

Public Document Pack



**North East
Derbyshire**
District Council

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Date: Friday, 4 April 2025

To: **Members of the Audit Committee**

Please attend a meeting of the Audit Committee to be held on **Monday, 14 April 2025 at 3.00 pm in Meeting Rooms 1 & 2**, District Council Offices, 2013 Mill Lane, Wingerworth, Chesterfield S42 6NG.

Yours sincerely

A handwritten signature in cursive script, reading 'Sarah Skeneberg'.

Assistant Director of Governance and Monitoring Officer

Members of the Committee

<u>Labour Group</u>	<u>Conservative Group</u>
Councillor Christine Smith – Chair Councillor David Cheetham Councillor Tony Lacey	Councillor Alex Dale Councillor Martin E Thacker MBE JP

For further information about this meeting please contact: Thomas Scott 01246 217045

A G E N D A

- 1 **Apologies for Absence**
- 2 **Declarations of Interest**

Members are requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

3 Minutes of Last Meeting (20 January and 26 February) (Pages 5 - 10)

To approve as a correct record and the Chair to sign the Minutes of the Audit Committee held on 20 January 2025 and the Minutes of the special Audit Committee held on 26 February 2025.

4 Report of the External Auditors - Mazars (Pages 11 - 30)

5 Reports of the Head of the Internal Audit Consortium

a. Implementation of Internal Audit Recommendations (Pages 31 - 40)

b. Internal Audit Charter (Pages 41 - 54)

c. Internal Audit Plan 2025/26 (Pages 55 - 66)

d. Internal Audit Progress Update (Pages 67 - 76)

6 Reports of the Director of Finance & Resources and S151 Officer

a. Update to Accounting Policies - Leases (Pages 77 - 108)

7 Reports of the Assistant Director Governance & Monitoring Officer

a. Work Programme (Pages 109 - 112)

8 Exclusion of Public

The Chair to move:-

That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006).

9 Reports of the Managing Director

a. Risk Management Update (Pages 113 - 152)

10 Urgent Matters

To consider any other matter which the Chair of the Committee is of the opinion should be considered as a matter of urgency.

11 Date of Next Meeting

The next meeting of the Audit Committee will take place in the new Municipal Year.



**North East
Derbyshire**
District Council

Access for All statement

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AUDIT COMMITTEE

MINUTES OF MEETING HELD ON MONDAY, 20 JANUARY 2025

Present:

Councillor Christine Smith (Chair) (in the Chair)

Councillor David Cheetham (Vice-Chair)

Councillor Derrick Skinner

Councillor Martin E Thacker MBE JP

Also Present:

J Dethick	Director of Finance and Resources & (Section 151 Officer)
J Wells	Corporate Finance Manager / Deputy S151 Officer
J Williams	Head of Internal Audit Consortium
C Cattarall	Auditor
T Scott	Governance and Scrutiny Officer
J Collins	Engagement Lead - Forvis Mazars

AC/31 Apologies for Absence **/24-25**

An apology for absence was received from Councillor Alex Dale.

AC/32 Declarations of Interest **/24-25**

Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interest, in any item on the agenda and withdraw from the meeting at the appropriate time.

No declarations of interest were made.

AC/33 Minutes of Last Meeting **/24-25**

RESOLVED – That the Minutes of the Audit Committee held on 30 September 2024 be approved.

AC/34 External Audit Progress Report - Verbal Update **/24-25**

The Engagement Lead of Forvis Mazars delivered a verbal update on the work being undertaken by the External Auditor in auditing the Council.

Members were informed that a special Audit Committee meeting had been scheduled for 26 February 2025 for the sign-off of the External Auditor's Audit Completion Report 2024/25.

Forvis Mazars were also carrying out an ongoing piece of work on pensions, because pensions had been identified as a liability for the Council.

RESOLVED – That the update be noted.

AC/35 **Internal Audit Progress Update**
/24-25

The Head of the Internal Audit Consortium presented a progress report in respect of the 2024/25 Internal Audit Plan.

Members discussed fraud and if Internal Audit were ever struggling to identify it. The Head of the Internal Audit Consortium explained that to counteract this, Internal Audit refreshed their schedule every time they carried out an audit.

Members discussed the Council's Agile Working Policy and asked if a Freedom of Information request had ever been made relating to it. The Director for Finance and Resources confirmed the Council had not received any.

RESOLVED – That the report be noted.

AC/36 **Global Internal Audit Standards**
/24-25

The Head of the Internal Audit Consortium presented a report to Members with the intention of making them aware of the Global Internal Audit Standards (GIAS), the CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector Applicable from 1 April 25 and the CIPFA Consultation document Code of Practice for the Governance of Internal Audit (the Code).

In the context of these documents, the report aimed to ensure that the Committee understood its governance role in as set out in the new Code, and included an action plan to achieve full compliance with the GIAS and the Code.

Members discussed the part of Appendix 1 about an Internal Audit Plan, and referring to the paragraph which stated “consider coverage of information technology governance, fraud risk, the effectiveness of the organization’s compliance and ethics programs, and other high-risk areas,” asked if this could include cyber security. The Head of the Internal Audit Consortium explained that a cyber audit was due to be carried out in the current quarter.

Members agreed that they would like to add an additional recommendation to the recommendation in the report to note its contents, which was for the Audit Committee to add to its next annual Work Programme 2025/26 an update on all of the areas identified in the Appendix 4 Action Plan.

RESOLVED –

(1) That the report was noted.

(2) That the Audit Committee adds to its next annual Work Programme 2025/26 an update on all of the areas identified in the Appendix 4 Action Plan.

AC/37 **Treasury Management Training**
/24-25

The Corporate Finance Manager delivered a training presentation to Members on Treasury Management. The training included information on what

Treasury Management involved, the codes that must be followed, and the reports on it Audit Committee received.

RESOLVED – That the training presentation was noted.

AC/38 **Treasury Management Strategies 2025/26 - 2028/29**
/24-25

The Director of Finance and Resources presented a report to enable the Audit Committee to consider the attached treasury strategies prior to them being taken to Council for approval.

Members discussed the Government's devolution and Local Government reform white paper, and hoped the Committee would monitor any potential risks this could present to the Council.

RESOLVED – That the report was noted.

AC/39 **Proposed Accounting Policies 2024/25**
/24-25

The Director of Finance and Resources presented a report to approve the accounting policies for the current financial year in the preparation of the Statement of Accounts 2024/25.

RESOLVED –

- (1) That the Audit Committee approved the Accounting Policies detailed at Appendix 1 to the report.
- (2) That the Audit Committee noted that any proposed amendments or changes to these policies will be reported back to this Committee, together with an explanation for the reasons a change is considered to be appropriate and detailing any financial implications of the amendments.

AC/40 **Work Programme 2024/25**
/24-25

The Director of Finance and Resources presented a report to enable the Audit Committee to approve the Work Programme for the municipal year 2024/25.

Based on their earlier discussions during the 'Treasury Management Strategies 2025/26 - 2028/29' agenda item, Members agreed to add an item to the 2024/25 draft Work Programme about the Government's devolution and Local Government reform white paper, to allow the Committee to monitor any potential risks this could present to the Council.

RESOLVED –

- (1) That an item be added to the 2024/25 draft Work Programme about the Government's devolution and Local Government reform white paper, to allow the Committee to monitor any potential risks this could present to the Council.
- (2) That the draft Work Programme 2024/25 be approved with this addition.

AC/41 Urgent Matters
/24-25

None.

AC/42 Exclusion of Public
/24-25

RESOLVED – That the public be excluded from the meeting during the discussion of the following item of business to avoid the disclosure to them of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A to the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006).

AC/43 Risk Management Update
/24-25

The Director of Finance and Resources presented a report to update Members on the current position regarding Risk Management arrangements and the Strategic Risk Register as at January 2025.

RESOLVED – That the Audit Committee noted the report and Strategic Risk Register as at January 2025 as set out in Appendix 1.

AC/44 Date of Next Meeting
/24-25

The next meeting of the Audit Committee was scheduled to take place on 26 February 2025 at 3.00 pm.

SPECIAL AUDIT COMMITTEE

MINUTES OF MEETING HELD ON WEDNESDAY, 26 FEBRUARY 2025

Present:

Councillor Christine Smith (Chair) (in the Chair)
Councillor David Cheetham (Vice-Chair)

Councillor Alex Dale
Councillor Martin E Thacker MBE JP

Councillor Tony Lacey

Also Present:

J Dethick	Director of Finance and Resources & (Section 151 Officer)
J Wells	Corporate Finance Manager / Deputy S151 Officer
T Scott	Governance and Scrutiny Officer
J Collins	Engagement Lead - Forvis Mazars

AC/45 Apologies for Absence **/24-25**

No apologies for absence were received.

AC/46 Declarations of Interest **/24-25**

Members were requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest, not already on their register of interest, in any item on the agenda and withdraw from the meeting at the appropriate time.

No declarations of interest were made.

AC/47 External Auditor - Audit Completion Report 2024/25 **/24-25**

The Engagement Director of Forvis Mazars presented the Audit Completion Report (year ended 31 March 2024) and the Auditor's Annual Report (year ended 31 March 2024) for the Council, both of which had been included in a Supplementary Agenda circulated to Members.

The Engagement Director explained that the final statement had been adjusted for pension valuations, following final valuations from the actuary.

The Committee discussed the reference in the report to declaration of interest forms ("19 members had not completed these forms") and asked if this was an issue at other local authorities. The Engagement Director explained that this happened at many other Councils.

Members discussed the references in the report to pension funds. The Director of Finance and Resources assured Members that pension funds would not impact the Council's 'going concern' bottom line.

RESOLVED – That the reports be noted.

AC/48 **Treasury Management Quarter 3**
/24-25

The Corporate Finance Manager presented a report summarising the Treasury Management position for the third quarter of 2024/25.

Members referred to the section of Appendix 1 about the banking credit review and felt this appeared to be presenting an overly optimistic picture. The Director of Finance and Resources explained that this was based on advice from the Council's External Treasury Managers Arlingclose, and was supported by granular data which was regularly updated so investment decisions were based on the most recent data.

RESOLVED – That the report be noted.

AC/49 **Work Programme**
/24-25

The Director of Finance and Resources presented a report to enable the Audit Committee to approve the Work Programme for the municipal year 2024/25.

The Chair requested that the next Work Programme 2025/26 should set the Committee's work out over a longer period by including the next four years instead of the next one year.

Members were pleased to see 'Devolution Risks' in the draft Work Programme for the meeting on 14 April 2025, and agreed that because of its importance, it should also be included in the 2025/26 Work Programme.

RESOLVED –

- (1) That the draft Work Programme 2024/25 be approved.
- (2) That the next Work Programme 2025/26 should set the Committee's work out over a longer period by including the next four years instead of the next one year.
- (3) That the issue 'Devolution Risks' in the draft Work Programme for the meeting on 14 April 2025, should also be included in the 2025/26 Work Programme.

AC/50 **Urgent Matters**
/24-25

None.

AC/51 **Date of Next Meeting**
/24-25

The next meeting of the Audit Committee was scheduled to take place on 14 April 2025 at 3.00 pm.



External Audit Progress Report

North East Derbyshire District Council

April 2025

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Audit progress

Audit progress

Purpose of this report

This report provides the Audit Committee with information about progress in delivering our responsibilities as your external auditors for North East Derbyshire District Council (the Council) for the year ending 31 March 2024 and 31 March 2025.

Audit for the year ending 31 March 2024

Financial statements audit

Members will be aware that we presented our audit completion report to the March 2025 Audit Committee meeting and issued an unqualified audit opinion on 28 February 2025. We also issued our Auditor’s Annual Report on the same date. Following the completion of the audit we have agreed our proposed final fees with the Director of Finance and will submit these to Public Sector Audit Appointments Ltd for their scrutiny and review. We have included the final fees information below.

Area of work	2023/24 proposed final fees
PSAA Scale fee in respect of our work under the Code of Audit Practice	£165,512
Additional work as a result of new auditing standards (ISA315)	£9,410
Total proposed fees	£174,922
<i>Total Fee variation</i>	<i>£9,410</i>

Audit progress

Audit for the year ending 31 March 2025

Financial statements audit

We commenced our audit planning for the 2024/25 audit in March 2025. We will discuss and agree the dates for our audit work with management and will report the timetable in our Audit Strategy Memorandum. At this stage our intention is to carry out the Council's audit in the summer period in order to complete the audit earlier than for the 2023/24 audit year.

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Bulletins	CIPFA has not issued any Bulletins since we provided our last progress report.
2	Audit Committee Update issue 41 – the local audit backstop	A guide for audit committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how audit committee members can help. For information only.
3	CIPFA Consultation on updated guidance on the annual review and preparation of an annual governance statement	CIPFA has launched a consultation on its guidance on the annual review and preparation of the annual governance statements (AGS). For information only.
4	CIPFA Better Reporting Group consultation	CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting. For information only.
5	CIPFA Advisory Note: Statement of Responsibilities	CIPFA has published an advisory note on the Chief Finance Officer's (CFO's) Statement of Responsibilities which provides guidance on informing the 'true and fair' assessment of the accounts at the reporting date. For information only.
Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))		
6	Code of Audit Practice 2024: Explanatory memorandum	This explanatory memorandum has been prepared by the Ministry of Housing, Communities and Local Government and laid before Parliament in accordance with the Local Audit and Accountability Act 2014. For information only.
7	MHCLG Addressing the local audit backlog in England: Non-compliance lists	MHCLG has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024. For information only.
National Audit Office ('NAO')		
8	NAO overview: The impact of fraud and error on public funds 2023-24	This report provides an introduction to the impact of fraud and error on public funds, how public bodies can tackle fraud and error, and the NAO's examination of the topic. It is intended to support the Committee of Public Accounts, and Members across the House in their examination of how government manages fraud and error and some of the things it could do to improve. For information only.
9	NAO report: Whole of Government Accounts 2022-23	The Whole of Government Accounts consolidates the accounts of over 10,000 public sector bodies to provide the most complete and accurate picture of the UK's public finances. For information only.
10	NAO insight: Financial management in government: monitoring and forecasting	This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on monitoring and forecasting for better financial management in government. For information only.

National publications

	Publication/update	Key points
11	NAO insight: Government's approach to technology suppliers: addressing the challenges	This report examines government’s overall approach to digital and technology suppliers. It sets out lessons for the centre of government and departments to learn from government’s approach to digital procurement. For information only.
12	NAO insight: Financial management in government: allocating resources	This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on how to allocate resources for better financial management in government. For information only.
13	NAO report: Managing conflicts of interest: value for money	This report looks at the governance, systems and processes that public bodies have used to manage conflicts of interest. For information only.
14	NAO Report: Good practice in annual reporting	The NAO has published its insight guide on Good practice in annual reporting. For information only.
15	NAO report: Local government financial sustainability	The NAO has published its report Local government financial sustainability. For information only.
16	NAO Insight: Managing the commercial lifecycle	The NAO has published good practice guidance Managing the commercial lifecycle that has been updated in response to the implementation of the Procurement Act 2023. For information only.
Other		
17	ICAEW and LGPS Scheme Advisory Board launch LGPS informer	This document explains how the Local Government Pension Scheme ('LGPS') works in practice, and other key information. For information only.
18	Major Local Audits Reports	The FRC have published their annual report on their inspection findings of Audit Quality Reviews of Major Local Audits. For information only.
19	Forvis Mazars - Annual Local Government Risk Report 2025/26	The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans. For information only.
20	Forvis Mazars – Public Sector in Focus Report	Forvis Mazars report for the public and social sector outlining the top priorities and risks shaping the future of the sector. For information only.

National publications and technical updates

CIPFA

1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments. CIPFA has not issued any Bulletins since we provided our last progress report.

2. Audit Committee Update issue 41 – the local audit backstop

A guide for audit committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how audit committee members can help.

Link: [Audit Committee Update issue 41 – the local audit backstop](#)

3. CIPFA Consultation on updated guidance on the annual review and preparation of an annual governance statement

CIPFA has launched a consultation on its guidance on the annual review and preparation of the annual governance statements (AGS).

The consultation is on a proposed Addendum to the current AGS guidance within Delivering Good Governance in Local Government: Framework (Governance Framework) (CIPFA and Solace, 2016). The purpose of the Addendum is to reflect the changes affecting governance in local government bodies since 2016, encourage robust reviews of governance arrangements and improve accountability to stakeholders, including local communities.

The consultation is applicable to all local government bodies that undertake an annual review and publish an AGS in accordance with the appropriate national regulations and the 2016 Framework. It is also relevant to external auditors and the stakeholders of local authorities.

Link: [Consultation on updated guidance on the annual review](#)

4. CIPFA Better Reporting Group consultation

CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting either through proposing amendments to the Code of Practice on Local Authority Accounting for the United Kingdom (the Code) or assisting to develop practical guidance to enhance its application.

Link: [Better Reporting Group](#)

5. CIPFA Better Reporting Group consultation

CIPFA has published an advisory note on the Chief Finance Officer's (CFO's) Statement of Responsibilities which provides guidance on informing the 'true and fair' assessment of the accounts at the reporting date. The advisory note applies to all local government bodies in the UK.

The note draws from lessons learnt from recent examples and a roundtable with CFO's and reinforces good practice principles that local government bodies in the UK should adopt. The CIPFA Practice Oversight Panel expects all local government bodies to be aware of the lessons learnt and therefore auditors may wish to ensure the bodies they audit are aware of this latest guidance.

Link: [Statement of Responsibilities](#)

6. Code of Audit Practice 2024: Explanatory memorandum

The draft Code of Audit Practice 2024 has been developed by the Comptroller and Auditor General (C&AG) and laid in Parliament on his behalf by the government. The government has produced this accompanying explanatory memorandum.

The changes in the Code are part of wider measures to address the significant backlog of unaudited local body accounts in England. This backlog affects non-NHS bodies within the Code's remit including local authorities, National Park authorities, fire authorities, police and crime commissioners, waste authorities and transport authorities

Link: [Code of Audit Practice 2024: Explanatory memorandum](#)

7. MHCLG Addressing the local audit backlog in England: Non-compliance lists

The Ministry of Housing, Communities and Local Government (MHCLG) has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024.

Link: [Addressing the local audit backlog in England: Non-compliance lists - GOV.UK](#)

8. NAO overview: The impact of fraud and error on public funds 2023-24

This report provides an introduction to the impact of fraud and error on public funds, how public bodies can tackle fraud and error, and the NAO's examination of the topic. It is intended to support the Committee of Public Accounts, and Members across the House in their examination of how government manages fraud and error and some of the things it could do to improve.

This overview summarises the key information and insights from our work. It includes:

- what we mean by fraud and error, and how government is structured to tackle it
- the fraud and error risk management cycle
- fraud and error against government, including in benefits, taxes and COVID-19 fraud
- emerging threats and opportunities
- what to look out for when thinking about fraud and error.

Link: [The impact of fraud and error on public funds 2023-24](#)

9. NAO report: Whole of Government Accounts 2022-23

The Whole of Government Accounts consolidates the accounts of over 10,000 public sector bodies, including central and local government and public corporations such as the Bank of England, to provide the most complete and accurate picture of the UK's public finances.

Link: [Whole of Government Accounts 2022-23](#)

National publications and technical updates

NAO

10. NAO insight: Financial management in government: monitoring and forecasting

Good financial management is critical in the public sector. For public services to be efficient and productive, the effective management of public finances is essential. This guide outlines how finance leaders across government can monitor budgets and their performance and ensure forecasting is effective. It focuses on three principles:

- Promote a culture of accountability – leadership emphasises the importance of budget holders being accountable for monitoring financial performance and ensuring forecasts are accurate and realistic.
- Develop the right skills and capabilities – finance professionals possess the skills and capabilities to monitor effectively and forecast with precision and leverage these to elevate the quality of the organisation's decision-making.
- Make the best use of data and information – high-quality data and information is used to enable better monitoring and more accurate forecasting, helping decision-makers respond to events quickly and effectively.:

Link: [Financial management in government: monitoring and forecasting](#)

11. NAO insight: Government's approach to technology suppliers: addressing the challenges

This report examines government's overall approach to digital and technology suppliers. It sets out lessons for the centre of government and departments to learn from government's approach to digital procurement. The NAO focus on major procurement of technology to support business change, including the digital transformation of government and planning for technology of the future. The report examines:

- the scale of the challenge of undertaking digital procurement in a way that supports the modernisation of the public sector to make it more efficient and effective, and government's response to that challenge;
- how the centre of government can adopt a more strategic approach to how it works with digital and technology suppliers; and
- how departments can better understand and manage the complexities of digital procurement, including making full use of their digital expertise.

Link: [Government's approach to technology suppliers: addressing the challenges](#)

12. NAO insight: Financial management in government: allocating resources

This guide outlines how finance leaders across government can allocate resources effectively when resources are scarce and trade-offs need to be made. It focuses on three principles:

- Using information intelligently an organisation should use trusted and objective information intelligently, so it can allocate resources to support strategic objectives.
- Prioritising effectively – finance leaders should support decision makers to make difficult decisions and trade-offs to generate good value-for-money outcomes based on agreed priorities.
- Building for the long term – decisions need to balance short-term pressures with long-term priorities and align with the strategic objectives of the organisation.

Link: [Financial management in government: allocating resources](#)

13. NAO report: Managing conflicts of interest: value for money

This report looks at the governance, systems and processes that public bodies have used to manage conflicts of interest. It aims to answer the following questions:

- Is central government guidance effective in supporting public bodies to manage conflicts of interest?
- Do public bodies have effective and proportionate governance, systems and controls over the management of conflicts of interest?
- Have public bodies done enough to set a culture where conflicts are managed properly?

Link: [Managing conflicts of interest: value for money](#)

National publications and technical updates

NAO

14. NAO Report: Good practice in annual reporting

The NAO has published its insight guide on Good practice in annual reporting which showcases real-world examples of good practice for annual reporting from organisations from the public sector who are leading the way. The examples are laid out in relevant sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

The list is not definitive but should provide ideas on content and format for all bodies in both the public and private sector as they plan their annual reporting for 2024-25. Note that Great Ormond Street Hospital annual report and accounts 2023-24 features for use of graphics to support narrative and demonstrate performance regarding net zero for estate-based emissions.

Link: [Good practice in annual reporting - NAO insight](#)

National publications and technical updates

NAO

15. NAO report: Local government financial sustainability

The NAO has published its report Local government financial sustainability. The Ministry of Housing, Communities & Local Government, (MHCLG) is responsible for the accountability framework for local government and distributes core funding to local authorities. It leads on oversight of financial risk in individual local authorities and the system overall while responsibility for the services local authorities deliver is spread across government departments.

This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. By examining the current finance system and context for local government finances, the NAO aims to help inform MHCLG's consideration of future reforms. The report considers:

- the context of local government finances in 2024;
- service and financial pressures; and
- the government's approach to local government financial sustainability.

The report concludes that funding for local government has increased in recent years, reversing the long-term downward trend of the previous decade. However, while real terms funding has grown by 4% between 2015-16 and 2023-24, it has not kept pace with population growth or the demand for services, the complexity of need, or the cost of delivering services to people most in need of support.

Proposed reforms of the local government finance system have been repeatedly delayed. Some services are showing the strain, and more local authorities are requesting financial support, some due to the increasing costs of delivering essential frontline services such as homelessness and social care. Despite short-term measures to address acute funding shortfalls, there has been insufficient action to address the systemic weaknesses in local government financial sustainability.

As the government turns its attention to local government reforms, it is essential that this is part of a whole-system, cross-government approach to ensure local authorities are financially sustainable and can continue to provide essential services. This approach needs to ensure effective local accountability for the service and financial performance of each local authority, including robust independent assurance.

Link: [Local government financial sustainability - NAO report](#)

National publications and technical updates

NAO

16. NAO Insight: Managing the commercial lifecycle

The NAO has published good practice guidance Managing the commercial lifecycle that has been updated in response to the implementation of the Procurement Act 2023. It reflects upon findings and recommendations drawn from 200 reports concerning over 300 commercial arrangements that have been published over the past 20 years.

The 'commercial lifecycle' means the entire process starting with the identification of a requirement that may be delivered by a supplier to government through to the selection and appointment process, contract management activity, and ending with contract termination or transition to alternative arrangements.

This is a revised and condensed edition of commercial good practice guidance that has been updated regularly since 2008. It remains essential reading for policy and commercial staff involved at all levels of public procurement and commercial activities – including senior leaders and non-executive board members of public authorities. The guidance is presented in ten sections, addressing both strategic and procedural considerations.

To support this guidance, the NAO also updated its guide on the Commercial Audit Framework, which highlights the key questions at each of the ten key stages of procurement. Whether it's the commercial strategy for public procurement, the publication of good-quality, relevant information on a timely basis, or deciding whether to extend the contract or re-procure.

Link: [Managing the commercial lifecycle - NAO insight](#)

17. ICAEW and LGPS Scheme Advisory Board launch LGPS informer

This document explains:

- how the Local Government Pension Scheme works in practice;
- key information flows between employing bodies, pension funds and actuaries;
- the content and purpose of annual accounting reports and triennial valuations;
- key accounting requirements for employing bodies; and
- the role of external auditors.

Link: [ICAEW and LGPS Scheme Advisory Board launch LGPS informer](#)

18. Major Local Audits Reports

The FRC publish an annual report on the inspection findings of Audit Quality Reviews of major local audits in England, which includes large health and local government bodies. The audit of a relevant authority becomes a major local audit if it:

- has total income or expenditure of at least £500 million; or
- administers a local government pension scheme with at least 20,000 members or assets over £1,000 million.

In the 2023/24 inspection cycle, the FRC inspected six NHS and two local government audits. The results of these inspections are included in this report. The FRC acknowledge the unprecedented circumstances facing the local audit sector and have updated their regulatory approach to the monitoring of audit quality to support the reset measures and recovery period.

Link: [Major Local Audits Reports](#)

National publications and technical updates

Other

19. Forvis Mazars - Annual Local Government Risk Report 2025/26

The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans.

Link: [Annual Local Government Risk Report for 2025/26](#)

20. Forvis Mazars – Public Sector in Focus Report

Forvis Mazars have issued a report for the public and social sector, Public sector in focus: Charting the road ahead. With over 390 responses from across the UK public and social sector, the study reveals the top priorities and risks shaping the future of the sector.

Link: [Public sector in focus: Charting the road ahead - Forvis Mazars - United Kingdom](#)

Contact

Forvis Mazars

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North East Derbyshire District Council

Audit Committee

14th April 2025

Implementation of Internal Audit Recommendations

Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: Head of the Internal Audit Consortium

Contact Officer: Jenny.williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

To present, for members' information, a summary of the internal audit recommendations made, implemented and outstanding for the financial years 2022/23 to date.

RECOMMENDATION

1. That the report be noted.

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

The implementation of internal audit recommendations helps to ensure that there are effective controls in place to reduce the risk of fraud and error.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

On Behalf of the Solicitor to the Council

Staffing: Yes ☐ No ☒

Details:

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan (NED) priorities, including Climate Change, Equalities, and Economics and Health implications.

The implementation of Internal audit recommendations helps to ensure that the Council is continuously improving to deliver excellence and value for money.

REPORT DETAILS

1 Background

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

2. Details of Proposal or Information

- 2.1 This report is to inform Members of the Audit Committee of the internal audit recommendations made and the progress in respect of implementing them.
- 2.2 Appendix 1 provides an analysis of the number of recommendations made, implemented and outstanding for the financial years 2022/23 to date. The table also summarises the number of recommendations that have been implemented and those that are outstanding. Below this the table details every outstanding recommendation.
- 2.3 No high or medium risk recommendations are outstanding. In total there are just 3 low risk recommendations outstanding which is an improved position from 6 months ago when there were 16 outstanding recommendations. This has been achieved by a pro- active review by the Senior Management Team on a regular basis.

3 Reasons for Recommendation

- 3.1 To inform Members of the internal audit recommendations made, implemented and outstanding so that it can be assessed if appropriate and timely action is being taken.
- 3.2 To comply with Standard 15.2 of the Global Internal Audit Standards that requires internal auditors to confirm that management has implemented the internal auditor's recommendations or management action plans following an established methodology, which includes: -
- Inquiring about progress on the implementation
 - Performing follow up assessments using a risk- based approach
 - Updating the status of management's actions in a tracking system

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
1	Summary of Internal Audit Recommendations Made, Implemented and Outstanding
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 Cabinet you must provide copies of the background papers)	

North East Derbyshire District Council

Summary of Internal Audit Recommendations made, implemented and outstanding 2022/23 – 2024/25 to date

Recommendations Made	2022/23	2023/24	2024/25 to date
Number of High Risk	0	0	0
Number of Medium Risk	11	21	9
Number of Low Risk	24	37	31
Total	35	58	40
Recommendations Implemented	31	55	28
High Risk Recommendations Outstanding	0	0	0
Medium Risk Recommendations Outstanding	0	0	0
Low Risk Recommendations Outstanding	2	1	0
Not overdue yet	2	2	12
Total Overdue Recommendations	2	1	0
Percentage due implemented or carried fwd to next audit	94%	98%	100%

2022/23

Report Ref	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not	Overdue	Implemented
				High	Medium	Low		Overdue		
N003	Food Hygiene	Organisation and Place	Reasonable		2	5	7	1		6
N006	Recruitment & Selection	Organisation & Place	Reasonable		1	1	2		1L Revised Target July 25)	1
N015	Taxi Licensing Arrangements	Organisation & Place	Reasonable		1	4	5	1	1L Revised target May 25	2
Total					4	10	14	2	2	10

2023/24

Report	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not	Overdue	Implemented
Ref				High	Medium	Low		Overdue		
N011	Housing Benefits	Finance & Resources	Substantial			4	4		1L (revised date 31.5.25)	3
N016	Payroll	Finance and Resources	Substantial			3	3	2		1
Total						7	7	2	1	4

2024/25

Report	Audit	Directorate	Conclusion	Recommendations accepted			Total	Not	Overdue	Implemented
Ref				High	Medium	Low		Overdue		
N001	Health & Safety	Organisation and Place	Substantial			2	2			2
N002	Right to Buy	Organisation and Place	Reasonable		1		1			1
N003	Disabled Facilities Grants	Organisation and Place	Substantial			2	2			2
N004	Eckington Swimming Pool	Growth and Assets	Substantial			2	2			2
N005	Killamarsh Active	Growth and Assets	Reasonable		2	6	8			8

N006	Section 106	Organisation and Place	Reasonable		2	2	4			4
N007	Creditors	Finance and Resources	Substantial			1	1			1
N008	Main Accounting	Finance and Resources	Substantial			1	1			1
N009	Income Management	Finance and Resources	Substantial			1	1			1
N010	Safeguarding	Organisation and Place	Substantial			2	2	1		1
N011	Corporate Credit Cards	Finance and Resources	Substantial			3	3			3
N012	Sundry Debtors	Finance and Resources	Reasonable		1		1	1		
N013	Council Tax	Finance and Resources	Substantial			1	1			1
N014	Procurement	Finance and Resources	Reasonable		3	1	4	3		1
N015	Expenses and Allowances	Finance and Resources	Substantial			2	2	2		
N016	Transport Follow up Review	Organisation and Place	Substantial			3	3	3		
N017	Risk Management	Organisation and Place	Substantial			2	2	2		
Total					9	31	40	12	0	28

NEDDC Outstanding Recommendations

Audit and date audit completed	Recommendation Outstanding	Risk and Original Target Date	Managers Comment
Recruitment and Selection – October 2022	The Recruitment & Selection Policy should be reviewed and updated. Consideration should be given to if a joint NEDDC/BDC policy is still appropriate.	Low June 2023 Revised target date July 2025	The interim policy developed is still in place. We have struggled to get meetings with Trade Unions to commence consultation on any proposed/refreshed policies and therefore the revised target date is now July 2025.
Taxi Licensing – May 23	Fees / charges should be reviewed on a regular basis. Once agreed, liaison with the Transport sections should take place to ensure all fees published on the Council's websites are up to date and correct.	Low March 2024 Revised target date May 2025	NEDDC taxi fees and charges committee report (for members to consider consultation responses, agree fees and charges and implement) following statutory consultation with the trade, is due to go to General Licensing Committee on 04/05/25
Housing Benefits – December 2023	Regular reviews of the Discretionary Housing Payment Policy should be undertaken to ensure it continues to meet the Council's overall objectives and is set to target those in most need.	Low 31 st May 2024 Revised target date May 2025	The Discretionary Housing Payment Policy is currently being updated and is expected to be completed by the end of May 2025.

North East Derbyshire District Council

Audit Committee

14th April 2025

INTERNAL AUDIT CHARTER

Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: Head of the Internal Audit Consortium

Contact Officer: **Jenny Williams : Jenny.williams@ne-derbyshire.gov.uk**

PURPOSE / SUMMARY

This report is for Members information and approval of the new Internal Audit Charter that reflects the requirements of the Global Internal Audit Standards in the UK Public Sector.

RECOMMENDATIONS

1. That the Internal Audit Charter be agreed.
2. That the agreed Internal Audit Charter be reviewed annually or sooner than that in the event of any significant changes to the Internal Audit function or the Global Internal Audit Standards.

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

The adoption of a Charter in line with the Global Internal Audit Standards helps to ensure that the Internal Audit Consortium is operating in line with best practice and thereby providing value for money.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☐ No ☒

Details:

Staffing: Yes ☐ No ☒
Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	No Details:

Links to Council Plan priorities, including Climate Change, Equalities, and Economics and Health implications.
The Internal Audit Charter highlights how internal audit can contribute to ensuring that the Council has sound governance, risk and control arrangements in place.

REPORT DETAILS

1 Background

- 1.1 The current Internal Audit Charter meets the requirements of the Public Sector Internal Audit Standards (PSIAS) however, from the 1st April 2025 the Global Internal Audit Standards in the UK Public Sector replace the PSIAS. The new Charter has been developed to meet the requirements of the Global Internal Audit Standards.

2. Details of Proposal or Information

- 2.1 In accordance with the Global Internal Audit Standards, the Head of Internal Audit must develop and maintain an Internal Audit Charter that specifies, as a minimum, the internal audit function's:

- Purpose of internal auditing
- Commitment to adhering to the Global Internal Audit Standards
- Mandate, including scope and types of service to be provided, and the audit committee's responsibilities and expectations regarding management's support of the internal audit function
- Organisational position and reporting relationships

- 2.2 The proposed Internal Audit Charter is attached as Appendix 1.

3 Reasons for Recommendation

- 3.1 To comply with the Global Internal Audit Standards and to clearly set out the purpose, authority and principal responsibilities of the Internal Audit Consortium.

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
1	Internal Audit Charter
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 Cabinet you must provide copies of the background papers)	

Internal Audit Charter for Chesterfield Borough Council, Bolsover District Council and North East Derbyshire District Council

Purpose

The purpose of the internal audit function is to strengthen the three Council's ability to create, protect, and sustain value by providing the Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight and contributing to the authority's annual governance review.

The internal audit function enhances the three Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The three Council's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards in the UK public sector, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to each Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The three Council's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards. The Head of the Internal Audit Consortium will report to each Council's Audit Committee and senior management annually regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

Mandate

The Accounts and Audit Regulations 2015

Internal Audit (extract from the Accounts and Audit Regulations 2015)

5.(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and (b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation “documents and records” includes information recorded in an electronic form.

Authority

The three Council’s Audit Committees grants the internal audit function the mandate to provide the Audit Committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function’s authority is created by its direct reporting relationship to the Audit Committee. Such authority allows for unrestricted access to the Audit Committee.

The Audit Committee authorises the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function’s objectives.
- Obtain assistance from the necessary personnel of each Council and other specialised services from within or outside the three Council’s to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The Head of the Internal Audit Consortium will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The Head of the Internal Audit Consortium will report functionally to each Council’s Audit Committee and administratively (for example, day-to-day operations) to the Directors of Finance. This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors’ ability to maintain objectivity.

The Head of the Internal Audit Consortium will confirm to each Council's Audit Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Head of the Internal Audit Consortium will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of the Internal Audit Consortium will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of the Internal Audit Consortium, Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organization.
- Significant changes in the Head of the Internal Audit Consortium, Audit Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Committee Oversight

To establish, maintain, and ensure that the Council's internal audit function has sufficient authority to fulfill its duties, the Audit Committee will:

- Discuss with the Head of the Internal Audit Consortium and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Head of the Internal Audit Consortium has unrestricted access to and communicates and interacts directly with the Audit Committee, including in private meetings without senior management present.
- Discuss with the Head of the Internal Audit Consortium and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the Head of the Internal Audit Consortium and senior management about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter annually with the Head of the Internal Audit Consortium to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Review the Head of Internal Audit Consortium's performance.
- Receive communications from the Head of the Internal Audit Consortium about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate inquiries of management and the Head of the Internal Audit Consortium to determine whether scope or resource limitations are inappropriate.

Head of the Internal Audit Consortium's Roles and Responsibilities

Ethics and Professionalism

The Head of the Internal Audit Consortium will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognize conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organizational behavior that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Head of the Internal Audit Consortium will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of the Internal Audit Consortium determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Council.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Council employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of the Internal Audit Consortium, Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Head of the Internal Audit Consortium has the responsibility to:

- At least annually, submit a risk-based internal audit plan to the Audit Committee and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee / Joint Board and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.

- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to each Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of the Internal Audit Consortium cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

Communication with the Audit Committee and Senior Management

The Head of the Internal Audit Consortium will report periodically to the Audit Committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget (to Joint Board).
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

Quality Assurance and Improvement Program

The Head of the Internal Audit Consortium will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Head of the Internal Audit Consortium will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the Council; qualifications must include at least one assessor holding a CMIIA or CCAB qualification and suitable public sector internal audit experience.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all of the Council's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of the Council's officers, directors, management, employees, and contractors comply with the Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.

- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact on the Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

North East Derbyshire District Council

Audit and Corporate Governance Scrutiny Committee

14th April 2025

INTERNAL AUDIT PLAN 2025/26

Report of the Head of the Internal Audit Consortium

Classification: This report is public

Report By: Head of the Internal Audit Consortium

Contact Officer: Jenny Williams
Jenny.williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

To present to Members for consideration and agreement the Internal Audit Plan for 2025/26.

RECOMMENDATIONS

1. That the Internal Audit Plan for 2025/26 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.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

The internal audit budget for 2025/26 has been approved by the Joint Board.

The audit plan is designed to provide assurance that the council's significant risks identified as part of the risk assessment process are being managed effectively. If additional risks are identified and / or there are changes to priorities during the year the plan will be reconsidered. Any significant changes to the plan will be reported back to the Audit Committee for approval.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

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 public sector internal auditing standards or guidance”.

On Behalf of the Solicitor to the Council

Staffing: **Yes** ☐

No ☒

Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input checked="" type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan (NED) priorities, including Climate Change, Equalities, and Economics and Health implications.

The internal audit plan is linked to the Council Plan in respect of its aim to continually improve Council services to deliver excellence and Value for money and to provide assurance in respect of the Council's governance, risk and control arrangements.

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 2024/25 internal audit plan will be presented to this Committee after the year-end. There is just one area (climate change) that won't have been completed and this has been carried forward to the 2025/26 plan.
- 2.3 A summary of the internal audit plan for 2025/26 is shown below and in detail at Appendix 1.

Internal Audit Plan 2025/26

Summary	Audit Days
Main Financial Systems	50
Other Operational Audits	153
Computer / IT Related	10
National Fraud Initiative	5
Rykneld Homes	97
Corporate / Cross Cutting / Governance	86
Special Investigations & Contingency	40
Apprenticeships / Training	30
Audit Committee / Client Liaison	15
Grand Total	486

- 2.4 Resource availability has been based on the Consortium Business Plan that was approved by the Joint Board on the 26th March 2025. The plan allocates 486 days to North East Derbyshire District Council for 2025/26, this is the same allocation as in 2024/25.
- 2.5 The plan is ambitious and is reliant upon having a full staffing complement and fully trained staff. The Consortium is currently recruiting for a Senior Auditor at BDC, any delays in being able to recruit may have an impact on the completion rate of NEDDC's audit plan however this will be managed to ensure that enough of the audit plan is completed to be able to provide an opinion at the year end.

3 Reasons for Recommendation

- 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 None

DOCUMENT INFORMATION

Appendix No	Title
1	Internal Audit Plan 2025/26
Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet you must provide copies of the background papers)	

Appendix 1

North East Derbyshire District Council Internal Audit Plan 2023/24 – 2025/26

Audit not completed

Risk		2023/24 Days	2024/25 Days	2025/26 Days	Risk Factor / Strategic Risk
	Main Financial Systems				
M	Main Accounting/Budgetary Control/MTFP	0	12	0	Failure to produce a reliable set of accounts, lack of control over spending, (Strategic Risk 2)
M	CIPFA Financial Management Code	0	0	15	Financial Resilience / sustainability (Strategic Risk 2)
M	Payroll	20	0	0	Employees are paid incorrectly, there are ghost employees in the system
M	Creditor Payments	0	20	0	Incorrect or fraudulent payments are made (Strategic Risk 3)
M	Debtors	0	15	0	Loss of income, fraud
M	Treasury Management	10	0	15	Misappropriation of funds, poor investment decisions
M	Cash and Banking/Income Management	0	10	0	Loss of income, theft
M	Council Tax	0	10	0	Loss of income, fraud (Strategic Risk 3)
M	Non- Domestic Rates	10	0	0	Loss of income, fraud (Strategic Risk 3)
M	Housing / Council Tax Benefits	20	0	20	Reputational damage, fraud (Strategic Risk 3)
	Total Main Financial Systems	60	67	50	
	Other Operational Audits				
M	Asset Management Arrangements	0	12	0	Assets not fit for purpose, not providing VFM
H	Business Centres – Coney Green & Midway	15	10	0	Loss of income, health & safety
M	Clay Cross Active	0	0	18	Loss of income, poor practice (Strategic

Risk		2023/24 Days	2024/25 Days	2025/26 Days	Risk Factor / Strategic Risk
					Risk 3)
M	Clay Cross Town Deal	12	0	0	Risk that project won't be delivered / reputational damage (Strategic Risk 6)
M	Commercial Waste	0	0	12	Loss of income
L	Corporate Credit Cards	0	8	0	Fraud, theft
M	Disabled Facilities Grants	0	10	0	Fraud, poor VFM
M	Dronfield Active	0	0	16	Loss of income, poor practice (Strategic Risk 3)
M	Eckington Leisure Centre	0	15	0	Loss of income, theft, poor practice (Strategic Risk 3)
L	E.Health Licensing	0	8	0	Loss of income, reputational damage
M	E. H Pollution Prevention and Control	8	0	0	Public Health risk (Strategic Risk 3)
L	Expenses and Allowances	0	10	0	Fraud, theft
M	Facilities Compliance	15	0	12	Staff health risk
L	Flytipping	0	0	8	Reputational damage
L	FOI / Env Regs	10	0	0	Lack of transparency
L	Grounds Maintenance swapped for commercial waste 2023/24	10	10	0	Reputational
M	Grant Compliance (UK Shared prosperity fund / Town Deal)	0	0	12	Repayment of grant if spent inappropriately (Strategic Risk 6)
H	Industrial Property Rents/Periodic Income	15	15		Loss of income, fraud
M	Insurance	0	0	12	Wrong cover levels and type, fraudulent claims
M	Killamarsh Leisure Centre	15	15	0	Loss of income, theft, poor practice (Strategic Risk 3)
L	Land Charges	8	0	0	Loss of income
L	Members Allowances	10	0	0	Incorrect payments
M	Northwood Building Company	12	0	0	Company fails, projects fail, budget implications. Strategic Risk 20

Risk		2023/24 Days	2024/25 Days	2025/26 Days	Risk Factor / Strategic Risk
L	Petty Cash	5	5	5	Theft
M	Planning Fees and appeals	0	0	15	Loss of income, reputation (Strategic Risk 19)
M	Private Sector Housing Disrepairs	0	0	8	Health and Safety
M	Recruitment and Selection	0	0	15	Fraud (Strategic Risk 5)
M	Section 106	0	12	0	Loss of income/fraud/ reputational damage, failure to deliver projects
M	Sickness Absence / Wellbeing	12	0	0	Staff morale / high absence levels (Strategic Risk 9)
M	Taxi Licensing	0	0	10	Safeguarding risk (Strategic risk 10)
H	Transport / Vehicles / fuel Swapped for Cemeteries 22/23	13	8	0	Theft / Health & Safety (Strategic Risk 6)
M	Utilities – monitoring electricity/gas /water usage / meter readings	0	0	10	Poor value for money, loss of income (Strategic Risk 16)
L	VAT	8	0	0	Fines through errors
	Total Operational Audits	168	138	153	
	Computer and IT Related				
H	Cyber Security / Network Security/systems security / Transformation Programme - Digital	0	15	0	Attack on Council systems / business continuity/ reputational damage / financial (Strategic Risk 13)
L	It Inventory / disposal of Equipment	8	0	10	Theft, loss of data, reputation (Strategic Risk 13)
L	Members IT Equipment	12	0	0	Misuse, theft
	Total Computer and IT related	20	15	10	
	Rykneld Homes	97	97	97	Partnership fails (Strategic Risk 7)

Risk		2023/24 Days	2024/25 Days	2025/26 Days	Risk Factor / Strategic Risk
	Cross Cutting Areas				
H	Corporate Governance and AGS	2	2	2	Poor Governance (Strategic Risk 8)
H	Climate Change	12	12	12	Failure to deliver on targets, reputation (Strategic Risk 15)
L	Complaints Procedures	0	0	8	Reputational damage
M	Emergency Planning / Business Continuity	0	0	15	Failure to respond to an emergency appropriately, health and safety, reputation (Strategic Risk 4)
M	Ethics and Culture	0	0	15	Lack of governance, poor reputation, fraud (Strategic Risk 8)
N/A	Financial Advice / Working Groups	20	20	20	Appropriate controls not in place
N/A	Government Grants sign off	0	3	0	Loss of Grant funding
M	Health and Safety	0	10	0	Risk of injury, death (Strategic Risk 8)
M	Performance Management/Corporate Targets	12	0	14	Decisions made on inaccurate data (Strategic Risk 8)
H	Procurement	0	12	0	Fraud, poor value for money
M	Risk Management	5	10	0	Failure to identify and mitigate risks (Strategic Risk 8)
M	Safeguarding	0	10	0	Safety of the vulnerable, reputational risk (Strategic Risk 10)
	Total Cross Cutting Areas	51	79	86	
	Fraud and Corruption				
M	National Fraud Initiative	5	5	5	Fraud
	Total	5	5	5	

Risk		2023/24 Days	2024/25 Days	2025/26 Days	Risk Factor / Strategic Risk
	Special Investigations/Contingency	40	40	40	Fraud, loss of income
	Apprenticeship / Training	30	30	30	Lack of appropriately trained staff
	Audit Committee / Client Officer Liaison	15	15	15	Non- compliance with Public Sector Internal Audit Standards
	Planned Total Days	486	486	486	

Reserve Areas for 2025/26

Use of Social Media
Homelessness
Pest Control

North East Derbyshire District Council

Audit Committee

14th April 2025

Summary of Progress on the 2024/25 Internal Audit Plan

Report of the Head of the Internal Audit Consortium

Classification: For Publication

Report By: Jenny Williams: Head of the Internal Audit Consortium

Contact Officer: Jenny.Williams@ne-derbyshire.gov.uk

PURPOSE / SUMMARY

- To present, for members' information, a progress report in respect of the 2024/25 Internal Audit Plan.
-

RECOMMENDATION

1. That the report be noted.
-

IMPLICATIONS

Finance and Risk: Yes ☐ No ☒

Details:

Internal audit reviews help to ensure that governance, risk and control arrangements are operating effectively thereby contributing to ensuring that value for money is obtained and continuous improvement made.

On Behalf of the Section 151 Officer

Legal (including Data Protection): Yes ☒ No ☐

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 ☐ No ☒
Details:

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input checked="" type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details:

Links to Council Plan priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.
Internal audit reviews help to ensure that the Council is continually improving services to deliver excellence and value for money.

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 since this Committee last met in respect of the 2024/25 internal audit plan. 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 at Appendix 2.
- 2.2 Four reports have been issued this period all with Substantial Assurance.
- 2.3 No issues arising relating to fraud were identified.
- 2.4 Appendix 3 provides full details of the audits completed and those in progress in respect of the 2024/25 plan. Only the climate change audit is being deferred to 2025/26 due to the climate change Officer leaving the Council.

3 Reasons for Recommendation

- 3.1 To inform Members of progress on the 2024/25 Internal Audit Plan and to provide details of the Audit Reports issued to date.
- 3.2 To comply with the requirements of the Global Internal Audit Standards.

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
Appendix 1	Summary of Internal Audit reports issued January to March 2025.
Appendix 2	Assurance Definitions
Appendix 3	Progress on the 2024/25 Internal Audit Plan

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 Cabinet you must provide copies of the background papers)

NORTH EAST DERBYSHIRE DISTRICT COUNCIL

Summary of Internal Audit Reports Issued January to March 2025

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N015	Expenses and Allowances	To ensure that expenses and allowances claimed are legitimate and that they are paid timely and correctly.	Substantial	11/2/25	4/3/25	2L	2
N016	Transport Follow up Review	To ensure that the recommendations made at the previous audit have been progressed appropriately.	Substantial	14/02/25	7/3/25	3L	3
N017	Risk Management	To ensure that there are sound risk management processes in place.	Substantial	20/02/25	13/03/25	2L	2

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
N018	Grounds Maintenance	To ensure that programmes of ground maintenance are delivered effectively, that staff are adequately trained and have the correct PPE, that plant and equipment inventories are maintained etc.	Substantial	20/03/25	14/04/25	3L	3

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

Appendix 2

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

North East Derbyshire District Council Internal Audit Plan 2024/25

Complete
In Progress
Ongoing throughout the year
Deferred

	Risk	2024/25
Main Financial Systems		
Main Accounting / Budgetary Control	M	12
Creditors	M	20
Income Management	M	10
Debtors	M	15
Council Tax (Key controls)	M	10
Total Main Financial Systems		67
Corporate / Cross Cutting		
Corporate Governance / Assurance Statement	H	2
Financial advice / working groups	N/A	20
Climate Change	H	12
Gov Grants / Head of Audit sign off	N/A	3
Safeguarding	M	10
Health & Safety	M	10
Procurement	M	12
Risk Management	M	10
Total Cross Cutting		79
Operational Audits		
Asset Management Arrangements	M	12
Business Centres – Follow up	H	10
Corporate Credit Cards	L	8
Disabled Facilities Grants	M	10
Expenses and Allowances	L	10

	E.H Misc Licensing	L	8
	Grounds Maintenance	L	10
	Industrial Property Rents	H	15
	Killamarsh Leisure Centre	M	15
	Eckington Leisure Centre	M	15
	Petty Cash	L	5
	Section 106	M	12
	Transport follow up	H	8
	Total Operational Areas		138
	IT Related		
	Network Security / DR	H	15
	Total IT		15
	Rykneld Homes		97
	National Fraud Initiative	N/A	5
	Special Investigations / Contingency/ emerging risks	N/A	40
	Apprenticeships / training	N/A	30
	Audit Committee / Client Liaison	N/A	15
	Grand Total		486

Reserve Areas (if unable to progress audits in the above areas)

Facilities Statutory Compliance
Street Cleaning
Business Continuity / Emergency Planning
Leisure Direct Debits
Corporate Targets

North East Derbyshire District Council

Audit Committee

14 April 2025

Update to Accounting Policies 2024/25

Report of the Director of Finance and Resources (S151 Officer)

Classification: This report is public

Report By: **Jayne Dethick, Director of Finance and Resources (S151 Officer)**

Contact Officer: **Jayne Dethick**

PURPOSE / SUMMARY

To request approval by the Audit Committee of the updated accounting policies that it is proposed to adopt for the current financial year in the preparation of the Statement of Accounts 2024/25.

RECOMMENDATIONS

1. That the Audit Committee approves the updated Accounting Policies detailed at **Appendix 1** to this report.
2. Members are requested to note that any proposed amendments or changes to these policies will be reported back to this Committee, together with an explanation for the reasons a change is considered to be appropriate and detailing any financial implications of the amendments.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

There are no direct financial implications arising from this report. The accounting policies will however be used to determine the accounting treatment of the financial transactions of the Council for 2024/25 and will therefore influence the presentation and understanding of the financial position of the Council as at 31 March 2025.

None of the policies outlined in **Appendix 1** are considered to be in conflict with legislative or IFRS requirements therefore the risk of adopting a policy that contravenes good practice is considered minimal. The greater risk is the failure to

ensure that the policy and the actual accounting treatment are consistent. To minimise this risk the accounts production timetable for 2024/25 has officer review time built in to cross check the policies to the actual treatment of items within the accounts.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☒

No ☐

Details:

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

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

There are no staffing issues arising directly from this report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £125,000 <input type="checkbox"/> Capital - £310,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Equality Impact Assessment (EIA) details:	
Stage 1 screening undertaken <ul style="list-style-type: none"> Completed EIA stage 1 to be appended if not required to do a stage 2 	No, not applicable
Stage 2 full assessment undertaken <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	No, not applicable
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	No Details:

Links to Council Plan priorities; <ul style="list-style-type: none"> A great place that cares for the environment A great place to live well A great place to work A great place to access good public services
All

REPORT DETAILS

1 **Background** (reasons for bringing the report)

- 1.1 The Accounting Policies for 2024/25 were approved by Audit Committee on 20 January 2025. The policies adopted by the Council determine the accounting treatment that is applied to transactions during the financial year and in the preparation of the Statement of Accounts at the year end. They determine the

specific principles, bases, conventions, rules and practices that will be applied by the Council in preparing and presenting its financial statements. The accounting policies themselves are published within the Statement of Accounts in accordance with the Code of Practice on Local Government Accounting and incorporate the requirements of International Financial Reporting Standards (IFRS).

- 1.2 The approval of the accounting policies to be applied by the Council demonstrates that due consideration is being given to which policies to adopt and apply and that those charged with corporate governance are fully informed prior to the commencement of the Statement of Accounts preparation of the policies that are being adopted.
- 1.3 This report presents an update to the accounting policies for 2024/25 specifically relating to Leases and will apply in the preparation of the Statement of Accounts 2024/25.

2. Details of Proposal or Information

Accounting Policies

- 2.1 In January 2025 officers had assessed the accounting policies that were deemed necessary to explain clearly and underpin the accounting treatment of transactions within the Council's Statement of Accounts for 2024/25. In March 2025, the guidance notes that accompany the code of practice were published. These guidance notes included an update in relation to the adoption of International Financial Reporting Standard 16 (IFRS 16) which relates to the accounting treatment for Leases.
- 2.2 From 1 April 2024 changes to the code of practice means that for the Council as a lessee, leases previously defined as operating leases and finance leases will now be defined as right-of-use assets. This includes different accounting treatment as detailed in the updated accounting policies. This is to ensure that all leased assets are recognised on the balance of the entity with use of the asset. There are minimal changes for the Council operating as a Lessor.
- 2.3 As the Statement of Accounts for 2024/25 are prepared it may be necessary to amend a policy in order to adopt a more appropriate accounting policy. If this occurs, the change and the reason for the change will be reported back to the Audit Committee at its next available meeting. Full details of all the proposed accounting policies are provided at **Appendix 1**.

3 Reasons for Recommendation

- 3.1 This report sets out the update to the Accounting Policies which it is proposed to adopt in respect of the 2024/25 Statement of Accounts for consideration by the Audit Committee. Given that the policies adopted have a significant influence upon the Accounting Statements it is important that these are given appropriate consideration at the outset and throughout the preparation of the Statement of Accounts. This helps ensure that they are applied consistently in the preparation of the Accounts.

4 Alternative Options and Reasons for Rejection

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

DOCUMENT INFORMATION

Appendix No	Title
1	Accounting Policies
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 Cabinet you must provide copies of the background papers)	
None	

Accounting Policies and General Notes**1 General Principles**

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

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

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

The Council has followed the requirements of International Accounting Standard (IAS) 1 in preparing the Statement of Accounts. Its objectives are to ensure that for all material items the Council:

- Adopts accounting policies most appropriate to its particular circumstances for the purpose of giving a true and fair view;
- Reviews the accounting policies regularly to ensure that they remain appropriate, and changes them when a new policy becomes more appropriate;
- Ensures that sufficient information is disclosed in the financial statements to enable users to understand the accounting policies adopted and how they have been implemented.

The general principles adopted in compiling the accounts are those set out by CIPFA in the Code of Practice on Local Authority Accounting in the United Kingdom, which is recognised by statute as representing proper accounting practice. In addition, the Local Authority Accounting Panel Standards Committee periodically issue bulletins on accounting practice. These accounting policies conform with those principles, which are applicable to Local Authorities.

2 Accounting Concepts

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

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

3 Accruals of Income and Expenditure

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

- Revenue from fees, charges and rents due from customers are recognised when the Council transfers the risk and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for in the year to which it relates and are based on an effective interest rate for the relevant financial instrument rather than the cash flow fixed or determined by the contract.
- Where income and expenditure has been recognised but cash has not been received or paid a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and other similar periodic payments which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

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

Grant claims are submitted on an actual basis wherever possible, however if the information to do this is not available then a best estimate basis is adopted.

4 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that mature within three months and are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

5 Charge to Revenue for Non-Current Assets

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

- depreciation – attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which losses can be written off.
- amortisation of intangible assets attributable to the service.

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

The Council's policy for the calculation of the statutory provision for the repayment of debt is determined each year by the Council in the Treasury Management Strategy. The Council has decided that for 2024/25 the outstanding general fund debt prior to 1 April 2007 will be repaid at a rate of £56,000 per year until the debt is extinguished. All other prudential borrowing for the General Fund is repaid based on the life of the asset.

6 Collection Fund

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

NNDR – Impairment of Appeals

Each year the Council commissions an independent assessment of the outstanding appeals lodged with the Valuation Office. The assessment has reviewed every individual appeal and estimate of the likelihood of the appeal succeeding based on the category of appeal and previous appeal determinations.

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

7 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the accounting statements; they are disclosed by way of notes where it is probable that there will be an inflow of economic benefit or service potential.

8 Contingent Liabilities

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

9 Expected Credit Losses

The Council's accounting policy does not strictly comply with the expectations of IFRS9 which requires a credit loss estimation approach. The Council is satisfied that there are no material differences in the overall value of the estimated loss and provision under the two approaches. Provisions for expected credit losses are made to ensure that the Council can finance any sums due to the Council which are subsequently deemed to be irrecoverable after all recovery measures have been exhausted. This sum is reduced annually by sums written off and increased by any contributions from the revenue account. The provision is netted off against debtors in the Balance Sheet and not included in the provisions total.

The provision in respect of overdue council tax, housing benefit overpayments, rents and NNDR is calculated by category on a percentage basis based upon previous experience of the recovery of debts of that type. The provision for other sundry debts is calculated by reference to the age of the debt involved, and the Council's previous experience of recovering such debt.

10 Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end, but which can be carried forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, as this is the period in which the employee takes the benefit. The accrual is charged to the relevant service area of the Comprehensive Income and Expenditure Statement, but then is reversed out through the Movement in Reserves Statement so that the annual leave is charged to revenue in the financial year in which the annual leave occurs.

Termination Benefits

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

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

Post Employment Benefits

Employees of the Council are members of the Local Government Pension Scheme administered on behalf of the Council by Derbyshire County Council. The scheme provides defined benefits to members (lump sums and pensions) earned as employees working for the Council.

The Local Government Pension Scheme

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

- The liabilities of the Derbyshire County Council Pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of future payments that will be made in relation to retirement benefits earned to date by employees, based on

assumptions about mortality rates, employee turnover rates, etc, and projected earnings for current employees.

- Liabilities are discounted to their value at current prices using a discount rate.
- The assets of the Derbyshire County Council Pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price;
 - unquoted securities – professional estimate;
 - unitised securities – average of the bid and offer rates;
 - property – market value.

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

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

Remeasurements – comprising:

- The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- Actuarial Gains and Losses – change in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the County Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

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

Discretionary Benefits

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

11 Events after the Reporting Period

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

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

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

12 Exceptional Items

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

13 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

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

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

14 Financial Instruments

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

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

There are three main classes of financial assets measured at:

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When loans are made at less than market rates (a soft loan) a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the organisation, with the difference serving to increase the amortised cost of the loan in the balance sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year.

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured as FVPL are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services.

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

- instruments with quoted market prices – the market price.
- other instruments with fixed and determinable payments – discounted cash flow analysis.
- equity shares with no quoted market prices – multiple valuation techniques (which include market approach, income approach and cost approach).

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

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

Where fair value cannot be measure reliably, the instrument is carried at cost (less any impairment losses).

15 Government Grants and Contributions

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

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

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

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

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

16 Heritage Assets

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

Recognition

Heritage assets are classed as “a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge or culture” or “an intangible asset with cultural, environmental or historical significance”. A general de-minimis limit of £10,000 is applied to all fixed assets.

Measurement

Only heritage assets that have a cost or value available are required to be entered into the Balance Sheet. Where information on the cost or value is not available and the cost of obtaining the information outweighs the benefits to the user of the statements, the code does not require that the asset is recognised in the Balance Sheet, although appropriate disclosure is needed where heritage assets are not recognised in the Balance Sheet.

Unlike other assets, a full valuation every five years is not required. Valuations can be done whenever the Council requires. The valuations may be made by any method that is appropriate and relevant, this may include insurance valuations.

However, the code does require that authorities review the carrying amounts of heritage assets with sufficient regularity to ensure they remain current. Because of this the Council has determined that a five year review will be carried out.

Impairment

Impairment reviews are only required in limited circumstances. However, the Council has determined that a five year review will be carried out. An immediate review will need to be carried out where an asset has suffered physical deterioration or breakage of a heritage asset; or where new doubts arise as to the authenticity of a heritage asset.

Where impairment is identified as part of this review and it is deemed material, or as a result of a valuation exercise, this is accounted for by:

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on some heritage assets, ones with a definite life, by the systematic allocation of their depreciable amounts over their useful lives.

- Depreciation is calculated on a straight-line allocation over the useful life of the asset.

For any heritage assets with indefinite lives no depreciation is required.

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

Disposals

When it becomes probable that an asset is to be sold it is reclassified as an Asset Held for Sale. The asset is revalued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to the fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure

Statement as part of the gain or loss on disposal. Receipts from disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

17 Intangible Assets

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

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

Intangible Assets are initially measured at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice no intangible asset, held by the Council, meets this criterion and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement.

Each intangible asset is tested for impairment each year to see if there is an indication that the asset might be impaired; any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising from the disposal of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

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

18 Interests in Companies and Other Entities

The Council has a material interest in Rykneld Homes Limited, a company limited by guarantee, which is an Arms Length Management Organisation (ALMO).

The ALMO is a wholly owned subsidiary, which was formed on 1 April 2007 and as a result the Council are required to prepare Group Accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses, however, due to the low value of this investment (£1) this is not included in the financial statements as this is below our materiality level.

19 Inventories

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

20 Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

21 Jointly Controlled Operations and Jointly Controlled Assets

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

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

The Council has the following jointly controlled operations:

Internal Audit Services – with Bolsover District Council and Chesterfield Borough Council

ICT Services – with Bolsover District Council and Derbyshire Dales District Council

Environmental Health Services – with Bolsover District Council

The Council does have jointly controlled assets with Chesterfield Borough Council and Bolsover District Council regarding the operation of a crematorium. Based on materiality, the Council does not include any figures for the joint crematorium within the Statement of Accounts.

22 Leases

The Council as a Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial Measurement

Leases are recognised as right-of-use assets with corresponding liability at the date from which the leased asset is available for use (or IFRS16 transition date, if later). The leases are typically for fixed periods in excess of 1 year but may have extension options.

The council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the council's incremental borrowing rate

at whatever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

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

The right of use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payment or nil consideration leases, the asset is measured at fair value.

Subsequent Measurement

The right of use asset is subsequently measured using the fair value model. The council considers the cost model to be a reasonable proxy except for:

- Assets held under non-commercial leases.
- Leases where rent reviews do not necessarily reflect market conditions.
- Leases with terms of more than 5 years that do not have any provisions for rent reviews.
- Leases where rent reviews will be at periods of more than 5 years.

For these leases, the asset is carried at the revalued amount. In these financial statements, right of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

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

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

- There is a change in future lease payments arising from a change in index or rate.

- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee.
- The council changes its assessment of whether it will exercise a purchase, extension or termination option or
- There is a revised in-substance fixed lease payment.

When such a remeasurement occurs, an adjustment is made to the carrying amount of the right of use asset, with any further adjustments required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the council excludes leases:

- For low value items that cost less than £0.010m when new, provided they are not highly dependent on or integrated with other items.
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the council is reasonably certain to exercise and any termination options that the council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income & Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charged against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

~~The Council accounts for leases as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee (the Council). All other leases are classified as operating leases.~~

~~Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.~~

~~Arrangements that do not have the legal status of a lease but convey the right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.~~

The Council as Lessee

Finance Leases

~~Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease inception. The asset recognised is matched by a liability for the obligation to pay the lessor.~~

~~Lease payments are apportioned between:~~

- ~~• A charge for the acquisition of the interest in the property, plant or equipment and applied to write down the lease liability;~~
- ~~• A finance charge (debited to the Finance and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.~~

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

~~The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.~~

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal, matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. **Where a premium has been received,**

this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Council currently has no finance leases for property where this policy applies.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. Rental Income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments e.g. there is a premium paid at the start of the lease.

Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the asset and charged as an expense over the lease term on the same basis as rental income.

23 Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance are held for use in the provision of services, for rental to others, or for administrative purposes and are expected to be used during more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides is for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of the asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. A general de-minimis limit of £10,000 is applied to non-current assets.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Donated assets are measured at fair value. The difference between fair value and the consideration paid is credited to the Taxation and Non Specific Grant income line of the Comprehensive Income and Expenditure Statement, unless the donated asset has been made conditionally. Until all conditions are met the gain is held in the Donated Assets Account. Gains that are credited to the Comprehensive Income and Expenditure Statement are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

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

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

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

Assets included in the Balance Sheet at current value are re-valued where there have been material changes in the value, but as a minimum every five years. Valuations are undertaken by a professionally qualified valuer. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance, up to the value of the accumulated gains;

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

Impairment

At the end of each reporting period an assessment is made of whether there is any indication that an asset may be impaired. If there is an indication of impairment, and it is deemed material. The recoverable amount of the asset is estimated to determine the impairment loss.

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases: -

- Land – Not depreciated
- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Infrastructure Assets – Straight-line allocation over life of asset
- Vehicles, plant furniture and equipment – straight-line allocation over the useful life of the asset.
- Community assets – are not depreciated.
- Council Dwellings – Straight Line allocation over the life of the property (also, subject to componentisation)

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

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

Where an item of Property, Plant and Equipment exceed £1m in value and has major components whose costs are significant in relation to the total cost of the item, the components are depreciated separately. The Council deems "significant" to be 25% or more of the total cost of the asset. The Council also applies the following de minimis levels with regard to component accounting.

Components are not separately identified where:

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

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

Disposals

When it becomes probable that an asset is to be sold it is reclassified as an Asset Held for Sale. The asset is re-valued before reclassification at its existing use value then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to the fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets;
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current value;

- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

24 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

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

When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of the financial year – where it becomes more likely than not that a transfer of economic benefit will not be required (or lower settlement anticipated) the provision is reversed and credited back to the relevant service revenue account.

25 Reserves

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

Certain reserves are kept to manage accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council.

26 Revenue Expenditure Funded from Capital under Statute

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

27 Value Added Tax (VAT)

The Council is normally able to recover all VAT. Where this is the case VAT is not included in the income and expenditure statements. Where the Council is unable to recover VAT it is charged to the appropriate service.

28 Segmental Analysis

The Council operates with three directorates. All services of the Council fall into one of these directorates. The main service areas within each directorate are as follows:

Organisation and Place Directorate – Environmental Health, Streetscene, Planning, Legal, Governance, Elections, Scrutiny, Human Resources, Health and Safety.

Finance and Resources Directorate – Payroll, Procurement, Financial Services, Revenues and Benefits, Audit (client), Community Safety, ICT, Communications, Housing (client lead for Rykneld Homes), Housing Strategy, Homelessness

Growth and Assets Directorate – Emergency Planning, Regeneration and Programmes; Tourism, Property Estates & Assets; Leisure.

North East Derbyshire District Council

Audit Committee

14 April 2025

Committee Work Programme 2024/2025

Report of the Assistant Director of Governance and Monitoring Officer

Classification: This report is public

Report By: Tom Scott – Governance and Scrutiny Officer

Contact Officer: Tom Scott thomas.scott@ne-derbyshire.gov.uk 01246 217045

PURPOSE / SUMMARY

To enable the Audit Committee to review the proposed Work Programme for the municipal year 2024/2025.

RECOMMENDATIONS

1. That the Committee notes and approves the proposed Audit Committee Work Programme for the 2024/2025 municipal year as set out in the attached **Appendix 1**.

IMPLICATIONS

Finance and Risk: Yes ☒ No ☐

Details:

Risk - the development of a Work Programme for the Audit Committee will provide an appropriate structure to assist and support the Committee's work. This will help to ensure that the Committee continues to operate effectively and that the Council's governance and accountability arrangements remain robust. The Programme is designed to allow the Audit Committee to continue its flexible approach to its and consider work the range of matters which are within its remit. There are no financial issues arising from the report.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes ☐

No ☒

Details:

There are no legal issues or Data Protection matters arising directly from this report.

On Behalf of the Solicitor to the Council

Staffing:

Yes ☐

No ☒

Details:

There are no staffing issues arising from the report.

On behalf of the Head of Paid Service

DECISION INFORMATION

Decision Information	
Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
District Wards Significantly Affected	None
Consultation: Leader / Deputy Leader <input type="checkbox"/> Cabinet <input type="checkbox"/> SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input checked="" type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/>	Yes Details: Members of the Audit Committee

Links to Council Ambition (NED) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.

None.

REPORT DETAILS

1 Background

- 1.1 The Audit Committee considers a range of financial and governance issues on a regular basis. Given the number of matters that are examined by the Committee it is appropriate that an Annual Work Programme continues to be in place.
- 1.2 The Work Programme is set out in the attached **Appendix 1**. It should be recognised that the work plan is a live document to which matters may be added or removed as appropriate and approved by the Committee, including standing items.
- 1.3 The Work Programme enables Members to give structured consideration as to whether the proposed agenda items are appropriate and serve to meet the objectives of the Committee. That question needs to be considered in the light of the Council's Constitution, Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance on the role of an Audit Committee and established good practice.

2. Details of Proposal or Information

- 2.1 To enable the Audit Committee to review the Work Programme for the municipal year 2024/25.

3 Reasons for Recommendation

- 3.1 To enable the Committee to consider the Work Programme for the 2024/25 municipal year.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

DOCUMENT INFORMATION

Appendix No	Title
1	Committee Work Programme 2024/25
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 Cabinet (NEDDC) you must provide copies of the background papers)	

AUDIT COMMITTEE: PROPOSED WORK PROGRAMME 2024/25

<u>DATE OF MEETING</u>	<u>ITEM</u>
8 July 2024	<ul style="list-style-type: none"> • External Audit Progress Report • Risk Management Update • Treasury Management Update (Q4) • Annual Governance Statement and Code of Corporate Governance • Statement of Accounts 2023/24 draft • Going Concern 2023/24 draft • IA reports
30 September 2024	<ul style="list-style-type: none"> • External Audit Progress Report • Internal Audit Progress Report • Monitoring the implementation of Internal Audit recommendations • Treasury Management update Q1 • Audit Committee Self Assessment • Risk Management Update • Safeguarding update • Cyber Security presentation
20 January 2025	<ul style="list-style-type: none"> • Treasury Management Training • Treasury Management Strategies 2025/26 – 2028/29 • External Audit Progress Report (verbal) • Internal Audit Progress Update • Risk Management Update • Proposed Accounting Policies 2024/25 • Global Internal Audit Standards
Accounts Sign off Special Meeting 26 February 2025	<ul style="list-style-type: none"> • Audit Completion Report 2024/25 • Treasury Management Update Q3
14 April 2025	<ul style="list-style-type: none"> • Internal Audit Progress Update • Monitoring the implementation of Internal Audit recommendations • External Audit Progress Update • Internal Audit Plan 2025/26 • Internal Audit Charter • Update to Accounting Policies – Leases • Risk Management update (includes Devolution Risks)

Agenda Item 9a

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

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