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High Street
Clowne
S43 4JY

To: Chair & Members of the Audit
Committee

Contact: Alison Bluff
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Friday 27th March 2026

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 9th April 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
- **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 9th April 2026 at 10:00 hours taking place in the Council Chamber,
The Arc, Clowne***

Item No.		Page No.(s)
1.	Apologies For Absence	
2.	Urgent Items of Business	
	To note any urgent items of business which the Chairman has consented to being considered under the provisions of Section 100(B) 4(b) of the Local Government Act 1972.	
3.	Declarations of Interest	
	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.	
4.	Minutes	5 - 9
	To consider the minutes of the last meeting held on 29 th January 2026	
5.	Minutes	10 - 12
	To consider the minutes of an Extraordinary meeting held on 26 th February 2026	
6.	Compliance Audit – Annual report 2025/26 for 17UC Bolsover District Council	13 - 21
7.	Update on Risk Management	Verbal Update
	<u>REPORTS OF THE COUNCIL'S EXTERNAL AUDITOR MAZARS</u>	
8.	Audit Progress Report 2025-2026	22 - 37
	<u>REPORTS OF THE INTERNAL AUDIT CONSORTIUM MANAGER</u>	
9.	Internal Audit Plan 2026/27	38 - 46
10.	Internal Audit Strategy 2026-2028	47 - 55

11. **Summary of Progress on the 2025/26 Internal Audit Plan** 56 - 80
- INFORMATION FROM THE SECTION 151 OFFICER FOR DISCUSSION**
12. **Local Government Reorganisation Finance Essentials: accounts and audit requirements through the LGR process** 81 - 100

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 29th January 2026 at 1000 hours.

PRESENT:-

Members:-

Councillor Catherine Tite in the Chair

Councillors:- Tom Kirkham, Rob Hiney-Saunders, and Ruth Jaffray (Coopted Member).

Officers:- Jim Fieldsend (Monitoring Officer), Theresa Fletcher (Section 151 Officer), Vicky Dawson (Assistant Director Housing Management), Jenny Williams (Head of Internal Audit), Kellie Bradford (Information & Engagement Manager), Victoria Dawson (Assistant Director Housing Management), Natalie Richards (Auditor), and Alison Bluff (Senior Governance Officer).

Also in attendance at the meeting was Garima Garg, Manager, Forvis Mazars.

AUD24-25/26. APOLOGIES FOR ABSENCE

An apology for absence was received on behalf of Councillor Cathy Jeffery.

AUD25-25/26. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

AUD26-25/26. DECLARATIONS OF INTEREST

There were no declarations of interest made.

AUD27-25/26. MINUTES – 25th SEPTEMBER 2025

Moved by Councillor Rob Hiney-Saunders and seconded by Tom Kirkham
RESOLVED that the Minutes of a Climate Change and Communities Scrutiny Committee held on 25th September 2025 be approved as a true record.

AUD28-25/26. AUDITORS ANNUAL REPORT 2024/2025 (FORVIS MAZARS) (DRAFT)

Committee considered the draft annual report 2024/2025 of the Council's External Auditors, Forvis Mazars, presented by Garima Garg, Manager, Forvis Mazars.

The report summarised the work undertaken for the year ended 31st March 2025. The purpose of the audit was to provide reasonable assurance to users that the financial statements were free from material error. This was done by expressing an opinion on whether the statements were prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they gave a true and fair

AUDIT COMMITTEE

view of the Council's financial position as of 31st March 2025 and of its financial performance for the year then ended. At the time of drafting the report, Forvis Mazars audit of the financial statements was ongoing and the final audit report was expected to be issued in February 2026.

In response to a Member's query, the Section 151 Officer advised the meeting that an Extraordinary Audit Committee had been arranged for 26th February 2026 for Forvis Mazars to present their Audit Completion report.

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

AUD29-25/26. PROPOSED EXTERNAL REVIEW OF INTERNAL AUDIT

Committee considered a detailed report which sought Members views on the format of an external review of internal audit.

The Global Internal Audit Standards (GIAS) required that an external quality assessment of internal audit should be carried out at least once every five years by a qualified, independent assessor or team. The last external assessment took place in May 2021; therefore, the next external assessment was due in May 2026. Consultation with the Committee in respect of the external review was a requirement of the GIAS.

In November 2024, the Head of Internal Audit undertook a self-assessment against the GIAS and produced an action plan of what was considered necessary to achieve full compliance. Most of the action plan had been implemented with the main outstanding piece of work being the development of an Internal Audit Strategy. The formal CIPFA checklist for assessing compliance with the GIAS was due for publication in mid-January, and the Head of Audit's opinion was that the external review would be better carried out once the CIPFA checklist was available, with a further self-assessment then taking place against it.

The means of assessment, qualifications of an assessor, and the assessment process were detailed in the report. With regard to costs, in May 2021, the cost of the external review was £3,450. It was expected that this price has risen due to inflation but also due to the increased complexities and newness of assessing against the GIAS standards, however, it was anticipated that the review would still fall within this price range. The cost of the review would be split equally between CBC, NEDDC, BDC and DDDC.

Moved by Councillor Catherine Tite and seconded by Councillor Rob Hiney-Saunders **RESOLVED** that 1) the Head of Internal Audit proceed 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) delegated authority is given 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,

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- 3) 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, be noted,
- 4) The external assessors report, once completed, be presented to Audit Committee for review and comment.

AUD30-25/26. SUMMARY OF PROGRESS ON THE 2025/26 INTERNAL AUDIT PLAN

Committee considered a detailed report which provided information on a progress report in respect of the 2025/26 Internal Audit Plan.

Appendix 1 to the report provided a summary of reports issued to date and showed for each report the level of assurance given and the number of recommendations made / agreed where a full response had been received. This provided an overall assessment of the system's ability to meet its objectives and manage risk. The definitions of the assurance levels were set out in a table in the report.

During the period, 11 reports had been issued; seven with substantial assurance, two with reasonable assurance, and two with limited assurance. One report had been issued to Dragonfly Management with reasonable assurance. A full copy of the limited assurance reports was attached to the main report.

Further to the careline service audit, for the 2026/27 Internal Audit Plan, the Head of Internal Audit would include safeguarding and carry out a deeper dive into the systems and procedures to ensure DBS checks were up to date.

Appendix 4 to the report showed the progress overall on the 2025/26 Internal Audit Plan and good progress had been made.

With regard to the limited assurance given in relation to the data protection audit, the Monitoring Officer advised the meeting that no fault was placed with the current Data Protection Officer, who was new to the post, and he wished to commend her for making great steps in addressing the issues prior to the audit being carried out.

In response to a Member's query, the Data Protection Officer advised that many subject access and freedom of information requests were received by the Data Protection Team who had restricted resources, however, she could provide an activity report to Members' at their request. The Member suggested that due to the volume of requests, this be included on the Council's Risk Register.

Another Member referred to the Lifeline Scheme and the safeguarding issues raised in the audit. The Assistant Director Housing Management advised that this was in relation to existing staff who had not received the 2 year safeguarding update training and this had now been addressed. All new staff would have received safeguarding training when they started in post. Careline call operatives were not mandated for safeguarding as they were not visiting people's homes, however, they would have received this via the on line Skillsgate training. Corporately, every service manager had recently been made a safeguarding link officer, and the subject was on Housing team meeting agendas, and the appraisal forms had also been changed to include safeguarding

AUDIT COMMITTEE

support etc. The Member noted that the audits were useful for future operating models in relation to local government reform.

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

AUD31-25/26. IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

Committee considered a detailed report which presented a summary of the internal audit recommendations made and implemented for the financial years 2021/22 - 2025/26 to date and Members views were sought in relation to whether appropriate and timely action was being taken regarding the implementation of the recommendations.

Internal Audit made recommendations to improve the governance, risk and control processes in place and it was important to monitor the implementation of these recommendations to improve the control environment and to reduce the risk of fraud and error.

Appendix 1 to the report provided an analysis of the number of recommendations made, implemented and outstanding. A table also detailed each outstanding recommendation along with the relevant managers latest update of progress made. There were 29 recommendations outstanding of which two were high risk, 16 medium risk and 11 low risk.

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

AUD32-25/26. ACCOUNTING POLICIES 2025/26

Committee considered a detailed report which sought Members approval of the accounting policies for the current financial year which related to the preparation of the Statement of Accounts for 2025/26. The accounting policies were set out in Appendix 1 to the report.

The accounting policies adopted by the Council determined the accounting treatment applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determined the specific principles, bases, conventions, rules, and practices that would be applied by the Council in preparing and presenting its financial statements. The accounting policies were published within the Statement of Accounts document in accordance with the Code of Practice on Local Authority Accounting and incorporated the requirements of International Financial Reporting Standards (IFRS).

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

AUDIT COMMITTEE

The accounting policies for 2025/26 were largely unchanged from previous years with only minor changes to aid understanding. However, as the Statement of Accounts for 2024/25 were still being audited, it may be necessary to make an amendment to a 2025/26 policy, to adopt a more appropriate accounting policy.

Moved by Councillor Catherine Tite and seconded by Councillor Rob Hiney Saunders
RESOLVED that the accounting policies as detailed at Appendix 1 to the report be approved.

The meeting concluded at 1034 hours.

Agenda Item 5

EXTRAORDINARY AUDIT COMMITTEE

Minutes of an Extraordinary meeting of the Audit Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Thursday 26th February 2026 at 1000 hours.

PRESENT:-

Members:-

Ruth Jaffray (Coopted Member) in the Chair

Councillors:- Steve Fritchley (from during Minute No. AUD36-25/26), Cathy Jeffery and Tom Kirkham.

Officers:- Karen Hanson (Chief Executive), Theresa Fletcher (Section 151 Officer), Jim Fieldsend (Monitoring Officer), Jenny Williams (Head of Internal Audit), and Alison Bluff (Senior Governance Officer).

Also in attendance at the meeting, observing, were Councillors Clive Moesby (Portfolio Holder for Finance, Jane Yates, Mary Dooley, John Ritchie and David Bennett, and officers Claire Bamford (Principal Accountant), Fiona Herrington (Principal Accountant), Sharon Lynch (Principal Accountant) and Garima Garg (Forvis Mazars).

AUD33-25/26.

APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillor Rob Hiney-Saunders and Catherine Tite.

AUD34-25/26.

QUORUM OF MEMBERS FOR MEETING

At the appointed hour, there was no quorum of Members present.

The Senior Governance Officer advised the meeting that as the items on the agenda were for noting and not for approval, with the agreement of the Chair, the meeting could proceed if, after waiting the fifteen statutory minutes the meeting was still inquorate.

The meeting stood for fifteen minutes.

AUD35-25/26.

DECLARATIONS OF INTEREST

There were no declarations of interest made.

Councillor Steve Fritchley entered the meeting during the following item of business.

EXTRAORDINARY AUDIT COMMITTEE

AUD36-25/26.

AUDITORS ANNUAL REPORT 2024-2025 (DRAFT)

Committee considered Forvis Mazars' draft annual report 2024-2025, presented by Garima Garg, Manager, Forvis Mazars.

The report contained Forvis Mazars' audit of the Council's financial statements, commentary on Value for Money (VFM) arrangements, other reporting responsibilities, audit fees and other services. Appendix A to the report contained further information on the audit of the Council's financial statements.

Financial Sustainability: no significant weaknesses had been carried forward from 2023-24. The Council's Medium Term Financial Plan and outturn position had been reviewed, and no significant weaknesses had been identified.

Governance: in 2023-24, a significant weakness had been reported in arrangements specifically relating to the Dragonfly companies and the group accounts. However, work on the 2024-25 group accounts was now complete and no significant weaknesses had been identified.

Improving economy, efficiency and effectiveness: no weaknesses had been identified. Council plans and performance monitoring reports had been reviewed and no weaknesses identified. However a recommendation had been made to maintain effective and transparent governance arrangements in the progression of plans for local government reorganisation.

Moved by Councillor Cathy Jefferey and seconded by Councillor Tom Kirkham
RESOLVED that Forvis Mazars draft Annual Audit Report 2024-2025 be noted.

AUD37-25/26.

AUDIT COMPLETION REPORT – YEAR ENDED 31ST MARCH 2025

Committee considered Forvis Mazars' audit completion report for the year ending 31st March 2025, presented by Garima Garg, Manager, Forvis Mazars.

The report summarised the findings and the conclusions on the current years audit. Audit procedures for 2024-25 were now substantially complete and there were no significant matters outstanding.

During the audit, discussions with management had taken place regarding the ongoing preparations for local government reorganisation and the impact on the Council.

Further to the 2023/24 audit which was disclaimed due to issues with the group accounts, with regard to rebuilding assurance, during the course of the audit, discussions had taken place on risk assessment procedure and the audit approach on rebuilding assurance on opening balances in the 2024/25 financial statements. Testing on the 2023/24 balances was complete; however, reasonable assurance was not obtained over the opening balances in the 2024/25 group financial statements resulting in a qualified opinion.

EXTRAORDINARY AUDIT COMMITTEE

Discussions had also taken place regarding the prior period adjustment made to the group financial statements relating to the correction of pension accounting entries made in the 2023/24 group financial statements. Management had outlined the basis for the adjustment, the supporting actuarial evidence and the resulting impact on comparative group figures. In addition, the audit recommended a number of presentation and disclosure improvements to enhance clarity and compliance with the Code requirements, which management had agreed to, and the financial statements had been updated accordingly.

The financial statements were of very good quality and Garima thanked the Section 151 Officer and the Finance Team.

In response to a Member's queries regarding staffing shortages in Finance, a final set of group accounts for Dragonfly, and potential tax refund for Dragonfly, the Section 151 Officer advised the meeting that a new Principal Accountant had joined the team in May 2025, now Dragonfly had moved back into the Council, the final group accounts would be reflected in the 2025-26 accounts and there would be no further Dragonfly Management accounts from 1st April 2026, however, there may be a set of Dragonfly Development accounts next year due to some projects over running. The Section 151 Officer also clarified that no tax could be claimed back for tax already paid for Dragonfly.

The Chair thanked everyone for attending the meeting.

The meeting concluded at 1037 hours.

BOLSOVER DISTRICT COUNCIL

Audit Committee on 9th April 2026

Homes England: Compliance Audit Report – 2025/26

Report of the Portfolio Holder for Housing

Classification	This report is Public.
Contact Officer	Katie Walters, Head of Property Services

PURPOSE/SUMMARY OF REPORT

In compliance with funding requirements, the purpose of this report is to advise the Audit Committee of the outcome of an audit carried out by Homes England for Bolsover Homes new build properties at Woburn Close, Blackwell and Moorfield Lane, Whaley Thorns.

REPORT DETAILS

1. Background

1.1 The Council has been awarded funding from Homes England which contributed towards building a Bolsover Homes development of 2 homes at Moorfield Lane, Whaley Thorns and 43, soon to be completed, homes at Woburn Close, Blackwell as shown on the layout plans attached at Appendix 1. Homes England carried out an audit to ensure that the funding requirements were complied with.

2. Details of Proposal or Information

2.1 Homes England awarded the Council £97,240 in funding to enable the completion of 2 Bolsover Homes properties at Moorfield Lane, Whaley Thorns and £3,149,719 to enable the completion of 43 Bolsover Homes properties at Woburn Close, Blackwell.

2.2 The funding terms contained provisions that Homes England could audit how the funding had been spent to ensure that it had met grant requirements.

2.3 The sites at Moorfield Lane and Woburn Close were selected for audit and received – Green – Meets requirements. This is the highest grade that is awarded. The audit report is attached at Appendix 2.

2.4 To conclude the audit there is a requirement to notify the Council that the audit has taken place and the outcome and to confirm that we have done this to Homes England.

2.5 This report meets the notification to the Council of the requirements of the audit.

3. Reasons for Recommendation

- 3.1 To notify the Audit Committee that the audit has taken place and that the outcome was satisfactory.
- 3.2 To comply with Homes England funding requirements.

4 Alternative Options and Reasons for Rejection

- 4.1 N/A.

RECOMMENDATION(S)

That the Audit Committee note the contents of the report.

Approved by Councillor Phil Smith, Portfolio Holder for Housing

IMPLICATIONS:

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

Environment Yes No

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:

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

(a) (b)

(a) (b)

All

Yes No

Yes No

Yes No

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

Links to all

DOCUMENT INFORMATION:

Appendix	Title
1	Site Plan
2	Audit Report

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).
N/A

Moorfield Lane





Compliance Audit Report – 2025/26

17UC – Bolsover District Council

Final Grade	Green - Meets requirements
Independent Auditor Organisation	Beevers Struthers
Independent Auditor Name	George Shillam

Report Purpose and Objectives

The purpose of the Compliance Audit report is to confirm that grant recipients have met Homes England's funding conditions and contractual requirements and have properly exercised their responsibilities as set out in the Capital Funding Guide.

We use the audit findings (which are confidential between Homes England and the grant recipient) to inform our future investment decisions and to reassure the Homes England Chief Accounting Officer that public funds have been properly used.

Where findings have been determined as breaches they are then used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided at the end of this report. Where applicable the Provider is to use the recommendations to prevent similar breaches from reoccurring in the future and to aid good governance for complying with Homes England's policies, procedures and funding conditions.

Information about the audit process and guidance is available at: <https://www.gov.uk/guidance/compliance-audit>

Compliance Audit Grade and Judgement Summary

Final Grade	Green - Meets requirements
Judgement Summary	On review of the evidence provided, the outcome of the audit has shown the provider has complied with all the programme requirements and guidance. A GREEN grade has been assigned and no breaches were identified.



Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
1091505	Woburn Close and Pendean Close, Blackwell,DE55 5HH	Rent
1089390	Moorfield Lane, Whaley Thorns (General Needs properties),NG20 9DA	Rent

Audit Results

Number of Schemes/Completions Audited	2
Number of Breaches Assigned	0
Number of High Severity Breaches	0
Number of Medium Severity Breaches	0
Number of Low Severity Breaches	0

Provider's Acknowledgement of Report

The contents of this report including all recommendations must be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement must be recorded in the IMS Compliance Audit System by your Compliance Audit Lead no later than three calendar months of the report email notification being sent.

Report acknowledged by:

Date:

Confidentiality

The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.

Compliance Audit Grade Definitions

Green Grade	No high or medium severity breaches identified, although there may be low breaches identified. The Homes England audit report shows that the provider has a satisfactory overall performance but may identify areas where minor improvements are required.
Amber Grade	One or more medium severity breaches identified. The Homes England audit report will show that the provider has failed to meet some requirements but has not misapplied public money. The provider will be expected to correct identified problem(s) in future schemes and current developments.
Red Grade	One or more high level severity breaches identified, the Homes England audit report shows that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.



Audit Progress Report

Bolsover District Council

April 2026

Contents

- 1. Audit progress
- 2. National Publications

01

Audit Progress

Audit progress

Purpose of this report

This report aims to provide the Audit Committee with information about progress in delivering our responsibilities as the Councils' external auditors for the 2025/26 financial year.

Conclusion of 2024/25 Audit and issue of Audit Certificate for 2023/24

We completed our work and issued our audit opinion for the year ended 31 March 2025 on 26 February 2026, ahead of the statutory deadline of 27 February 2026. Our opinion on the statement of accounts was qualified. We identified no significant weaknesses in the Council's arrangements for securing Value for Money.

We have not yet received confirmation from the NAO that the group audit of the Whole of Government Accounts has been completed and that no further work is required from us. Once this confirmation has been received, we can issue the audit certificate and formally conclude the audit.

2025/26 Audit Progress

Our annual accounts workshop for finance team members took place in March 2026.

Since our last report to Members we have:

- submitted our list of required deliverables to the Council for the planning and interim stages of the audit.
- had ongoing discussions with management to organise audit timing and logistics and to integrate lessons learned from the prior year audit.

We will present our formal Audit Strategy Memorandum in Spring 2026 and will continue to keep the committee updated with progress.

The expected areas of focus will include:

Financial statement risks:

- Risk of management override of controls (mandatory risk on all audit engagements)
- Revaluation of Land & Buildings and Investment property, including the application of indexation as prescribed in the 2025/26 Code
- Valuation of the local government pension scheme asset and liability
- Group Consolidation

Engagement and responsibilities summary

We are appointed to perform the external audit of Bolsover District Council (the “Council”) for the year to 31 March 2026. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Council Accounting.

Our audit does not relieve management or Audit Committee, as those charged with governance, of their responsibilities.

The Section 151 Officer is responsible for the assessment of Bolsover District Council’s ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the Section 151 Officer’s use of the going concern basis of accounting in the preparation of the financial statements.

Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bolsover District Council’s internal control.

Whole of Government Accounts

We report to the NAO on the consistency of the Council’s financial statements with its Whole of Government Accounts (WGA) submission.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in the ‘Value for Money’ section of this report.

Wider reporting and electors’ rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Your audit team

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James Collins

Engagement Director

James.collins@mazars.co.uk



Garima Garg

Audit Manager

Garima.Garg@mazars.co.uk



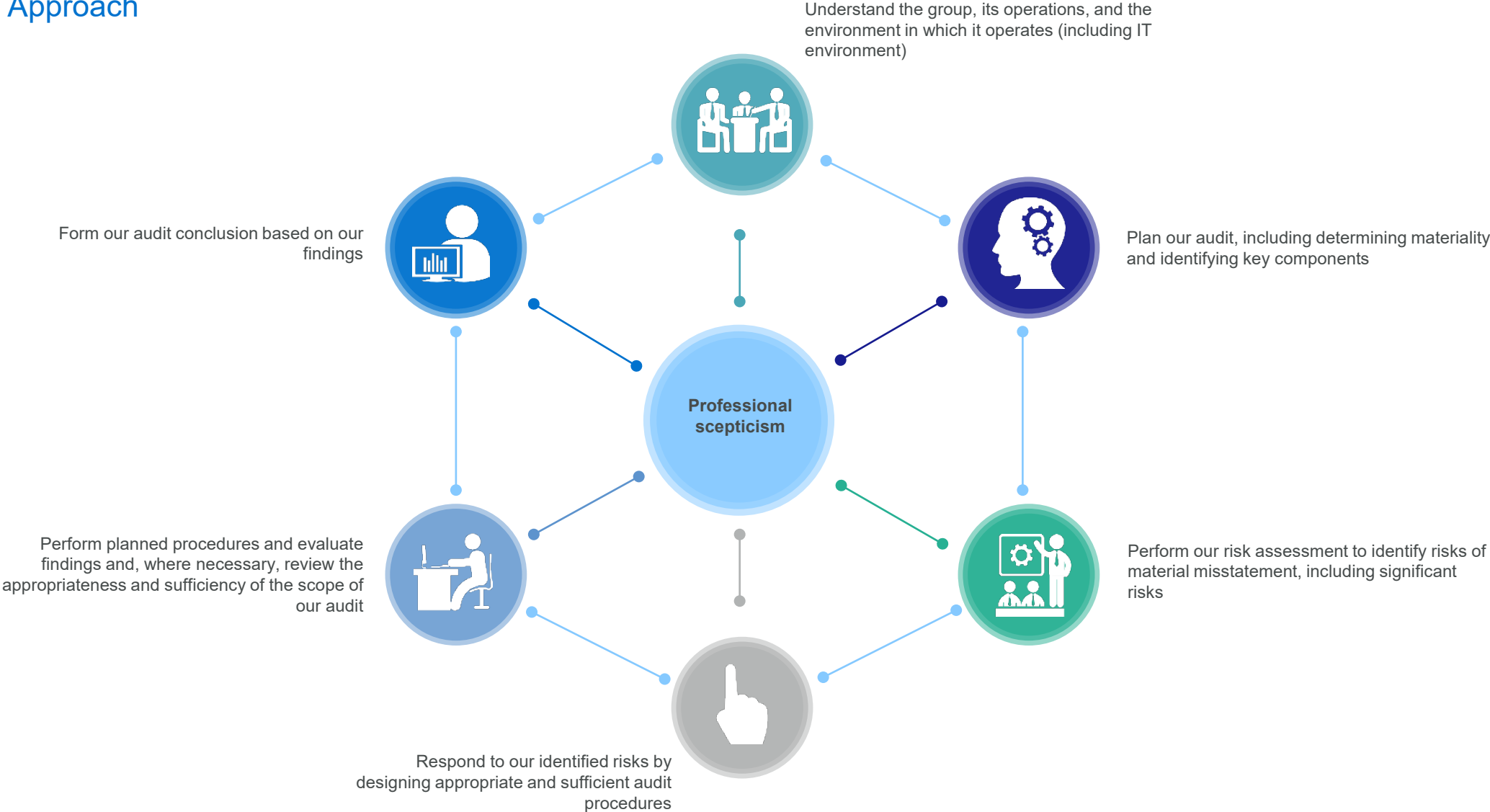
Reena Tanna

Audit Assistant Manager

Reena.tanna@mazars.co.uk

Audit scope, approach, and timeline

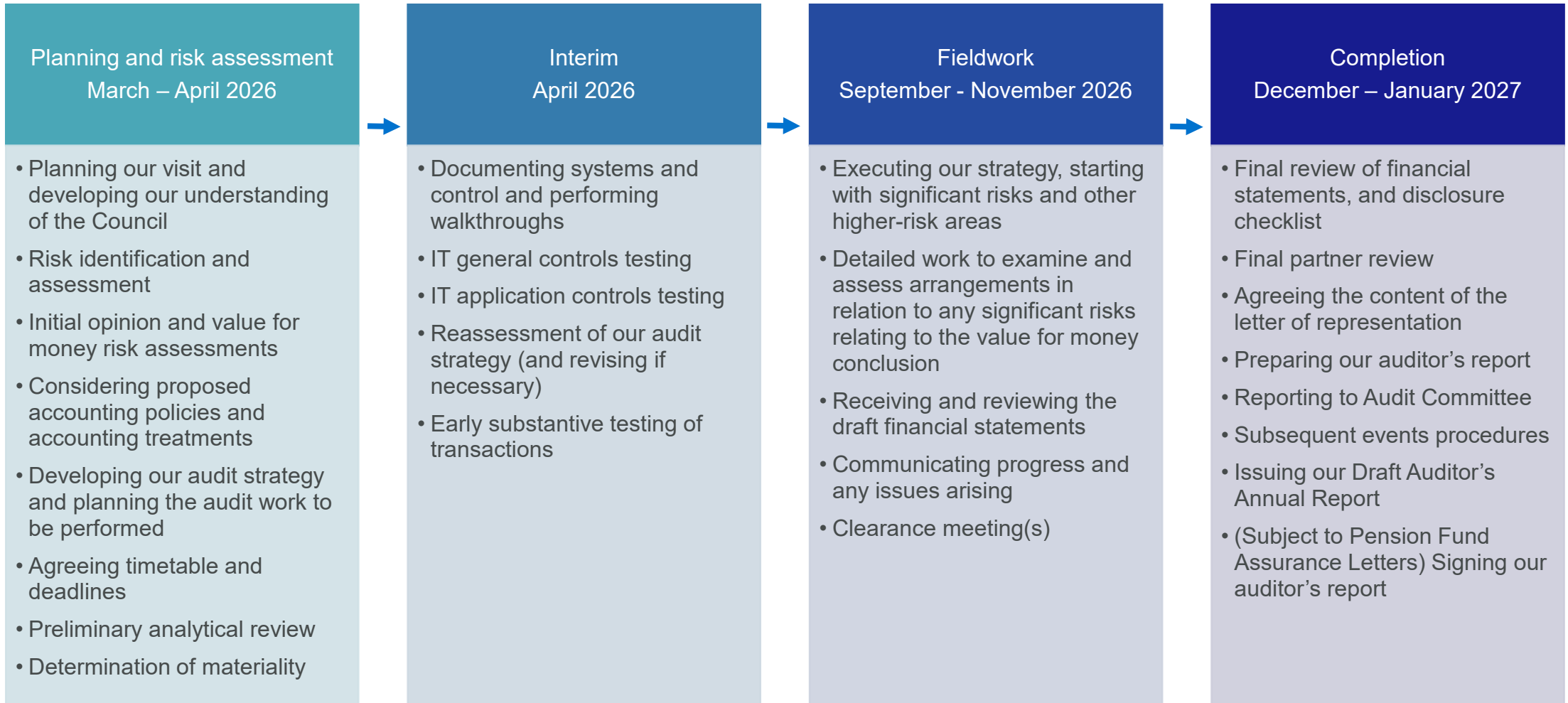
Risk-based Approach



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Audit scope, approach, and timeline

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Value for money

The framework for value for money work

We are required to form a view as to 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 in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

The 2024 Code of Audit Practice requires us to issue our Auditor's Annual Report for the year ending 31st March 2026 to you in draft by the 30th November 2026. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report).

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **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 approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include: <ul style="list-style-type: none">• 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 staff and members
Additional risk based procedures and evaluation	Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.
Reporting	We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor's Annual Report. Our commentary will also highlight: <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement; and• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Audit fees and other services

Fees for work as the Council's appointed auditor

Our proposed fees (exclusive of VAT) as the Council's appointed for the year ended 31 March 2026 are outlined below. Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

Area of work	2025-26 Fees	2024-25 Fees*
Code Audit Work (Scale Fee)	£172,671	£160,368
Fees for Group Accounts (not built into the scale fee)	TBC	£10,000
Additional fee in respect of rebuilding assurance	N/A	£26,200
Work completed to assess Prior Period Adjustment	N/A	£6,300
Additional work for introduction of ISA 600 Revised Group Audits	TBC	£5,000
Additional fees in respect of introduction of IFRS 16 Leases	TBC	£4,000
Work completed to assess the Council's value for money arrangements and issue our value for money commentary	TBC	£8,000
Qualified opinion	TBC	£7,500
Total fees	£TBC	£227,368

*Our proposed fee variation has been submitted to PSAA for final approval

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National Publications

National publications

	Publication/update	Key points
Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))		
1	Local government reorganisation: Policy and programme updates	News updates and supporting documents relating to the government's ambitious programme of local government reorganisation in England. For information only.
2	Communities set to benefit from fairer funding	Fairer funding as part of the Final Local Government Financial Settlement will help to tackle deprivation and improve public services. Around £78 billion is being made available for councils across England through the Final Local Government Finance Settlement with a top up to the Recovery Grant for areas hit hardest by historic cuts. For information only.
National Audit Office ('NAO')		
3	NAO insight: Audit insights: lessons and findings from the NAO's financial audits in 2024-25	This report, for the first time, brings together thematic insights from our recent financial audits and wider assurance work. It explains key accounting terms in the context of government finances, and highlights opportunities to strengthen financial management and reporting in government which can help improve productivity and resilience in public service delivery. For information only.
4	NAO insight: Good practice in annual reporting	This interactive guide sets out our good practice principles for annual reporting. It provides ideas on content and format for all bodies in both the public and private sector as they plan their annual reporting for 2025-26. For information only.
Forvis Mazars		
5	Applying AI in Local Government: Turning potential into practice	Artificial Intelligence (AI) is becoming an integral part of how local governments operate. With budgets under pressure and demand for services rising, AI can offer practical solutions to improve efficiency, free up staff time, and support to deliver better outcomes for communities. For information only.
6	Annual Local Government Risk Report 2026	Local government is operating in one of the most challenging environments in decades. Financial pressures, structural reforms, rising service demands, and technological disruption have converged to create unprecedented complexity. Added to this the surge in temporary accommodation costs, SEND deficits, and the rapid adoption of AI - all of which are making the risk landscape evolve faster than ever. For information only.

National publications

MHCLG

1. Local government reorganisation: Policy and programme updates

News updates and supporting documents relating to the government's ambitious programme of local government reorganisation in England. Recent updates:

- On 5 February 2026, a written ministerial statement was made to Parliament about the statutory consultations on proposals for unitary local government made by councils in 14 areas.
- On 16 February 2026 the Secretary of State wrote to council leaders in local government reorganisation areas about the proposed postponement of local elections in May 2026.

Link: <https://www.gov.uk/government/collections/local-government-reorganisation-policy-and-programme-updates>

2. Communities set to benefit from fairer funding

Fairer funding as part of the Final Local Government Financial Settlement will help to tackle deprivation and improve public services.

Councils most in need will have more money to bring back clean streets, fill potholes and restore local services through an extra £440 million funding boost confirmed on February 9th.

Around £78 billion is being made available for councils across England through the Final Local Government Finance Settlement with a top up to the Recovery Grant for areas hit hardest by historic cuts.

Other measures set out include:

- Councils most impacted by historic funding cuts will receive targeted investment through a £440 million Recovery Grant uplift confirmed today, with £2.6 billion made available through the Recovery Grant by 2028-29.
- Local leaders will get extra money to improve transport, build homes and create jobs through a £39.6 million boost to mayoral capacity funding also confirmed today.
- Councils will have 90% of their historic SEND-related deficits up to 2025-26 written off, protecting their ability to continue to support children and young people with SEND at their local school, alongside delivering wider services and tackling deprivation
- Vulnerable people at risk of homelessness will receive more help to find suitable, stable housing, with a £272 million uplift bringing total homelessness funding to over £2.7 billion.

Link: <https://www.gov.uk/government/news/communities-set-to-benefit-from-fairer-funding>

National publications

NAO

3. NAO insight: Audit insights: lessons and findings from the NAO's financial audits in 2024-25

This report, for the first time, brings together thematic insights from our recent financial audits and wider assurance work. It explains key accounting terms in the context of government finances, and highlights opportunities to strengthen financial management and reporting in government which can help improve productivity and resilience in public service delivery.

This report:

- provides background and context to the National Audit Office's annual cycle of financial audits, how they work with audited bodies, and how they report the results to Parliament
- outlines the importance of good annual reports, focussing on two areas where there are opportunities to improve financial management and reporting in government
- sets out insights from NAO financial audits in three areas that present particular challenges to financial management and the production of timely, high-quality accounts

Link: <https://www.nao.org.uk/insights/audit-insights-lessons-and-findings-from-the-naos-financial-audits-in-2024-25/>

4. NAO insight: Good practice in annual reporting

This interactive guide sets out our good practice principles for annual reporting. It provides ideas on content and format for all bodies in both the public and private sector as they plan their annual reporting for 2025-26.

A good annual report should:

- support accountability
- be transparent
- be accessible
- be understandable

This guide showcases leading examples of good practice for annual reporting from different sectors.

Link: <https://www.nao.org.uk/insights/good-practice-in-annual-reports/>

National publications

Forvis Mazars

5. Applying AI in Local Government: Turning potential into practice

Artificial Intelligence (AI) is becoming an integral part of how local governments operate. With budgets under pressure and demand for services rising, AI can offer practical solutions to improve efficiency, free up staff time, and support to deliver better outcomes for communities.

Making AI work for local government: Challenges and opportunities

The greatest opportunity lies in task automation - streamlining transactional, routine processes so staff can focus on strategic decision-making. However, councils face challenges in prioritising investments, given limited budgets. Governance and risk management are critical, especially as AI capabilities become embedded in enterprise application.

Yet, the effectiveness of these AI tools hinges on one foundational element: data quality. Poor data governance and inconsistent data hygiene can undermine even the most advanced AI systems, leading to biased outputs, inaccurate predictions, and eroded public trust. Local authorities often manage vast, fragmented datasets across multiple legacy systems, making it difficult to maintain a single source of truth. Without robust data standards, cleansing protocols, and accountability frameworks, automation risks amplifying existing inefficiencies rather than solving them.

AI governance is fundamentally a business risk. Councils therefore need to establish guardrails to ensure ethical use, maintain transparency, and manage risks associated with autonomous decision-making. Upskilling the workforce is equally vital to ensure staff can leverage AI effectively without compromising service quality.

Link: <https://www.forvismazars.com/uk/en/insights/public-and-social-sector-insights/applying-ai-in-local-government>

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6. Annual Local Government Risk Report 2026

Local government is operating in one of the most challenging environments in decades. Financial pressures, structural reforms, rising service demands, and technological disruption have converged to create unprecedented complexity. Added to this the surge in temporary accommodation costs, SEND deficits, and the rapid adoption of AI - all of which are making the risk landscape evolve faster than ever.

Internal audit must step up as a strategic partner instead of just a compliance checkpoint. That means embedding foresight into governance, providing real-time assurance during transformation, and using data analytics to spot early warning signs.

Link: <https://www.forvismazars.com/uk/en/industries/public-social-sector/our-public-and-social-sector-reports/annual-local-government-risk-report-2026>

Contact

Forvis Mazars

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Director

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BOLSOVER DISTRICT COUNCIL

Meeting of the Audit Committee on 9th April 2026

Internal Audit Plan 2026/27

Report of the Head of the Internal Audit Consortium

Classification	This report is Public
Contact Officer	Jenny Williams Head of the Internal Audit Consortium

PURPOSE/SUMMARY OF REPORT

To present to members the 2026/27 Internal Audit Plan for approval.

REPORT DETAILS

1. Background

- 1.1 The Global Internal Audit Standards require that the Head of the Internal Audit Consortium create an internal audit plan that supports the achievement of the Council’s objectives. The plan should be based on the strategies, objectives and risks of the Council and the Head of Internal Audit’s understanding of the governance, risk management and control processes in place.
- 1.2 The Global Internal Audit Standards require that the Audit Committee (highest level body charged with governance) approve the plan.

2. Details of Proposal or Information

- 2.1 The plan has been prepared taking into account the following factors: -
 - The Council’s objectives and priorities,
 - Local and national issues and risks,
 - The requirement to produce an annual internal audit opinion – adequate coverage of governance, risk and control arrangements,
 - Information technology governance, fraud risk, the effectiveness of the Council’s compliance with ethics programs and other high risk areas,
 - The Council’s strategic and operational risk registers,
 - Consultation with the Senior Leadership Team.
- 2.2 An annual report summarising the outcome of the 2025/26 internal audit plan will be presented to this Committee in July 2026. Two of the areas within the 2025/26 plan have been carried forward to 2026/27.
- 2.3 A summary of the internal audit plan for 2026/27 is shown below and in detail at

Internal Audit Plan 2026/27

Summary	Audit Days
Main Financial Systems	103
Other Operational Audits	206
Computer / IT Related	15
Corporate / Cross Cutting / Governance	74
Special Investigations & Contingency	40
Apprenticeships / Training	30
Audit Committee / Client Liaison	15
Grand Total	483

2.4 Resource availability has been based on the Consortium Business Plan that was approved by Joint Board on the 25th March 2026. 483 days are allocated in total.

2.5 The plan is ambitious and is reliant upon having a full staffing complement and fully trained staff. The Internal Audit Consortium is currently fully staffed.

3. Reasons for Recommendations

3.1 To comply with the Global Internal Audit Standards and to determine the internal audit work plan for the year.

3.2 To ensure that the annual internal audit opinion can provide assurance in respect of the Council’s governance, risk and control arrangements.

4 Alternative Options and Reasons for Rejection

4.1 Not applicable.

RECOMMENDATIONS

1. That the internal audit plan for 2026/27 be agreed.

2. That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any changes in the Council’s business, risk operations, programs, systems, controls and organisational culture. Any significant changes to the plan to be brought back to this Committee for approval.

IMPLICATIONS:

<p><u>Finance and Risk</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Details: Internal audit reviews help to ensure that processes and controls are operating effectively thereby contributing to ensuring that value for money is obtained. The plan is ambitious and is reliant upon having sufficient resource available.</p> <p style="text-align: right;">On behalf of the Section 151 Officer</p>	
<p><u>Legal (including Data Protection)</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Details: 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”.</p> <p style="text-align: right;">On behalf of the Solicitor to the Council</p>	
<p><u>Staffing</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Details:</p> <p style="text-align: right;">On behalf of the Head of Paid Service</p>	
<p><u>Equality and Diversity, and Consultation</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Details:</p>	
<p><u>Environment</u> Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Please identify (if applicable) how this proposal/report will help the Authority meet its carbon neutral target or enhance the environment.</p> <p>Details:</p>	

DECISION INFORMATION:

<p><input checked="" type="checkbox"/> Please indicate which threshold applies:</p>	
<p>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:</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>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.</p>	<p>(a) <input type="checkbox"/> (b) <input type="checkbox"/></p>

<p>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.</p> <p>District Wards Significantly Affected: <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 All if all wards are affected:</p>	<p>(a) <input type="checkbox"/> (b) <input type="checkbox"/></p> <p>All <input type="checkbox"/></p>
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<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p> <p>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></p> <p>Consultation carried out: <i>(this is any consultation carried out prior to the report being presented for approval)</i></p> <p>Leader <input type="checkbox"/> Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
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<p>Links to Council Ambition: Customers, Economy, Environment, Housing</p>
<p>The internal audit plan is linked to the Council Ambition in respect of its aim to deliver excellent services that will provide assurance in respect of the Councils governance, risk and control arrangements.</p>

DOCUMENT INFORMATION:

Appendix No	Title
Appendix 1	Draft Internal Audit Plan 2026/27

<p>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></p>

Appendix 1

Bolsover District Council Internal Audit Plan 2024/25 – 2026/27

Audits not completed

Priority		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
	Main Financial Systems				
M	Main Accounting/Budgetary Control / MTFP	15	0	15	Failure to produce a reliable set of accounts, lack of control over spending, (Strategic Risk 2)
M	Payroll	0	22	0	Employees are paid incorrectly, there are ghost employees in the system
M	Creditor Payments	20	0	20	Incorrect or fraudulent payments are made (Strategic risk 3)
M	Government Grants / sign off	3	0	0	Monies not paid out in accordance with scheme
M	Debtors	15	0	18	Loss of income, fraud (Strategic Risk 3)
M	Treasury Management	15	0	18	Misappropriation of funds, poor investment decisions (Strategic Risk 3)
M	Cash and Banking	20	0	0	Loss of income, theft
M	Council Tax	20	20	0	Loss of income, fraud (Strategic risk 3)
M	Non Domestic Rates	0	0	20	Loss of income, fraud (Strategic risk 3)
M	Housing / Council Tax Benefits	20	0	0	Reputational damage, fraud (Strategic risk 3)
M	Housing Rents	0	20	0	Loss of income, fraud (Strategic risk 3/12)
H	HRA Business Plan	0	10	12	Plans are unaffordable (Strategic Risk 3)
	Total Main Financial Systems	128	72	103	
H	Dragonfly – Company audits	73	73	0	Company failure, poor governance, reputational damage, financial loss
H	Corporate Governance Arrangements with Dragonfly (external review taking place)	15	0	0	Poor Governance

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Appendix 1

Priority		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
	Other Operational Audits				
M	Bolsover Regeneration Fund	0	14	12	Failure to spend the money on time and risk of repayment of grant (Strategic Risk 5)
L	Careline	0	12	0	Vulnerable adults are not appropriately supported
M	Clowne Leisure Centre	0	20	0	Loss of income / theft (Strategic risk 3)
M	Commercial Property Compliance – asbestos, legionella, lift maintenance, fire risk assessments, gas and electrical safety	0	0	15	Health & Safety
L	Corporate Credit Card	5	0	0	Inappropriate spend
M	Crematorium	0	0	12	Loss of Income, Reputational damage
M	Domestic / Household Waste	0	12	0	Reputational Damage
M	Disabled Facilities Grants	10	0	0	Reputational / fraud
L	E.Health Misc Licensing	8	0	0	Income loss, reputational
L	Flytipping	0	8	0	Reputational Damage
M	Food Hygiene (Joint with NEDDC)	0	0	10	Health & Safety
M	Housing Allocations and Lettings	0	13	0	Reputational risk, fraud
M	Insurance	12	0	0	Wrong cover levels and type, fraudulent claims
L	Land Charges	0	0	10	Loss of Income, reputational damage
M	Landlord Compliance Council Housing – Legionella & Asbestos	0	0	12	Health & Safety, Reputational Damage
M	Landlord Compliance Council Housing – Fire Safety & Lift Maintenance	0	0	12	Health & Safety, Reputational Damage
M	Landlord Compliance Council Housing – follow up gas safety and electrical testing previous recommendations	0	0	8	Health & Safety, Reputational Damage

Priority		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
L	Leaseholder Charges	0	0	10	Loss of income
L	Leisure – Extreme Wheels	8	0	0	Health & Safety
L	Members Expenses	12	0	0	Fraud, reputational risk
L	Money Laundering	5	0	0	Fraud
M	Partnership Working	0	0	12	Lack of governance
L	Pest Control (Joint with NEDDC)	0	0	5	Loss of income
M	Planning fees and appeals	0	0	12	Loss of income, reputational damage
L	Private Sector Housing Disrepairs	0	8	0	Reputation
L	Petty Cash	5	0	0	Inappropriate Spend
M	Pleasley Vale Outdoor Centre	0	0	12	Health & Safety
M	Recruitment & Selection	0	0	12	Fraud, Reputational damage
M	Section 106	12	0	0	Loss of income/fraud/ reputational damage, failure to complete projects
M	Social Media / Facebook / Bolsover TV	10	12	0	Reputational Damage
L	Street Cleaning	0	0	10	Reputational Damage
L	Stores	0	0	12	Theft
M	Taxi Licensing	0	10	0	Safeguarding (Strategic Risk 10)
M	Transport, fuel, plant	0	15	0	VFM / fraud / theft
L	VAT	0	0	10	Penalties
M	Voids	0	0	20	Lost Income
	Total Operational Audits	87	124	206	
	Computer and IT Related				
H	Cyber Security / Network Security / AI	15	0	0	Attack on Council systems (Strategic risk 12)
M	IT Audit	0	0	15	
M	IT Inventory / disposal of old Equip	0	10	0	Theft of equipment / data

Priority		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
L	Members IT Equipment	0	0	0	Equipment not returned / issued in error
	Total Computer and IT related	15	10	15	
	Cross Cutting Areas				
H	Asset Management Arrangements	8	10	10	Assets not fit for purpose, poor VFM
M	Business Continuity / Emergency Planning - DCC	0	12	0	Inadequate plan in place to be able to continue in the event of an emergency (Strategic Risk 6/11)
H	Climate Change	12	0	0	Reputation, failure to meet council objectives (Strategic Risk 14)
L	Complaints Procedures	0	8	0	Complaints go unanswered damaging the reputation of the Council
H	Corporate Governance and AGS	2	2	2	Poor Governance (Strategic Risk 8)
M	Data Protection	0	13	14	Mis- use of data, large fines (Strategic Risk 3)
H	DBS Procedures follow up	0	0	6	Reputational damage (Strategic Risk 9)
M	Ethical Governance	0	15	0	There is a poor culture in place leading to poor VFM and fraud etc (Strategic Risk 8)
H	Financial Advice / Working Groups	20	20	20	Appropriate controls not in place
M	Health and Safety	10	0	0	Risk of injury, death (Strategic Risk 8)
M	Corporate Targets	12	0	0	Poor Governance (Strategic Risk 8)
M	Local Government Reorganisation	0	0	10	Poor preparation, unreadiness (Strategic Risk 17)
H	Procurement	0	15	0	Fraud, poor value for money
M	Risk Management	10	12	0	Failure to identify and mitigate risks (Strategic risk 8)
M	Safeguarding	0	0	12	Public safety, reputational risk (Strategic Risk 9)
M	UK Shared Prosperity Grant – Grant compliance	0	12	0	Grant spent inappropriately, risk of repayment (Strategic Risk 5)
	Total Cross Cutting	74	119	74	

Priority		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
	Special Investigations /Contingency/Emerging risks	40	40	40	Fraud, loss of income
	Apprenticeship / training	30	30	30	Lack of appropriately trained staff
	NFI / Key contact	6	0	0	Fraud
	Audit Committee / Client Officer Liaison	15	15	15	Non- compliance with Global Internal Audit Standards
	Planned Total Days	483	483	483	

Reserve areas

Health and Safety
Homelessness

BOLSOVER DISTRICT COUNCIL

Meeting of the Audit Committee on 9th April 2026

Internal Audit Strategy 2026 - 2028

Report of the Head of the Internal Audit Consortium

Classification	This report is Public
Contact Officer	Jenny Williams, Head of the Internal Audit Consortium

PURPOSE/SUMMARY OF REPORT

The purpose of this report is to report to Members for information and approval the Internal Audit Strategy 2026 - 2028.

REPORT DETAILS

1. Background

1.1 To comply with the Global Internal Audit Standards in the UK Public Sector Internal Audit is required to have a Strategy in place.

2. Details of Proposal or Information

2.1 In accordance with the Global Internal Audit Standards in the UK Public Sector, the Head of Internal Audit must develop and maintain an Internal Audit Strategy. The Global Internal Audit Standard 9.2 says: -

The CAE must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation and aligns with the expectations of the board, senior management and other key stakeholders. An internal audit strategy is a plan of action designed to achieve a long-term or overall objective. The internal audit strategy must include a vision, strategic objectives and supporting initiatives for the internal audit function. An internal audit strategy helps guide the internal audit function toward the fulfilment of the internal audit mandate. The CAE must review the internal audit strategy with the board and senior management periodically.

2.2 The draft Internal Audit Strategy for approval is attached as Appendix 1.

3. Reasons for Recommendation

- 3.1 To comply with the Global Internal Audit Standards in the UK Public Sector Internal Audit is required to have a Strategy in place.

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

RECOMMENDATION

That the Internal Audit Strategy be agreed.

IMPLICATIONS:

<u>Finance and Risk</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: The adoption of an internal Audit Strategy will help to ensure that the Internal Audit Consortium supports the Councils risk management function. <p style="text-align: right;">On behalf of the Section 151 Officer</p>
<u>Legal (including Data Protection)</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: There are no legal implications <p style="text-align: right;">On behalf of the Solicitor to the Council</p>
<u>Staffing</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: There are no staffing implications <p style="text-align: right;">On behalf of the Head of Paid Service</p>
<u>Equality and Diversity, and Consultation</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Details: None
<u>Environment</u> 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. Details: None

DECISION INFORMATION:

<p><input checked="" type="checkbox"/> Please indicate which threshold applies:</p> <p>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:</p> <p>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.</p> <p>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.</p> <p>District Wards Significantly Affected: <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 All if all wards are affected:</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>(a) <input type="checkbox"/> (b) <input type="checkbox"/></p> <p>(a) <input type="checkbox"/> (b) <input type="checkbox"/></p> <p>All <input type="checkbox"/></p>
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<p>Is the decision subject to Call-In? <i>(Only Key Decisions are subject to Call-In)</i></p> <p>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></p> <p>Consultation carried out: <i>(this is any consultation carried out prior to the report being presented for approval)</i></p> <p>Leader <input type="checkbox"/> Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
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<p>Links to Council Ambition: Customers, Economy, Environment, Housing</p>
<p>An Internal Audit Strategy will help to ensure that internal audit objectives align with those of the Council.</p>

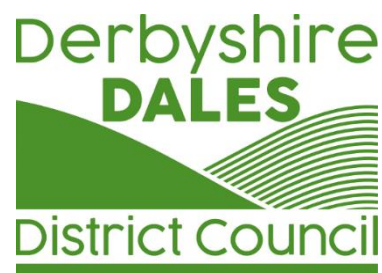
DOCUMENT INFORMATION:

Appendix No	Title
Appendix 1	Internal Audit Strategy

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>

DECEMBER 2024

Internal Audit Strategy 2026 - 2028



Owner: Jenny Williams

Date: 31st March 2026

Review: 31st March 2028

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5.0 Review of the Internal Audit Strategy	Page 5

1.0 Introduction

The Internal audit Consortium provides the internal audit service for Chesterfield Borough Council (CBC), Bolsover District Council (BDC) and North East Derbyshire District Council (NEDDC). The Head of the Internal Audit Consortium also provides a management service to Derbyshire Dales District Council (DDDC).

This Strategy seeks to provide a clear direction of travel for the successful improvement and cost-effective provision of CBC, NEDDC, BDC and DDDC internal audit service until 2028.

2.0 Council Plans and Objectives

This strategy aligns internal audit activity with the overall strategic objectives of each Council by ensuring that internal audit plans and resources are prioritised to provide assurance over areas of strategic importance and highest risk to assist each Council in achieving its objectives.

Internal audit contributes to achieving each Council's objectives and values by ensuring compliance with statutory requirements, promoting good governance, strong risk management and robust internal control frameworks.

3.0 Internal Audit Vision

Our vision is to add value by providing management, and each Audit Committee/Governance and Resources Committee with cost-effective independent, risk-based, objective assurance, advice, insight, and foresight.

We believe that the Internal Audit Consortium also adds value in terms of being able to share best practice between Councils and offering increased resilience of our service due to being a larger team. We have locally based teams so are continually increasing our organisational knowledge and understanding.

The following strategic objectives will help to achieve our vision: -

- 1) Developing our staff.
- 2) Providing timely assurance on governance, risk and internal control arrangements.
- 3) Continually improving the quality of our service.

4.0 Strategic Objectives and Supporting Initiatives

4.1 Developing our staff

Our vision is to have an experienced and versatile team with a broad skill set.

Supporting initiatives will include: –

- Encouraging and supporting staff training and Continuing Professional Development.
- Identifying skill gaps and providing relevant training to address these.
- Use of webinars / online training / internal / external training or on the job training.
- Team-building training on appropriate topics such as risk management, root cause analysis, ethics, and governance.

4.2 Providing timely assurance on governance, risk and internal control arrangements.

Our vision is to promote improvement and provide insight on governance, risk and internal control arrangements to give assurance that each Council's processes are robust enough to ensure that their aims and priorities will be delivered.

Supporting initiatives will include: –

- Ensuring all auditors have or receive the necessary audit skills to enable them to review and report on internal control, risk management and governance issues.
- Promoting the ethics, behaviour and standards of each Council.
- Supporting a risk aware culture by discussing risks with managers at the start of each audit and attendance at risk management groups.
- Further develop risk-based auditing.

4.3 Continually Improve the Quality of our Service

Our vision is to seek ways to improve the value that our service adds by consistently delivering an excellent service that complies with professional standards.

Supporting initiatives will include: –

- An annual improvement plan that is included within the Quality Assurance Improvement Programme.
- Working towards full compliance with the Global Internal Audit Standards in the UK Public Sector.
- Evaluating and making better use of technology such as Artificial Intelligence to create efficiencies in the audit process.
- Taking on board, any recommendations arising from the external review of internal audit that will take place in 2026.



5.0 Review of the Internal Audit Strategy

- 5.1 The Head of the Internal Audit Consortium will keep the Strategy under review and present any revisions to each Audit Committee / Governance and Resources Committee.



Bolsover District Council

Meeting of the Audit Committee on 9th April 2026

Summary of Progress on the 2025/26 Internal Audit Plan

Report of the Head of the Internal Audit Consortium

Classification	This report is public
Contact Officer	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.

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	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
Reasonable Assurance	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
Limited Assurance	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
Inadequate Assurance	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 5 reports have been issued 2 with substantial 2 with reasonable and 1 with limited assurance.

2.4 As Members have previously requested, a full copy of the limited assurance asset management report has been attached as Appendix 2.

The main reasons for a limited assurance report being issued were: -

- Since the inception of Dragonfly Management (Bolsover) Limited overall responsibility for asset management plans has become lost with confusion amongst senior managers within the Council and Dragonfly as to where responsibility lay.
- Risk to not achieving expected outcomes is not addressed through Risk Registers or elsewhere.
- There is no single system in place which records all asset attributes. Asset management is disjointed and critical factors and information may be overlooked.
- In the absence of an Asset Management Plan, it is difficult to evidence that the Council is narrowing the gap between the current condition of the asset base and an acceptable standard. Some insight is provided from Condition Surveys and

from Asbestos and water quality inspections. These will assist with developing the Capital Programme and the Medium-Term Financial Plan.

- KPIs relevant to Asset Management have not been developed and benchmarking with other comparable Local Authorities has not been undertaken.

2.5 No issues arising relating to fraud were identified.

2.6 Appendix 3 provides the progress to date in respect of the completion of the 2025/26 Internal Audit Plan. The majority of the plan will be completed with just 2 areas being rolled forward to 2026/27.

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 in the UK Public Sector.

4 Alternative Options and Reasons for Rejection

4.1 N/A

RECOMMENDATION

That the report be noted.

IMPLICATIONS:

<u>Finance and Risk</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Details: 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		
<u>Legal (including Data Protection)</u> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>		
Details: 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 <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Details: On behalf of the Head of Paid Service	
Equality and Diversity, and Consultation Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Details: N/A	
Environment 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.	
Details: N/A	

DECISION INFORMATION

<input checked="" type="checkbox"/> Please indicate which threshold applies:	
<p>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:</p> <p>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.</p> <p>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.</p> <p>District Wards Significantly Affected: <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 All if all wards are affected:</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>(a) <input type="checkbox"/> (b) <input type="checkbox"/></p> <p>(a) <input type="checkbox"/> (b) <input type="checkbox"/></p> <p>All <input type="checkbox"/></p>

<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p>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>)</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>Consultation carried out: (this is any consultation carried out prior to the report being presented for approval)</p>	<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>Leader <input type="checkbox"/> Deputy Leader <input type="checkbox"/> Executive <input type="checkbox"/> SLT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	

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

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 February to March 2026
2	Asset Management Report
3	Progress on the 2025/26 Internal Audit Plan

<p>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).</p>

BOLSOVER DISTRICT COUNCIL
Internal Audit Consortium - Report to Audit Committee
Summary of Internal Audit Reports Issued February – March 2026

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B012	Social Media	To ensure there is a policy in place, monitoring of usage, access controls, assessment of risk and training in place.	Reasonable	13/1/26	3/2/26	7(4M 3L)	7
B013	Taxi Licensing	To review Licensing policies and procedures applications, safeguarding, medical checks , vehicle testing and training, fees and income, enforcement, complaints handling, Data protection.	Substantial	3/3/26	24/3/26	5L	Note 1

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
B014	Ethical Governance	To ensure that there are appropriate policies and codes in place to promote a good ethical culture.	Reasonable	13/2/26	6/3/26	7 (3M 4L)	7
B015	Asset Management	To review the asset management strategy, to ensure the asset database is adequate and that plans to maintain assets are supported by funding.	Limited	19/2/26	12/3/26	6 (1H 4M)	Note 1
B016	Risk Management	To review the strategy, risk registers, operation of the risk management group and training.	Substantial	27/2/26	20/3/26	2L	Note 1

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

Note 1 Response not received at time of writing report

Bolsover, Chesterfield and North East Derbyshire District Councils'

Internal Audit Consortium

Internal Audit Report

Authority:	Bolsover District Council
Subject:	Asset Management (B015)
Date of Issue:	19th February 2026
Assurance Level	Limited Assurance
Report Distribution:	Chief Executive Service Director - Governance, Legal Services and Monitoring Officer Strategic Director Finance and S151 Officer



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 Asset Management has been undertaken.

Effective Asset Management involves the active management and rationalisation of the Council's assets in line with the vision and priorities set out within the Council plan, ensuring that assets are safe, efficient, fit for purpose, sustainable and provide value for money for the communities of Bolsover.

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

Executive Summary

Assurance Opinion	
Limited	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.

Key Findings

Since the inception of Dragonfly Management (Bolsover) Limited overall responsibility for Asset Management Plans has become lost with confusions amongst senior managers within the Council and Dragonfly as to where the responsibility lay.

Risk to not achieving expected outcomes is not addressed through Risk Registers or elsewhere.

In the absence of an up to date and comprehensive AMP the Council cannot be assured that

- assets are managed and operated in the most economical way, balancing capital and operational expenses.
- potential risks associated with asset failure or inadequate performance are identified and managed
- asset management activities directly support and effectively contribute to the Council's overall objectives.
- fully informed decisions about asset investments and operations are made.

- assets are used responsibly to improve financial health and environmental performance.
- Assets remain fit for purpose.

The work of Asset Management Group and the application of the Disposals and Acquisition Policy provide some limited assurance.

There is no single system in place which records all asset attributes. Asset management is disjointed and critical factors and information may be overlooked.

In the absence of an Asset Management Plan, it is difficult to evidence that the Council is narrowing the gap between the current condition of the asset base and an acceptable standard. Some insight is provided from Condition Surveys and from Asbestos and water quality inspections. These will, to some degree, assist with developing the Capital Programme and the Medium-Term Financial Plan.

KPIs relevant to Asset Management have not been developed and benchmarking with other comparable Local Authorities has not been undertaken.

We have made 1 high and 5 medium recommendations. The outcome and timing of Local Government reorganisation may impact on the implementation of some of the recommendations.

Risks, Scope and Objectives

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 risks considered are: -

- Asset management may not complement the corporate plan and strategy.
- Assets may be acquired, developed or disposed of inappropriately.
- Assets may not be fit for purpose.

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

- Previously agreed recommendations have been implemented.
- Risks in relation to assets have been identified and mitigated where possible.
- There is a current and approved asset management plan and acquisitions and disposals policy.
- Responsibility for asset management is clear.
- The asset management plan / strategy is being implemented/monitored in accordance with assigned responsibilities.
- The asset database is adequate.

- There is a plan for maintaining assets to a suitable standard and that this is supported by capital investment plans.
- Performance Indicators/Benchmarking is in place.

The help and assistance given was much appreciated during the review.

Findings and Recommendations

Implementation of previously agreed recommendations.

- 1 Three recommendations were made in the previous audit in 2020.
- 2 All recommendations have been marked as achieved (green) in Perform although we have not been able to satisfactorily confirm this in all instances.
- 3 The recommendations made and their current status are as follows,
- 4 *R1 Work to progress benchmarking and KPIs should be embedded into Asset Management processes as part of the current service review.*
- 5 KPIs which have been developed are highly orientated towards operational matters and are of limited use for asset management purposes and none of the KPIs reported relate directly to asset management.
- 6 *R2 Service targets/action points (strategy and team action plans) with timescales should be updated and taken to the Asset Management Group for consideration.*
- 7 We are unable to confirm that this has been undertaken, if at all, but certainly not in the last few years.
- 8 *R3 The move to IDOX for a centralised asset register is progressed and an action plan including timescales is prepared.*
- 9 IDOX and Uniform are not properly populated and currently do not meet the requirements for a fit for purpose centralised asset register. IDOX has been used more for facilities management purposes whilst Uniform contains barely more than an asset record and asset description. It is clear that this recommendation has not been progressed as originally intended.
- 10 Recommendations have been restated as appropriate in the following sections.

Identification of risks and mitigating actions relation to assets.

- 11 Risk to not achieving expected outcomes is not addressed through Risk Registers or elsewhere.
- 12 The Council cannot be assured that: -
 - Asset management complements the corporate plan and supports strategic objectives.
 - Assets are not acquired, developed or disposed of inappropriately although the work of the Asset Management Group provides some mitigation in respect of corporate land and buildings.
 - Assets remain fit for purpose.

Recommendation	
R1	<p>Risk to not achieving expected outcomes in relation to asset management should be assessed and recorded in Risk Registers.</p> <p>Mitigating actions should be developed and responsibilities for those actions clearly assigned.</p> <p>Risk: Medium</p>
Root Cause	Governance.

Asset management plan and acquisitions and disposals policy

- 13 An asset Management Strategy was in place until 2022. It has not been updated since and has lapsed into disuse and cannot be still considered fit for purpose. The Council does not have an Asset Management Plan (AMP).
- 14 An Asset Management Plan (AMP) outlines how an organization will manage its physical assets to deliver required services at the most cost-effective level, covering their entire lifecycle from acquisition to disposal. It connects organisational goals with day-to-day asset activities, including inventory, condition assessment, service level definitions, lifecycle strategies, and financial planning, ensuring optimal asset utilisation and alignment with business objectives.
- 15 In the absence of an up to date and comprehensive AMP the Council cannot be assured that
- assets are managed and operated in the most economical way, balancing capital and operational expenses.
 - potential risks associated with asset failure or inadequate performance are identified and managed.
 - asset management activities directly support and effectively contribute to the Council's overall objectives.
 - fully informed decisions about asset investments and operations are made.
 - assets are used responsibly to improve financial health and environmental performance.
- 16 A disposals and acquisition policy is in place and was refreshed in June 2024 however, its function is limited.

Recommendation	
R2	An Asset Management Plan and Strategy should be developed with urgency. Risk: High
Root Cause	Process & Procedures

Responsibility for asset management

- 17 Since the inception of Dragonfly Management (Bolsover) Limited overall responsibility for Asset Management Plans has become lost with confusions amongst senior managers within the Council and Dragonfly as to where the responsibility lay.
- 18 The point is now somewhat mute as Dragonfly Management (Bolsover) Limited has been reintegrated within the Council and accountability can then be clearly assigned.
- 19 The Council has continued to maintain an Asset Management Group for both officers and members although the members group was dissolved after its last meeting in January 2025. The group whilst not decision making provides some scrutiny in so far as its remit allows.
- 20 Whilst membership of the group represents the wider organisation its remit is limited ensuring compliance with the Disposals and Acquisitions Policy, the best use of Council assets and the best consideration for disposal of Council owned land is realised.
- 21 The latest Financial Regulations (2023) refer to assets, asset registers and asset accounting but does not state the need for appropriate asset management.

Recommendation	
R3	Financial Regulations should be updated and mandate the requirement for appropriate asset management processes to be put in place and maintained. Risk: Medium
Root Cause	Governance

Implementation and monitoring of the asset management plan / strategy

- 22 As stated above there is not an up-to-date asset management plan or strategy in place.

Adequacy of the asset database

- 23 There is no single system in place which records all asset attributes.
- 24 An asset register is in place using MRI's Real Asset Management – TM4000. The register includes only financial information and does not include any detail of condition, impairment or the assets overall fitness for purpose. The database is not updated in real time. Most activity occurs around the year end as part of financial close, where it provides detail to support general ledger balances.
- 25 Property Assets are also recorded in Uniform although the database is not properly populated.
- 26 There is a Land Terrier which is not reconciled to the asset register.
- 27 Asset conditions are determined through Condition Surveys which are held in folders on the network.

Recommendation	
R4	As stated in the previous audit report in 2020 a centralised system should be acquired which draws together all asset information. Risk: Medium
Root Cause	Systems

Plan for maintaining assets to a suitable standard supported by capital investment plans.

- 28 An essential element of an Asset Management Plan is lifecycle management that sets out how each asset will be managed, maintained, replaced, or disposed of over its useful life.
- 29 The Council allocates a budget to undertake asset maintenance and repairs.
- 30 In the absence of an Asset Management Plan, it is difficult evidence that the Council is narrowing the gap between the current condition of the asset base and an acceptable standard.
- 31 Some insight is provided from Condition Surveys and from Asbestos and water quality inspections. These will to some degree assist with developing the Capital Programme and the Medium-Term Financial Plan.
- 32 The Condition Surveys were last conducted in 2022 and should ideally be reviewed on a five-year cycle and more frequently for high-risk properties. The next surveys are due for completion by March 2027.

- 33 It is not apparent that properties are assessed to ensure that they remain fit for purpose.

Recommendation	
R5	As part of the Asset Management Plan, lifecycle management should be developed and documented for each asset. Risk: Medium
Root Cause	Process & Procedures

Performance Indicators/Benchmarking is in place

- 34 As stated in the previous audit report in 2020 work to progress benchmarking and KPIs should be embedded into Asset Management processes. This has not taken place.
- 35 The KPIs which have been developed are highly orientated towards operational matters and are of limited use for asset management purposes and none of the KPIs reported relate directly to asset management.
- 36 No benchmarking has therefore been undertaken relevant to Asset Management.
- 37 Members may not have effective scrutiny of the performance of the asset portfolio. They will see individual decisions from participation in the Members Asset Management Group until it was dissolved but not necessarily the wider performance.

Recommendation	
R6	The Asset Management Plan, once produced and agreed, should be accompanied by relevant KPIs to be recorded in Perform and reported to Senior Officers and Members. After establishing KPI and allowing for a period for measurement benchmarking should be undertaken with other comparable Local Authorities. Risk: Medium
Root Cause	Assurance and Monitoring

Appendix 1

Assurance Level	Internal Audit Definition	Risk Register Link
Substantial Assurance	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
Reasonable Assurance	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
Limited Assurance	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
Inadequate Assurance	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

Appendix 2

Indicative Definitions of High Medium and Low Recommendations

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

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:	Asset Management	Report Date: 19th February 2026
		Response Due By Date: 12th March 2026

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R1	<p>Risk to not achieving expected outcomes is not addressed through Risk Registers or elsewhere.</p> <p>Risks are not identified, assessed or mitigating action put in place.</p>	<p>Risk to not achieving expected outcomes should be assessed and recorded in Risk Registers.</p> <p>Mitigating actions should be developed and responsibilities for those actions clearly assigned.</p>	Medium				
R2 975	<p>An Asset Management Plan and Strategy are not in place.</p> <p>The Council cannot be assured that</p> <ul style="list-style-type: none"> assets are managed and operated in the most economical way, balancing capital and 	<p>An Asset Management Plan and Strategy should be developed with urgency.</p>	High				

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
76	<p>operational expenses.</p> <ul style="list-style-type: none"> potential risks associated with asset failure or inadequate performance are identified and managed. asset management activities directly support and effectively contribute to the Council's overall objectives. fully informed decisions about asset investments and operations are made. assets are used responsibly to improve financial health and environmental performance. 						

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R3	<p>Financial Regulations do not require appropriate asset management processes to be put in place and maintained.</p> <p>Asset Management may not receive adequate attention and be considered an important process.</p>	<p>Financial Regulations should be updated and mandate the requirement for appropriate asset management processes to be put in place and maintained.</p>	Medium				
R4	<p>There is no centralised system in place which draws together all asset information.</p> <p>Asset management is disjointed and critical factors and information overlooked.</p>	<p>As stated in the previous audit report in 2020 a centralised system should be acquired which draws together all asset information.</p>	Medium				
R5	<p>Effective Lifecycle management is not clear in the absence of an Asset Management Plan.</p> <p>Lifecycle management may not be effective.</p>	<p>As part of the Asset Management Plan, lifecycle management should be developed and documented for each asset.</p>	Medium				

	Findings and Risk identified	Recommendations	Risk (High, Medium, Low)	Agreed	To be Implemented By:		Comments
					Officer	Date	
R6	KPIs relevant to Asset Management have not been developed and benchmarking with other comparable Local Authorities. has accordingly not been undertaken.	The Asset Management Plan, once produced and agreed, should be accompanied by relevant KPIs to be recorded in Perform and reported to Senior Officers and Members. After establishing KPI and allowing for a period for measurement benchmarking should be undertaken with other comparable Local Authorities.	Medium				

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

8	Signed Head of Service:		Date:	
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Note: In respect of any High Risk recommendations please forward evidence of their implementation to the Internal Audit team as soon as possible.

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)
Deferred

	Risk	Strategic Risk	BDC 2025/26 Days	Dragonfly 2025/26 Days
Main Financial Systems				
Payroll	M	SR3	22	5
Council Tax (carry fwd)	M	SR3	20	
Housing Rents	M	SR3/12	20	
HRA Business Plan	H	SR3	10	
Total Main Financial Systems			72	5
Corporate / Cross Cutting				
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	Scheme finished
Total Cross Cutting			123	20

	Risk	Strategic Risk	BDC 2025/26 Days	Dragonfly 2025/26 Days
Other Operational Audits				
Asset Management (carry fwd)	M		10	5
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	
Total Operational Areas			120	43
IT Related				
IT Inventory / disposal of Equipment (joint NEDDC)	L		10	
Total IT			10	0
Special Investigations / Contingency/ emerging risks			40	5
Apprenticeships / training			30	
Audit Committee / Client Liaison/Board Meetings			15	
Grand Total			410	73

LGR finance essentials: Accounts and audit requirements through the LGR process

This second finance guidance note focuses on the importance of maintaining comprehensive and accurate financial records through local government reorganisation.

11 Dec 2025

Background

On 5 February 2025, the Minister of State for Local Government and English Devolution **wrote (<https://www.gov.uk/government/publications/local-government-reorganisation-invitation-to-local-authorities-in-two-tier-areas>)** to all councils in two-tier areas and small neighbouring unitary authorities to formally invite proposals for local government reorganisation (LGR). **The Government's intention (<https://www.gov.uk/government/collections/local-government-reorganisation-policy-and-programme-updates>)** is that simpler local government structures can lead to better outcomes for residents, improved local accountability and savings which can then be reinvested in public services.

The process of LGR is complex and these **finance essentials guides (<https://www.local.gov.uk/our-support/devolution-and-lgr-hub/local-government-reorganisation-finance-essentials>)** have been developed for Chief Finance Officers, elected members and LGR programme teams, to aid the development and implementation of local LGR programmes.

They are informed by discussions with a number of councils which have recently been through LGR. They aim to provide practical and realistic advice on key areas where financial issues will need to be considered.

This guidance note focuses on the accounts and audit requirements of the LGR process and why ensuring that predecessor councils continue to adhere to statutory deadlines and requirements will support the new unitary council/s to effectively deliver their statutory responsibilities following vesting day.

This second guidance note focuses on the importance of maintaining comprehensive and accurate financial records through local government reorganisation.

Overview: Local authority accounts and audit requirements during LGR

Local authority statement of accounts

Every council is required to maintain comprehensive and accurate financial records throughout the financial year, culminating in the production and publication of an annual statement of accounts. The accounts will include the relevant local government pension fund accounts where the council is the administering authority for the fund.

The accounts must adhere to the **CIPFA - Code of Practice on Local Authority Accounting in the United Kingdom**, which is based on International Financial Reporting Standards (IFRS) as adapted for the public sector.

The accounts must provide a true and fair view of the authority's financial position and performance, acting as a cornerstone for effective financial management, informed decision-making, and stewardship of public resources.

Timely completion of draft accounts and of external audits should continue to be prioritised, even during periods of significant change such as LGR. Continued adherence to statutory requirements and timelines is expected for both the existing councils and any newly established unitary authorities.

The newly established unitary council/s will inherit the predecessor councils' positions as part of their opening balance sheet and hence it is critical that completion and audit of accounts remains a priority to ensure a robust and transparent starting position for the new unitary councils.

Throughout the LGR process robust financial systems and financial controls should be maintained to ensure that all financial transactions are accurately captured and that any risks to financial integrity are managed appropriately. A new unitary council/s will inherit a number of financial systems and ledgers from the predecessor councils and so understanding and mapping the financial controls across those systems is a critical part of planning for LGR.

External audit requirements and timescales

External auditors are the regulated and independent professional firm appointed to audit the council. They provide assurance to residents and the council that the council's finances are soundly managed and that the annual accounts present a true and fair view of the council's income and expenditure and its asset and liabilities.

In recent years there have been delays and challenges in the completion of local authority audits and in response to that government has introduced a statutory local audit backstop framework.

This approach establishes clear deadlines (backstop dates) by which statement of accounts must be published and external audits completed.

The backstop framework is applicable to all councils including those going through LGR. Section 1 considers the potential implications for the new unitary councils from the backstop framework.

Councils must also publish an **Annual Governance Statement (AGS)** as part of the suite of documents alongside the Statement of Accounts. The AGS ensures that councils are accountable to the public and other stakeholders for maintaining a sound system of governance. The predecessor councils AGS' are a useful tool for identifying issues which may need to be considered in the planning of the new council.

As part of the external audit responsibilities the Code of Audit Practice requires auditors to carry out full scope audit of **Value for Money (VfM)** arrangements. This results in an Annual Audit Report (AAR), which contains the VfM commentary, being published. The VfM audit continues throughout the LGR process and can form a helpful part of the overall governance of the transition and formation of the new unitary council.

Audit Committees

Audit Committees play a fundamental role in supporting strong financial management, accountability, and transparency within local government. Their core responsibilities encompass a broad range of oversight and assurance activities designed to ensure that councils remain compliant with statutory duties, maintain robust internal controls, and deliver value for money for residents. In some councils' audit committees are delegated the responsibilities for approving the statement of accounts as 'those charged with governance' from full council, otherwise their role will be to review them.

Throughout the LGR process Audit Committees have a critical role in holding the councils accountable for VfM and strong financial governance as they reach vesting day. They will also support the new council/s in establishment of new governance frameworks and assurance mechanisms. Section 5 goes into more detail on this.

This guide provides some essential advice on how these challenges can be managed covering the different key areas of:

- local authority statement of accounts:
Statutory timelines and responsibilities
- Local Government Pension Fund:
Statement of accounts
- annual governance statements
- Value for Money reporting
- the role of the Audit Committee
- resource implications.

Local authority statement of accounts: Statutory timelines and responsibilities

New unitary councils with a vesting date of 1 April 2028 will have the responsibility of closing down and producing the 2027/28 accounts for predecessor councils. The deadlines for 2027/28 are currently expected to be to publish draft statement of accounts by 30 June 2028 and have them audited and published by 30 November 2028.

Where existing councils are wholly transferring to a new unitary council then it will be that new unitary council which has the responsibility to approve the final years statement of accounts.

Where existing councils are being disaggregated as part of the LGR process then it will need to be determined which of the new unitary council/s in that area will have the responsibility for producing and auditing the final year statement of accounts.

Additionally, the new administering authority for the relevant pension fund will have the responsibility for publishing and auditing the pre-vesting day financial year's statement of accounts for the pension fund accounts.

Consideration should be given to ensuring the retention of adequate experienced finance staff within the new unitary councils to retain corporate knowledge and expertise. It is also important that arrangements are in place to ensure mutual support across technical finance teams in the new authorities.

Preparing for the first closedown and preparation of the first set of unitary council accounts requires effective programming. It is likely that data will need to be sourced from a number of separate ledgers/finance systems. Clear working papers will be critical to explain how the financial information has been collected and aggregated into a single trial balance.

As part of the closedown process robust guidance documents will be necessary to clarify the financial controls required, including materiality levels for accruals, and so on.

Training for both finance and non-finance staff on closedown processes will also be needed to help prevent reversion to legacy practices.

Impact of the backstop framework on statutory reporting timescales

The Accounts and Audit regulations were amended in 2024 and created a new 'backstop framework' for local government accounts. This was introduced to address delays and challenges in the completion of local authority audits.

CIPFA bulletin 18 - Local audit backlog in England (<http://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-18-local-audit-backlog-in-england>) - published in October 2024 provides detailed advice and guidance for councils on the requirements of the backstop framework and the consequences of applying it.

The following table sets out the statutory backstop dates:

Table 1: Statutory backstop dates

Financial year	Draft (unaudited accounts) publication date	Statutory audit backstop date
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Financial year	Draft (unaudited accounts) publication date	Statutory audit backstop date
2022/23 and before	31 October 2024	13 December 2024
2023/24	16 January 2025	28 February 2025
2024/25	30 June 2025	27 February 2026
2025/26	30 June 2026	31 January 2027
2026/27	30 June 2027	30 November 2027
2027/28	30 June 2028	30 November 2028

The objective of external audit is to enable the auditor to obtain sufficient evidence to conclude that they have reasonable assurance that the financial statements as a whole are free from material misstatement. If this is not possible then the relevant accounts may be certified with an appropriate disclaimer or 'modified' opinion. These will vary depending on the extent to which the auditor lacked evidence or found material misstatements, and whether these issues were limited to specific areas or affected the accounts more broadly.

Auditors will modify their opinion where they lack the evidence to support an opinion. The following table (taken from the FRC – Local Audit Backlog Rebuilding Assurance Guide) shows the types of modified opinion that auditors can issue:

Table 2: Types of modified opinion issued by auditors

	Material but not pervasive	Material and pervasive
Financial statements are materially misstated.	Qualified opinion	Adverse opinion

-	Material but not pervasive	Material and pervasive
Auditor is unable to obtain sufficient evidence to conclude on whether the financial statements are materially misstated.	Qualified opinion	Disclaimer opinion

Understanding the audit position across predecessor councils as part of LGR planning

In respect of LGR it is important to understand the audit position for all predecessor councils in an area since any outstanding ‘modified’ opinions at vesting day will affect the audit position for the new unitary councils.

For example, if the 2026/27 and/or 2027/28 statement of accounts continue to have a modified opinion then this will affect the opening balance sheet position for 2027/28 and/or 2028/29.

It is also unlikely that the auditor will be able to obtain sufficient evidence to conclude they have reasonable assurance over the in-year income, expenditure, cash flow and reserves movements without assurance over the opening balances.

In normal circumstances, where a disclaimed opinion is issued, an auditor would perform work to assure all the opening balances and prior year comparatives within a single year. The backstop framework recognises that this is unlikely to be possible and therefore allows auditors to rebuild assurance over multiple audit cycles. This reduces the risk of the backlog recurring.

The FRC published [Local Audit Backlog Rebuilding Assurance \(http://www.frc.org.uk/documents/7727/Local_Audit_Backlog_Rebuilding_Assurance_tIHNBWf.pdf\)](http://www.frc.org.uk/documents/7727/Local_Audit_Backlog_Rebuilding_Assurance_tIHNBWf.pdf) in September 2024 which provides a useful summary of how a disclaimed opinion can be removed over a number of years. This sets out that any councils that received

disclaimers in 2022/23 are unlikely to achieve unmodified opinions on the accounts until 2026/27 depending on individual council circumstances.

Ideally for any new unitary council/s (assuming vesting day is 1 April 2028) the predecessor councils' statement of accounts should all have unmodified opinions on the 2027/28 statement of accounts.

Where there is a risk or concern that this is not achievable then early discussions with the affected council/s and the relevant auditor/s should take place to understand whether additional resource both from the council's and auditor's perspective can be identified in order that the additional audit assurance work can be completed prior to vesting day.

External Audit: Statutory and improvement recommendations affecting the new unitary council/s

In addition to the overall audit opinion the new unitary council/s will be required to respond to all outstanding recommendations within previous audit reports relating to predecessor councils, including any Value for Money recommendations, statutory recommendations and improvement recommendations.

Predecessor council/s should work to complete any actions required to address any outstanding external audit recommendations ahead of vesting day. Where this isn't possible the management response in the audit reports should be explicit about the actions required and have clear timescales for delivery.

For the new unitary council/s it is suggested that a report setting out all outstanding external audit recommendations and proposed management actions is taken to the relevant Audit Committee/s at an early stage. This gives the new council/s the opportunity to review the relevance of those recommendations and provide a clear update on which management actions will continue to be adopted.

The internal audit function of the new unitary council/s should review the internal control framework to support this position as part of their first internal audit plan.

Harmonisation of financial controls should be achieved through the development of the new unitary council/s constitution and financial regulations.

Statement of responsibilities

The Statement of Responsibilities within the accounts requires the Chief Financial Officer (CFO) to declare that they give a true and fair view of the financial position of the authority at the reporting date, and of its expenditure and income for the year. A CFO must use their own judgment when making this declaration, informed by their assurance on the reliability of the systems of internal control and from those officers with responsibility for financial management.

Introduction of the backstop framework has resulted in some councils publishing their accounts with less confidence than usual. However, the requirement for the CFO to declare that the accounts give a true and fair view has not changed.

The CIPFA Practice Oversight Panel published an advisory note on 13 February 2025 setting out that providing assurance that the annual accounts are true and fair remains a crucial part of the process.

The CFO of a new unitary council will need to declare that the predecessor council's accounts give a true and fair view. It is therefore crucial that as part of collaborative working leading up to vesting day there is transparency around any concerns or risks regarding the accuracy and robustness of the financial data and systems, and that these are discussed between the relevant councils so that the new unitary council/s understand the opening position clearly.

Ensuring that this is evidenced where possible, through internal audit reports and financial reports, will enable a greater likelihood of the new unitary council's CFO being able to state that the statement of accounts are presented on a true and fair basis.

The CFO of the new unitary council may require assurances on a multitude of financial systems and ledgers (unless these are completely harmonised on vesting day). This needs to be considered as part of

resource planning for preparing the first full statement of accounts and the additional workload should be built into LGR implementation plans.

Local Government Pension Fund: Statement of accounts

Local government pension fund accounts are currently subject to the same statutory requirements as the overall council statement of accounts. These accounts must be prepared in accordance with the Local Government Pension Scheme Regulations, alongside the CIPFA Code of Practice on Local Authority Accounting. There is the same statutory obligation to obtain an independent external audit opinion for the pension fund accounts and this forms an integral part of the overall assurance framework.

The pension fund accounts are often reported as a separate section within the administering authority's overall annual accounts but can be presented to the Pension Committee separately. In response to the **Local audit reform: a strategy for overhauling the local audit system in England consultation (<https://www.gov.uk/government/consultations/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england>)** MHCLG have started the legislative process to decouple pension fund accounts from those of the administering authority. If this proposal is enacted for the 2026/27 financial year this may impact on the overall opinion given for the new unitary council/s statements of accounts.

Annual governance statements

The Annual Governance Statement (AGS) supports the accountability of a council to the public and other stakeholders for maintaining a sound system of governance.

When preparing the AGS councils should be adhere to statutory requirements and best practice frameworks such as the **CIPFA/SOLACE Delivering Good Governance in Local Government guidance (https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwi_7K756bWRAXU1QEEAHXC7PNQQFnoECCIQAQ&url=https%3A%2F%2Fwww.cipfa.or)**

[g%2F-%2Fmedia%2FFiles%2FPolicy-and-guidance%2FStandard s%2FDelivering-Good-Governance-in-Local-Government.pdf&usg= AOvVaw3q7QPD3MfacJD3dymfxCmd&opi=89978449\)](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwicr9zp4faPAxVTT EEAHX2sKIsQFnoECBcQAQ&url=https%3A%2F%2Fsolace.org.uk%2Fdelivering-good-governance-in-local-government-addendum%2F&usg=AOvVaw0oUn3JJ-esDzhtaCCxgiy5&opi=89978449) and addendum (<https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwicr9zp4faPAxVTT EEAHX2sKIsQFnoECBcQAQ&url=https%3A%2F%2Fsolace.org.uk%2Fdelivering-good-governance-in-local-government-addendum%2F&usg=AOvVaw0oUn3JJ-esDzhtaCCxgiy5&opi=89978449>).

From a LGR perspective predecessor councils AGS's will help inform where any pre-existing governance risks and issues lie and should set out any planned actions to address these. Ideally these will have been approved by the predecessor council's Audit Committee/s pre vesting day. Section 5 provides more detail on the role of Audit Committees.

For the new unitary council/s it is important that all outstanding actions within the predecessor councils AGS's are reported to the new unitary council/s Audit Committee/s and evidence provided as to when and how those actions have been completed. This then forms part of the audit trail and assurance evidence for the new unitary council/s first AGS.

The first AGS for the new unitary council/s will need to clearly explain the context of how the new governance arrangements have been developed and adopted, including training and development activities and where any risks and concerns exist. Inevitably there will be areas where improvements will be required; however, being candid about these should strengthen the position of the new council going forward.

Value for Money reporting

The Code of Audit Practice requires external auditors to carry out an audit of the arrangements to secure Value for Money (VfM) across each council.

As part of the backstop framework, from 2024/25 onwards, auditors will be required to issue their annual report containing the VfM commentary by 30 November. This means that even if an audit opinion is disclaimed

it should still provide useful information to the Audit Committee and other stakeholders, including reporting any significant VfM weaknesses identified.

In respect of LGR this provides external assurance to stakeholders on whether effective governance and VfM has been maintained by predecessor councils up to vesting day, as it requires each council to evidence to external auditors how their own internal controls and governance framework are being complied with throughout that period.

Government have clearly stated that it is essential that councils continue to deliver their 'business as usual' services and adhere to all of their statutory duties until reorganisation is complete. This includes the Best Value Duty (Section 26 of the Local Government Act 1999).

The Secretary of State reinforced this in an **update letter (<https://www.gov.uk/government/publications/local-government-reorganisation-letter-to-areas-invited-to-submitted-final-proposals/local-government-reorganisation-letter-to-areas-invited-to-submitted-final-proposals>)** to Chief Executives, Leaders and key stakeholders on the LGR process, and associated note on **Financial decisions before local government reorganisation (<https://www.gov.uk/government/publications/local-government-reorganisation-letter-to-areas-invited-to-submitted-final-proposals/financial-decisions-before-local-government-reorganisation>)**. It was stated that it is essential that decisions affecting ongoing service delivery and the medium term financial strategy of existing councils should not compromise the future sustainability of new councils.

External audit will report on the effectiveness of VfM arrangements and make relevant recommendations that need to be complied with. Where these are not fully completed by vesting day recommendations will carry forward into the new unitary council/s who will need to report on these as part of the first VfM audit for the new council.

The role of the Audit Committee

Predecessor council Audit Committee/s

Strong financial governance is critical throughout the LGR process. It is important that all predecessor councils continue to adhere to their own internal control framework (as set out in their Local Code of Good Governance, where this has been published).

The role of internal audit and the Audit Committee is very important in ensuring the continuing adherence to strong financial governance is evidenced.

Leading up to vesting day regular reporting to Audit Committee on all elements of governance must be maintained. The new unitary council's Audit Committee will formally review (and approve if delegated responsibility) the AGS alongside the Statement of Accounts, but having evidence of consideration by the predecessor council/s Audit Committee/s should provide an element of assurance to rely on.

One of the Audit Committee's primary duties is often to oversee the council's approach to risk strategy and management. This will include reviewing the strategic risk register and ensuring that significant risks such as those relating to financial resilience, service continuity, or major transformation projects such as LGR, are being actively managed and reported. Therefore, the predecessor council/s audit committee/s should request regular updates from the LGR programme board in order to satisfy itself that these risks are being adequately mitigated.

New unitary council Audit Committees

Establishing the new unitary council/s Audit Committee/s and ensuring that all committee members are sufficiently trained should be a priority for the new unitary council/s. The CIPFA Position statement on **Audit Committees** (<https://www.cipfa.org/services/support-for-audit-committees>) sets out the recommended principles to follow.

Audit Committee members should have a fundamental role in supporting strong financial management, accountability, and transparency within the new unitary council/s by identifying a clear

forward plan and adopting a Local Code of Good Governance and other associated policies (whistleblowing, anti-fraud, and so on).

One of the committee's first important roles will be to review (and if the delegation exists, approve) the predecessor council/s statements of accounts for the previous financial year.

As the new committee members may not have sat on the predecessor councils Audit Committee/s, they are likely to need to rely on previous reports to the predecessor councils' Audit Committee/s, Cabinet/s and/or Full Council/s, increased assurance from officers including internal audit, and previous external audit reports.

This is likely to take longer than normal and will require additional training/support to provide the Audit Committee members with sufficient assurances to approve the predecessor council/s accounts.

The new unitary council/s Audit Committee/s has a critical role in monitoring the effectiveness of the internal control environment, including policies, procedures, and risk management frameworks. As these may still be being developed in the first year of the unitary council the Audit Committee will need to be assured that the control environment is robust.

The new Audit Committee also has a key role in reviewing findings from internal and external audits, overseeing the implementation of audit recommendations, and monitoring action plans to address any identified weaknesses or risks.

It also has a critical role in the governance of internal audit. The provider of internal audit to the new council will need a new Charter which the committee should approve. **The CIPFA Code of Practice on the Governance of Internal Audit (<https://www.cipfa.org/policy-and-guidance/standards/governance-of-internal-audit-in-local-government>)** sets out these responsibilities and it will need to be incorporated into the committee's terms of reference.

In respect of risk management one of the new Audit Committee's primary duties is to oversee the council's approach to risk identification, evaluation, and mitigation. Establishing a robust risk management

framework and strategy will be required early in the audit committee cycle.

A well-functioning Audit Committee should be proactive, independent, and equipped with the right skills and knowledge. Its work underpins trust in public finances and helps ensure that local authorities deliver high-quality, sustainable services—especially during periods of significant change, such as LGR.

Resource implications

There are key workforce challenges across the local government finance profession. In October 2024 the LGA (with support from CIPFA) published a report **Local government finance workforce action plan for England** (<https://www.local.gov.uk/publications/local-government-finance-workforce-action-plan-england>) and a progress update was provided in 2025.

High vacancy rates and a reliance on interim staff will likely be exacerbated by LGR. Councils will need to support their existing finance teams (including internal audit) throughout the LGR process to ensure all financial responsibilities can continue to be delivered through to vesting day.

Grant Thornton's report **Learning from the new unitary councils** (http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2024/report---learning-from-the-new-unitary-councils_v08.pdf) refers to the risk experienced by councils that have already gone through LGR including that:

“New councils need their finance team in place at the start with sufficient capacity and capability. Too few have a fully resourced finance team in place.”

Councils should support existing staff through the transition to the new unitary council/s and build in additional capacity (specifically around systems and technical accounting requirements) where required to maintain a focus on publishing and auditing the statement of accounts within statutory deadlines. This should be factored into the implementation costs of delivering LGR.

The availability of additional resource is a risk as even if investment in capacity has been approved. For this reason, it is important that councils collaborate effectively. In some instances, mutual aid between councils may be required in order to maintain capacity across an LGR geography. The skills and knowledge of staff across all types of councils are required in new unitary councils and this should be clearly acknowledged and recognised in any implementation plans. A skills audit across the LGR geography may help determine the best allocation of resources.

Appointment of external auditors

In respect of external audit costs these should be reviewed and included in any implementation costs assessment, factoring in the cost associated with the increased risks of new unitary council/s referred to above.

In respect of the appointment of external auditors the English Devolution and Community Empowerment Bill proposes the removal of the option for authorities to make local arrangements to appoint their auditor. Once enacted all authorities created after that date will have their auditor appointed by the new Local Audit Office (LAO).

Summary

This guidance note sets out the key responsibilities and challenges in respect of fulfilling statutory accounts and audit requirements throughout the LGR process.

The key message is that existing councils must continue to adhere to their statutory deadlines and duties in order to enable the new unitary council/s to effectively deliver their own statutory reporting responsibilities following vesting day. This includes ensuring the

sufficiency of skills and capacity across finance teams and ensuring that any management actions required to comply with audit recommendations are prioritised and actioned.

The following practical actions should be considered to help ensure that statutory deadlines and requirements are effectively complied with:

- Maintaining a strong focus on financial governance, transparency, and timeliness in publishing and auditing statements of accounts.
- Investing in finance and internal audit teams to ensure there is adequate capacity and technical capability for managing the LGR transition and delivering ongoing operations.
- Supporting skills retention through encouraging active participation in the transition process, recognising the value of skills and knowledge of finance staff from all council types.
- Being clear about how financial systems will operate post vesting day in order that accounting requirements can be met and statutory reporting and audit deadlines achieved.
- Collaborating as early as possible and where necessary consider formal mutual aid agreements between councils to maintain necessary staffing levels and expertise.
- Supporting Audit Committees both within the predecessor councils and the new unitary councils to continue to focus on ensuring effective financial governance is maintained and all statutory accounting requirements are met.
- Working in partnership with external auditors to plan the timing and resource requirements needed to deliver the predecessor councils final accounts publication and audit along with their relevant AGS and VFM reports.

