legislative	12	4	6		Francesca Whyley	This refers to changes to and breaches of current law leading to additional workloads, fines, intervention by regulatory bodies etc.	Project Plan to be developed for future waste changes for simpler recycling March 2026 and Food Waste October 2027 (JAN 25)	Staffing review in waste completed and additional posts recruited to. Wider structure changes at the Depot have been made to improve the level of operational management across waste, fleet and parks and street care. Trade waste changes implemented, and project closed down, ongoing performance to be tracked through Budget and performance board. Work undertaken in readiness for Procurement Act introduction with new rules adopted in January

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
Page 111									<p>2025 and significant work undertaken to train officers on the new legislation.</p> <p>Risk has reduced slightly but horizon scanning has identified emerging risks next quarter in relation to the introduction of Martyn's Law and potential changes to Equality Commissions guidance on the provision of facilities and Local Government Reorganisation, so risk level held.</p>
	CR009	ICT Technology	12	4	6		Kate Lindley; Francesca Whyley	<p>This relates not only to the impact of Internal technology failure but also changing technological demands and the ability to meet the pace and scale of change.</p> <p>Review cyber security risk register (JUL 25)</p> <p>Review ICT policies (AUG 25)</p>	<p>There has been a re-structure and successful recruitment drive within ICT which has lowered the overall risk around capacity and by extension ICT support.</p> <p>Work is ongoing on cyber-security with an update to be provided to Committee in the next quarter.</p>

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
									A huge amount of work is underway across ICT and Transformation to support implementation of a new Customer relationship management System and waste and Parks System.
CR010 Page 112	Projects	12	4	6		Mike Avery; Kate Lindley; Francesca Whyley	This relates to the effective management of projects to achieve delivery that is on time, to budget and that meet the needs of the organisation.	<p>Review of project management templates and documentation to incorporate risk framework. (JUN 25)</p> <p>Establishment of corporate reporting mechanism for major contracts through making meetings matter project (JUN 25)</p> <p>Development of dashboard data to track project performance as part of status updates. (OCT 25)</p>	<p>Financial regulations Training delivered to officers.</p> <p>Connected Council Board stood up to have oversight of the status of projects and work programmes and agree any new projects.</p> <p>Regular meetings with Cabinet set up to track progress on projects and work programmes.</p> <p>Further work needed to align project risks with corporate risks.</p> <p>No significant risks to projects in quarter 4.</p>

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
CR011	Fraud Bribery Misconduct	12	4	9		Tina Adams	Relates to improper actions committed against the Council either internally or by third parties. Including frauds, bribery, money laundering and misconduct e.g., theft, falsification of timesheets.	<p>Renew Anti-Fraud Strategy – (March 2025) – slipped to July 25 to correspond with the Internal audit</p> <p>Compile a Fraud Action Plan – (March 2025)</p> <p>Monitor take up of training – (Jan 2025)</p> <p>Fraud Communication on Staff Intranet – every 3 months</p> <p>Review, revise and publicise Fraud Response Plan – (March 2025)</p> <p>In Person training to be undertaken for staff who don't have access to a computer – (March 2025)</p> <p>Forensic review of other ICT systems</p>	<p>No New instances of Fraud or misconduct have occurred in quarter 4. No whistleblowing instances in quarter 4 related to potentially fraudulent activity.</p> <p>The 21/22, 22/23 & 23/24 accounts have all been signed off by the External Auditors a disclaimed opinion has been given both due to the recent fraud and the audit. backstop. arrangements.</p> <p>The fraud strategy will be updated in 2025/6 to coincide with the internal audit which will result in a new revised fraud action plan.</p> <p>The number of people who have completed the online training is 327 users out of 360 FTE's. Fraud</p>

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
								including Civica – (March 2025) User Access review and centralisation (July 2025) – on target	training communication will be rolled out again in June, September and December 2025 to remind those who need to renew their training in 2025/26. Manual training to staff without PCs will be rolled out in the summer of 2025.
R012	Service Standards Performance Management	9	4	4		Francesca Whyley	This relates to the setting of acceptable standards and levels of output for a service area and the processes put in place to ensure these are delivered and managed appropriately	Programme of equality/Diversity and Inclusion training to be developed for frontline staff, managers and Councillors – December 2025 Review performance reports and presentation to align with delivery plan actions and budget (AUG 2025)	Significant work undertaken in quarter 4 Budget and Performance Board established and now running to monitor performance and budget and providing effective engagement with Assistant Directors and managers. The Annual Delivery Plan has been agreed for 2025/26 providing a change to service planning approach. A new set of strategic and operational key

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
Page 115								Create centralised training needs analysis and plan (JUL 25) Review Employee/manager and Leader Standards (Jun 2025)	performance indicators have been collated through the Budget and performance board for approval for 2025/26. Staff in the depot have received training on new Whitespace system and wider digital skills, more to be delivered in quarter 1. Risk level remains the same but is within risk tolerance. Review of employee standards was commenced with amended standards agreed in May 2025.
	CR013	Information Data	12	4	9		Kate Lindley; Francesca Whyley	Security – this relates to physical and IT security on site and in-transit or inappropriate disclosure of information. Create Register of Processing Activity in line with audit recommendations (JUN 25)	New data Protection Training has been rolled out to staff. Training has been developed on DPIAs and

Code	Corporate Risk	Gross Risk	Risk Appetite	Current Risk Score	Trend Icon	Assigned To	Description	Further Action	Q4 Review
								<p>Review of Identification and Verification processes across the Council, standard process to be agreed (JUN 25)</p> <p>Review Retention policies (JUL 25)</p> <p>Review DPIA processes and raise awareness (JUN 25)</p>	<p>will be rolled out early in quarter 1.</p> <p>ROPA is being developed but not yet finalised.</p> <p>Identification and Verification process to be progressed next quarter.</p>

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX AND RISK APPETITE

	Minor/Non-Disruptive Impact (1)	Moderately Disruptive Impact (2)	Serious Consequences (3)	Major Consequences (4)
Very Likely (4)	4 (Yellow)	8 (Orange)	12 (Red)	16 (Red)
Probable (3)	3 (Yellow)	6 (Orange)	9 (Orange)	12 (Red)
Possible (2)	2 (Green)	4 (Yellow)	6 (Orange)	8 (Orange)
Unlikely (1)	1 (Blue)	2 (Green)	3 (Yellow)	4 (Yellow)

Risk Levels	Colour
Negligible Risk	Blue
Low Risk	Green
Modest Risk	Yellow
Medium Risk	Orange
High Risk	Red

APPENDIX 3 – RISK DEFINITIONS

LIKELIHOOD

4	Very Likely >90%	<ul style="list-style-type: none"> Event expected to occur. Has occurred and will continue to do so without action being taken. Indication of imminent occurrence There are external influences which are likely to make our controls ineffective
3	Probable 60-90%	<ul style="list-style-type: none"> There is a moderate exposure to the risk. Reasonable to expect event to occur within a year. Has occurred in the past. Is likely to occur within the Council's planning cycle. There are external influences which may reduce effectiveness of controls
2	Possible 30-60%	<ul style="list-style-type: none"> There is a low exposure to the risk. Little likelihood of event occurring - 1 in 10 years There is a potential for external influences which may reduce effectiveness of controls
1	Unlikely 0-30%	<ul style="list-style-type: none"> Extremely remote Not expected to occur but may do so in exceptional circumstances - 1 in 100 years. There are few or no external influences which may reduce effectiveness of controls

IMPACT

Score	Description	Indicative Guidelines
4	Major Consequences	<p>The consequence is so bad that urgent action must be taken to improve the situation or prevent it worsening. External support from the Government or other agencies is likely to be needed:</p> <ul style="list-style-type: none"> Catastrophic loss, delay, or interruption to services Level of financial loss, additional costs, or loss of assets which the Council is unable to resource without additional Government/External support.

		<ul style="list-style-type: none"> • One off event which would de-stabilise the Council over several years. • The risk will cause the objective not to be reached, causing damage to the organisation's reputation. • Will attract medium to long-term attention of legislative or regulatory bodies. • Major complaints • Significant adverse media interest • Death or life-threatening injury
3	Serious Consequences	<p>The consequences are sufficiently serious to require attention by Cabinet and/or full Council:</p> <ul style="list-style-type: none"> • Loss of key assets or services for an extended time period. • Longer term impact on operational efficiency or performance of the Council or crucial service areas • Financial loss, additional costs or loss of assets which would need a Council decision as the scale of the loss would be outside the Council's budget & policy framework. • The risk would destabilise the Council in the short term. • The intended objectives are unlikely to be met leading to negative impact on the Council's reputation and a significant number of complaints. • Will lead to attention for regulators and External Auditors for a significant time. • Major accident/injuries (but not life-threatening)
2	Moderate/ Disruptive	<p>The consequence is sufficient to require attention by Leadership Team and cannot be managed within a Service Area</p> <ul style="list-style-type: none"> • Significant loss, delay, or interruption to a service. • Medium term impact on operational efficiency or performance • Financial loss, additional costs or loss of assets that is within the Council's budget & policy framework but needs a Statutory Officer decision, Leadership Team decision, Cabinet decision or needs to be drawn to Cabinet's attention.

		<ul style="list-style-type: none"> • The risk will cause some elements of the objective to be delayed or not achieved, causing potential damage to the organisation's reputation. • May attract medium to short term attention of legislative or regulatory bodies. • Significant complaints • Serious accident / injury (but not life threatening)
1	Minor/Non-Disruptive	<p>The consequences can be dealt with as part of the normal day-to-day business by the Team Manager and the Head of Service:</p> <ul style="list-style-type: none"> • Minor loss, delay, or interruption to services • Short term impact on operational efficiency or performance • Negligible financial loss • The risk will not substantively impede the achievement of the objective, causing minimal damage to the organisation's reputation. • No or minimal external interest. • Isolated complaints • Minor accident / injury