

The Arc  
High Street  
Clowne  
S43 4JY

To: Chair & Members of the Audit  
Committee

Wednesday 21st January 2026

Contact: Alison Bluff  
Senior Governance Officer  
Telephone: 01246 242528  
Email: [alison.bluff@bolsover.gov.uk](mailto:alison.bluff@bolsover.gov.uk)

Dear Councillor

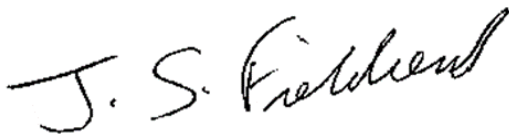
**AUDIT COMMITTEE**

You are hereby summoned to attend a meeting of the Audit Committee of the Bolsover District Council to be held in the Council Chamber on Thursday 29th January 2026 at 10:00 hours.

Register of Members' Interests - Members are reminded that a Member must within 28 days of becoming aware of any changes to their Disclosable Pecuniary Interests provide written notification to the Authority's Monitoring Officer.

You will find the contents of the agenda itemised on page 3.

Yours faithfully



Solicitor to the Council & Monitoring Officer

## **Equalities Statement**

Bolsover District Council is committed to equalities as an employer and when delivering the services it provides to all sections of the community.

The Council believes that no person should be treated unfairly and is committed to eliminating all forms of discrimination, advancing equality and fostering good relations between all groups in society.

### **Access for All statement**

You can request this document or information in another format such as large print or **language** or contact us by:

- **Phone:** [01246 242424](tel:01246242424)
- **Email:** [enquiries@bolsover.gov.uk](mailto:enquiries@bolsover.gov.uk)
- **BSL Video Call:** A three-way video call with us and a BSL interpreter. It is free to call Bolsover District Council with Sign Solutions, you just need Wi-Fi or mobile data to make the video call, or call into one of our Contact Centres.
- Call with [Relay UK](#) - a free phone service provided by BT for anyone who has difficulty hearing or speaking. It's a way to have a real-time conversation with us by text.
- **Visiting** one of our [offices](#) at Clowne, Bolsover, Shirebrook and South Normanton

## **AUDIT COMMITTEE AGENDA**

***Thursday 29th January 2026 at 10:00 hours taking place in the Council Chamber,  
The Arc, Clowne***

<b>Item No.</b>		<b>Page No.(s)</b>
<b>1.</b>	<b>Apologies For Absence</b>	
<b>2.</b>	<b>Urgent Items of Business</b>  To note any urgent items of business which the Chair has consented to being considered under the provisions of Section 100(B) 4(b) of the Local Government Act 1972.	
<b>3.</b>	<b>Declarations of Interest</b>  Members should declare the existence and nature of any Disclosable Pecuniary Interest and Non Statutory Interest as defined by the Members' Code of Conduct in respect of:  a) any business on the agenda b) any urgent additional items to be considered c) any matters arising out of those items and if appropriate, withdraw from the meeting at the relevant time.	
<b>4.</b>	<b>Minutes</b>  To consider the minutes of the last meeting held on 25 <sup>th</sup> September 2025  <b><u>REPORTS OF THE COUNCIL'S EXTERNAL AUDITOR FORVIS MAZARS</u></b>	4 - 10
<b>5.</b>	<b>Auditors Annual Report 2024/25</b>  <b><u>REPORTS OF THE INTERNAL AUDIT CONSORTIUM MANAGER</u></b>	11 - 44
<b>6.</b>	<b>Proposed External Review of Internal Audit</b>	45 - 50
<b>7.</b>	<b>Summary of Progress on the 2025/26 Internal Audit Plan</b>	51 - 102
<b>8.</b>	<b>Implementation of Internal Audit Recommendations</b>  <b><u>REPORT OF THE SECTION 151 OFFICER</u></b>	103 - 124
<b>9.</b>	<b>Accounting Policies 2025/26</b>	125 - 152

## AUDIT COMMITTEE

Minutes of a meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Thursday 25<sup>th</sup> September 2025 at 1000 hours.

### **PRESENT:-**

Members:-

Councillor Catherine Tite in the Chair

Councillors:- Steve Fritchley, Rob Hiney-Saunders and Cathy Jeffery, and Ruth Jaffray (Coopted Member).

Officers:- Steve Brunt (Strategic Director of Services), Theresa Fletcher (Section 151 Officer), Jim Fieldsend (Monitoring Officer) and Alison Bluff (Senior Governance Officer).

Also in attendance at the meeting was James Collins, Engagement Director (Forvis Mazars).

### **AUD14-25/26.**

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received on behalf of Councillors Tom Kirkham and Carol Wood.

### **AUD15-25/26.**

### **URGENT ITEMS OF BUSINESS**

There were no urgent items of business to consider.

### **AUD16-25/26.**

### **DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **AUD17-25/26.**

### **MINUTES – 7TH JULY 2025**

Moved by Councillor Steve Fritchley and seconded by Cathy Jeffery

**RESOLVED** that the Minutes of a Climate Change and Communities Scrutiny Committee held on 7<sup>th</sup> July 2025 be approved as a true record.

### **AUD18-25/26.**

### **STRATEGIC RISK REGISTER AND PARTNERSHIP ARRANGEMENTS**

Committee considered a verbal update from the Strategic Director of Services in relation to the Council's Risk Management Strategy.

The Risk Management Group were currently reviewing and updating the strategy and the Strategic Director of Services circulated a copy of the developing document to the meeting for Audit Committee Members' consideration.

## **AUDIT COMMITTEE**

There were currently 20 identified strategic risks on the register with some of these risks being daily risks whilst others were project based. The Risk Management Group ensured that these risks were managed, reviewed and arrangements in place were fit for purpose.

The Strategic Director of Services further circulated an Annual Government Risk Report to the meeting which had been received from Forvis Mazars, the Council's External Auditors.

Further to a Member's query, the Strategic Director of Services advised Members that once a risk had happened, it stayed on the risk register and continued to be monitored along with the ongoing work involved to address the risk which had taken place.

In response to a query from the Chair, the Strategic Director of Services confirmed that strategic risk updates would be included on future Audit Committee agendas.

Moved by Councillor Catherine Tite and seconded by Councillor Rob Hiney-Saunders  
**RESOLVED** that the report be noted.

### **REPORTS OF THE COUNCIL'S EXTERNAL AUDITOR MAZARS**

#### **AUD19-25/26.                      AUDIT STRATEGY MEMORANDUM YEAR ENDING 31ST MARCH 2025**

Presented by James Collins, Engagement Director from Forvis Mazars, Committee considered their Audit Strategy Memorandum for the year ending 31<sup>st</sup> March 2025.

The report was prepared solely for the use and benefit of Audit Committee and summarised Forvis Mazars audit approach, including the significant audit risks and areas of key judgement they had identified.

The report provided details of Forvis Mazars' engagement and responsibilities with the Council, their audit scope, approach and timeline, materiality and misstatements, significant risks and other key judgement areas, value for money, audit fees and other services and confirmation of Forvis Mazars' independence.

A short discussion took place in relation to risk.

Moved by Councillor Catherine Tite and seconded by Councillor Rob Hiney-Saunders  
**RESOLVED** that the report be noted.

### **REPORT OF THE SECTION 151 OFFICER**

#### **AUD20-25/26.                      STATEMENT OF ACCOUNTS 2024/25**

Committee considered a detailed report, presented by the Section 151 Officer, which provided an update to Members on the latest position regarding Local Audit Delays.

The report also sought Members' approval for the draft (unaudited) Statement of Accounts for 2024/25.

## AUDIT COMMITTEE

### Local Audit Delays

The system of Local Authority financial statement audits was operating under a system of statutory backstop dates. The backstop dates were a nationwide measure to address the backlog of incomplete audits of financial statements across local government in England and had been introduced as a way to reset the system and assist a return to a regular process of timely audit and publication of financial statements.

However, the Council's financial statements had never been part of this backlog and only the latest years' financial statements were not yet audited.

### 2023/24 Financial Statements

The backstop date for the sign off of the Council's 2023/24 financial statements was 28<sup>th</sup> February 2025. The Council received Dragonfly's audited financial statements from their auditors during February 2025. Forvis Mazars had been unable to complete the audit procedures necessary to obtain sufficient appropriate audit evidence on which to base an opinion before the date the Council had to publish the financial statements for 2023/24. Therefore, Forvis Mazars had given a disclaimer of opinion on the Council's financial statements for 2023/24 (which included group accounts for the first time), on 21<sup>st</sup> February 2025. Finance staff were working with Forvis Mazars to rebuild assurance over the Council's group financial statements.

### 2024/25 Statement of Accounts

Appendix 1 to the report contained the Council's draft (unaudited) Statement of Accounts for 2024/25. These were published on the Council's website on 19<sup>th</sup> June 2025 against the statutory deadline of 30<sup>th</sup> June 2025.

Forvis Mazars started their 2024/25 audit at the beginning of September; it was therefore possible that changes to the attached Statement of Accounts would be requested by them. Given the possibility that any issues raised may require the Statement of Accounts to be amended, it was recommended that delegated powers be given to the Section 151 Officer, in consultation with the Chair or Vice Chair of Audit Committee, to agree any final changes to the Statement of Accounts 2024/25. It should be noted that the only changes made under these delegated powers would relate to amendments agreed with the Council's external auditors Forvis Mazars.

Moved by Councillor Steve Fritchley and seconded by Councillor Rob Hiney-Saunders  
**RESOLVED** that 1) the Statement of Accounts in respect of 2024/25, be approved,

2) delegated powers are granted to the Section 151 Officer, in consultation with the Chair or Vice Chair of Audit Committee, to agree any final changes to the Statement of Accounts 2024/25, and that only changes made under these delegated powers relate to amendments agreed with the Council's external auditors Forvis Mazars, to ensure the completion of the Statement of Accounts by 27<sup>th</sup> February 2026.

## AUD21-25/26.

## ASSESSMENT OF GOING CONCERN STATUS

Committee considered a detailed report, presented by the Section 151 Officer, which provided information on the Section 151 Officer's assessment of the Council's Going Concern status for the purposes of producing the Statement of Accounts for 2024/25.

The concept of a going concern assumed that an authority, its functions and services, would continue in operational existence for the foreseeable future. This assumption

## AUDIT COMMITTEE

underpinned the Statement of Accounts drawn up under the Local Authority Code of Accounting Practice and was made because local authorities carried out the functions essential to the local community and were themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

Where the assessment determined the going concern status was not proven, particular care would be needed in the valuation of assets, as inventories and property, plant and equipment may not be realisable at their book values and provisions may be needed for closure costs or redundancies. An inability to apply the going concern concept would potentially have a fundamental impact on the financial statements.

As with all principal local authorities, the Council was required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2024/25 (hereafter referred to as the Code) which is published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code, the Council's Statement of Accounts was prepared assuming that the Council would continue to operate for the foreseeable future, and that it was able to do so within the current and anticipated resources available. By this, it was meant that the Council would realise its assets and settle its obligations in the normal course of business.

Given the significant reduction in funding for local government in recent years, and the potential threat this posed to the ongoing viability of councils as a consequence, external auditors continued to place a greater emphasis on local authorities undertaking an assessment of the going concern basis on which they prepared their financial statements.

The main factors which underpinned this assessment were:

- The Council's current financial position;
- The Council's balance sheet;
- The Council's cash flow;
- The Council's projected financial position;
- The Council's governance arrangements;
- The regulatory and control environment applicable to the Council as a local authority.

Following the undertaking of the going concern assessment, the Section 151 Officer considered that having regard to the Council's arrangements and such factors as highlighted in the report, that the Council remained a going concern and the Council's accounts for 2024/25 had appropriately been prepared on this basis. The report gave the assessment by the Council's Section 151 Officer in support of presenting the Accounts for approval and provided assurance to Forvis Mazars, the Council's external auditor.

Moved by Councillor Catherine Tite and seconded by Councillor Rob Hiney-Saunders  
**RESOLVED** that Audit Committee accepted the outcome of the assessment of the Council's going concern status for the purposes of preparing the Statement of Accounts for 2024/25.

## **AUDIT COMMITTEE**

**AUD22-25/26.**

### **AUDIT COMMITTEE ANNUAL REPORT 2024/25**

Committee considered a detailed report, presented by the Section 151 Officer, which provided information on how the Committee had complied with the Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement: Audit Committees in Local Authorities and Police 2022.

During 2022, CIPFA updated its 2018 Position Statement to include new expectations in England following the Redmond Review. All authorities and police bodies were encouraged to use the publication to review and develop their arrangements in accordance with the Position Statement.

Audit Committees were a key component of an authority's governance framework. Their purpose was to provide an independent and high-level focus on the adequacy of governance, risk, and control arrangements. The Committee's role in ensuring that there was sufficient assurance over governance, risk and control gave greater confidence to all those charged with governance that those arrangements were effective.

In a local authority, full Council was the body charged with governance. The Audit Committee may be delegated some governance responsibilities but would be accountable to full Council. The Committee had oversight of both internal and external audit, together with the financial and governance reports, helping to ensure that there were adequate arrangements in place for both internal challenge and public accountability.

The Committee should include co-opted independent members in accordance with the appropriate legislation. Where there was no legislative direction, CIPFA recommended that each authority should include at least 2 co-opted independent members to provide appropriate technical expertise.

The specific responsibilities of Audit Committee included maintenance of governance, risk, and control arrangements; financial and governance reporting; establishing appropriate and effective arrangements for audit and assurance.

During 2024/25, Audit Committee Members received a range of reports - some were routine reports for monitoring, others were to provide information and guidance to help Members of the Audit Committee carry out their role effectively.

During 2024/25, the Committee received the following reports:

- External Auditor's annual report 2022/23
- Report of the External Auditor, Audit Strategy Memorandum
- Report of the Internal Auditor, Summary of progress on the Internal Audit plan– quarterly reports
- Implementation of Internal Audit recommendations – ½ yearly report
- Internal Audit Consortium – annual report 2023/24
- Strategic Risk Register and Partnership Arrangements report
- Forvis Mazars report to those charged with Governance (audit completion report)
- Assessment of Going Concern Status
- Review of the Internal Audit Charter
- Report of the External Auditor – External Audit progress report July 2024



## **AUDIT COMMITTEE**

- BDC Statement of Accounts 2023/24
- Annual Governance Statement and Local Code of Corporate Governance 2023/24
- Accounting Policies 2024/25
- Report of the Internal Auditor, Internal Audit plan
- Report of the Internal Auditor, Global Internal Audit Standards
- Annual report of the Committee
- Local Audit Delays – Update
- Member Training 2024/25 - Member discussion

### Audit Committee's Main Achievements/Outcomes

The Committee aimed to add value through its activity and in particular had:

- Scrutinised the statement of accounts prior to approval thereby ensuring that they are an accurate reflection of the Council's finances.
- Reviewed the Code of Corporate Governance and approved the Annual Governance Statement to ensure it is a true and fair view of the Council's governance and risk management arrangements.
- Reviewed the strategic risk register to ensure that risks are being appropriately mitigated thus providing additional assurance that risk is being managed appropriately.

Moved by Councillor Catherine Tite and seconded by Councillor Cathy Jeffery  
**RESOLVED** that the report be noted.

## **REPORT OF THE DIRECTOR GOVERNANCE, LEGAL SERVICES & MONITORING OFFICER**

### **AUD23-25/26.**

### **ANNUAL GOVERNANCE REPORT 2024/25**

Committee considered a report which sought Members approval to the conclusions and content of the Annual Governance Statement which it was proposed to be incorporated within the Council's Statement of Accounts for 2024/25. Members approval was also sought for the revised Code of Corporate Governance.

The report also raised awareness of governance issues amongst Members and Employees of the Council, and more generally amongst all stakeholders.

As part of its Statement of Accounts, the Council was required to include an Annual Governance Statement. Preparation of the Statement needed to be undertaken in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives and Senior Managers (SOLACE) framework, which sets out the fundamental principle of corporate governance that needed to be addressed. The CIPFA / SOLACE Framework set out the core principles which Authorities should follow.

One of the main purposes of the Annual Governance Statement was to assess the extent to which the key principles were in place within an authority and were adhered to in practice. In short it was an annual assessment process for the Council's governance

## AUDIT COMMITTEE

arrangements. As part of the process, Audit Committee would also be requested to give consideration to the Council's updated Code of Corporate Governance.

The Annual Governance Statement, together with the Code of Corporate Governance, were corporate documents which must be owned by the whole organisation.

The Draft Annual Governance Statement for consideration and approval was attached at Appendix 1 to the report. However, it was possible there may be a requirement to make some final changes before the Statement of Accounts was authorised for issue by the Section 151 Officer. It was therefore recommended that delegated powers be given to the Section 151 Officer, in consultation with the Chair or Vice Chair of the Committee, to agree any final changes. It should be noted that the only changes that would be made under these delegated powers would relate to amendments agreed with the Council's external auditors Forvis Mazars.

Section 4 of the Annual Governance Statement showed that the review supported the assessment that there were appropriate governance arrangements in place and they were fit for purpose. Where significant issues had been identified, the Statement noted that these would be addressed to ensure governance arrangements remained robust.

In response to a Member's query, the Monitoring Officer advised that the reporting route for the Annual Governance Statement was the Audit Committee.

Moved by Councillor Catherine Tite and seconded by Councillor Rob Hiney-Saunders  
**RESOLVED** that 1) the draft Annual Governance Statement as set out in Appendix 1 to the report be noted,

2) having reviewed the effectiveness of the Governance Framework, Audit Committee were satisfied that the Council's governance and internal control arrangements were fit for purpose,

3) delegated powers are granted to the Section 151 Officer, in consultation with the Chair or Vice Chair of the Audit Committee, to agree any changes which may be necessary in order to ensure the finalisation of the external audit currently being concluded by the Council's external auditors Forvis Mazars, to ensure completion of the Statement of Accounts by the statutory deadline of 27<sup>th</sup> February 2026.

The meeting concluded at 1037 hours.



11

# Auditor's Annual Report **(DRAFT)** Bolsover District Council– year ended 31 March 2025

January 2026

Agenda Item 5

# Contents

- 01 Introduction
- 02 Audit of the financial statements
- 03 Commentary on VFM arrangements
- 04 Other reporting responsibilities
- 05 Audit fees and other services
  
- A Appendix A: Further information on our audit of the Council’s financial statements

Our reports are prepared in the context of the ‘PSAA Statement of Responsibilities of Auditors and of Audited Bodies’ and the ‘Appointing Person Terms of Appointment’ issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Bolsover District Council. It has been prepared for the sole use of Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

# 01

## Introduction

# Introduction

## Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Bolsover District Council (‘the Council’) for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

At the time of drafting this report our audit work is ongoing. We expect to conclude our work by the February 2026 backstop.



### Reporting to the group auditor

In line with group audit instructions issued by the NAO, we have undertaken work on the Council’s Whole of Government Accounts (WGA) return in line with their instructions. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.



**Value for Money arrangements** Our work is ongoing but to date we have not identified any additional risk of significant weakness in arrangements. However, our work is ongoing and we will revisit should information come to our attention which indicates evidence of a significant weakness after issuing this draft report.

# 02

## Audit of the financial statements

# Audit of the financial statements

## Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2025 and of its financial performance for the year then ended. **At the time of drafting this Report our audit of the financial statements is ongoing. We expect our audit report will be issued by February 2026.**

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A.  
**We will conclude on these in our final report in February 2026. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.**

## Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Council
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting



# Status of our audit

Our audit work is substantially complete. The table below summarises the Council’s most significant classes of transactions, account balances, and disclosures for which audit work is in progress.

## Valuations

We are waiting response of some queries from the valuer at the time of writing this report.



## Group Consolidation

We are waiting response of some queries from the Council at the time of writing this report.



## Audit Quality Control and Completion procedures

Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks.

In addition, there are a small number of residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion and obtaining final management representations.



## VFM

We issued our draft Auditors Annual Report in November 2025. At the time we had not concluded whether the significant risk identified in our 2023/24 work continued to exist in 2024/25. Our work on group consolidation is ongoing so we have not yet concluded our work. We will report to Members in February our final position.



### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.



Work on value for money arrangements

## Rebuilding assurance

We have completed our initial risk assessment on rebuilding assurance and discussed with the management. We are currently undertaking procedures to rebuild assurance on the 2023/24 closing balances. Our work is subject to internal consultation to ensure our audit report reflects the assurance that we have obtained. At this stage we anticipate a modified opinion associated with prior year balances, however this is subject to satisfactory completion of our audit procedures. We expect to conclude this work by the February backstop and we will present our Audit Completion Report to Members of the Audit Committee.

# 03

Our work on Value for Money  
arrangements

# VFM arrangements

## Overall Summary


19





# VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- 

**Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- 

**Governance** - How the Council ensures that it makes informed decisions and properly manages its risks.
- 

**Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 22.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

# VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 <b>Financial sustainability</b>	11	No	No	No
 <b>Governance</b>	14	No	See page 21 for follow up on previous years weakness	No
 <b>Improving economy, efficiency and effectiveness</b>	17	No	No	Yes – see commentary on page 19



# VFM arrangements

## Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



# VFM arrangements – Financial Sustainability

## Overall commentary on Financial Sustainability

### Position brought forward from 2023/24

There are no indications of a significant weakness in the Council’s arrangements for financial sustainability brought forward from 2023/24. The Council’s underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

### Overall responsibilities for financial governance

We have reviewed the Council’s overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2024/25. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plan to best meet the needs of the Council’s service users.

### The Council’s financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements to date, we are satisfied that the Council’s arrangements for budget monitoring remain appropriate, including reporting to Members. In January 2024 the council presented the Medium Term Financial Plan (MTFP) which showed a balanced budget for 2024/25. In its MTFP the council projected deficits where this would be funded by contributions from reserves, below we have figures from the revised budget for 2024/25.

Year	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m
Total Spending requirement	19.291	19.717	13.852	14.024	15.159
Total Funding	19.291	19.717	13.852	14.024	14.206
Funding Gap (Surplus)	0	0	0	0	0.953

### 2024/25 Budget Setting and the Medium-Term Financial Plan

In developing the financial projections, the Council made several assumptions. The major assumptions included staffing budgets which estimated future pay awards. Investment income as a result of treasury management decisions has been increased slightly in all years of the MTFP as interest rates are expected to rise. Inflation specific budgets such as energy costs and fuel were amended to reflect anticipated price changes and continued inflationary pressures. The Council also updated the budget for agreed changes to fees and charges. Our review of the MTFP and outturn did not identify evidence to indicate a significant weakness in arrangements.

In 2022/23 the Council acquired an interest in a subsidiary Dragonfly Development Limited (DDL) which was intended to improve the Council’s provision of sustainable housing in the Bolsover district. A full business case was approved by Council in February 2022. Through review of the 2022/23 MTFP we noted the budget did not include any income and expenditure related to DDL. Consequently, recommendations were made in both 2022/23 and 2023/24 to incorporate DDL’s financial activity into the MTFP. In 2024/25 the Council has still not included income and expenditure of DDL in MTFP. However following the independent review of Dragonfly companies, the Council has approved bringing the Dragonfly companies back in-house. Given the decision to integrate Dragonfly into the Council’s operations, no further recommendation has been raised as additional income and expenditure from Dragonfly is now expected to be limited in the MTFP.

We have confirmed that a monthly delivery update on Dragonfly is reported to Local Growth Scrutiny Committee. Additionally, the Executive Committee in year started receiving quarterly target performance report of Dragonfly starting Q2 24-25. Based on work completed for the year ended 31 March 2025 we have not identified any matters to indicate any significant weakness in arrangements.

# VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria – continued

### 2024/25 Statement of Financial Position and Outturn Report

The Council reported its financial outturn position in the 2024/25 Statement of Accounts. The General Fund balance has decreased to £2.001m in line with the MTFP. This was mainly caused by a £0.683m underspend on salaries through vacancies.

Directorates	Budget £m	Outturn £m	Variance £m
Community services Directorate	9.159	8.259	(0.900)
Corporate Resources Directorate	1.666	1.455	(0.211)
Dragonfly Services	2.886	2.581	(0.305)

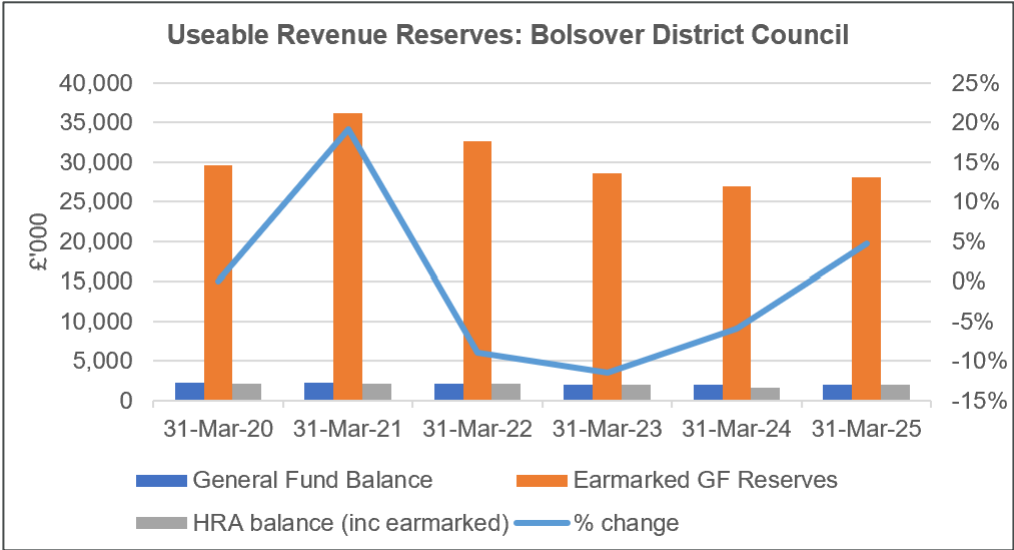
We carried out a high-level analysis of the financial statements subject to our audit, including the Movement in Reserves Statement and our work has not highlighted any risks of a significant weakness in arrangements or indicators of a risk to the Council's financial sustainability.

The Council's usable reserves increased by £3.677m from £49.692m to £53.369 in 2024/25, with:

- General Fund & Earmarked Reserves of £31.516m, up from £30.571m in the prior year
- HRA Reserve of £3.868m, up from £3.186m in 2023/24
- Capital Reserves of £17.985m, up from £15.935m in 2023/24

The purpose of the Council's general fund reserve is to meet costs arising from any unplanned or emergency events. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years. Whereas earmarked reserves, are set aside for specific purposes.

Through a review of the financial statements, we have considered the Council's revenue reserves over time as shown in the charts below. Overall, we are satisfied that the Council's overall reserves position does not indicate any evidence of a risk of significant weakness in arrangements to secure financial sustainability.



**Overall, we have not identified a significant weakness in the Council's arrangements relating to Financial Sustainability criteria for the year ended 31 March 2025.**



# VFM arrangements

## Governance

How the body ensures that it makes informed decisions and properly manages its risks

25



# VFM arrangements – Governance

## Overall commentary on Governance

### Position brought forward from 2023/24

The Council's arrangements are not significantly changed since the prior year. In our 2023/25 Auditors Annual Report we reported a significant weakness in arrangements associated with the governance criteria. On page 22 we provide further detail.

### The Authority's governance structure

We confirmed the Council has approved and adopted a Code of Corporate Governance which has been designed to be consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) - the 'Delivering Good Governance in Local Government Framework' 2016 edition. The Council is responsible for putting in place proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions. This governance arrangement is detailed in the Councils Constitution and the summary is included in the Annual Governance Statement. The Council's governance prioritises, as identified in the Framework and Constitution, are:

- Customers,
- Economy,
- Environment; and
- Housing

We have attended the Council's Audit Committee meetings; we have reviewed minutes from the different committees and considered against our understanding of the Council as part of our audit. Our review of Council and Committee papers confirms that a template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. We confirmed minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made. Based on our work, we are satisfied there is no evidence of a weakness in the Council's governance arrangements.

The Annual Governance Statement (AGS) is a critical component of the Council's governance arrangements. It is a self-assessment by the Council on its governance, assurance and internal control frameworks for the financial year. While some governance issues have been identified, measures have been implemented to mitigate or minimise the risks associated. Our review of the AGS has not highlighted any risks of significant weakness and we have confirmed that disclosures are in line with the internal audit consortium annual report 2024-25.

### Risk management and internal control

The Council has an established risk management framework and systems in place which are built into the governance structure of the organisation. The Council has embedded risk management by the establishment of a Risk Management Group which is led by Members and attended by senior officers, Internal Audit and health and safety officers. The Group regularly reviews all risk registers, offering challenge to the assessment process.

The Group leads on the development and review of all risk related policies, plans and strategies across the Council. These are supported by a Risk Management Strategy which are designed to identify and mitigate the strategic and operational risks. We confirmed the Risk Management framework includes a quarterly reporting process to Audit Committee.

The Risk Management approach, both in the identification of risks and the action taken to address risks, is designed to be flexible and have the ability to respond to change. This includes responding to changing national policies, service delivery arrangements, local circumstances, together with Council priorities. The Council's risk management focus and arrangements are designed to ensure current threats and opportunities are effectively addressed and not stifled by inappropriate risk management arrangements.

We have reviewed the risk register and confirmed risks are reviewed regularly, with each strategic risk identified being assigned a 'risk owner' to ensure there is ownership and accountability. The 'risk owners' are expected to review their allocated strategic risks at quarterly intervals. Additionally, the strategic risks are also communicated to the Audit Committee for additional scrutiny and assurance.

Internal Audit is provided on a consortium basis for Bolsover District Council, North East Derbyshire District Council and Chesterfield Borough Council. The Internal Audit Charter describes the purpose, authority and principal responsibilities of the Internal Audit Consortium that have been established to provide the internal audit service to the three councils. We confirmed an Annual Internal Audit Plan was in place and approved by the Audit Committee.

The Audit Plan is based on an assessment of risks the Council faces and is designed to ensure there is assurance on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. The planned work can be supplemented, if necessary, by ad hoc reviews in respect of suspected irregularities and other work commissioned by Officers and Members of the Council where relevant to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2024/25 and confirmed they are consistent with the risk-based approach.

# VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria - continued

We confirmed Internal Audit progress reports are presented to each Audit Committee meeting including follow up reporting on recommendations from previous Internal Audit reviews. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Internal Audit Consortium provides an opinion based on the work completed during the year. For 2024/25 the Head of Internal Audit report concluded that a 'reasonable level of assurance' could be provided on the overall adequacy and effectiveness of the Council's framework for governance, risk management and control.

Throughout the year we have attended Audit Committee meetings. Through attendance at these meetings we have confirmed that the Committee receive regular updates on both internal audit progress and risk management in the form of risk registers. We have seen active member engagement from the Committee who challenge the papers and reports which they receive from officers, internal audit and external audit.

As detailed on page 22 we reported a weakness in the Council's arrangements during 2023/24, as the Council did not finalise the production of group accounts for the 2023/24 financial year until January 2025 which was a delay of six months beyond the expected timetable. This delay meant we were unable to complete our audit procedures before the statutory backstop date of 28 February 2025, resulting in the Council's Statement of Accounts being disclaimed. A significant weakness in arrangements was reported in 2023/24. Our work on groups is still ongoing, and therefore, at the time of preparing this draft report, we are unable to conclude on the significant weakness previously identified. We will report when we issue our audit report in early 2026.

## Governance structure for Dragonfly Development Limited

Dragonfly companies Governance arrangements are set up under the Shareholder Agreement. This included the establishment of a Shareholder Board. This Board included the Deputy Leader and two other Councillors. The set up of the shareholder Board changed in 2024/25. It is made up of Executive Members and two non-Executive Members. Also, the Council had representatives on the Dragonfly Boards. The Shareholder Agreement details the Governance arrangements of the company.

The Shareholder Board reports to the Growth and Scrutiny Committee. A resolution was passed confirming that any decision taken by the company, including but not limited to strategic decisions, management of the business future direction and development of the company, officers, shareholders of the company, major capital investments, and significant changes to service delivery, requires prior approval from the Council. This decision-making process is intended to ensure alignment with the Council's overall strategic objectives,

financial plans, and public service priorities.

Both, Dragonfly Development Ltd and its subsidiary Dragonfly Management (Bolsover) Ltd, have their own risk registers and risk assessments which have been to their Boards, the Shareholder Board and the Council's Corporate Risk Management Group. Governance arrangements are in place designed to ensure oversight of the companies.

Where there are tensions between the Council and component management objectives, the governance arrangements are designed to ensure the Council have decision making power to prevent any decisions the Council did not approve of.

In the year the Council commissioned an independent review to assess to what extent the Companies were delivering benefit for the Council through the lens of governance. The review reported a number of risks associated with oversight and governance however noted that none of these risks had crystallised. The recommendations in the report identified opportunities to manage and mitigate the risks if the current arrangement was to continue. The report was taken to full Council in July 2025 and Members were presented with several future options. Following debate Members approved the option to bring the Dragonfly operations back in house. The Council accepted that in light of local government reorganisation (see page 19) the opportunities that Dragonfly had once created for the Council were no longer attractive. Following the decision working groups have been established to bring the Dragonfly services back in house. These are intended to manage the process and mitigate any risks.

**Our work on the Council's group arrangements is still ongoing, and therefore we are currently unable to conclude on the significant weakness previously identified in the prior year.**

**Based on the work completed to date, we have not identified or reported any additional significant weaknesses in Governance arrangements for the year ended 31 March 2025**



# VFM arrangements

## Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on Improving Economy, Efficiency and Effectiveness

### Position brought forward from 2023/24

There are no indications of a significant weakness in the Council's arrangements brought forward from the prior year and the Council's arrangements are not significantly changed since the prior year.

### Council Plan and Performance Monitoring

The Council has in place the 2024-2028 Council Ambition which encompasses its vision to maximise influence and opportunities within the East Midlands combined County Authority to drive the continued delivery of excellence services, maximise local aspirations and drive economic prosperity for Bolsover District. To achieve this, the Council has four aims designed to deliver this vision through priorities that cover the Council Ambition 2020-2024 and these related to Customers, Economy, Environment and Housing.

The Council has identified the key performance indicators, and target levels of performance, in relation to these priorities. The performance targets are informed by national standards, local benchmarking and experience and arrangements are in place to subject indicators to challenge and confirmation. The Council has in place a performance management framework which includes identified responsibilities of managers and processes for regular performance reporting and corrective action if required. Portfolio holders meet regularly with Assistant Directors and Directors to discuss, amongst other things, the performance of services against targets. Our review of minutes confirmed there was quarterly reporting to the Finance and Corporate Overview Scrutiny Committee and the Executive. These quarterly reports take the form of a dashboard and identify whether the performance is achieved or on/off track. The quarterly reports include an appropriate commentary to explain any significant factors which are affecting performance and actions being taken to correct performance. Based on review of minutes there is evidence of appropriate scrutiny of these reports. On an annual basis, the Council's overall performance is summarised in the Narrative Report as part of the Statement of Accounts. This outlines the Council's progress against its ambitions, highlighting key successes and risk areas. The Narrative Report also includes an agreed plan for subsequent years, including any areas for improvement. This provides the public with an overall assessment of the Council activities for the financial year.

A sample of targets as reported in the Q4 report for 2024/25 have been reviewed and confirmed that this was in line with what has been reported in the narrative report which forms part of the annual financial statements.

The quarterly reports demonstrate that performance has been managed throughout the 2024/25 year and any significant variances have been justified. Based on our work we are satisfied there is evidence to demonstrate arrangements are in place for performance monitoring and management at the Council.

Based on review we are satisfied the Council continues to have arrangements for standing financial instructions, purchase order controls and our work on the financial statements has not identified any significant internal control deficiencies regarding purchasing controls.

As noted in the previous section the Council use Dragonfly Development Ltd & Dragonfly Management (Bolsover) Ltd to provide some services to the Council. We confirmed a Dragonfly monthly scrutiny report is presented to Local Growth Scrutiny committee on a monthly basis. This is intended to allow for scrutiny of Dragonfly performance.

Following a full year of operation an independent review of Dragonfly was commissioned by the Council as a proactive measure to assess the effectiveness and sustainability of its current arrangements. The review did not identify any immediate or crystallised risks; rather, it served as a preventive exercise to ensure the Council remained on a sound strategic and operational footing. The review highlighted several governance and operational concerns and presented a range of options for future delivery. In July 2025 the Council voted to bring the Dragonfly services in-house. We will review further arrangements in our work for the year ended 31 March 2026.

We are not aware of any significant matters in 2024/25 which are indicative of a significant weakness in arrangements.

# VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria - continued

### Local Government Reorganisation (LGR)

In February 2025, the Government wrote to local authorities formally inviting them to submit proposals to create new structures of unitary authorities – which is a single tier of local government responsible for all local services in an area. Derbyshire’s eight district and borough councils, and Derby City Council, have been working in partnership to draw up a joint proposal.

Local government reorganisation (LGR) is a complex undertaking that requires strategic foresight, collaborative leadership, and robust planning. It presents both opportunities and challenges for councils seeking to improve service delivery, financial sustainability, and democratic accountability. Effective planning is essential to ensure a smooth transition and long-term success. It is well recognised that councils continue to deliver their services and duties until reorganisation is complete, including ensuring it maintains standards and exhibits the appropriate standards of governance.

Crucially, the Council will need ensure it puts in place robust arrangements to oversee the agreement and implementation of an agreed plan. This includes effective governance and committed leadership, such that there are clear arrangements for decision-making and manage relationships between partners, especially in joint or competing proposals.

We have held ongoing discussions with senior Council officers throughout the year as the situation has evolved. We do not consider LGR to represent in itself a significant risk of weakness in arrangements. From our review we have not identified any indication that the Council has not complied with its obligations to the LGR process. The Council worked with districts and boroughs in Derbyshire to prepare an interim plan which was approved by full Council in March 2025. The Chief Executive in consultation with the Leader of the Council was authorised to continue to participate in discussions with Derbyshire’s seven other district and borough councils, Derby City Council and also potentially Derbyshire County Council, with a view to developing a full proposal for local government reorganisation in Derbyshire and Derby. The Full Council will be formally invited to consider the full proposal in the Autumn, prior to its submission to the Government by the required deadline of 28 November 2025.

During the transition period, each council will retain full sovereignty over its assets and liabilities. However, MHCLG expects local leaders to collaborate in establishing voluntary agreements that ensure prudent,

coordinated, and value-for-money decisions on expenditure as proposals are developed.

There are a range of other factors to incorporate into future planning, including but not limited to:

- Robust financial planning, managing transition costs, but also addressing existing deficits and future funding uncertainties.
- Supporting the workforce, including engagement, morale and more detailed determination of employee contracts, redundancies and retention. This includes Ensuring there is sufficient resources available to implement programme management on the delivery of the finally agreed case.
- Maintaining continuity in services, but identifying opportunities/threats on duplication, gaps and service delivery models. This would also include effective consultation and engagement with residents, service users and other stakeholders.
- Considering the impact of technology as a barrier and enabler, including data protection, cyber resilience and ability to integrate systems

#### Other Recommendation

The Council needs to maintain effective and transparent governance arrangements in the progression of plans for local government reorganisation, including effective leadership and the Standards and Audit Committee should seek specific assurance, once plans are finalised, over the key controls in place to support the transition to a new organisation.

**Overall, we have not identified a significant weakness in the Council’s arrangements relating to Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2025.**



# VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



# VFM arrangements – Prior year significant weaknesses and recommendations

## Progress against significant weaknesses and recommendations made in a prior year

As part of our audit work in previous years, we identified the following significant weaknesses, and made recommendations for improvement in the Council’s arrangements to secure economy, efficiency and effectiveness its use of resources. These identified weaknesses have been outlined in the table below, along with our view on the Council’s progress against the recommendations made, including whether the significant weakness is still relevant in the 2024/25 year.

Previously identified significant weakness in arrangements	Reporting criteria	Recommendation for improvement	Our views on the actions taken to date	Overall conclusions
<div>32</div> <p><b>Accounting and Governance Arrangements of Dragonfly companies</b>  The Council published its draft statement of accounts for the 2023/24 financial year in July 2024, including group accounts. This is the first year that the Council has been required to prepare group accounts, incorporating the financial results of both the Council and its wholly-owned subsidiary companies (collectively referred to as "Dragonfly companies"). However, the draft group accounts contained material errors due to inconsistencies in the reporting periods for the year ended 31 March 2024 year and prior year balances (year ended 31 March 2023). Further, there were delays in obtaining the financial statements of Dragonfly Companies (Dragonfly Development Ltd and Dragonfly Management (Bolsover) Ltd) from their consultants and external auditors to enable the production of final group accounts. These delays meant the Council was not able to finalise the production of updated group accounts for the 2023/24 financial year until January 2025, a delay of 6 months over the expected timetable. As a result of the delay we were unable to complete our audit procedures before the backstop date of 28th February 2025, leading to the Council's statement of accounts being disclaimed.</p> <p>Without proper arrangements to support the production of its draft statement of accounts (which incorporate full range of activities of the Council’s group) and the audit of those accounts, the Council risks a continuation of failure to meet the requirement to publish an audited statement of accounts. These matters, in our view, are evidence of a significant weakness in the Council’s governance arrangements, in particular how the body ensures supports its statutory financial reporting requirements for the financial year ended 31 March 2024.</p>	Governance	<p>The Council should ensure that proper arrangements are established to ensure the timely production of the group statement of accounts, aligning with statutory reporting deadlines. This timetable should be clearly articulated to all stakeholders within the Group.</p>	<p>We have noted that:</p> <ul style="list-style-type: none"> <li>• Council produced and published group accounts for the year ended 31 March 2025 by June 2025.</li> <li>• The Council removed previous auditors and appointed a new firm to conduct audits of the Dragonfly companies. The audits of both companies were completed in the summer of 2025.</li> <li>• We have considered the work of the component auditor and not identified any significant matters indicative of continued weakness. No significant matters reported by the component auditor in their reporting.</li> <li>• Our discussions with the component auditor confirmed that some continued challenge but clear that significant improvements have been made as evidenced by the limited findings..</li> <li>• Council commissioned an independent review into the companies and following have concluded it appropriate to bring the services back in house as benefits set out in the business case are not being met. As such the Council will cease to produce group accounts from 26/27.</li> </ul>	<p>January 2026 update  Our work on the Council's group arrangements is still ongoing, and therefore we are currently unable to fully conclude on the Council's actions in response to the significant weakness previously identified in the prior year. We will conclude ahead of issuing our audit report in February 2026.</p>



## Other reporting responsibilities

# Other reporting responsibilities

## Wider reporting responsibilities

### Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

## Reporting to the group auditor

### Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

# 05

Audit fees and other services

# Audit fees and other services

## Fees for our work as the Council’s auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee in September 2025. Our work on the audit is ongoing Having but we expect our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£160,368	£145,685
Additional fee in respect of: <ul style="list-style-type: none"><li>• ISA315</li><li>• preparing group accounts</li><li>• disclaimer accounts</li><li>• additional VFM significant weakness</li></ul>	N/A	£21,436
Additional fee in respect of rebuilding assurance	TBC	N/A
Total fees	£TBC	£167,121

## Fees for other work

We confirm we have been engaged to undertake the following any non-audit services for the Council in the year.

Area of work	2024/25 fees	2023/24 fees
Other services – Agreed upon procedures on housing pooling return	£7,000	£6,000

# Appendices

Appendix A: Further information on our audit of the Council's financial statements

# Appendix A: Further information on our audit of the Council’s financial statements

## Significant risks and audit findings

As part of our audit of the Council , we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p><b>Management override of controls (Council and Group)</b></p> <p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits</p>	<p>We will update once we have completed our work on the financial statements.</p>
<p><b>Valuation of land, buildings and investment properties (Council)</b></p> <p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land, buildings and investment properties.</p> <p>Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of land, buildings and investment property due to the significant judgements and number of variables involved in providing revaluations.</p> <p>We have therefore identified the valuation of land, buildings and investment properties to be an area of significant risk.</p>	<p>We will update once we have completed our work on the financial statements.</p>

# Appendix A: Further information on our audit of the Council’s financial statements

## Significant risks and audit findings *continued*

Risk	Our audit response and findings
<p><b>Net defined benefit valuation (Council and Group)</b></p> <p>The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Derbyshire Pension Fund.</p> <p>The defined benefit assets and liabilities are significant items in the Council's balance sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.</p> <p>As part of our testing, procedures will be performed on the net defined liability held by Dragonfly Development Limited</p> <p>39</p>	<p>We will update once we have completed our work on the financial statements.</p>
<p><b>Application of IFRS 16 for the 2024-25 financial year (Council)</b></p> <p>IFRS 16 is applicable from 1 April 2024, designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.</p> <p>The Council is required to account for its lease arrangements in line with this new standard for the first time in the 2024/25 accounts. This requires the Council to re-classify their leases and account for a right of use asset. Given this is a new standard which could result in significant movements and the need to identify previously unrecognised leases we have identified this as an area of significant risk for our 2024/25 audit.</p>	<p>We will update once we have completed our work on the financial statements.</p>

# Appendix A: Further information on our audit of the Council’s financial statements

## Significant risks and audit findings *continued*

Risk	Our audit response and findings
<p><b>Group Consolidation</b></p> <p>The Council is consolidates Dragonfly Group (Dragonfly Development Limited and Dragonfly Management) and produced group accounts for the first time in the 2023/24 financial statements. We reported in our disclaimer of opinion for the year ended 31 March 2024 that the Group financial statements included material errors and the Council was unable to provide sufficient, appropriate evidence to support the figures in the group financial statements were free from material misstatement.</p>	<p>We will update once we have completed our work on the financial statements.</p>



# Appendix A: Further information on our audit of the Council’s financial statements

Summary of uncorrected misstatements for the Council – to be added on completion of our audit of the financial statements 2024/25

41

Appendix A: Further information on our audit of the Council’s financial statements

Internal control observations for the Council – to be added on completion of our audit of the financial statements 2024/25

Appendix A: Further information on our audit of the Council’s financial statements

Follow up on previous year recommendations for the Council – to be added on completion of our audit of the financial statements 2024/25

# Contact

## Forvis Mazars

**James Collins**  
Director  
Tel: 0191 383 6331  
[James.Collins@mazars.co.uk](mailto:James.Collins@mazars.co.uk)

**Garima Garg**  
Manager  
(0)7581015447  
[Garima.garg@mazars.com](mailto:Garima.garg@mazars.com)

44

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861. VAT number: GB 839 8356 73

© Forvis Mazars 2024. All rights reserved.



## **Bolsover District Council**

### **Meeting of the Audit Committee on 29<sup>th</sup> January 2026**

#### **Proposed External Review of Internal Audit**

#### **Report of the Head of the Internal Audit Consortium**

<b>Classification</b>	This report is public
<b>Contact Officer</b>	Jenny Williams – Head of the Internal Audit Consortium

### **PURPOSE/SUMMARY OF REPORT**

The purpose of this report is to consult members on the format of the external review of internal audit that is required at least once every 5 years by Standard 8.4 of the Global Internal Audit Standards (GIAS).

### **REPORT DETAILS**

#### **1. Background**

- 1.1 As the Committee are aware, the Global Internal Audit Standards became applicable to the public sector from the 1<sup>st</sup> of April 2025 and the Internal Audit Consortium and DDDC Internal Audit section have been working towards full compliance with the Standards. As well as the Standards, conformance with the CIPFA Application note (Global Internal Audit Standards in the UK) must also be considered.
- 1.2 The Global Internal Audit Standards (GIAS) require that an external quality assessment of internal audit should be carried out at least once every 5 years by a qualified, independent assessor or team. The requirement for an external quality assessment may also be met through a self-assessment with independent validation. The last external assessment took place in May 2021 therefore the next external assessment is due in May 2026.

#### **2. Details of Proposal or Information**

- 2.1 In November 2024 the Head of Internal Audit undertook a self -assessment against the Global Internal Audit Standards and produced an action plan of what was considered necessary to achieve full compliance. Most of that action plan has been implemented. The main outstanding piece of work is the development of an Internal Audit Strategy.
- 2.2 The formal CIPFA checklist for assessing compliance with the GIAS is awaited (now due for publication mid- January 2026). The Head of Audit's opinion is that the external review would be better taking place once the CIPFA checklist is available and a further self - assessment has taken place against it. CIPFA are the

authoritative body in local government and therefore validation against their checklist would provide strong assurance. This could potentially delay the external review past May 2026.

### **Means of Assessment**

- 2.3 An external assessment can be undertaken or a self-assessment with independent validation.
- 2.4 A self -assessment involves evaluating your own performance and knowledge whilst an external assessment uses outside experts that will provide objective and unbiased feedback but is likely to be more costly. A combination of both is likely to offer the most effective and economic approach. The self- assessment completed by the Head of Internal Audit would be reviewed and validated by the external assessor who will also be able to guide further improvement.
- 2.5 An appropriate means of external assessment therefore would be by validating the Head of Internal Audits self - assessment of performance against the CIPFA Global Internal Audit Standards conformance checklist.

### **Qualifications of Assessor**

- 2.6 GIAS 8.4 sets out a requirement that when selecting the independent assessor or assessment team, the Head of Internal Audit must ensure at least one person holds an active Certified Internal Auditor designation. The Relevant Internal Audit Standards Setters (RIASS) for the UK have determined that this requirement is replaced by a requirement that at least one person has the characteristics outlined for head of audit qualification.
- 2.7 In considering whether a head of audit is suitably qualified, an organisation must be looking for:
- CMIIA, or a CCAB qualification, or an equivalent professional qualification which includes training on the practice of internal audit, and
  - suitable internal audit experience.
- 2.8 The Head of Internal Audit should use their professional judgement when establishing if the assessor is appropriately qualified, but the following guidelines could be used: -
- Does the reviewer possess a recognised professional qualification?
  - Does the reviewer have appropriate experience of internal audit e.g. 5 years at manager level within the public sector?
  - Does the reviewer have detailed knowledge of leading practices in internal audit and current, in-depth knowledge of the GIAS and its applicability to the public sector?

### **Assessment Process**

- 2.9 The external assessment would be carried out through a process of review of documentation e.g. the Internal Audit Charter, internal audit working papers and interviews/questionnaires. The external assessor may wish to speak to the section 151 Officers, the Chairs of the Audit Committees, audit staff and a sample of clients.

### **Procurement of Assessor / potential cost**

- 2.10 Under Chesterfield Borough Council's procurement rules for goods and services between £1,001 - £10,000 quotations must be obtained from more than one supplier. In May 2021, the cost of the external review was £3,450. It is expected that this price will have risen due to inflation but also due to the increased complexities and newness of assessing against the Global Internal Audit Standards however it is anticipated that the review would still fall within this price range.
- 2.11 The cost of the review will be split equally between CBC, NEDDC, BDC and DDDC.

### **3. Reasons for Recommendation**

- 3.1 Members of the Audit Committee have responsibility for Governance and need to be able to place reliance on internal audit therefore it is important that the Committee are consulted on the proposal for the external assessment of internal audit.
- 3.2 Consultation with the Committee in respect of the external review is a requirement of the GIAS.

### **4 Alternative Options and Reasons for Rejection**

- 4.1 It is a requirement of the GIAS to have an external review of internal audit and failing to do so may mean there is a risk that any failings within the internal audit service will be undetected.

---

## **RECOMMENDATIONS**

- 1 That the Audit Committee authorise proceeding with the procurement of an external provider for the Internal Audit Consortium members and DDDC to undertake an independent validation of a self-assessment against the CIPFA checklist for conformance with the GIAS.
- 2 That the Audit Committee delegate authority to the Head of the Internal Audit Consortium and the Section 151 Officers (CBC, NEDDC, BDC & DDDC) to agree the specification of the assessment, to assess quotations received based on cost and quality and to appoint an external provider to undertake the assessment.
- 3 That it be noted that the delay in the publication of the CIPFA checklist in respect of the GIAS may result in the external review being slightly later than May 2026.
- 4 That the external assessors report once completed is presented to this Committee for review and comment.

## **IMPLICATIONS:**

<b><u>Finance and Risk</u></b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Details:</b> By the Internal Audit Consortium Members and DDDC procuring an external review together economies of scale will be achieved as all parties use the same standard documentation and methodology when completing audits.  A budget of £10,000 has been included in the 2026/27 budget estimates for the external review. The cost of the review will be split equally between the Consortium partners and Derbyshire Dales District Council. <div style="text-align: right;">On behalf of the Section 151 Officer</div>		
<b><u>Legal (including Data Protection)</u></b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Details:</b>          <div style="text-align: right;">On behalf of the Solicitor to the Council</div>		
<b><u>Staffing</u></b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Details:</b>          <div style="text-align: right;">On behalf of the Head of Paid Service</div>		
<b><u>Equality and Diversity, and Consultation</u></b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
<b>Details:</b> N/A		
<b><u>Environment</u></b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment. <b>Details:</b> N/A		



## DECISION INFORMATION

<input checked="" type="checkbox"/> <b>Please indicate which threshold applies:</b>	
<b>Is the decision a Key Decision?</b> A Key Decision is an Executive decision which has a significant impact on two or more wards in the District, or which results in income or expenditure to the Council above the following thresholds:	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input checked="" type="checkbox"/>
<b>Revenue (a)</b> Results in the Council making Revenue Savings of £75,000 or more or <b>(b)</b> Results in the Council incurring Revenue Expenditure of £75,000 or more.	<b>(a)</b> <input type="checkbox"/> <b>(b)</b> <input type="checkbox"/>
<b>Capital (a)</b> Results in the Council making Capital Income of £150,000 or more or <b>(b)</b> Results in the Council incurring Capital Expenditure of £150,000 or more.	<b>(a)</b> <input type="checkbox"/> <b>(b)</b> <input type="checkbox"/>
<b>District Wards Significantly Affected:</b> <i>(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)</i> Please state below which wards are affected or tick <b>All</b> if all wards are affected:	<b>All</b> <input type="checkbox"/>

<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>
If No, is the call-in period to be waived in respect of the decision(s) proposed within this report? <i>(decisions may only be classified as exempt from call-in with the agreement of the Monitoring Officer)</i>	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>
<b>Consultation carried out:</b> <i>(this is any consultation carried out prior to the report being presented for approval)</i>	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>
<b>Leader</b> <input type="checkbox"/> <b>Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	

<b>Links to Council Ambition: Customers, Economy, Environment, Housing</b>
The external review will ensure that internal audit is operating in accordance with best practice and thereby contributing to the achievement of the Council Ambition by ensuring there are appropriate governance, risk and control processes in place.

DOCUMENT INFORMATION	
Appendix No	Title

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>

## **Bolsover District Council**

### **Meeting of the Audit Committee on 29<sup>th</sup> January 2026**

### **Summary of Progress on the 2025/26 Internal Audit Plan**

### **Report of the Head of the Internal Audit Consortium**

<b>Classification</b>	This report is public
<b>Contact Officer</b>	Jenny Williams – Head of the Internal Audit Consortium

## **PURPOSE/SUMMARY OF REPORT**

To present, for members' information, a progress report in respect of the 2025/26 Internal Audit Plan.

---

## **REPORT DETAILS**

### **1. Background**

- 1.1 The Global Internal Audit Standards require that the Head of the Internal Audit Consortium reports periodically to the Audit Committee in respect of performance against the audit plan. Significant risk and control issues should also be reported.

### **2. Details of Proposal or Information**

- 2.1 Appendix 1 is a summary of reports issued to date in respect of the 2025/26 Internal Audit Plan.
- 2.2 The Appendix shows for each report the level of assurance given and the number of recommendations made / agreed where a full response has been received. This provides an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels used can be seen in the table below.

<b>Assurance Level</b>	<b>Internal Audit Definition</b>	<b>Risk Register Link</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Minor / negligible impact
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Minor / moderate
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Moderate / Severe Impact
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	Catastrophic Impact

2.3 In this period 11 reports have been issued 7 with substantial 2 with reasonable and 2 with limited assurance. 1 report has also been issued to Dragonfly Management with reasonable assurance.

2.4 As Members have previously requested, a full copy of the limited assurance reports have been attached. The Lifeline report is at Appendix 2.

The main reasons for a Limited Assurance report being issued were: -

- 7/17 DBS checks had expired (high risk)
- Not all staff had undertaken the mandatory safeguarding and data protection training
- The standard agreement between the Council and its service users requires improvement
- Improvement is required to the arrears process

2.5 Other areas were found to be working well. Immediate action was taken by management in respect of improving the DBS controls in place.

2.6 The Data Protection report is attached at Appendix 3. The main reasons for a Limited Assurance report being issued were: -

- The Data Protection policy was out of date
- Not all staff had undertaken data protection training and training records were not well maintained
- The data asset register had not been kept up to date
- The data retention schedule was out of date and not accessible to staff

2.7 At the time of the audit there was a new Data Protection Officer in post who was already making good progress to address the weaknesses identified both by herself and the auditor.

2.8 No issues arising relating to fraud were identified.

2.9 Appendix 4 provides the progress to date in respect of the completion of the 2025/26 Internal Audit Plan. Progress to date is good, an interim Auditor was appointed to cover staff shortages.

2.10 The Consortium is now fully staffed.

### **3. Reasons for Recommendation**

3.1 To inform Members of progress on the 2025/26 Internal Audit Plan and to provide details of the Audit Reports issued to date.

3.2 To comply with the requirements of the Global Internal Audit Standards.

### **4 Alternative Options and Reasons for Rejection**

4.1 N/A

---

## **RECOMMENDATION**

That the report be noted.

---

## **IMPLICATIONS:**

<b><u>Finance and Risk</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<b>Details:</b>		
Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained.		
On behalf of the Section 151 Officer		
<b><u>Legal (including Data Protection)</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
<b>Details:</b>		
The core work of internal audit is derived from the statutory responsibility under the Accounts and Audit Regulations 2015 which requires the Council to “undertake an		

effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking in to account the Public Sector Internal Audit Standards or guidance”.

On behalf of the Solicitor to the Council

**Staffing** Yes ☐ No ☒  
Details:

On behalf of the Head of Paid Service

**Equality and Diversity, and Consultation** Yes ☐ No ☒

Details: N/A

**Environment** Yes ☐ No ☒

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

Details: N/A

## DECISION INFORMATION

☒ **Please indicate which threshold applies:**

### Is the decision a Key Decision?

A Key Decision is an Executive decision which has a significant impact on two or more wards in the District, or which results in income or expenditure to the Council above the following thresholds:

**Revenue (a)** Results in the Council making Revenue Savings of £75,000 or more or **(b)** Results in the Council incurring Revenue Expenditure of £75,000 or more.

**Capital (a)** Results in the Council making Capital Income of £150,000 or more or **(b)** Results in the Council incurring Capital Expenditure of £150,000 or more.

### District Wards Significantly Affected:

(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)

Please state below which wards are affected or tick **All** if all wards are affected:

Yes ☐ No ☒

(a) ☐ (b) ☐

(a) ☐ (b) ☐

All ☐

<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>
If No, is the call-in period to be waived in respect of the decision(s) proposed within this report? <i>(decisions may only be classified as exempt from call-in with the agreement of the Monitoring Officer)</i>	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>
<b>Consultation carried out:</b> <i>(this is any consultation carried out prior to the report being presented for approval)</i>	<b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>
<b>Leader</b> <input type="checkbox"/> <b>Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	

<b>Links to Council Ambition: Customers, Economy, Environment, Housing</b>
Internal audit reviews help to ensure that the Council is delivering high quality, cost effective services.

DOCUMENT INFORMATION	
Appendix No	Title
1	Summary of Internal Audit reports issued in respect of the 2025/26 Internal Audit Plan to date
2	Lifeline Report
3	Data Protection Report
4	Progress on the 2025/26 Internal Audit Plan

<b>Background Papers</b> <i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>



**BOLSOVER DISTRICT COUNCIL**  
**Internal Audit Consortium - Report to Audit Committee**  
**Summary of Internal Audit Reports Issued 2025/26 to date**

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B001	Lifeline Scheme	To ensure fees are raised and collected correctly, equipment is purchased correctly, reconciliations take place, safeguarding training and DBS checks are in place.	Limited	11/8/25	1/9/25	4 (1H 3M)	4
B002	Payroll	To ensure that staff are paid promptly and accurately and that the necessary returns are made.	Reasonable	8/9/25	29/9/25	3 (1M 2L)	3

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B003	Data Protection	To ensure that data protection legislation is complied with and that staff are appropriately trained.	Limited	14/10/25	4/11/25	8 (2H 3M 3L)	8
B004	Business Continuity & Emergency Planning	To ensure that there are appropriate arrangements in place	Substantial	22/10/25	11/11/25	0	0
B005	Housing Rents	To ensure that rents are raised promptly and accurately and that there are appropriate debt collection procedures in place.	Reasonable	3/11/25	24/11/25	2 (1M 1L)	2
B006	Private Sector Housing Disrepairs	To ensure that legal obligations are met and that enforcement cases are dealt with effectively	Substantial	4/11/25	25/11/25	4L	4

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B007	Fly-tipping	To ensure there is a policy in place, that fly-tipping notifications are dealt with effectively and that enforcement is undertaken in line with legal powers	Substantial	17/11/25	8/12/25	2L	2
B008	Clowne Leisure Centre	To ensure that there are appropriate controls and procedures in place and that they are operating	Substantial	24/11/25	15/12/25	6L	6
B009	Council Tax	To ensure that bills are raised promptly and accurately and that there are debt collection procedures in place	Substantial	24/11/25	15/12/25	0	0
B010	Housing Allocations and Lettings	To ensure that Council houses are let in line with the approved policy	Substantial	16/12/25	15/1/25	1L	1
B011	Complaints Procedures	To ensure that the Council has appropriate procedures in place for dealing with complaints	Substantial	19/12/25	21/1/26	1L	Note 1

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
	<b>Dragonfly Management</b>						
D001	Pleasley Vale and the Tangent Business Centres	To ensure new tenancies and tenancy terminations have the correct documentation in place, that records are accurate, arrears are being pursued, site security is adequate and units are adequately marketed	Reasonable	15/12/25	14/01/26	8 (5M 3L)	Note 1

H = High Risk M = Medium Risk L = Low Risk

56 Note 1 Response not due at time of writing report

## **Bolsover, Chesterfield and North East Derbyshire District Councils'**

### **Internal Audit Consortium**

### **Internal Audit Report**

<b>Authority:</b>	<b>Bolsover District Council</b>
<b>Subject:</b>	<b>Bolsover Lifeline Scheme Report Reference: B001</b>
<b>Date of Issue:</b>	<b>11<sup>th</sup> August 2025</b>
<b>Assurance Level</b>	<b>Limited</b>
<b>Report Distribution:</b>	<b>Lifeline &amp; Independent Living Manager, Housing Services Manager, Assistant Director – Housing Management &amp; Enforcement, Strategic Director of Services, Director of Finance &amp; S151 Officer, Chief Executive.</b>



**CHESTERFIELD**  
BOROUGH COUNCIL



**North East  
Derbyshire**  
District Council

## Introduction

In accordance with the 2025/26 annual audit plan a review of the processes and controls in respect of Bolsover Lifeline Scheme has been undertaken.

Following a rebrand in April 2025, the service changed its name from Bolsover Careline to Bolsover Lifeline.

Bolsover Lifeline Services is an alarm monitoring and response service that supports residents to live independently whilst having access to help in the event of an emergency. The service is available to anyone, whether they live in their own home or are a Council tenant and provides 24-hour provision operating 365 days a year. The alarm system consists of a hardware unit, installed into users' homes that alerts a Central Control Operator in an emergency.

At the point of audit testing, service users were broken down into 3 types of plans:

<b>Service</b>	<b>Number of Plans</b>
24-7 Warden Response	463
Family First	125
Tenant opt-in	496
<b>Total</b>	<b>1084</b>

Overseen by the Lifeline and Independent Living Manager the service operates with 17 Support Officers (Housing Wardens), 6 Central Control Operators and 4 Relief Operators.

The service is currently working towards digital transformation as the UK will be aiming to terminate analogue telephone lines by January 2027.

An external audit of the Lifeline service is currently in progress to seek certification from the TSA Quality Standards Framework, the industry body for Technology Enabled Care (TEC). Once certified the membership will enable continued collaboration with the NHS.

Internal audit work and reporting has been carried out in line with the requirements of the Global Internal Audit Standards.

## Executive Summary

Assurance Opinion	
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.

## Appendices

For a full list of Assurance definitions linked to risk see Appendix 1.

For definitions of High, Medium and Low risk recommendations see Appendix 2.

For definitions of Root Cause Analysis see Appendix 3.

For the Management Action Plan see Appendix 4.

Key Findings
<ul style="list-style-type: none"><li>• Service agreements do not identify associated costs, likely increases, liabilities and suspension of service in the instance of non-payment. The standard document should be reviewed to better protect the client / the Council.</li><li>• Accounts in arrears are in some cases, still receiving the service. There should be a process in place to ensure that where arrears exist and decisions have been made to continue the service due to the vulnerability of the client / service user, management approval is documented.</li><li>• Not all mandatory Safeguarding and GDPR training had been completed within the specified timeframe. 56% of the team are up to date with Safeguarding and 40% up to date with GDPR training.</li><li>• 7 out of 17 DBS checks have expired. The DBS Policy requires review by the HR team, with ongoing procedures for monitoring responsibilities requiring clarification in conjunction with HR.</li></ul> <p>The Bolsover Lifeline Scheme is to be subject to an external compliance review w/c 14<sup>th</sup> July 2025, focusing on customer contact / welfare and technical data / systems.</p>



## Scope, Objectives and Risks

Key objectives and risks were identified with management during the scoping of the audit and by review of the strategic and relevant operational risk register. The processes and controls in place have been assessed to provide assurance that risks are being managed effectively. If risks are not well managed, then the achievement of services objective/s may be threatened.

The scope and objectives of the audit were to ensure that:

- Previous Audit Recommendations have been implemented,
- There is a signed contract/agreement in place between the Council and the customer clearly identifying the level of service provided,
- There is a register/database identifying accurately all customers and service provided,
- All equipment is procured in accordance with Procurement Rules and there is contract compliance,
- There are appropriate controls in place for the issue and return of Lifeline equipment,
- Fees are annually reviewed and agreed by Committee,
- Fee income is promptly and accurately charged,
- Appropriate recovery measures are in place and where payment is not received service suspension / termination is considered (where appropriate),
- Appropriate processes are in place for changes to services provided (termination of services/ different level of service),
- There are reconciliations between the housing systems (responsible for levying charges) and the FMS,
- Appropriate budgetary control is in place,
- The standalone IT system is backed up and disaster recovery measures are in place,
- Data protection (DP) and safeguarding protocols are in place; operational staff have received training relating to DP and safeguarding,
- The level of service being provided is in accordance with agreed response times within the agreement / contract.

The risks considered are:

- (HOUS3) Abnormal weather conditions preventing home visits to customers,
- (HOU5) In event of severe IT failure, back-up systems in place provided by Capita and Jonteck,
- (HOU8) & (ICT24) Digital switchover project- time constraints to switch all careline units. Team working towards 2025 deadline.

Other risks

- Insufficient income to cover the costs of providing the service leading to additional pressure on Council budgets.

## **Acknowledgements**

The help and assistance of the Lifeline and Independent Living Manager was much appreciated during the course of this review.

## **Findings and Recommendations**

### **Previous Recommendations have been implemented**

1. One recommendation was made during the previous audit, this has been evidenced as satisfactorily implemented.

### **Fees and Charges**

2. All fees and charges are in line with the charges approved by Council on 29<sup>th</sup> February 2025 as part of the Medium-Term Financial Plan with affect from 1<sup>st</sup> April 2025. Fees are stated correctly on the Bolsover Council website.

### **Procedures**

3. Appropriate procedures were evidenced to outline initial service requests and installation procedures. Some improvements are however required in respect of documentation held; further details are noted below.

### **Service Agreements and Supports Plans**

4. The service provides 3 types of chargeable plans: the 24/7 Warden Response Service, Family First and Tenant Opt In service.
5. The Support Plan and Opt In/Out forms are completed when the service units are installed although there is no reference to service cost, potential cost increases, replacement kit (lost or damaged) costs and liability, service suspension, or the return of equipment at the end of plan/tenancy.
6. The Tenancy Agreement signed by the tenant does not refer to the lifeline alarms or returning them at the end of the tenancy.
7. System based service user reports have been provided based on plan type and from this, a sample of 25 user records has been examined, focusing on agreements and the quality/accuracy of information held. It should be noted that changes to the support plan are not always documented on the plan itself as the Jontek system (Lifeline system) is utilised to record all updates to client records.
8. Testing highlighted a variance of forms in use as some plans dated back to older documentation and a confusion around duplicate forms being completed. There is an opportunity to review documentation and implement a standardised process and agreement.

<b>Recommendation</b>	
<b>R1</b>	The standard agreement between the Council and Customer should be reviewed to ensure all terms and conditions (support plan type in place, costs, termination expectations and liability clauses for example), are included. <b>Risk: Medium</b>
<b>Root Cause(s)</b>	<b>Systems</b> the extent to which systems are fit-for-purpose and support the service to carry out its operations effectively.

## Stock Control

9. The Jontek software system houses all customer records and operates by live automatic telephone number recognition whilst the Reach IP portal allows for the software programming of the alarm units. Data was held securely in both systems as appropriate access credentials were verified.
10. A stock list was provided which detailed 1600 units assigned to properties, with 1857 live connections. It was noted that some of these connections are duplicated as there is more than one resident using the unit at the same address.

## Procurement

11. The procurement process is challenging as there are a limited number of suppliers who can provide the specialist software. New alarm units are currently being trialled to deliver the digital switchover more cost effectively, although sourcing compatible hardware has involved extensive consultation with the ICT service to try meet service requirements. The Lifeline and Independent Living Manager advised that should the project be successful then it is anticipated to provide a substantial cost saving for the service.
12. Subsequent orders of hardware are negotiated to enable cost savings with the supplier depending how many units are required on each order.

## Income and Payments

13. For a sample of 25 service users, all accounts were confirmed as charged correctly in line with published fees.

## Reconciliation

14. Reconciliations are undertaken by Finance on a monthly basis for main income streams and a full reconciliation is undertaken for Sundry Debtors and Housing Rents.
15. Monthly service reconciliations have commenced in June 2025 following a recommendation from the Debtors audit report of April 2025. These reconciliations have identified several housekeeping issues with regards to dated records and action

has been evidenced across all chargeable plans, therefore no further recommendation is made.

## Debt Recovery

16. A sample of 10 aged debt accounts were reviewed to establish current recovery action being taken:

- 1 account was in the process of being recovered through probate and an invoice was sent to the solicitor 16<sup>th</sup> June 2025.
- 4 accounts were in the process of being written off.

It was identified that 4 accounts (Debtor ref: 020955, 018862, 021646, 019080) were still receiving the service despite arrears on the accounts and in some instances, service users have never paid for the service since installation following an NHS referral. The Lifeline and Independent Living Manager advised that these customers are extremely vulnerable and subject to frequent falls and therefore the Lifeline service would not be suspended. Without a signed agreement no further action can be taken. Refer to recommendation 1.

17. It should be noted that initial meetings with the Finance team have commenced to begin to address the recommendation below.

Recommendation	
<b>R2</b>	Where arrears are identified (after a defined period of non-payment) and the service continues to be provided, a valid rationale for decisions taken to continue providing the service should be recorded and approved by an appropriate manager. <b>Risk: Medium</b>
<b>Root Cause</b>	<b>Process &amp; Procedures</b> the extent to which established processes are operating effectively and are supported by defined procedures.

## VAT

18. The Senior Technical Officer has recently sought external clarification in respect of VAT rates chargeable. From April 2026 all eligible customers will be required to sign a declaration for VAT relief.

## Account Amendments / Plan Reviews

19. Account amendments, client details (health / next of kin etc.) and plan reviews are recorded on the Jontek system. This area is subject to external review and accreditation; review due w/c 14<sup>th</sup> July 2025 and therefore no further audit testing has taken place.

## Budgetary Control

20. The Lifeline service operates within 2 budget codes H021 Wardens and H022 Central Control and both codes which were reviewed on the FMS system. The Lifeline and Independent Living Manager was able to provide clarification on variances for 2024/25.

## Disaster Recovery

21. Full disaster recovery practice is performed on a biannual basis at a duplicate control room within the Parkfields Independent Living Scheme. This ensures backup procedures are operational should the main control room at the Riverside Depot be inaccessible or non-operational. Evidence of disaster recovery checks were reviewed and confirmed within the Task Manager.

## Management Reports

22. There are 2 key performance indicators around customer satisfaction and response times to call outs. Reports show that performance is meeting target.

## Training

23. Corporate Safeguarding and Data Protection training is mandatory for all employees and a refresher session is required at 2 yearly intervals. Records held found:
- 56% of the team have in-date Safeguarding training
  - 40% of the team have in-date Data Protection / GDPR training
24. The Safeguarding audit finalised in November 2023 identified a 62% compliance rate across the Council; audit findings as noted above show that the Lifeline Scheme team fall below this level.
25. The online learning portal recently introduced should assist managers to monitor training completion.

Recommendation	
<b>R3</b>	The online learning portal should be utilised to monitor mandatory training completion within the service. Given the vulnerability of the service users involved, managers should ensure that employees complete training at the required intervals. <b>Risk: Medium</b>
<b>Root Cause</b>	<b>Competencies and Training</b> the extent to which staff are appropriately qualified, trained, or experienced to carry out their role.

## Health & Safety

26. Sample testing confirmed that appropriate risk assessments were in place, completed independently by the Health and Safety Advisor.

## Disclosure and Barring Service Checks

27. The Disclosure and Barring Policy (2019) should be reviewed on a regular basis. The policy identifies the posts of Support Officers and the Scheme Manager (17 post-holders) as requiring enhanced DBS checks.
28. Checks found 7 postholders (6 Support Officers and 1 Scheme Manager) do not have in date DBS checks in place. Management have taken immediate action to address this promptly once awareness was raised.
29. Communication and lines of responsibility should be clarified between HR and managers to ensure that employees are prompted when DBS checks are nearing expiry, with additional control to ensure that employees failing to renew are chased up promptly and if required, escalated to the Head of Service.

Recommendation	
<b>R4</b>	The Disclosure & Barring Policy (2019) should be reviewed and updated on a regular basis to ensure it remains fit for purpose. Responsibilities should be clarified between Human Resources and Managers to ensure that employees are prompted when DBS checks are nearing expiry, with additional control to ensure that employees failing to renew are chased up promptly. <b>Risk: High</b>
<b>Root Cause(s)</b>	<b>Process &amp; Procedures</b> the extent to which established processes are operating effectively and are supported by defined procedures.



<b>Assurance Level</b>	<b>Internal Audit Definition</b>	<b>Risk Register Link</b>
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Minor / negligible impact
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Minor / moderate
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Moderate / Severe Impact
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	Catastrophic Impact

## Indicative Definitions of High Medium and Low Recommendations

Risk	Definition
<b>High</b>	<p>Risks that can have a catastrophic / severe impact on the operation of the Council or service - Must take action to mitigate or terminate if not possible to do so: -</p> <ul style="list-style-type: none"> <li>• Death, extensive injury, major permanent harm</li> <li>• Unable to function without government or other agency intervention</li> <li>• Significant impact on service objectives</li> <li>• Inability to fulfil obligations</li> <li>• Short to medium term impairment to service capability</li> <li>• Adverse national publicity, highly damaging, loss of public confidence</li> <li>• Major adverse local publicity</li> <li>• High risk of fraud being able to occur e.g., key internal controls are not operating or are missing</li> <li>• Direct link to a strategic risk occurring</li> <li>• A serious breach of legislation/ legal requirements leading to substantial financial penalties or severe breach of data protection (report to ICO)</li> <li>• Substantial loss or damage to Council assets/or information</li> </ul>
<b>Medium</b>	<p>Risks which have a noticeable impact on the service provided, will cause a degree of disruption to service provision / impinge on the budget - Check current controls and consider if others are required: -</p> <ul style="list-style-type: none"> <li>• Medical treatment required, semi-permanent harm up to 1 year</li> <li>• Short term disruption to service capability</li> <li>• Significant financial loss</li> <li>• Some adverse publicity, needs careful public relations</li> <li>• Isolated personal details compromised</li> <li>• Risk of fraud being able to occur</li> <li>• Direct link to identified operational risks occurring</li> <li>• A serious breach of organisational policies and procedures</li> <li>• A breach of legislation / legal requirements leading to a moderate financial impact</li> <li>• Loss or damage to Council assets, information</li> <li>• Previously agreed medium internal audit recommendations remain outstanding</li> </ul>
<b>Low</b>	<p>Risks where the impact and any associated losses will be minor</p> <ul style="list-style-type: none"> <li>• First Aid treatment, non- permanent harm up to 1 month, no obvious harm or injury</li> <li>• Minor / negligible impact on service objectives</li> <li>• Financial loss that can be accommodated at service level / minimal</li> <li>• Some public embarrassment, no damage to reputation, unlikely to cause any adverse publicity / internal only</li> <li>• Minimal risk of fraud</li> <li>• No direct link to operational or strategic risks</li> <li>• A minor breach of organisations policies and procedures</li> <li>• A minor breach of Legislation / legal requirements</li> <li>• Low risk of loss or damage to Council assets</li> </ul>

# Root Cause Analysis Categories

## Resources

**Definition:** the extent to which the service has sufficient, capable resources, enabling it to carry out all aspects of its operational duties efficiently and effectively.

**Examples:** functions that had been carried out by a now non-existent post have fallen through the gaps; services have only enough resources to carry out key aspects of operational delivery, meaning some lower priority tasks are not executed.

## Competencies & Training

**Definition:** the extent to which staff are appropriately qualified, trained, or experienced to carry out their role.

**Examples:** lack of training; inappropriate training; ineffective training plans; poor recruitment; poor training material

## Systems

**Definition:** the extent to which systems are fit-for-purpose and support the service to carry out its operations effectively.

**Examples:** system processes are not available or are not effective, resulting in discrepancies or workarounds to get the required outcome, system processes are circumvented or duplicated manually. Processes are carried out manually where systems processes would be more efficient.

## Motivation & Incentives

**Definition:** the extent to which factors such as organisational or personnel change have impacted on staff desire to carry out their role efficiently and effectively.

**Examples:** staff are feeling demotivated by a recent restructuring and removal of some posts, and do not feel that they should be taking on new responsibilities.

## Standards & Policies

**Definition:** the extent to which expected standards have been made clear to staff and the necessary policies are in place to support these standards.

**Examples:** there is no policy/procedure in place; policies/procedures are out of date; policies/procedures have not been reviewed within appropriate timescales; policies etc. are difficult to locate/access; links in policies either do not work or are out of date.

## Governance

**Definition:** the extent to which the service is governed by a clear structure that sets out the roles and responsibilities of officers, and the service is supported by appropriate risk management and control systems.

**Examples:** lack of assigned responsibility and accountability; failure to act / ignorance; intentional misleading by management to protect themselves; underqualified / trained Board members.

### Process & Procedures

**Definition:** the extent to which established processes are operating effectively and are supported by defined procedures.

**Examples:** failure to follow set procedures (take care re materiality/proportionality); lack of separation of duties; controls being bypassed.

### Accountability

**Definition:** the extent to which roles and responsibilities for decision-making have been defined and are accepted and acted on by all parties.

**Examples:** unclear expectations; avoiding responsibility; lack of management oversight; poor communication.

### Assurance & Monitoring

**Definition:** the extent to which internal and/or external checking controls exist to monitor the effectiveness of, and provide assurance to, the service.

**Examples:** unclear responsibility; not identifying and/or taking action on recurring problems; checking the wrong things; under-sampling.

### Human Error

**Definition:** relating to people and their actions, error caused by stress, fatigue, carelessness, communication breakdown.

**Examples:** Spreadsheet formulas are wrong, figures transposed / typed in wrong, data taken from or entered in the wrong fields.

## Appendix 4

### Management Action Plan

<b>Report Title:</b>	<b>Bolsover Lifeline Scheme</b>	<b>Report Date: 11<sup>th</sup> August 2025</b>
		<b>Response Due By Date: 1<sup>st</sup> September 2025</b>

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
74	<b>R1</b> The standard agreement in place between the Council and its service users should clarify plan type, associated costs and refer to potential price increases. Termination expectations and liability clauses should also be addressed to prevent mis-understanding and provide clarity to vulnerable service users and their family as well as offering the Council greater protection in the event of disputes.	The standard agreement between the Council and Customer should be reviewed to ensure all terms and conditions (support plan type in place, costs, termination expectations and liability clauses for example), are included.	<b>Medium</b>	AC to work with Wardens and devise a draft agreement for VD/DW to consider. Where possible to seek service user feedback on this agreement once that it has been drafted to so that we can ensure that they have been consulted, and their input is considered.	AC	Project Commencing 13.08.2025 Anticipated completion and new agreements issued – 31 <sup>st</sup> March 2026	This has been added as an agenda item at our monthly managers meeting.
	<b>R2</b> 4 accounts in arrears identified who are still receiving a service. Whilst vulnerability of service users is a primary determining factor in continuing with services provided, a valid rationale should be documented and approved by managers demonstrating	Where arrears are identified (after a defined period of non-payment) and the service continues to be provided, a valid rationale for decisions taken to continue providing the service should be recorded	<b>Medium</b>	A Plan has been agreed with finance to investigate the 4 accounts that are in arrears and valid rationale decisions to be made and recorded. This plan will also set out how we are going to manage the debts in the Lifeline Department.	AC	Project commenced August 2025 to be completed by End Oct 2025	this will be added this as an agenda item at our monthly managers meeting.

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
	that a consistent approach is taken to, in effect, providing a free of charge service.	and approved by an appropriate manager.  <b>In conjunction with the Finance team.</b>		This will also be agreed with Revenues who undertake the debt recovery.  This project commenced 5 <sup>th</sup> August 2025.  This plan will be reviewed monthly and will progress over to make it as efficient and effective as possible.			
<b>R3</b>  75	56% of the team have in-date Safeguarding training in place. 40% of the team have in-date DP / GDPR training in place. Given the vulnerability of service users and associated data held, it is important that all staff maintain awareness of their responsibilities and legal requirements.	The online learning portal should be utilised to monitor mandatory training completion within the service. Given the vulnerability of the service users involved, managers should ensure that employees complete training at the required intervals.  <b>In conjunction with the HR team.</b>	<b>Medium</b>	Working worked with HR and we now have all SkillGate Logins for staff (who are not on computers)  We are waiting for the Safeguarding and GDPR trainings to become available through SkillGate and as soon as this is we will ensure that all staff have completed this training in a timely manner.	AC	To be completed by End Oct 2026	Awaiting confirmation from HR that the training is online and ready to do.  Training will be an agenda item at our monthly managers meeting.
<b>R4</b>	The Disclosure and Barring Policy has had no documented review since	The Disclosure & Barring Policy (2019) should be reviewed	<b>High</b>	AC and KD (HR) working together, have all required staff completed a new	AC	Completed	

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
	<p>2019. It is important that policy is subject to regular review to ensure that it remains fit for purpose. 41% of staff requiring enhanced DSB checks have no current, valid check in place; procedures to prompt and chase up has failed in these instances. Risk of unchecked personnel entering vulnerable client homes. Links to strategic risk register.</p>	<p>and updated on a regular basis to ensure it remains fit for purpose. Responsibilities should be clarified between Human Resources and Managers to ensure that employees are prompted when DBS checks are nearing expiry, with additional control to ensure that employees failing to renew are chased up promptly.</p> <p><b>In conjunction with the HR team.</b></p>		<p>DBS and ensured that this was placed on Auto Renew.</p> <p>DBS checks will become part of the managers records to ensure that this list is kept up to date.</p>			

96 Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:		Date:	15.8.25
-------------------------	---	-------	---------

**Note: In respect of any High Risk recommendations please forward evidence of their implementation to the Internal Audit team as soon as possible.**

## **Bolsover, Chesterfield and North East Derbyshire District Councils'**

### **Internal Audit Consortium**

### **Internal Audit Report**

<b>Authority:</b>	<b>Bolsover District Council</b>
<b>Subject:</b>	<b>Data Protection</b>
<b>Date of Issue:</b>	<b>14<sup>th</sup> October 2025</b>
<b>Assurance Level</b>	<b>Limited Assurance</b>
<b>Report Distribution:</b>	<b>Director of Governance and Monitoring Officer Information &amp; Engagement Manager &amp; Data Protection Officer Chief Executive Director of Finance &amp; 151 Officer</b>





## **Introduction**

In accordance with the 2025/26 Annual Audit Plan, a review of the processes and controls in respect of Data Protection has been undertaken.

The audit assessed the Council's arrangements against requirements of the Data Protection Act 2018 and UK data protection legislation, with focus on key areas of governance, transparency, training, records management, and breach handling. The audit was scoped and planned in consultation with the Council's Data Protection Officer (DPO).

Internal audit work and reporting has been carried out in line with the requirements of the Institute of Internal Auditors (IIA) Global Internal Audit Standards.

## **Executive Summary**

The audit confirmed that the Council had made measurable progress in strengthening its data protection framework. A new Data Protection Policy (July 2025) has been developed to replace outdated documentation, public-facing webpages have been refreshed, and breach management arrangements were generally sound. Serious cases were appropriately escalated and reported to the ICO within statutory timescales.

Training content was relevant and targeted. However, the centralised training log was incomplete, limiting assurance over full workforce coverage. Records of Processing Activities (RoPA) had not been maintained and the Corporate Retention Schedule remained outdated and inaccessible on the intranet. Some internal guidance continued to reference legacy legislation and parental consent processes within Leisure Services were inconsistent across activities.

One historic data breach (from 2023) led to civil proceedings and a financial settlement, prompting the introduction of new internal policies on redaction to strengthen future controls.

The audit covered the period April 2024 to September 2025, capturing both legacy issues and subsequent improvements. Overall, while progress has been made under the new management structure, several areas still require attention to provide full assurance.

## **Background**

Responsibility for data protection transferred to the newly established Information & Engagement Team in April 2025, following the permanent move of the previous DPO and Deputy DPO to North East Derbyshire District Council.

Since taking over, the team has initiated a structured compliance improvement programme aimed at embedding accountability and addressing weaknesses identified.

Key early actions have included the rollout of online Data Protection training to all employees, ensuring accessible delivery across both office-based and operational staff and the inclusion of the RoPA and Corporate Retention Schedule refresh within the Data Protection

Compliance and Work Programme 2024-25. These actions demonstrate that the Council is actively addressing deficiencies while building a more sustainable compliance framework for the future.

<b>Assurance Opinion</b>	
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.

For a full list of Assurance definitions linked to risk see Appendix 1. For definitions of High, Medium and Low risk recommendations see Appendix 2. For definitions of Root Cause Analysis see Appendix 3. For the Management Action Plan see Appendix 4.

<b>Key Findings</b>
<ul style="list-style-type: none"> <li>• Progress has been made against all recommendations from the 2022/23 audit, with improvements noted in some areas. However, several actions - particularly those relating to policy approval, training records, privacy notices, the asset register and the retention schedule - remain partially implemented and have been re-tested in this review.</li> <li>• A new draft Data Protection Policy has been prepared (July 2025) and represents a significant improvement but this has not yet been finalised or approved; staff-facing intranet pages remain outdated.</li> <li>• The DPO and Deputy are visible across the organisation and qualified to advise on data protection matters.</li> <li>• Training had been delivered, but centralised records showed only 305 of 513 filled posts with evidence of completion; refresher cycles were not recorded.</li> <li>• Confidential waste disposal was secure. A contract and monitoring processes were also in place.</li> <li>• The register of processing activity (asset register) had not been kept up to date and is a key document in terms of identifying data held by the Council and how it is used.</li> <li>• Privacy notices were present on most forms but inconsistent in version control; supporting guidance (e.g. Data Disposal) was outdated.</li> <li>• Parental consent processes were in place within Leisure Services, but practices were inconsistent across activities and some forms had not been updated in several years.</li> <li>• The retention schedule dated 2018 remained in place and inaccessible on the intranet; service-level testing was therefore not repeated.</li> <li>• Breach management was effective for high-risk cases, but the register contained incomplete closure information and occasional gaps in rationale.</li> <li>• Committee report templates included DP implications, but duplicate and outdated guidance existed on ERIC.</li> </ul>

- |  |
|--|
| <ul style="list-style-type: none"><li>• Job descriptions included standard data protection responsibilities.</li></ul> |
|--|

## Scope, Objectives and Risks

The objective of the audit was to assess the adequacy and effectiveness of the Council's arrangements for ensuring compliance with the **Data Protection Act 2018** and related UK data protection legislation.

The review examined the design and operation of key controls intended to safeguard personal data, promote accountability, and prevent unauthorised disclosure or misuse of information. Specific areas of focus included:

- Governance arrangements, including the role and visibility of the Data Protection Officer and Deputy.
- The adequacy and approval status of the Council's Data Protection Policy and supporting guidance.
- Staff awareness and training arrangements, including induction and refresher training and the maintenance of centralised records.
- The use and consistency of privacy notices and consent mechanisms, including parental consent for children's data.
- Retention and disposal of personal data, including the currency and accessibility of the corporate retention schedule.
- The identification, investigation, and reporting of data breaches.
- The inclusion of data protection considerations within committee reports and procurement contracts.
- Physical and electronic access controls to ensure data is stored securely and accessed appropriately.

The key risks considered were that:

- Personal data may be processed unlawfully or without a valid legal basis.
- Staff may lack sufficient awareness of data protection responsibilities.
- Policies, guidance, or records (e.g. training, retention schedules) may be outdated or incomplete.
- Inconsistent management of breaches, consent or retention could expose the Council to non-compliance with the Data Protection Act 2018 and reputational harm.

## **Effective Controls**

The Council had formally appointed a qualified Data Protection Officer and Deputy, who had taken on a visible and proactive role across the organisation. They had attended directorate meetings and contributed to the Risk Management Group, helping to raise awareness of data protection responsibilities.

Committee report templates included a section on data protection implications, and our sample testing confirmed that these were being completed appropriately. HR job descriptions also consistently included a standard statement of data protection responsibilities, embedding accountability at the point of recruitment.

Awareness of breach reporting was high. Staff were escalating incidents appropriately, and serious cases were being notified to the ICO within statutory timescales.

Finally, arrangements for confidential waste disposal were secure in practice and electronic access controls over files were operating effectively, with no evidence of inappropriate access.

## **Findings and Recommendations**

### **Data Protection Policy / Guidance**

We reviewed the Council's published 2024 Data Protection Policy and found that it continued to reference the UK GDPR as the primary framework, with outdated hyperlinks to EU resources. Staff-facing intranet guidance also contained legacy references to the 1998 Act and the Data Protection Bill. This created a risk that staff may rely on inaccurate or inconsistent guidance, undermining compliance.

During the course of the audit, we were provided with a new draft Data Protection Policy (July 2025). This addressed many of the weaknesses identified, aligning with the DPA 2018, and setting out roles, responsibilities and links to related procedures. However, the policy had not yet been finalised or approved, and several sections contained placeholders. Until the draft is embedded, the Council remains reliant on outdated material.

See Recommendation R1

### **Data Protection Training**

We reviewed central HR training records and reconciled them to the July 2025 establishment list. Training was being delivered corporately, with content aligned to the Data Protection Act 2018 and good practice, but the records were incomplete. Only 305 of 513 filled posts had evidence of attendance, meaning around 41% of staff could not be confirmed as trained. Analysis showed that many of these gaps related to operational or field-based staff, such as cleaners, drivers, refuse operatives, and tradespeople, who have limited computer access and are therefore harder to reach through standard e-learning. The log also did not record completion dates or refresher cycles.

This limited assurance over full organisational compliance creates a risk that training coverage is uneven, refresher sessions are missed, and operational staff may not receive proportionate awareness training, reducing staff understanding and increasing the likelihood of unintentional data breaches

Since the audit fieldwork concluded, the Information & Engagement Team has introduced a new online Data Protection training module available to all staff, including those in operational roles. This development represents a positive step towards improving coverage and consistency, although full assurance will depend on accurate recording and monitoring of completion rates in future cycles.

See Recommendation R2

### **Privacy Notices**

We sampled a range of privacy notices and reviewed corporate guidance. Notices were generally present but varied in format and version control, and some contained outdated references to legislation. Corporate “Data Disposal Guidance” (2014) was also still in use.

Inconsistent and outdated notices create a risk that individuals are not fully informed of how their data will be used, weakening transparency obligations and potentially leading to complaints or regulatory challenge.

See Recommendations R3

### **Register of Processing Activities (RoPA)**

We sought to confirm that the Council maintains a current and comprehensive Record of Processing Activities (RoPA), as required under the Data Protection Act 2018. This should take the form of a corporate data asset register, capturing details of personal data held, the purposes of processing, categories of recipients, retention periods, and the safeguards applied.

During the audit, no live data asset register was initially provided. However, through further enquiries, we obtained a version dating from the 2020/21 audit, structured with a tab for each service area and containing fields consistent with data mapping. While this demonstrates that a corporate register was developed previously, it has not been maintained or embedded into current practice. The register has not been updated since 2020/21, and the current Data Protection Officer was unaware of it being in active use.

Management confirmed that, following the appointment of a new Information & Engagement Officer, there are plans to refresh and embed an up-to-date live Data Asset Register as part of the Council's ongoing compliance programme. This action is reflected (albeit in general terms) within the BDC Data Protection Compliance and Work Programme 2024–25.

In the absence of a current, owned, and regularly updated register, there is limited assurance that the Council has full oversight of its personal data processing activities. Data mapping underpins several other areas of compliance, including the accuracy of privacy notices, the application of retention schedules and the completion of Data Protection Impact Assessments (DPIAs).

See Recommendation R4

## **Consent**

We found no standalone record of consent processes or evidence of how consent and withdrawal are documented within services. However, this issue is intrinsically linked to the absence of a current corporate Record of Processing Activities (RoPA), which should capture the lawful basis for processing, including consent where applicable. The related recommendation (R5) therefore addresses this area.

## **Parental Consent**

We reviewed parental consent arrangements within Leisure Services and confirmed that processes were in place across a range of activities, including arts projects, Go! Play programmes, Extreme Wheels sessions, swimming lessons and outdoor activities. However, practices varied between services and some consent forms had not been updated for several years.

This inconsistency increases the risk that children's personal data may not always be processed in line with the requirements of the Data Protection Act 2018, potentially exposing the Council to compliance and reputational risks.

See Recommendation R5

## **Retention Schedules**

We reviewed the Council's corporate retention and disposal schedule (2018). The framework set out appropriate retention periods and disposal actions, but had not been updated since 2019, was inaccessible on the intranet, and the intranet search function returned a 404 error.

Outdated and inaccessible retention guidance creates a risk that staff retain records longer than necessary or dispose of them prematurely, undermining the storage limitation principle under DPA 2018. It also prevented meaningful service-level testing of compliance.

See Recommendation R6

We further confirmed that review and update of the Corporate Retention Schedule was included within the 2024-25 Data Protection Compliance and Work Programme, which should ensure alignment with current legislation and improve accessibility for staff once completed.

## **Data Breaches**

We reviewed the Council's breach register, supporting guidance and a sample of ten incidents recorded between January 2023 and August 2025. We found that staff were aware of the need to escalate breaches, high-risk cases were notified to the ICO within 72 hours, and corrective actions were implemented.

However, weaknesses in record-keeping were identified. Six of the ten cases appeared closed in practice but were still recorded as "open" and one case lacked documented rationale for the ICO and data subject notification decision. All breach entries in the sample recorded since April 2025 were accurate, current and fully supported by evidence. Incomplete registers reduce the Council's ability to evidence accountability and to learn lessons consistently.

During the course of the review, we noted that one historic data breach (from 2023) had resulted in civil proceedings and a financial settlement against the Council. The incident prompted a comprehensive review of breach management and redaction practices and led to the development of a new Compensation Policy for Data Protection Breaches and a Redaction Policy (both drafted October 2025). These documents aim to ensure fair and proportionate redress in any future cases, improve consistency in breach response and reduce the risk of similar incidents recurring. Although the case was exceptional, it illustrates the potential financial and reputational impact of data handling failures and reinforces the importance of consistent breach prevention and training.

Overall, the current breach management arrangements are operating effectively under the new team, with the identified weaknesses confined to historic records.

Recommendation: R7.

## **Committee Reports**

We reviewed committee report templates, a sample of packs, and supporting guidance. Templates included a section on data protection implications, and sample reports demonstrated compliance. However, we noted duplicate and outdated versions of guidance on ERIC.

Duplication risks confusion over which documents staff should follow, undermining consistency of reporting. See Recommendation R8

<b>Recommendations</b>	
<b>R1</b>	<p><b>Data Protection Policy/ Guidance</b></p> <p><b>Recommendation:</b></p> <p>The Council should ensure that its draft Data Protection Policy (July 2025) is finalised, approved, and published without delay. Before publication, placeholders and incomplete references should be updated and links to related policies and procedures completed.</p> <p>At the same time, outdated guidance should be reviewed and either updated or withdrawn, particularly:</p> <ul style="list-style-type: none"> <li>• Data Disposal Guidance (2014) – to be revised and aligned with the Data Protection Act 2018.</li> <li>• Intranet (ERIC) content - to be updated so that staff-facing guidance is consistent with current law and the updated corporate policy.</li> </ul> <p>Once approved, the new policy and supporting guidance should be communicated to staff and councillors, with older versions removed from circulation.</p> <p><b>Risk: Medium</b></p>
<b>Root Cause</b>	<b>Standards &amp; Policies</b>
<b>R2</b>	<p><b>Data Protection training</b></p> <p><b>Recommendation:</b></p> <p>The Council should introduce a mandatory refresher cycle for all staff and record compliance against this requirement through maintenance of a comprehensive central training log. The log should:</p> <ul style="list-style-type: none"> <li>• Capture attendance at all data protection sessions (including bespoke or departmental events).</li> <li>• Record completion dates for each staff member.</li> <li>• Track refresher cycles and flag when refresher training is due.</li> <li>• Record outstanding training requirements, ensuring managers are able to monitor and escalate non-compliance within their teams.</li> <li>• Reconcile periodically against the establishment list to confirm coverage across the workforce.</li> </ul> <p>This will provide assurance that staff awareness is consistent across the organisation, support compliance with the Data Protection Act 2018, and reduce the risk of gaps in coverage or lapsed refresher training.</p> <p><b>Risk: High</b></p>
<b>Root Cause</b>	<b>Competencies &amp; Training</b>



<b>R3</b>	<p><b>Privacy notices template</b></p> <p><b>Recommendation:</b></p> <p>The Council should develop and adopt a corporate privacy notice template and accompanying style guide and update its Privacy Notices Guidance to align with the Data Protection Act 2018 and current ICO expectations.</p> <p>Once approved, all services should review and update their existing privacy notices using the new template to ensure consistent content, formatting and version control.</p> <p>This will strengthen transparency, reduce inconsistency across departments, and ensure the Council meets its obligations under UK data protection legislation.</p> <p><b>Risk: Medium</b></p>
<b>Root Cause</b>	<b>Standards &amp; Policies</b>
<b>R4</b>	<p><b>Records of Processing Activity (Data Asset Register)</b></p> <p><b>Recommendation:</b></p> <p>The Council should ensure that the planned work within the 2024–25 Data Protection Compliance and Work Programme to refresh and embed a live Data Asset Register is delivered as a priority. The register should capture, as a minimum:</p> <ul style="list-style-type: none"> <li>• The purposes of processing personal data.</li> <li>• Categories of data subjects and personal data processed.</li> <li>• Categories of recipients with whom data is shared.</li> <li>• Transfers of data outside the UK (if applicable).</li> <li>• Retention periods for personal data.</li> <li>• Security measures applied to protect the data.</li> </ul> <p>Ownership should be clearly assigned to the Data Protection Officer and the register should be reviewed and updated regularly.</p> <p>This will provide assurance that the Council has full oversight of its data processing activities and is meeting its statutory obligations under the Data Protection Act 2018.</p> <p><b>Risk: High</b></p>
<b>Root Cause</b>	<b>Governance</b>

<b>R5</b>	<p><b>Children – Parental Consent</b></p> <p><b>Recommendation:</b></p> <p>The Council should ensure that all services collecting children’s personal data adopt a consistent and up-to-date approach to parental consent. This should include:</p> <ul style="list-style-type: none"> <li>• Updating consent forms to ensure they align with the Data Protection Act 2018.</li> <li>• Standardising retention and disposal practices across services.</li> <li>• Providing corporate guidance and oversight from the DPO to ensure consistent practice and assurance across all Leisure activities.</li> </ul> <p><b>Risk: Low</b></p>
<b>Root Cause</b>	<b>Governance</b>
<b>R6</b>	<p><b>Retention Schedules</b></p> <p><b>Recommendation:</b></p> <p>The Council should complete the planned review and update of the Corporate Record Retention and Disposal Schedule, ensuring that it:</p> <ul style="list-style-type: none"> <li>• Aligns with current legislation, guidance, and operational practice.</li> <li>• Is published in an accessible location on the intranet.</li> <li>• Can be readily located by staff through a functioning search facility.</li> </ul> <p>Once updated, the DPO should seek assurance that service managers across directorates are applying the refreshed requirements consistently, supported by periodic checks of both paper and electronic records.</p> <p>Completing this action will ensure staff have access to an up-to-date and reliable framework for managing records, reducing the risk of over-retention or premature disposal, and will provide a sound basis for future assurance testing.</p> <p><b>Risk: Medium</b></p>
<b>Root Cause</b>	<b>Governance</b>

<b>R7</b>	<p><b>Data Breaches</b></p> <p><b>Recommendation:</b></p> <p>The Council should strengthen the administration of its breach log/register to ensure that each case record is complete and capable of demonstrating compliance with accountability requirements under the Data Protection Act 2018. In particular, the following should be treated as mandatory fields before a case is closed:</p> <ul style="list-style-type: none"> <li>• Date/time breach was discovered and date/time assessment completed (to evidence the 72-hour standard).</li> <li>• ICO notification decision, with rationale documented in all cases (whether “Yes” or “No”).</li> <li>• Data subject notification decision, with rationale documented in all cases.</li> <li>• Containment and corrective actions, with evidence of completion.</li> <li>• Closure date and confirmation of review by the DPO or Deputy.</li> </ul> <p>In addition, a regular quality assurance check (e.g. monthly) should be introduced to review all “open” cases to confirm whether they remain live or should be administratively closed.</p> <p><b>Risk: Low</b></p>
<b>Root Cause</b>	<b>Process &amp; Procedures</b>
<b>R8</b>	<p><b>Committee Reports</b></p> <p><b>Recommendation:</b></p> <p>The Council should ensure that guidance and templates relating to exempt information are streamlined and maintained in a single, clearly signposted location on ERIC. This would reduce duplication and reinforce consistent application by report authors.</p> <p><b>Risk: Low</b></p>
<b>Root Cause</b>	<b>Governance</b>

Assurance Level	Internal Audit Definition	Risk Register Link
<b>Substantial Assurance</b>	There is a sound system of controls in place, designed to achieve the system objectives. Controls are being consistently applied and risks well managed.	Rare impact
<b>Reasonable Assurance</b>	The majority of controls are in place and operating effectively, although some control improvements are required. The system should achieve its objectives. Risks are generally well managed.	Possible / Unlikely impact
<b>Limited Assurance</b>	Certain important controls are either not in place or not operating effectively. There is a risk that the system may not achieve its objectives. Some key risks were not well managed.	Major impact
<b>Inadequate Assurance</b>	There are fundamental control weaknesses, leaving the system/service open to material errors or abuse and exposes the Council to significant risk. There is little assurance of achieving the desired objectives.	Critical Impact

**Indicative Definitions of High Medium and Low Recommendations**

Risk	Definition
<b>High</b>	<p>Risks that can have a catastrophic / severe impact on the operation of the Council or service - Must take action to mitigate or terminate if not possible to do so: -</p> <ul style="list-style-type: none"> <li>• Death, extensive injury, major permanent harm</li> <li>• Unable to function without government or other agency intervention</li> <li>• Significant impact on service objectives</li> <li>• Inability to fulfil obligations</li> <li>• Short to medium term impairment to service capability</li> <li>• Adverse national publicity, highly damaging, loss of public confidence</li> <li>• Major adverse local publicity</li> <li>• High risk of fraud being able to occur e.g., key internal controls are not operating or are missing</li> <li>• Direct link to a strategic risk occurring</li> <li>• A serious breach of legislation/ legal requirements leading to substantial financial penalties or severe breach of data protection (report to ICO)</li> <li>• Substantial loss or damage to Council assets/or information</li> </ul>
<b>Medium</b>	<p>Risks which have a noticeable impact on the service provided, will cause a degree of disruption to service provision / impinge on the budget - Check current controls and consider if others are required: -</p> <ul style="list-style-type: none"> <li>• Medical treatment required, semi-permanent harm up to 1 year</li> <li>• Short term disruption to service capability</li> <li>• Significant financial loss</li> <li>• Some adverse publicity, needs careful public relations</li> <li>• Isolated personal details compromised</li> <li>• Risk of fraud being able to occur</li> <li>• Direct link to identified operational risks occurring</li> <li>• A serious breach of organisational policies and procedures</li> <li>• A breach of legislation / legal requirements leading to a moderate financial impact</li> <li>• Loss or damage to Council assets, information</li> <li>• Previously agreed medium internal audit recommendations remain outstanding</li> </ul>
<b>Low</b>	<p>Risks where the impact and any associated losses will be minor</p> <ul style="list-style-type: none"> <li>• First Aid treatment, non- permanent harm up to 1 month, no obvious harm or injury</li> <li>• Minor / negligible impact on service objectives</li> <li>• Financial loss that can be accommodated at service level / minimal</li> <li>• Some public embarrassment, no damage to reputation, unlikely to cause any adverse publicity / internal only</li> <li>• Minimal risk of fraud</li> <li>• No direct link to operational or strategic risks</li> <li>• A minor breach of organisations policies and procedures</li> <li>• A minor breach of Legislation / legal requirements</li> <li>• Low risk of loss or damage to Council assets</li> </ul>

# Root Cause Analysis Categories

## Resources

**Definition:** the extent to which the service has sufficient, capable resources, enabling it to carry out all aspects of its operational duties efficiently and effectively.

**Examples:** functions that had been carried out by a now non-existent post have fallen through the gaps; services have only enough resources to carry out key aspects of operational delivery, meaning some lower priority tasks are not executed.

## Competencies & Training

**Definition:** the extent to which staff are appropriately qualified, trained or experienced to carry out their role.

**Examples:** lack of training; inappropriate training; ineffective training plans; poor recruitment; poor training material

## Systems

**Definition:** the extent to which systems are fit-for-purpose and support the service to carry out its operations effectively.

**Examples:** system processes are not available or are not effective, resulting in discrepancies or workarounds to get the required outcome, system processes are circumvented or duplicated manually. Processes are carried out manually where systems processes would be more efficient.

## Motivation & Incentives

**Definition:** the extent to which factors such as organisational or personnel change have impacted on staff desire to carry out their role efficiently and effectively.

**Examples:** staff are feeling demotivated by a recent restructuring and removal of some posts, and do not feel that they should be taking on new responsibilities.

## Standards & Policies

**Definition:** the extent to which expected standards have been made clear to staff and the necessary policies are in place to support these standards.

**Examples:** there is no policy/procedure in place; policies/procedures are out of date; policies/procedures have not been reviewed within appropriate timescales; policies etc. are difficult to locate/access; links in policies either do not work or are out of date.

## Governance

**Definition:** the extent to which the service is governed by a clear structure that sets out the roles and responsibilities of officers, and the service is supported by appropriate risk management and control systems.

**Examples:** lack of assigned responsibility and accountability; failure to act / ignorance; intentional misleading by management to protect themselves; underqualified / trained Board members.

### Process & Procedures

**Definition:** the extent to which established processes are operating effectively and are supported by defined procedures.

**Examples:** failure to follow set procedures (take care re materiality/proportionality); lack of separation of duties; controls being bypassed.

### Accountability

**Definition:** the extent to which roles and responsibilities for decision-making have been defined and are accepted and acted on by all parties.

**Examples:** unclear expectations; avoiding responsibility; lack of management oversight; poor communication.

### Assurance & Monitoring

**Definition:** the extent to which internal and/or external checking controls exist to monitor the effectiveness of, and provide assurance to, the service.

**Examples:** unclear responsibility; not identifying and/or taking action on recurring problems; checking the wrong things; under-sampling.

### Human Error

**Definition:** relating to people and their actions, error caused by stress, fatigue, carelessness, communication breakdown.

**Examples:** Spreadsheet formulas are wrong, figures transposed / typed in wrong, data taken from or entered in the wrong fields.

## Management Action Plan

Report Title:	Data Protection	Report Date: 14 <sup>th</sup> October 2025
		Response Due By Date: 4 <sup>th</sup> November 2025

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
63	<b>R1 Data Protection Policy/ Guidance</b>  The 2024 Data Protection Policy remained in place, referencing the EU GDPR and outdated intranet guidance. A draft July 2025 version had been prepared but not finalised; placeholders and incomplete references remained.  <b>Risk:</b> Staff may continue to rely on inaccurate or inconsistent materials, reducing confidence in the Council's policy framework and undermining its ability to demonstrate compliance with accountability requirements.	The Council should ensure that its draft Data Protection Policy (July 2025) is finalised, approved, and published without delay. Before publication, placeholders and incomplete references should be updated and links to related policies and procedures completed.	Medium	Agreed with relevant Officers.	KB	Before end of Dec 2025.	This policy is ready and will be presented to the next Customer Services Scrutiny meeting on Mon, 8 <sup>th</sup> Dec 2025, after which, the document will be published.
		At the same time, outdated guidance should be reviewed and either updated or withdrawn, particularly: <ul style="list-style-type: none"> <li>• Data Disposal Guidance (2014) – to be revised and aligned with the Data Protection Act 2018.</li> <li>• Intranet (ERIC) content - to be updated so that staff-facing guidance is consistent with current law and the updated corporate policy.</li> </ul> Once approved, the new policy and supporting guidance should be communicated to staff and		Outdated guidance has been removed from Eric.  Eric pages have been refreshed accordingly.	KB	Complete	



	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
		councillors, with older versions removed from circulation.					
<b>R2</b>	<b>Data Protection training</b>  Data protection training was delivered corporately but records were incomplete. Only 305 of 513 filled posts had a training record (41% gap), with no refresher tracking or completion dates. Many unrecorded roles were operational (e.g. cleaners, drivers, refuse operatives, tradespeople) who have limited access to e-learning.  <b>Risk:</b> Without accurate tracking of staff completion and refresher cycles, training coverage may be uneven, refresher sessions missed and the Council could face difficulty evidencing compliance with statutory training obligations under UK data protection legislation.	The Council should introduce a mandatory refresher cycle for all staff and record compliance against this requirement through maintenance of a comprehensive central training log. The log should: <ul style="list-style-type: none"> <li>• Capture attendance at all data protection sessions (including bespoke or departmental events).</li> <li>• Record completion dates for each staff member.</li> <li>• Track refresher cycles and flag when refresher training is due.</li> <li>• Record outstanding training requirements, ensuring managers are able to monitor and escalate non-compliance within their teams.</li> <li>• Reconcile periodically against the establishment list to confirm coverage across the workforce.</li> </ul>	<b>High</b>	Agreed with HR to rollout all data protection modules on SkillGate.	LC/KB	Sep 2025	All staff received refresh data protection training on 11/09/25 via SkillGate. Reminders were sent out on 25/09/25. HR have successfully captured an accurate log of all completion dates/records. KB has since delivered in person, bespoke GDPR training to the Housing department.
<b>R3</b>	<b>Privacy notices template</b>	The Council should develop and adopt a corporate privacy notice	<b>Medium</b>	Agreed with KB to have all	KB	Dec 2025	There is one last privacy notice to

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
95	<p>Privacy notices were present but inconsistent in content, format and version control. Some included outdated references to legislation.</p> <p>Corporate Privacy Notices Guidance was outdated, referencing 2014 practice and not aligned to DPA 2018.</p> <p><b>Risk:</b> Without a refreshed template and programme of regular review, privacy notices risk becoming inconsistent, incomplete, or failing to meet statutory obligations.</p> <p>Staff may rely on incorrect guidance, resulting in inconsistent or non-compliant privacy notices.</p>	<p>template and accompanying style guide and update its Privacy Notices Guidance to align with the Data Protection Act 2018 and current ICO expectations.</p> <p>Once approved, all services should review and update their existing privacy notices using the new template to ensure consistent content, formatting, and version control.</p> <p>This will strengthen transparency, reduce inconsistency across departments, and ensure the Council meets its obligations under UK data protection legislation.</p>	High	privacy notices updated by mid-December.			be updated before they are all reviewed by Kellie B and published in Dec 2025.
	<p><b>R4 Records of Processing Activity (Data Asset Register)</b></p> <p>The Records of Processing Activities (Data Asset Register) had not been maintained since 2020/21</p>	<p>The Council should ensure that the planned work within the 2024–25 Data Protection Compliance and Work Programme to refresh and embed a live Data Asset Register is delivered as a priority. The register should capture, as a minimum:</p>		KB, KB and service managers currently working on populating the master document.	KB DPO	Jan 2026	Well underway. We have adopted the ICO's recommended ROPA template in the absence of recent activity. The

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
96	<p>and was not recognised by the current DPO.</p> <p><b>Risk:</b> The absence of an up-to-date and embedded Records of Processing Activities represents a significant compliance gap under the DPA 2018</p>	<ul style="list-style-type: none"> <li>The purposes of processing personal data.</li> <li>Categories of data subjects and personal data processed.</li> <li>Categories of recipients with whom data is shared.</li> <li>Transfers of data outside the UK (if applicable).</li> <li>Retention periods for personal data.</li> <li>Security measures applied to protect the data.</li> </ul> <p>Ownership should be clearly assigned to the Data Protection Officer and the register should be reviewed and updated regularly.</p> <p>This will provide assurance that the Council has full oversight of its data processing activities and is meeting its statutory obligations under the Data Protection Act 2018.</p>					document is currently in draft format. Once all service managers have responded, it will be up to date by end of Jan 2026.
	<p><b>R5 Children – Parental Consent</b></p> <p>Parental consent processes were in place across Leisure Services activities (e.g. arts projects, Go! Play, Extreme</p>	<p>The Council should ensure that all services collecting children's personal data adopt a consistent and up-to-date approach to parental consent. This should include:</p>	Low	<p>We have just finished creating a corporate consent form for all services to access.</p>	KB	Nov 2025	KB is working with Comms to update all their filming and photography policies. KB has refreshed

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
	<p>Wheels, swimming lessons, outdoor activities). However, practices varied between services and some consent forms had not been updated for several years, leading to inconsistent approaches.</p> <p><b>Risk:</b> Inconsistent and outdated parental consent processes increase the risk that children's personal data may be processed unlawfully, exposing the Council to compliance and reputational risks.</p>	<ul style="list-style-type: none"> <li>Updating consent forms to ensure they align with the Data Protection Act 2018.</li> <li>Standardising retention and disposal practices across services.</li> <li>Providing corporate guidance and oversight from the DPO to ensure consistent practice and assurance across all Leisure activities.</li> </ul>					consent protocols across services requiring child consent.
97	<p><b>R6 Retention Schedules</b></p> <p>The corporate retention schedule (2018) was outdated, not updated since 2019, inaccessible on the intranet, and not locatable via search.</p> <p><b>Risk:</b> Staff may be unable to apply retention rules consistently, leading to over-retention or premature deletion of records. It also limited audit's ability to confirm compliance at service level.</p>	<p>The Council should complete the planned review and update of the Corporate Record Retention and Disposal Schedule, ensuring that it:</p> <ul style="list-style-type: none"> <li>Aligns with current legislation, guidance, and operational practice.</li> <li>Is published in an accessible location on the intranet.</li> <li>Can be readily located by staff through a functioning search facility.</li> </ul> <p>Once updated, the DPO should seek assurance that service managers across directorates are applying the refreshed</p>	Medium	The first draft of the updated schedule is currently in review with service managers.	KB & KB	Jan 2026	The refreshed Retention Schedule is aligned with current legislation and will be ready for publishing in January 2026.

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
		<p>requirements consistently, supported by periodic checks of both paper and electronic records.</p> <p>Completing this action will ensure staff have access to an up-to-date and reliable framework for managing records, reducing the risk of over-retention or premature disposal, and will provide a sound basis for future assurance testing.</p>					
86 R7	<p><b>Data Breaches</b></p> <p>Breach management was effective for high-risk cases, but weaknesses in register administration were noted: six cases open when effectively closed, and one lacking rationale for ICO/data subject notification.</p> <p><b>Risk:</b> Incomplete data breach records reduce the reliability of management information and weaken the Council's ability to demonstrate accountability under the DPA 2018.</p>	<p>The Council should strengthen the administration of its breach log/register to ensure that each case record is complete and capable of demonstrating compliance with accountability requirements under the Data Protection Act 2018. In particular, the following should be treated as mandatory fields before a case is closed:</p> <ul style="list-style-type: none"> <li>• Date/time breach was discovered and date/time assessment completed (to evidence the 72-hour standard).</li> <li>• ICO notification decision, with rationale documented in</li> </ul>	Low	<p>This item relates to the 2024-25 register which was administered by the previous team. Since taking over the department in April 2025, I have ensured that the 2025-26 register is 100% up to date.</p>	KB & KB	Apr-present	No risk. Item is 100% accurate.

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
		<p>all cases (whether “Yes” or “No”).</p> <ul style="list-style-type: none"> <li>• Data subject notification decision, with rationale documented in all cases.</li> <li>• Containment and corrective actions, with evidence of completion.</li> <li>• Closure date and confirmation of review by the DPO or Deputy.</li> </ul> <p>In addition, a regular quality assurance check (e.g. monthly) should be introduced to review all “open” cases to confirm whether they remain live or should be administratively closed.</p>					
69 K	<p>Committee Reports</p> <p>Committee report templates included DP implications, but duplicate and outdated versions of guidance existed on ERIC.</p> <p>Risk: Duplication of guidance on ERIC could reduce clarity and consistency in reporting.</p>	The Council should ensure that guidance and templates relating to exempt information are streamlined and maintained in a single, clearly signposted location on ERIC. This would reduce duplication and reinforce consistent application by report authors.	Low	Please see R1. Out of date guidance has been removed from ERIC. There are still a few forms which need to be split from NEDDC. These will be updated ASAP.	KB is in the process of updating forms relating to data protection making them BDC-specific.	Jan 2026	KB is monitoring KB’s progress. Vast improvements have been made on the main data protection page on ERIC: See <a href="#">Data protection</a>

Please tick the appropriate response (✓) and give comments for all recommendations not agreed.

Signed Head of Service:	K B	Date:	1 <sup>st</sup> Dec 2025
-------------------------	-----	-------	--------------------------

**Note: In respect of any High Risk recommendations please forward evidence of their implementation to the Internal Audit team as soon as possible.**

# Appendix 4

## Bolsover District Council and Dragonfly Ltd Internal Audit Plan 2025/26

410 Days Bolsover 85% 73 Days Dragonfly 15% (based on Payroll numbers)

Complete
In Progress
Ongoing (not a specific audit)
Not started

	Risk	Strategic Risk	BDC 2025/26 Days	Dragonfly 2025/26 Days
<b>Main Financial Systems</b>				
Payroll	M	SR3	22	5
Council Tax (carry fwd)	M	SR3	20	
Housing Rents	M	SR3/12	20	
HRA Business Plan	H	SR3	10	
<b>Total Main Financial Systems</b>			<b>72</b>	<b>5</b>
<b>Corporate / Cross Cutting</b>				
Business Continuity / Emergency Planning - DCC	M	SR6/11	12	2
Bolsover Regeneration Fund	M	SR5	14	4
Corporate Governance / Assurance Statement	N/A	SR8	2	
Complaints procedures	M		8	2
Data Protection	M	SR3	13	3
*Ethical Governance	M	SR8	15	
Financial Advice / working Groups	N/A		20	
Procurement	H		15	4
Risk Management	M	SR8	12	5
UK Shared prosperity Grant – Grant Compliance	M	SR5	12	
<b>Total Cross Cutting</b>			<b>123</b>	<b>20</b>
<b>Other Operational Audits</b>				
Asset Management (carry	M		10	5



	Risk	Strategic Risk	BDC 2025/26 Days	Dragonfly 2025/26 Days
fwd)				
Careline / Supporting people	L		12	
Clowne Leisure Activities	M	SR12	20	
Damp and Mould Programme	M			12
Domestic / household waste	M		12	
Flytipping (Joint NEDDC)	L		8	
Housing Allocations and Lettings	M		13	
Private Sector Housing Disrepairs (joint NEDDC)	M		8	
Pleasley Mills Property Rents	M			13
Tangent Property Rents	M			13
Taxi Licensing (Joint NEDDC)	M	SR9	10	
Social Media / facebook/ Bolsover TV (carry fwd)	L		12	
Transport, Fuel, licences	M		15	
<b>Total Operational Areas</b>			<b>120</b>	<b>43</b>
<b>IT Related</b>				
IT Inventory / disposal of Equipment (joint NEDDC)	L		10	
<b>Total IT</b>			<b>10</b>	<b>0</b>
<b>Special Investigations / Contingency/ emerging risks</b>			<b>40</b>	<b>5</b>
<b>Apprenticeships / training</b>			<b>30</b>	
<b>Audit Committee / Client Liaison/Board Meetings</b>			<b>15</b>	
<b>Grand Total</b>			<b>410</b>	<b>73</b>

\*Ethical governance audit includes – values, behaviours, culture, Codes of Conduct, whistleblowing policy, gifts and hospitality, declarations of interest, Anti-fraud policy, expenses and allowances policy, recruitment policy

## **BOLSOVER DISTRICT COUNCIL**

### **Meeting of the Audit Committee on 29<sup>th</sup> January 2026**

### **Implementation of Internal Audit Recommendations**

### **Report of the Head of the Internal Audit Consortium**

<b>Classification</b>	This report is Public
<b>Contact Officer</b>	Jenny Williams Head of the Internal Audit Consortium

### **PURPOSE/SUMMARY OF REPORT**

To present, for members' information, a summary of the internal audit recommendations made and implemented for the financial years 2021/22 - 2025/26 to date.

---

### **REPORT DETAILS**

#### **1. Background**

- 1.1 Internal Audit make recommendations to improve the governance, risk and control processes in place. It is important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

#### **2. Details of Proposal or Information**

- 2.1 This report is to inform Members of the Audit Committee of the internal audit recommendations made and progress in respect of implementing them.
- 2.2 Appendix 1 provides an analysis of the number of recommendations made, implemented and outstanding for the financial years 2021/22 – 2025/26 to date. The table also details every outstanding recommendation along with the relevant managers latest update of progress made.

- 2.3 There are 29 recommendations outstanding 2 high risk, 16 medium risk and 11 Low risk.

#### **3. Reasons for Recommendation**

- 3.1 To inform Members of the internal audit recommendations made, implemented and outstanding so that it can be assessed if appropriate and timely action is being taken.
- 3.2 To comply with Standard 15.2 of the Global Internal Audit Standards that requires internal auditors to confirm that management has implemented the

internal auditor's recommendations or management action plans following an established methodology, which includes: -

- Inquiring about progress on the implementation
- Performing follow up assessments using a risk- based approach
- Updating the status of management's actions in a tracking system

#### **4 Alternative Options and Reasons for Rejection**

4.1 Not Applicable

---

#### **RECOMMENDATION**

That the report be noted.

---

#### **IMPLICATIONS:**

<b><u>Finance and Risk</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details:		
On behalf of the Section 151 Officer		
<b><u>Legal (including Data Protection)</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details:		
On behalf of the Solicitor to the Council		
<b><u>Staffing</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details:		
On behalf of the Head of Paid Service		
<b><u>Equality and Diversity, and Consultation</u></b>	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Details:		

**Environment**      Yes ☐      No ☒

Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.

**Details:**

**DECISION INFORMATION:**

☒ **Please indicate which threshold applies:**

**Is the decision a Key Decision?**

A Key Decision is an Executive decision which has a significant impact on two or more wards in the District, or which results in income or expenditure to the Council above the following thresholds:

**Revenue (a)** Results in the Council making Revenue Savings of £75,000 or more or **(b)** Results in the Council incurring Revenue Expenditure of £75,000 or more.

**Capital (a)** Results in the Council making Capital Income of £150,000 or more or **(b)** Results in the Council incurring Capital Expenditure of £150,000 or more.

**District Wards Significantly Affected:**

*(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)*

Please state below which wards are affected or tick **All** if all wards are affected:

Yes ☐      No ☒

(a) ☐      (b) ☐

(a) ☐      (b) ☐

All ☐

**Is the decision subject to Call-In?**

*(Only Key Decisions are subject to Call-In)*

If No, is the call-in period to be waived in respect of the decision(s) proposed within this report? *(decisions may only be classified as exempt from call-in with the agreement of the Monitoring Officer)*

**Consultation carried out:**

*(this is any consultation carried out prior to the report being presented for approval)*

Leader ☐    Deputy Leader ☐    Executive ☐    SLT ☐  
Relevant Service Manager ☐    Members ☐    Public ☐  
Other ☐

Yes ☐      No ☒

Yes ☐      No ☐

Yes ☐      No ☐

### Links to Council Ambition: Customers, Economy, Environment, Housing

The implementation of Internal audit recommendations helps to ensure that the Council is delivering high quality, cost effective services and reduces the risk of fraud and error.

### **DOCUMENT INFORMATION:**

Appendix No	Title
Appendix 1	Summary of Internal Audit Recommendations Made, Implemented and Outstanding 2021/22 – 2025/26

### **Background Papers**

***(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive, you must provide copies of the background papers).***

DECEMBER 2024

## Summary of Internal Audit Recommendations made, implemented and outstanding 2021/22 – 2025/26

<b>Recommendations Made</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Number of High Risk	1	0	1	4	3
Number of Medium Risk	13	18	24	29	8
Number of Low Risk	27	37	49	53	20
<b>Total</b>	<b>41</b>	<b>55</b>	<b>74</b>	<b>86</b>	<b>31</b>
<b>Recommendations Implemented</b>	<b>39</b>	<b>55</b>	<b>73</b>	<b>45</b>	<b>15</b>
High Risk Recommendations Outstanding	1	0	0	1	0
Medium Risk Recommendations Outstanding	1	0	1	14	0
Low Risk Recommendations Outstanding	0	0	0	11	0
Not overdue yet	0	0	0	15	16
Total Overdue Recs	2	0	1	26	0
<b>Percentage due implemented or carried fwd to next audit</b>	<b>95%</b>	<b>100%</b>	<b>99%</b>	<b>63%</b>	<b>100%</b>

## **BDC Internal Audit Recommendations Outstanding**

**2021/22**

Report	Audit	Directorate	Conclusion	Recommendations			Total	Not		
Ref				High	Medium	Low		Overdue	Overdue	Implemented
B010	30 Year HRA Business Plan	Both	Reasonable	1	2		3		2 (1H 1M)	1
<b>Total</b>				<b>1</b>	<b>2</b>		<b>3</b>		<b>2</b>	<b>1</b>

**2023/24**

Report	Audit	Directorate	Conclusion	Recommendations			Total	Not		
Ref				High	Medium	Low		Overdue	Overdue	Implemented
B018	CIPFA Financial Management Code	Finance	Reasonable		1	2	3		1M	2
<b>Total</b>					<b>1</b>	<b>2</b>	<b>3</b>		<b>1</b>	<b>2</b>

2024/25

Report	Audit	Directorate	Conclusion	Recommendations			Total	Not		
Ref				High	Medium	Low		Overdue	Overdue	Implemented
B001	Imprest Accounts	Finance	Substantial			2	2		2L	
B002	Corporate Credit Card	Finance	Substantial			2	2		2L	
B003	Non Decent Homes Reporting	Services	Limited	4	1	1	6		1H	5
B009	Creditors	Finance	Substantial			4	4		4L	
B010	Money Laundering	Finance	Reasonable		3		3		2M	1
B011	Housing Benefits & CTax Support	Finance	Substantial			7	7	1		6
B012	Cash & Banking	Finance /Corporate Services & Partnerships	Reasonable		1	1	2		1M	1
B013	Corporate Target	Corporate Services & Partnerships	Reasonable		7		7		6M	1
B015	Sundry Debtors	Finance	Limited		7	9	16	2	6 (3M 3L)	8
B016	Cyber Security Governance	Finance	Reasonable		4	5	9	5		4
B017	E.H Other Licensing Income	Services	Substantial			6	6	4		2
B018	Climate Change	Cross Cutting	Reasonable		4	1	5	3	2M	
<b>Total</b>				<b>4</b>	<b>27</b>	<b>38</b>	<b>69</b>	<b>15</b>	<b>26</b>	<b>28</b>



2025/26

Report	Audit	Directorate	Conclusion	Recommendations			Total	Not		
Ref				High	Medium	Low		Overdue	Overdue	Implemented
B001	Lifeline Scheme	Services	Limited	1	3		4	2		2
B002	Payroll	Finance	Reasonable		1	2	3	3		
B003	Data Protection	Governance	Limited	2	3	3	8	6		2
B004	Business Continuity & Emergency Planning	Services	Substantial				0			0
B005	Housing Rents	Services	Reasonable		1	1	2	2		
B006	Private Sector Housing Disrepairs	Services	Substantial			4	4	2		2
B007	Flytipping	Services	Substantial			2	2			2
B008	Clowne Leisure Centre	Services	Substantial			6	6			6
B009	Council Tax	Finance	Substantial				0			0
B010	Housing Allocations and Lettings	Services	Substantial			1	1			1
B011	Complaints Procedures	Corporate Services & Partnerships	Substantial			1	1	1		
<b>Total</b>				<b>3</b>	<b>8</b>	<b>20</b>	<b>31</b>	<b>16</b>		<b>15</b>

## BDC Outstanding Internal Audit Recommendations

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
HRA Business Plan – December 2021	The 30 Year HRA Business Plan should be revisited at least every 5 years in line with the MTFP to ensure that it is financially viable and meets the objectives of the Council Ambition. Once finalised the 30 year Plan that is currently in development should be formally approved by Council.	High  Once finalised then every 5 years	The stock condition survey is likely to mean a significant change to the HRA business plan figures. The data is now within the Open Housing system and is being used to project the next 5 years capital spend. we plan to procure an external provider to assist with this is This will probably take place from February onwards 2025, once the MTFP has been produced.
HRA Business Plan – December 2021	Whilst developing the new HRA 30 Year Business Plan the assumptions made should be stress tested to ensure that the plan is robust i.e. looking at best and worst case scenarios for important factors such as voids, inflation and rent levels.	Medium  Once finalised then every 5 years	Please see previous comment.

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
CIPFA Financial Management Code – April 2024	An up to date Asset Management Strategy and Plan should be developed and approved by Members	Medium Not recorded	The existing Corporate Asset Management Strategy and Plan requires a review. Following the decision to move the services and staff of the Dragonfly companies back into the Council, work has been progressing and on track for completion of the transfer by 1 <sup>st</sup> February 2026. A new staffing structure has been developed which includes a Director of Property, Construction and Assets sitting back within the Council. The significant focus of this post is to develop and deliver a new Asset Management Strategy for the Council taking into account Local Government Reorganisation. Work has already commenced and will be completed during 2026 following appropriate consultation and approval with Members.
Imprest – June 2024	The CEO and walking and cycling imprest accounts are no longer used and should therefore be paid back into the Council's bank account.	Low 31 <sup>st</sup> December 2024	The imprest accounts have been used during 2025/26 this will be picked up as part of year-end in April 2026.

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
Imprest – June 2024	<p>Imprest claims should be submitted by imprest holders on at least a quarterly basis in order that prompt review of expenditure can take place and charged to the correct financial year.</p> <p>Floats (for separate purposes) should not be used to fund the imprest account.</p> <p>Where expenditure is low and frequent re-imbursement is not required, consideration should be given to reducing the value of the imprest.</p>	<p>Low</p> <p>31<sup>st</sup> December 2024</p>	<p>This is being monitored, although not on a strict basis. Again, this will be considered as part of year-end in April 2026.</p>
Corporate Credit Card – June 2024	<p>Review the credit card single transaction limit as existing spend does not indicate it is required.</p>	<p>Low</p> <p>31<sup>st</sup> December 2024</p>	<p>As the services of Dragonfly transfer back into the Council, the credit cards will be reviewed in the Summer of 2026.</p>
Corporate Credit Card – June 2024	<p>Investigation of outstanding purchase orders relating to credit cards takes place to ensure that these are closed/ cancelled where expenditure</p>	<p>Low</p> <p>31<sup>st</sup> December 2024</p>	<p>This will be looked at as part of year-end for 2025/26.</p>

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
	has already been accounted for through coding of the credit card statement.		
Non Decent Homes Reporting June 2024	The target is set for the percentage of properties which meet the Decent Homes Standard and performance is measured and included as part of corporate performance indicators.	High June 2025	This will be reviewed as part of the return of Dragonfly management in house.
Creditors – November 2024	valid purchase order should be placed on the system by the relevant department at the time that goods/services are procured to ensure effective matching of what was originally ordered to that supplied and to ensure there are sufficient funds within the budget to cover the costs incurred. Departments should be reminded of this	Low By 31.3.2025 and then on a 6 monthly basis.	As Dragonfly services return to the Council refresher training around financial procedures for all staff is going to be provided in March 2026.

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
	requirement.		
Creditors – November 2024	The E-purchasing supplier form is updated with a declaration stating that by submitting the form, the initiator is confirming that verification checks have been undertaken to confirm, to the best of their knowledge, the supplier and supplier details are bona fide	Low 31/3/25	Please see previous comment
Creditors – November 2024	The outstanding purchase order report should be presented to the Service Managers on a quarterly basis and appropriate challenge be undertaken where orders have been outstanding for six months where appropriate.	Low By 31.3.2025 and then on a quarterly basis	Please see previous comment

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
Creditors – November 2024	Contact with the NFI should be undertaken and advice sought to gain access to data-matching reports. In respect to creditor data matching, investigations should be completed by those not directly involved in the creditors process. Risks should be re-assessed further to the outcome of any investigations.	Low  By 31.3.2025 and then on an ongoing per the Councils NFI arrangements	Capacity has meant this has not been done regularly, but from April 2026 this should be dealt with more frequently.
Money Laundering	<p>Review the Council's Anti-Money Laundering Policy as per policy requirements, evaluating the impact of new legislation incorporating any changes, as necessary.</p> <p>The new policy should reflect the posts currently responsible for dealing with Money Laundering matters.</p> <p>Once agreed by Council, other policies, and procedures where Anti-Money Laundering</p>	Medium  November 2025	The policy will be updated and training provided from February onwards, once the MTFP has been produced.

<b>Audit and date audit completed</b>	<b>Recommendation Outstanding</b>	<b>Risk and Original Target Date</b>	<b>Managers Comment</b>
	is referenced should also be updated.		
Money Laundering	Deliver refresher Anti-Money Laundering training to key officers, front line staff and others as appropriate to improve understanding and awareness of potential risk factors and reporting procedures.	Medium November 2025	Capacity has meant this has not been completed yet, but it will be done from February onwards as per the previous point.
Cash and Bank – January 2025	To ensure all income is comprehensively accounted for, timely bank reconciliations should be completed, checked, signed, and brought up to date on a monthly basis.	Medium June 2025	This is ongoing due to short staffing and external audit taking immediate priority at the moment
Corporate Targets – January 2005	Corporate Targets within PERFORM should be measurable identifying the base position and the target to be achieved.	Medium 31 <sup>st</sup> March 2025 Revised date 30 <sup>th</sup> September 2026	As detailed in the audit report responsibility for the reporting mechanisms of Corporate Targets passed to the Director of Devolution, Policy, and Development in early 2025 when the shared NEDDC / BDC team were split. Unfortunately, the Director responsible for Corporate Targets has been absent since



Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
	<p>Performance should be supported by planned activities to deliver the target and the date by which activities are to be completed plus any challenges to meeting performance recorded (particularly in respect of the Housing Build target).</p> <p>The Initiative Control sheet allows this information to be captured and should be completed in full for all council plan targets</p>		<p>March 2025 and the Interim Director was not made aware of the audit report or its recommendations until December 2025.</p> <p>To date there has been no progress made to fully implement the recommendations set out in the audit report, however quarterly monitoring against the Corporate Targets has been maintained and reported throughout 2025/26.</p> <p>To coincide with this at the end of Q4 2025/26, a mid-term review of the Corporate Targets is to be undertaken by BDC. This review has been requested by the Leader and CEO following the decision by the Council to return the Dragonfly companies back into the council. This mid-year review will bring with it an opportunity to review all the Corporate Targets, and to address all the seven recommendations of the outstanding audit report.</p> <p>It is therefore requested that the implementation dates for these</p>

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
			recommendations be extended until the end of Q2 2026/27.
Corporate Targets – January 2005	<p>Corporate Target CUS 06 and Performance Indicators CSP09, CSI19 &amp; HOU 01 (and other associated housing indicators affected by this indicator) to be re-visited and recalculated further to the errors detected.</p> <p>Adjusted figures should be reported to the next Finance &amp; Corporate Overview Scrutiny Committee</p>	<p>Medium</p> <p>31/3/25</p>	As above
Corporate Targets – January 2005	Where there is ambiguity in terms of how a local indicator is determined, the calculation basis is agreed by the service and consistently applied.	<p>Medium</p> <p>31/3/25</p>	As above
Corporate Targets – January 2005	Evidence / Data should be available to support each quarter's submission. Where records are being maintained for cumulative purposes, it is	<p>Medium</p> <p>31/3/25</p>	As above

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
	important that a snapshot of the position be retained to substantiate the quarterly figures entered into PERFORM.		
Corporate Targets – January 2005	Prior to finalising performance within PERFORM an independent check of data entered to subsidiary records to that reported is undertaken by the section /department responsible for the submission.	Medium 31 <sup>st</sup> March 2025	As above
Corporate Targets – January 2005	The 'Asset Management' performance indicators listed under Schedule 2- Performance Regime, within the Service Level Agreement be re-visited by the Council in consultation with Dragonfly Ltd, to ensure they are fit for purpose.	Medium  This recommendation falls outside of the remit of the current Performance team. Information has been sought from Jim	As above

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
		Fieldsend who advises that in the first instance the Council's Shareholder Board should consider this recommendation. He has made Karen and Theresa aware.	
Sundry Debtors	Once recovery processes have been properly defined and agreed, procedures should be documented and maintained and shared corporately.	Low  October 2025	Recovery processes/actions vary for a number of sections due to the nature of the charge. Procedures will be updated once these are firmly in place. Due to competing deadlines this is likely to be later than the October date previously estimated.
Sundry Debtors	To provide effective and efficient recovery processes, re-define recovery routes and timescales for each of the main types of debt and update	Medium  October 2025	As above but in addition, Revenues are now undertaking the recovery processes and this is currently being embedded in the procedures.

<b>Audit and date audit completed</b>	<b>Recommendation Outstanding</b>	<b>Risk and Original Target Date</b>	<b>Managers Comment</b>
	the Debtors system accordingly.		
Sundry Debtors	Working with Finance, departments should review their areas and suspend/cease providing its services or commence enforcement (suspend licenses, legal action) as appropriate where payment is not being made	Medium October 2025	The focus has been on Trade Waste initially as this is the largest area, we will be moving on to other departments soon but will likely to be later than October 2025.
Sundry Debtors	Where contacts have been established with customers, consideration be given to the departments first contacting the customer after the second reminder stage to encourage payment.	Low October 2025	As above
Sundry Debtors	As part of the finance meetings with managers, the aged debt report is presented and discussed to ensure management are aware of the position and agreement is	Low June 2025	Partially implemented. Will be fully implemented along with the above

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
	sought to remedy any on-going difficulties in terms of recovery		
Sundry Debtors	Documented rules & processes should be in place which outline who is able to authorise instalment plans and how these shall be monitored.	Medium October 2025	Will be incorporated into the updated procedure notes. Due to competing deadlines this is likely to be slightly later than the October date previously estimated.
Climate Change – June 2025	To align with the Council's corporate ambitions and strategic risk controls, consider refreshing the Carbon Reduction Plan, incorporating an up-to-date action plan and delivery schedule to establish key targets which enable effective monitoring towards achieving net zero.	Medium October 2025	<p>We have agreed a course of action to develop a new action plan and working group – which we reported to Scrutiny Committee on 14/10/2025.</p> <p>We met with the Cabinet and Junior Cabinet Member for Environment on the 21<sup>st</sup> November to discuss a draft Terms of Reference for a new working group to be established.</p> <p>Alongside this the Climate Change Officer is drawing up a wider draft objectives specification for a new action plan, which will become the developmental subject of the new working group.</p>

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
			<p>The working group will be established with meetings commencing in Jan '26 with a view to developing a new draft policy for consultation.</p> <p>As it stands the workings of a draft policy is likely to be shared with Scrutiny Committee in early Feb '26</p>
Climate Change – June 2025	<p>To help the council achieve net carbon status by 2050, the council should re-establish a climate change/carbon reduction working group.</p> <p>The group should include key personnel, officers, and relevant partners to help develop and implement a robust action plan</p>	Medium September 2025	As above

## **Bolsover District Council**

### **Meeting of the Audit Committee on 29<sup>th</sup> January 2026**

#### **ACCOUNTING POLICIES 2025/26**

#### **Report of the Director of Finance & Section 151 Officer**

<b>Classification</b>	This report is public.
<b>Contact Officer</b>	Director of Finance & Section 151 Officer Theresa Fletcher

#### **PURPOSE / SUMMARY**

The Committee is asked to approve the accounting policies at **Appendix 1**. These are for the current financial year and relate to the preparation of the Statement of Accounts for 2025/26.

#### **REPORT DETAILS**

##### **1 Background**

- 1.1 The accounting policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the specific principles, bases, conventions, rules, and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies are published within the Statement of Accounts document in accordance with the Code of Practice on Local Authority Accounting and incorporate the requirements of International Financial Reporting Standards (IFRS).
- 1.2 The approval of the accounting policies to be applied by the Council demonstrates that consideration is being given to which policies to adopt and apply and that those charged with governance are fully informed prior to the commencement of the Statement of Accounts preparation, of the policies that are being adopted.
- 1.3 This report therefore presents the accounting policies that the Council will apply in the preparation of the Statement of Accounts for 2025/26.

##### **2. Accounting Policies**

- 2.1 Officers have reviewed and updated where necessary, the existing accounting policies that were agreed for 2024/25. They have been checked for their relevance, clarity, legislative compliance and that they are in accordance with the latest version of the code of practice and IFRS requirements.



- 2.2 The accounting policies for 2025/26 are largely unchanged from previous years with only minor changes to aid understanding. However, as the Statement of Accounts for 2024/25 are still being audited, it may be necessary to make an amendment to a 2025/26 policy, to adopt a more appropriate accounting policy. Full details of the proposed accounting policies for the current financial year are provided at **Appendix 1**.

### **3 Reasons for Recommendation**

- 3.1 This report sets out the accounting policies which are to be applied for the 2025/26 Statement of Accounts for consideration by the Audit Committee. Given that the policies adopted have significant influence upon the accounting statements it is important that these are given appropriate consideration at the outset of the preparation of the Statement of Accounts. This helps ensure that they are applied consistently in the preparation of the accounts. The policies which are recommended are in line with those that were used in the previous financial year (2024/25).

### **4 Alternative Options and Reasons for Rejection**

- 4.1 The Council is required to have appropriate accounting policies within its Statement of Accounts. Officers have developed what they consider to be an appropriate set of policies based upon those adopted in previous financial years after taking account of changes as required by current legislation. The preparation and consideration of this report is part of a process intended to ensure that alternative options are given appropriate consideration.

---

## **RECOMMENDATIONS**

That the Audit Committee approve the accounting policies detailed at **Appendix 1** to this report.

Approved by Councillor Clive Moesby, Portfolio Holder for Resources

---

## **IMPLICATIONS.**

**Finance and Risk:**                      Yes ☐                      No ☒

**Details:**

There are no direct financial implications arising from this report. The accounting policies will, however, be used to determine the accounting treatment of the financial transactions of the Council for 2025/26 and will therefore influence the presentation and understanding of the financial position of the Council as at the 31<sup>st</sup> of March 2026.

None of the policies outlined in **Appendix 1** conflict with legislative or IFRS requirements therefore the risk of adopting a policy that contravenes good practice is considered minimal. The greater risk is the failure to ensure that the policy and the actual accounting treatment are consistent. To minimise this risk the final accounts timetable for 2025/26 has officer review time built in, to cross check the policies to the actual treatment of items within the accounts.

On behalf of the Section 151 Officer

**Legal (including Data Protection):**                      Yes ☐                      No ☒

**Details:**

The agreement of appropriate accounting policies is part of the process of ensuring that the Council satisfies its legal obligation to prepare a Statement of Accounts. The accounting policies adopted by the Council must comply with current legislation, the Code of Practice on Local Authority Accounting and IFRS requirements. Officers have considered the policies detailed at **Appendix 1** to ensure that they meet all these requirements.

There are no data protection issues arising directly from this report.

On behalf of the Solicitor to the Council

**Staffing:**                      Yes ☐                      No ☒

**Details:**

There are no human resource implications arising directly from this report.

On behalf of the Head of Paid Service

**Equality and Diversity, and Consultation:**                      Yes ☐                      No ☒

**Details:**

Not applicable to this report

**Environment:**    Yes ☐                      No ☒

**Details:**

Not applicable to this report

## DECISION INFORMATION

<input checked="" type="checkbox"/> <b>Please indicate which threshold applies:</b>	
<b>Is the decision a Key Decision?</b> A Key Decision is an Executive decision which has a significant impact on two or more wards in the District, or which results in income or expenditure to the Council above the following thresholds:	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>Revenue (a)</b> Results in the Council making Revenue Savings of £75,000 or more or <b>(b)</b> Results in the Council incurring Revenue Expenditure of £75,000 or more.	(a) <input type="checkbox"/> (b) <input type="checkbox"/>
<b>Capital (a)</b> Results in the Council making Capital Income of £150,000 or more or <b>(b)</b> Results in the Council incurring Capital Expenditure of £150,000 or more.	(a) <input type="checkbox"/> (b) <input type="checkbox"/>
<b>District Wards Significantly Affected:</b> <i>(to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the District)</i> Please state below which wards are affected or tick <b>All</b> if all wards are affected:	All <input type="checkbox"/>

<b>Is the decision subject to Call-In?</b> <i>(Only Key Decisions are subject to Call-In)</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
If No, is the call-in period to be waived in respect of the decision(s) proposed within this report? <i>(decisions may only be classified as exempt from call-in with the agreement of the Monitoring Officer)</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>Consultation carried out:</b> <i>(this is any consultation carried out prior to the report being presented for approval)</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>Leader</b> <input type="checkbox"/> <b>Deputy Leader</b> <input type="checkbox"/> <b>Executive</b> <input type="checkbox"/> <b>SLT</b> <input type="checkbox"/> <b>Relevant Service Manager</b> <input type="checkbox"/> <b>Members</b> <input type="checkbox"/> <b>Public</b> <input type="checkbox"/> <b>Other</b> <input type="checkbox"/>	Portfolio Holder for Resources

**Links to Council Ambition: Customers, Economy, and Environment.**

DOCUMENT INFORMATION	
Appendix No	Title
1	Accounting Policies

Background Papers
<i>(These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Executive you must provide copies of the background papers).</i>
None

## **1. Accounting Policies**

### **a) General Principles**

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. The Council is required by the Accounts and Audit (England) Regulations 2015 to prepare an annual Statement of Accounts, and those regulations require it to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost and fair value, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

The Council does not have any transactions that are reclassifiable to the Surplus or Deficit on the Provision of Services. As such we have not grouped the items in Other Comprehensive Income and Expenditure into amounts that may be reclassifiable and amounts that are not.

### **b) Accounting Concepts**

The concepts used in selecting and applying the most appropriate policies and estimation techniques are as follows:

- The qualitative characteristics of financial information - relevance, reliability, comparability and understanding;
- Materiality (all major transactions and events are included);
- The accounting concepts of accruals, going concern and the primacy of legislative requirements.

### **c) 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. An exception to this principle is planning fee income. This is included in the year it is received without an adjustment

for a proportion of applications where the final decision is given in the new year, based on the grounds of materiality.

- 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 respectively as income and expenditure 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 or expenditure have 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Exceptions to this principle include electricity and other similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. Rental income from HRA dwellings are due in full on the date the weekly debit is raised. No receipt in advance is recorded for any part of the debit raised in the last week of March that relates to a period after 31st of March, unless it is considered material. Payroll expenses earned in March but not paid until April or later are not accrued for and are recognised in the new financial year's accounts. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

Income and expenditure are credited and debited to the relevant service revenue account unless they properly represent capital receipts or capital expenditure.

Grant claims are submitted on an actual basis wherever possible. However, if the information required is not available then a best estimate basis is adopted.

#### **d) Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily

convertible to known amounts of cash, and which are subject to an insignificant risk of change in value.

The Council has a number of Call accounts to meet short-term cash flow requirements where no notice is required to access funds.

Call accounts held to make a gain from favourable rates of interest are classed as investments and not cash equivalents. This also applies to Money Market Funds and fixed term investments.

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 Council's cash management.

#### **e) Charges to Revenue for Non-Current Assets**

Service Income and Expenditure Accounts, support services and trading accounts are debited with the following amounts to record the real 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 Council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. 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 Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisation costs are therefore replaced by the contribution in the General Fund of a Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Council's policy for the calculation of the statutory provision for the repayment of debt is determined each year by the Council. The Council has decided that for 2025/26 the outstanding general fund debt prior to 1 April 2007 will be repaid at a rate of 4% of outstanding debt per year until the debt is extinguished. Any prudential borrowing for the General Fund incurred after 1 April 2007 is repaid based on the life of the asset concerned.

#### **f) Council Tax and non-domestic rates - Collection Fund**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council

tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks 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 council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

All debtor balances for the above that are past due are impaired because payments due under the statutory arrangements have not been made (fixed or determinable payments). The asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **Non-Domestic Rates Appeals**

The Council will commission each year, an independent assessment at 31 March of the outstanding appeals lodged with the Valuation Office Agency (VOA). The assessment will review every individual appeal and estimate the likelihood of the appeal succeeding based on the category of appeal and previous appeal determinations.

The rateable value and the period covered by the appeal have been used to establish a prudent provision to meet the estimated costs of successful appeals.

### **g) Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council 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 Council. Contingent assets are not recognised in the accounting statements; they are disclosed by way of a note to the accounts where it is probable that there will be an inflow of economic benefit or service potential.



## **h) Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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. Contingent liabilities are not recognised in the accounting statements; they are disclosed in a note to the accounts.

## **l) 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 salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end but which can be carried forward by the employee into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, as this is the period in which the employee takes the benefit. The accrual is charged to the relevant service area of the Comprehensive Income and Expenditure Statement but then is reversed out through the Movement in Reserves Statement so that the annual leave is charged to revenue in the financial year in which the annual leave occurs.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council 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 Council to the Pension Fund or pensioner in year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves 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 accrued 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 Council are members of the Local Government Pension Scheme (LGPS), which is administered by Derbyshire County Council on behalf of Bolsover District Council. The scheme provides defined benefits to members (lump sums and pensions) earned as employees working for the Council.

### **The Local Government Pension Scheme**

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

- The assets and liabilities of the Derbyshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to 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.
- Assets and liabilities are measured using the projected unit method and discounted at the balance sheet date rate of return on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of 'spot yields' on AA rated corporate bonds.

When the calculation results in an asset for the Council, the asset must be recognised at the lower of that asset and the asset ceiling, which is calculated as the net present value of future service costs less net present value of future contributions over the future working lifetime. Where the asset ceiling is the lower, an adjustment will be required which is included as a remeasurement.

The change in the 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. This is 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 a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These costs are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. The cost is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Remeasurements 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 - debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions Paid to the County Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities. These are 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 Council 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 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 therefore measures the beneficial impact to 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 Council 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.

Employees of the Council's wholly owned group of companies Dragonfly Development Limited, participate in the LGPS. The company's obligation to the Derbyshire Pension Fund is limited only to paying fixed employer contributions as they fall due - they have no legal or constructive obligation to pay further contributions to the Fund over and above a fixed contribution.

### **j) Events After the Reporting Period**

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 impact.

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

#### **k) Exceptional Items**

Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

#### **l) 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, i.e. in the current and future years affected 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 Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting the 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 period.

#### **m) Financial Instruments**

The Council is required to recognise, measure, present and disclose information about any financial instruments. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Typical financial assets include bank deposits, trade receivables and other receivables, loans receivable and advances. Typical financial liabilities include trade payables and other payables, borrowings and financial guarantees. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council 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. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### **Financial Assets**

Financial assets are classified and measured according to the reason the Council has for holding the financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Most of the Council's financial assets are therefore classified as amortised cost.

### **Financial Assets Measured at Amortised Cost**

For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. Any profit or loss on sale of the financial asset is debited/credited to the Financial and Investment Income and Expenditure line in the CIES in the year of sale.

### **Expected Credit Loss Model**

The Council recognises expected credit losses (i.e. non-payment of principal and/or interest) on all of its financial assets held at amortised cost (or where relevant FVOCI). Usually only credit losses arising in the next 12 months are calculated. Lifetime losses are only recognised when the risk of the amount lent out not being made in full, increases significantly over the year. Trade receivables (debtors) and HRA tenant debtors are permitted to use the simplified approach to expected credit losses. 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.

The Council is not allowed to recognise a loss allowance for expected credit loss where the counterparty for a financial asset is central government or a local authority (including parish) for which relevant statutory provisions prevent default.

### **Financial Assets Measured at Fair Value through Profit or Loss**

These assets are initially measured at fair value (market price). At each balance sheet date the asset's fair value is re-measured to the current fair value (market price). Changes in fair value between balance sheet dates are charged or credited to the Surplus/Deficit on the Provision of Services (SDPS).

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices - the market price.
- other instruments with fixed and determinable payments - discounted cash flow analysis.
- equity shares with no quoted market prices - an estimate based on what the Council would receive if it redeemed the shares.

The inputs to the measurement techniques are categorised in accordance with the accounting policy set out in ac) Fair Value Measurement of non-financial assets.

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

IFRS9 Financial Instruments sets out that equity type investments should be classified at fair value through profit and loss unless there is an irrevocable election to recognise changes in Fair Value Through other Comprehensive Income. The Council will assess each equity type investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument. Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

### **n) 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 Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council 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 acquired using the 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 (receipts in advance). 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 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.

#### **o) Heritage Assets**

Heritage assets are a distinct class of asset which are reported separately from property, plant and equipment and intangible assets.

There is a de-minimis level of £10,000 applied to Heritage Assets in line with the accounting policy on Property, Plant and Equipment. The Heritage Assets held by the Council are currently below the de-minimis level.

#### **p) Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council 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 initially measured at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset, held by the Council meets this 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.

Each intangible asset is tested for impairment each year to see if there is an indication that the asset may 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 from the disposal of an intangible fixed 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 in excess of £10,000, the Capital Receipts Reserve.

#### **q) Interests in Companies and Other Entities**

The Council has a material interest in the group of companies, Dragonfly Developments Limited, which is 100% owned by the Council.

These companies are wholly owned by the Council and as a result, group accounts will be prepared. In the Council's own single-entity accounts, the interests in the company will be recorded as financial assets at cost, less any provision for losses.

Consolidation of entities in the group accounts is dependent on a number of factors including the extent of the Council's interest and power to influence and control, materiality, investment and transparency to allow the reader of the accounts to understand the boundary of the accounts; where these factors are not considered material those members of the Group have not been consolidated.

Dragonfly Management (Bolsover) Limited, began providing services for the Council on 1 April 2023. Services provided include Property Services, Repair and Maintenance Services and Business Growth Services. This company has been fully included within the consolidated group accounts.

#### **r) Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other operators that involve the use of assets and resources of the operators rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the share of expenditure it incurs and the share of income it earns from the operation.



Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other operators, with the assets being used to obtain benefit for the operators. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

The Council has the following jointly controlled operations:

Internal Audit Services - with North East Derbyshire District Council and Chesterfield Borough Council

ICT Services - with North East Derbyshire District Council and Derbyshire Dales District Council

Environmental Health Services - with North East Derbyshire District Council

The Council has jointly controlled assets with Chesterfield Borough Council and North East Derbyshire District Council regarding the operation of a crematorium. The Council holds a share of the joint crematorium committee. The Council's share of the crematorium's assets and income and expenditure for 2025/26 is 15%, (2024/25 15%). On the basis of materiality, Bolsover District Council does not include any figures for the joint crematorium within the Statement of Accounts.

#### **s) Inventories**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

#### **t) 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 are revalued annually according to market conditions at the year end. 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.

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 sale proceeds in excess of £10,000, to the Capital Receipts Reserve.

## **u) Leases**

### **The Council as Lessee**

#### **Finance Leases**

The Council classify contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

#### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Council is reasonably certain to exercise;
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option;
- penalties for early termination of a lease unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments, or nil consideration leases, the asset is measured at fair value.

### **Subsequent measurement**

The right-of-use asset is subsequently measured at current value. The Council considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases;
- leases where rent reviews do not necessarily reflect market conditions;
- leases with terms of more than five years that do not have any provision for rent reviews;
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, assets held under peppercorn or nil consideration leases have been valued by the Council's Valuer.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate;
- there is a change in the Council's estimate of the amount expected to be payable under a residual value guarantee;
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option; or
- there is a revised in-substance fixed lease payment. When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### **Low value and short lease exemption**

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new (consistent with the de-minimis level for capital expenditure), provided they are not highly dependent on or integrated with other items; and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

### **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments, and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease

payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charged 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 Council's balance in the Movement in Reserves Statement.

#### **v) Overheads and Support Services**

The costs of overheads and support services are charged to directorates in the Comprehensive Income and Expenditure Statement in accordance with the Council's arrangements for accountability and financial performance.

#### **w) Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of good 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.

##### **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 Council and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. A general de-minimis limit of £10,000 is applied to non-current assets.

##### **Measurement**

Assets are initially measured at cost, comprising purchase price and any costs directly 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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). If an asset is acquired via an exchange the cost of the acquisition is the carrying amount of the asset exchanged by the Council.

Donated assets are initially measured 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 donated asset has been made conditionally. Until all conditions are met the gain is held in the Donated Assets Account. Gains that are credited to the Comprehensive Income and Expenditure Statement 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 bases:

- Infrastructure, community assets and assets under construction – historic cost;
- Dwellings – current value, determined using the basis of existing use value for social housing;
- Surplus assets – fair value, estimated at highest and best use from a market participant's perspective;
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market based evidence of current value of an asset 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 is used as a proxy for current value.

### **Revaluations**

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years. Valuations are undertaken by a professionally qualified valuer.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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 value 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 in the Comprehensive Income and Expenditure Statement

The Revaluation Reserve contains gains recognised since 1 April 2007, 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. If there is an indication of impairment, and it is

deemed material, the recoverable amount of the asset is estimated to determine the impairment loss.

Where impairment losses 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 value 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 subsequently reversed, the reversal is credited to the relevant service line 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 exists for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (assets under construction).

Depreciation is calculated on the following bases:

- Buildings: Straight-line allocation over the life of the property;
- Vehicles, plant and equipment: Straight line allocation over the life of the asset;
- Infrastructure: Straight-line allocation over life of asset;
- Council dwellings: Straight-line allocation over the life of the property;

No depreciation charges are made for land, assets under construction, investment properties and community assets.

Items of property, plant and equipment are not depreciated until they become available for use (i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management). Depreciation ceases at the earlier of the date that items of property, plant and equipment are classified as held for sale and the date they are derecognised.

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.

## **Componentisation**

Where an item of Property, Plant and Equipment has major components whose costs are significant in relation to the total cost of the item, the components are depreciated separately. The Council deems "significant" to be 25% or more of the total cost of the asset. The Council also applies the following de minimis levels with regard to component accounting.

Components are not separately identified where:

- The useful life of the asset is less than 10 years.
- The depreciation charge based on the life of the component would differ from that for the total asset by less than £10,000.
- The component life must be materially different to the main asset to be treated as a component.

For grouped assets such as Council Dwellings a practical level of componentisation has been applied which links to the work programmes carried out within the capital programme. An appropriate component life has been assigned to each of these components.

## **Disposals and Non-current Assets Held for Sale**

When it becomes probable that an asset is to be sold 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 the 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 recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

To be classified as held for sale an asset must meet the following criteria:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets;
- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current value;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If assets no longer meet the criteria to be classed 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 assets held for sale.

They are adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale.

Assets that are abandoned or scrapped are not classified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset on the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, as part of the gain or loss on the sale of assets. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for disposals, in excess of £10,000 are treated as capital receipts. The balance of receipts is credited to the Capital Receipts Reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts are appropriated to the Reserve from the General Fund balance in the Movement in Reserves Statement.

The gain or loss on the sale of assets is not a charge against Council Tax. Amounts are appropriated to the Capital Adjustment Account in the Movement in Reserves Statement.

### **Capital Receipts**

Capital receipts are the amounts derived from the sale of capital assets. The capital receipts policy of the Council is to ensure that capital receipts are used in the most beneficial way to support corporate priorities and strategic objectives of the Council. This will mean that all receipts will be pooled centrally. The policy is intended to separate the use of resources from the means of acquiring resources, therefore supporting the strategic approach to capital investment.

### **x) Provisions**

Provisions are made when the Council recognises that it has an obligation as a result of a past event, when it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate available at the balance sheet date, 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 the financial year - where it becomes less than probable that a transfer of



economic benefit will now be required (or lower settlement anticipated) the provision is reversed and credited back to the relevant service revenue account.

#### **y) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies and these are split between usable and non-usable. Usable reserves are those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use. Unusable reserves cannot be used to provide services; this category includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve).

Resources set aside for specific purposes or to meet predicted liabilities are held as 'earmarked reserves'. The Council also sets aside sums as a more general reserve, called the General Fund, to cover the impact of unexpected events or emergencies or provide a working balance to help manage the effect of uneven cash flows. The Housing Revenue Account also has separate reserves for similar purposes.

#### **z) Revenue Expenditure Funded by Capital under Statute**

Revenue expenditure funded by capital under statute represents expenditure incurred by the Council in the year, that may be capitalised under statutory provisions but does not result in a Council asset being created. The expenditure may support a third party's asset (e.g. disabled facility grant) or may be being capitalised based on a capitalisation order from Government.

This expenditure is initially charged to the relevant service line in the Comprehensive Income and Expenditure Statement. Where the Council 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 amount charged so there is no impact on the level of Council Tax.

#### **aa) Value Added Tax (VAT)**

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenues and Customs and all VAT paid is recoverable from them. At the year end, any amounts outstanding are represented by a debtor or creditor on the balance sheet. Where the Council is unable to recover VAT it is charged to the appropriate service.

#### **ab) Foreign Currency Translation**

Where the Council 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 reconverted at the

spot exchange rate 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.

**ac) Fair Value Measurement of non-financial assets**

The Council measures some of its non-financial assets such as surplus assets and investment properties 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:

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

The Council 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 Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council 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 assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council 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.

**ad) Segmental Analysis**

The Council reports on the operation of its services with two directorates. All services provided by the Council fall into one of these directorates. The main service areas within each directorate are as follows:

Corporate Resources - Finance; Revenues and Benefits; Payroll; Audit (client); ICT (client); Customer Services; Partnership team; Legal; Governance, Elections and Scrutiny; Procurement; Improvement team and Human Resources.

Community Services - Leisure, Health and Wellbeing; Planning; Housing Strategy; Environmental Health; Community Safety; Health and Safety; Emergency Planning; Streetscene and Housing Revenue Account - Management.

The services provided for the Council by Dragonfly Management (Bolsover) Limited are reported together as Dragonfly Services. The services this relates to are Property Services and Estates, Housing Revenue Account - Repair and Maintenance Services and Economic Growth.