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**North East
Derbyshire**
District Council

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Date: Friday, 17 April 2026

To: **Members of the Audit Committee**

Please attend a meeting of the Audit Committee to be held on **Monday, 27 April 2026 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 black ink that reads "Sarah Steenberg".

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

AGENDA

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 (Pages 5 - 8)

To approve as a correct record and the Chair to sign the Minutes of the Audit Committee held on 19 January 2026.

4 Reports of the External Auditors - Forvis Mazars

a. Audit Strategy Memorandum 2025/26 (Pages 9 - 38)

5 Reports of the Head of the Internal Audit Consortium

a. Summary of Progress on the 2025/26 Internal Audit Plan (Pages 39 - 48)

b. Internal Audit Charter (Pages 49 - 62)

c. Internal Audit Plan 2026/27 (Pages 63 - 74)

d. Internal Audit Strategy 2026 - 2028 (Pages 75 - 84)

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

a. Update to Accounting Policies 2025/26 (Pages 85 - 114)

b. Annual Review of Effectiveness of Internal Audit (Pages 115 - 118)

7 Reports of the Assistant Director of Governance and Monitoring Officer

a. Work Programme 2025-27 (Pages 119 - 124)

8 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.

9 Date of Next Meeting

The next meeting of the Audit Committee is scheduled to take place in the new municipal year.



**North East
Derbyshire**
District Council

Access for All statement

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- Call with [Relay UK](#) via textphone or app on [0800 500 888](tel:0800500888)– a free phone service
- **Visiting** our [offices](#) at Wingerworth – 2013 Mill lane, [S42 6NG](#)

AUDIT COMMITTEE

MINUTES OF MEETING HELD ON MONDAY, 19 JANUARY 2026

Present:

Councillor Christine Smith (Chair) (in the Chair)

Councillor David Cheetham (Vice-Chair)

Councillor Martin E Thacker MBE JP

Also Present:

L Hickin	Managing Director & Head of Paid Service
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 Catterall	Internal Auditor
T Scott	Governance and Scrutiny Officer
G Garg	Forvis Mazars Assistant Manager
S Kitching	Arlingclose Consultancy Director
P Roberts	Arlingclose Client Director

AC/2 Apologies for Absence

7/25-

26

Apologies for absence had been received from Councillor Alex Dale and Councillor Tony Lacey.

AC/2 Declarations of Interest

8/25-

26

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 were made.

AC/2 Minutes of Last Meeting

9/25-

26

RESOLVED – That the Minutes of the Audit Committee held on 24 November 2025 be approved as a correct record.

AC/3 Internal Audit Progress Update

0/25-

26

The Head of the Internal Audit Consortium presented a progress report in respect of the 2025/26 Internal Audit Plan.

Members referred to Appendix 3 of the report, which included a line stating that “Climate Change (carried forward)” and asked when this had been carried forward to. The Head of the Internal Audit Consortium explained that the climate change audit had been rolled forward from the 2024/25 financial year to 2025/2026 and

that the audit would be completed in March.

RESOLVED – That the report be noted.

AC/3 **Proposed External Review of Internal Audit**

**1/25-
26**

The Head of the Internal Audit Consortium presented a report to consult Members on the format of the external review of Internal Audit that was required at least once every 5 years by Standard 8.4 of the Global Internal Audit Standards (GIAS).

The Head of the Internal Audit Consortium explained that the specification for the review would be agreed with each Section 151 Officer (Chesterfield Borough Council, North East Derbyshire District Council, Bolsover District Council and Derbyshire Dales District Council.)

RESOLVED –

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

AC/3 **Treasury Management Refresher Training**

**1/25-
26a**

The two Directors from Arlingclose gave the Committee a presentation including refresher training on Treasury Management.

The Chair stated that it would be beneficial for the Committee to receive this training again soon so it was fresh in their minds.

RESOLVED – That the training presentation was noted.

AC/3 **Treasury Management Strategies**

**1/25-
26b**

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

The Director of Finance and Resources explained that the Council kept most of its cash liquid.

Councillor ME Thacker wished it to be recorded in the minutes that he would abstain during the vote about the treasury strategies.

RESOLVED - That the Committee noted this report and the attached strategies.

AC/3 **Proposed Accounting Policies**

**1/25-
26c**

The Director of Finance and Resources presented a report requesting approval by the Committee of the accounting policies that it was proposed to adopt for the current financial year in the preparation of the Statement of Accounts 2025/26.

RESOLVED -

(1) That the Committee approved the Accounting Policies detailed at Appendix 1 to this report.

(2) That the 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/3 **Work Programme 2025-27**

**2/25-
26**

The Director of Finance and Resources presented a report to enable the Audit Committee to approve the Work Programme for the period 2025/27.

Members agreed to add an item to the Work Programme for the July 2026 meeting which would be a discussion on Local Government Reform.

The Chair informed Members that the Committee meeting scheduled for 23 February 2026 had been cancelled.

RESOLVED –

(1) That an item be added to the 2025/27 Work Programme for July 2026 for a discussion on Local Government Reform.

(2) That the Work Programme be approved with this addition.

AC/3 **Urgent Matters**

**3/25-
26**

None.

AC/3 **Risk Management Update**

**4/25-
26**

The Managing Director presented a report to update Members on the current position regarding Risk Management arrangements and the Strategic Risk Register as of December 2025/January 2026.

Members discussed the mentions in the report of Climate Change. Members requested that a Climate Change presentation be given to Council.

RESOLVED – That the Committee noted the report and Strategic Risk Register as of December 2025/January 2026 as set out in Appendix 1.

AC/3 **Date of Next Meeting**

**5/25-
26**

The next meeting of the Audit Committee was scheduled to take place on Monday 27 April 2026 at 3.00 pm.



Audit Strategy Memorandum
North East Derbyshire District Council – Year ending 31 March 2026

27 April 2026

Page 9

Audit Committee
North East Derbyshire District Council
2013 Mill Ln,
Chesterfield S42 6NG

27 April 2026

I am pleased to present our Audit Strategy Memorandum (“ASM”) for North East Derbyshire District Council for the year ended 31 March 2026. This document will be presented at the Audit Committee meeting on 27th April 2026. If you would like to discuss any matters in more detail, please contact me on +44 (0)7881 283 527.

This report provides an overview of the planned scope and timing of our audit, including the significant and enhanced audit risks we have identified. In addition, as it is a fundamental requirement that we are, and are seen to be, independent of Council this report also summarises our considerations and conclusions on our independence.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of our audit and our respective responsibilities,
- Sharing information to assist each of us with fulfilling our respective responsibilities,
- Providing you with constructive observations arising during our audit, and
- Ensuring that we gain an understanding of your attitude and views in respect of the risks facing the Council which may affect our audit, including the likelihood of those risks materialising and how they are monitored and managed.

This report, which we have prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed

your expectations.

During the meeting, we would be grateful for your views/ knowledge on the following specific matters:

- Whether you have identified any other risks (business, laws & regulation, fraud, going concern, etc.) that may result in material misstatements in the financial statements.
- If you are aware of any significant communication between the Council and its regulators.
- If there are any matters that you consider warrant particular attention during our audit and/ or any areas where you would like additional procedures to be undertaken.

Subject to our prior written agreement or as required by any applicable law or regulation, this report is considered confidential and is intended solely for Audit Committee and should not be disclosed to any other party, used or quoted for any other purpose.

Yours faithfully,



James Collins
Forvis Mazars LLP

Contents

Executive summary	4
Audit scope, approach, and timeline	7
Group audit scope	8
Audit risks and other significant matters	10
Materiality	13
Fees	14
Our independence	15
Value for money	16
Appendices	
A - Other communications	18
B - Current year updates, forthcoming accounting & other issues	27

Executive summary

Audit timeline (page 7)

Planning and risk assessment	March 2026
Interim	March- April 2026
Fieldwork	July 2026 – August 2026
Communication & Completion	Sept 2026

Materiality (page 13)

Consolidated : [Gross Expenditure at Surplus/deficit on Provision of Services Level]: [£96,627k]

Materiality	Performance materiality	Reporting threshold
£1,933k	£1,449k	£58k

Council Only : [Gross Expenditure at Surplus/deficit on Provision of Services Level]: [£98,479k]

Materiality	Performance materiality	Reporting threshold
£1,871k	£1,403k	£56k

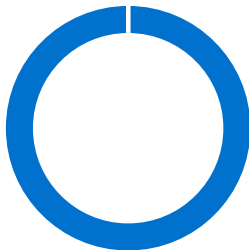
Audit risks and other significant matters (pages 10 – 12)

Risk	Significant risk	Enhanced risk	Risk evolution	Page
Management override of controls (significant) – Council & Group	●	○	=	Page 10
Net defined benefit asset valuation (significant) – Council & Group	●	○	=	Page 11
Valuation of land and buildings, including Council dwellings - Council and Group	●	○	=	Page 12
Valuation of Investment Properties	●	○	=	Page 13

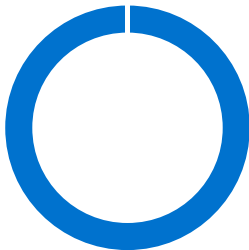
Executive summary

Group audit scope (page 8)

Current year
Initial % coverage of group



Prior year
Final % coverage of group



- Full scope audit
- Audit of specific account balance(s) and/or disclosure(s)

- Group engagement team instructed procedures
- Not in scope

Our independence (page 15)

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit in the UK, including the FRC’s Ethical Standard, the Code of Audit Practice and associated guidance issued by the National Audit Office.

Fees (page 14)

Audit fees	£185,932k
Non-audit fees	TBC
Total fees	TBC

**To be confirmed if we are engaged to complete this work. We expect a fee of £8,000 would be proposed.*

Your audit team



James Collins
Engagement Director
James.collins@mazars.co.uk

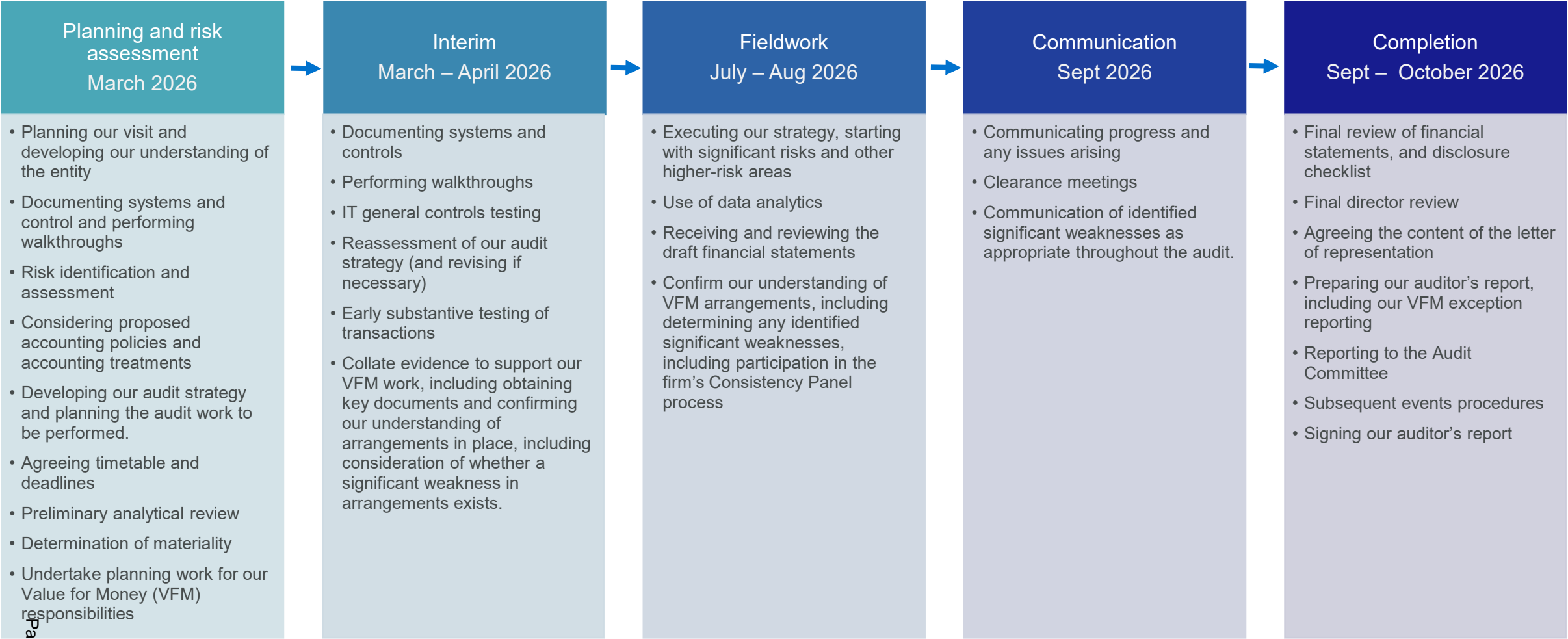


Garima Garg
Engagement Manager
Garima.Garg@mazars.co.uk



Reena Tanna
Assistant Manager
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Audit scope, approach, and timeline

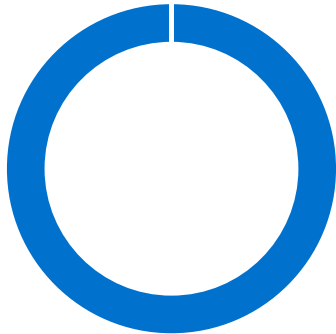


Group audit scope

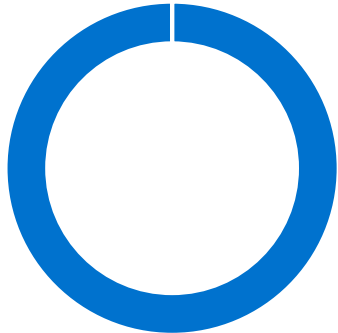
The preliminary scope of our group audit is set out below. When scoping our group audit, we have considered quantitative criteria (the contribution of each of the group’s consolidated components to the group financial statements); qualitative criteria (the risks of material misstatement of the group financial statements that consolidated components may present individually at component level); and we have assessed the risk of material misstatement across the group’s consolidated components in aggregate.

Component	% Benchmark	Location	Auditor	Scope
North East Derbyshire District Council	88%	Chesterfield UK	Forvis Mazars LLP	Full scope audit
Rykneld Homes Limited	12%	Wingerworth UK	Crowe	Full scope audit

Current year Initial % coverage of group



Prior year Final % coverage of group



- Full scope audit
- Audit of specific account balance(s) and/or disclosure(s)
- Group engagement team instructed procedures
- Not in scope

Group audit scope

The significant financial statement areas in the consolidated financial statements are set out below, including the work that we plan to perform and the coverage we plan to achieve through our group audit approach.

Financial statement area	Consolidated balance [2024-25 Financial statements]	Work to be performed	% coverage
Property Plant and Equipment	£554,821k	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations. Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; Assessing whether valuation movements are in line with market expectations by using third party information to provide Information on regional valuation trends; Critically assessing the approach that the Council adopts to ensure that assets not subject to revaluation in 2025/26 are materially correct, including consideration of the change in the Code for 2025/26 which requires the use of indexation when a full valuation has not been completed (2025/26 Code requires assets are valued every 5 years) 	100%
Income		<ul style="list-style-type: none"> Full scope audit performed by component auditor. 	100%
Expenditure		<ul style="list-style-type: none"> Full scope audit performed by component auditor. 	100%
Pension Liability	£12,031k	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary; Liaising with the auditors of the Derbyshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PwC and consulting actuary engaged by the National Audit Office; and Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements. In the event of a pension surplus arising in 2025/26, its accounting treatment will require specific consideration under IFRIC 14. 	100%

Audit risks and other significant matters

Significant risks

In this section, we have set out the significant and enhanced audit risks we have identified and our planned response. If we identify additional risks or change our risk assessment during our audit, we will report this to you. Refer to Appendix A for definitions. We have also set out in this section of the report any other significant matters that we consider should be brought to your attention.

Risk	Description	Our planned response
<p>Management override of controls</p> <p>(Council and Group)</p>	<p>Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Due to the unpredictable way in which such override could occur, we are required by auditing standards to identify a significant risk of management override of controls on our audit.</p>	<p>In line with our methodology, we plan to address the management override of controls risk through performing audit work over:</p> <ul style="list-style-type: none"> • material accounting estimates; • journal entries testing meeting our risk criteria; and • significant transactions outside the normal course of business or otherwise unusual.

Audit risks and other significant matters

Significant risks

Risk	Description	Our planned response
<p>Net defined benefit valuation</p> <p>(Council and Group)</p>	<p>The Council is an employer in the Local Government Pension Scheme, administered on a local level by the Derbyshire Pension Fund.</p> <p>The defined benefit assets and liabilities are significant items in the Council's balance sheet and the Council engages an actuary to perform an annual valuation in accordance with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have identified a significant risk in this area.</p> <p>As part of our testing, procedures will be performed on the net defined liability held by Rykneld Homes Limited by the group audit team.</p>	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> • Critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary; • Liaising with the auditors of the Derbyshire Pension Fund to gain assurance over the design and implementation of the controls in place at the Pension Fund. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS19 valuation is complete and accurate; • Reviewing the appropriateness of the pension asset and liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by PwC and consulting actuary engaged by the National Audit Office; and • Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries disclosures in the Council's financial statements. In the event of a pension surplus arising in 2025/26, its accounting treatment will require specific consideration under IFRIC 14.

Audit risks and other significant matters

Significant risks

Risk	Description	Our planned response
<p>Valuation of land, buildings, including council dwellings (Council)</p>	<p>The financial statements include material Balance Sheet amounts and disclosures relating to the Council’s land and buildings. The valuation of these assets involves significant judgement, estimation uncertainty and the use of assumptions, including market conditions and valuation methodology.</p> <p>The Code has been amended in 2025/26 and now requires other land and buildings to be valued once every 5 years with annual indexation applied to assets during the intervening years. CIPFA have not prescribed the index to be applied, and the Council will apply judgement in relation to the appropriate indices to use based on the asset type.</p>	<p>To address this risk we will:</p> <ul style="list-style-type: none"> liaise with management to update our understanding on the approach taken by the Council in its valuation of land and buildings. <p>For assets that have been revalued in year (as part of the rolling programme) we will:</p> <ul style="list-style-type: none"> assess the scope of terms of engagement if the valuer; assess the competence, skills and objectivity of the valuer; for a sample of valuations, we will <ul style="list-style-type: none"> Test the accuracy of the date used in the valuation Challenge the assumptions applied by the valuer and the Council; and Review the appropriateness of the valuation method used. <p>For assets that have been indexed in the year we will:</p> <ul style="list-style-type: none"> gain an understanding of the approach taken by the Council; assess the relevance of the indices used; Consider the reasonableness of the indices used by comparing to available market data; and test a sample of assets to ensure indexation has been applied appropriately.

Audit risks and other significant matters

Significant risks

Risk	Description	Our planned response
<p>Valuation of Investment Properties</p> <p>(Council)</p>	<p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of Investment Properties.</p> <p>Although the Council uses a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation of investment property due to the significant judgements and number of variables involved in providing revaluations.</p> <p>We have therefore identified the valuation Investment properties to be an area of significant risk.</p>	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> • Critically assessing the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • Considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; • Assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends; • Testing a sample of assets valued during 2025/26 and agreeing to source records and challenging key judgements made.

Materiality

For the consolidated financial statements, we consider gross revenue expenditure at surplus/deficit on provision of services level to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit on provision of services level as the benchmark.

For the parent only financial statements, we consider gross revenue expenditure at surplus/deficit on provision of services level to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit on provision of services level as the benchmark.

We expect to set financial statement materiality as 2% of gross revenue expenditure at surplus/deficit on provision of services level for our audit of the consolidated group financial statements and, for our audit of the Council only financial statements, as 1.9% of gross revenue expenditure at surplus/deficit on provision of services level. Based on currently available information (2024-25 financial Statements) we anticipate setting our financial statement materiality and performance materiality for our audit of the consolidated and parent only financial statements at the levels set out in the table adjacent. We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

We will accumulate misstatements identified during our audit that are above the reporting thresholds set out in the table adjacent, i.e., any misstatements that we identify that are above the reporting thresholds will be reported to you and management. Any misstatements that we identify that are below those amounts would not need to be reported because we expect that the accumulation of such amounts would not have a material effect on the financial statements and our audit opinion.

Each misstatement above our reporting threshold that we identify will be classified as **adjusted** (corrected by management), or **unadjusted** (not corrected by management). We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and our audit opinion.

We also consider whether there are any financial statement areas or disclosures where a misstatement of an amount lower than overall materiality could reasonably be expected to influence the economic decisions of users of the financial statements. Our assessment of the financial statements and/or disclosures to which this applies and the specific materiality level we have set is shown below.

Misstatements also cover qualitative misstatements and quantitative and qualitative misstatements and omissions relating to the notes of the financial statements. If you have any queries about our reporting threshold, please raise these with me.

Consolidated financial statements			Council financial statements		
	2025-26 (£'000s)	2024-25 (£'000s)		2025-26 (£'000s)	2024-25 (£'000s)
Overall materiality	£1,933	£1,933	Overall materiality	£1,871	£1,871
Performance materiality	£1,449	£1,449	Performance materiality	£1,403	£1,403
Clearly trivial	£58	£58	Clearly trivial	£56	£56
Specific materiality – Senior Officer Remuneration	£5	£5	Specific materiality – Senior Officer Remuneration	£5	£5

Fees

Audit fees and other services provided by Forvis Mazars LLP

Our fees (exclusive of VAT) for the audit of the financial statements for the year ended 31 March 2026, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined in the table adjacent.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

The proposed fee reflects the scale fee determined by PSAA and information on how the scale fee is set can be found on PSAA's website. Where an auditor is required to undertake substantially more or less work to deliver their responsibilities a fee variation may be proposed which is subject to approval by PSAA. Examples compiled by PSAA of circumstances that may trigger a fee variation are available on the PSAA [website](#).

Any threats to our independence arising from the provision of non-audit services and the associated safeguards we have identified and/ or put in place are set out on the in the 'Our independence' section of this report.

Nature of service	2025-26 proposed fee	2024-25 actual fee
Statutory audit work to comply with the NAO Code of Audit Practice	£185,932	£180,869
Additional fees in 2024-25	TBC	£25,680
Total audit fees	TBC	£206,549
Other services – Agreed upon procedures on housing pooling return	TBC*	£7,000
Total non-audit fees	TBC	£7,000
Total fees	TBC	£213,549

**To be confirmed if we are engaged to complete this work. We expect a fee in the region of £8,000 would be proposed.*

Our independence

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships that we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that, in our professional judgement, there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the context of the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration and complete annual ethics training,
- All new partners and staff are required to complete an independence confirmation,
- Rotation policies covering audit engagement partners and other key members of the audit team, and
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that Forvis Mazars LLP, the engagement team and others in the firm as appropriate, are independent and comply with relevant ethical and independence requirements. However, if at any time you have concerns or questions about our integrity, objectivity, or independence, please discuss these with me in the first instance.

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

- Principal threats to our independence and the associated safeguards we have identified and/or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 1 July 2021 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

We have not identified any threats to our independence in connection with the services we have provided to the Council. As indicated on the previous slide, we have not yet been engaged to provide any non-audit services in the current audit period. We will update our independence assessment if this changes and inform you of the outcome as part of subsequent reporting to you.

Value for money

The framework for Value for money work

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

We undertake our VFM work in accordance with the 2024 Code of Audit Practice (the Code). Our responsibility, under the Code, is to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

Specified reporting criteria

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

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **Improving economy, efficiency and effectiveness** – how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Our approach

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

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

Value for money

Identified risks of significant weaknesses in arrangements

The Code of Audit Practice and Auditor Guidance Note 03 issued by the NAO require us to carry out work at the planning stage to understand the Council's arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, at this stage we have not identified any risks of significant weaknesses in arrangements . We will report any further identified risks to the Audit Committee on completion of our planning and risk identification work.

Appendix A: Other communications

Audit scope and approach

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are driven primarily by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we identify.

If we conclude that appropriately designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or if we decide that it would be more efficient, we may take a wholly substantive approach to our audit testing if, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence.

Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required by UK auditing standards to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the 'Materiality' section of this report.

Use of internal audit

Where possible, we will use the work performed by internal audit when designing the nature, extent, and timing of our audit procedures. We will discuss with internal audit the progress of their work and their findings prior to commencing our control evaluation procedures.

Where we intend to use the work of internal audit, we will evaluate the work performed by them and perform our own procedures to determine the adequacy of that work for our audit.

Management's and our experts

Management makes use of experts in specific areas when preparing the Council/Authority's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit liability	Hymans Robertson	National Audit Office's (NAO's) Consulting Actuary
Property, plant and equipment valuation	Wilks, Head and Eve LLP Barlow Property Consultancy	No expert. We will consider third-party evidence to support our challenge of valuation assumptions.
Financial Instruments	Arlingclose	None identified at planning.
Business Rates Appeals Valuations	InformCPI Ltd	None identified at planning.

Appendix A: Other communications

Responsibilities

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

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the CIPFA Code of Practice on Local Authority Accounting. Our audit does not relieve management or Audit Committee as those charged with governance, of their responsibilities. The Section 151 Officer is responsible for the assessment of Council’s ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

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

Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council’s internal control.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting. As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel and internal audit on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Wider reporting and electors’ rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council’s and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. We also report to the NAO on the consistency of the Council’s financial statements with its Whole of Government Accounts (WGA) submission.

Value for money

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

Appendix A: Other communications

Required communications

This section of our report sets out the matters that we are required to report to you by UK auditing standards, including which form of our communications satisfy, or will satisfy, those requirements.

Required communication	Where addressed
Our responsibilities in relation to our audit of the company's financial statement and the responsibilities of management and those charged with governance.	Audit Strategy Memorandum and engagement letter
The planned scope and timing of our audit, including any limitations (specifically with respect to significant risks and key audit matters, if applicable).	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, • The effect of uncorrected misstatements related to prior periods, • A request that any uncorrected misstatement is corrected, and • In writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • Inquiries with you to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the company, • Any fraud that we have identified or information we have obtained that indicates that fraud may exist, and • A discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)
Significant matters arising during our audit in connection with the entity's related parties including, when applicable: <ul style="list-style-type: none"> • Non-disclosure by management, • Inappropriate authorisation and approval of transactions, • Disagreement over disclosures, • Non-compliance with laws and regulations, and • Difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report

Appendix A: Other communications

Required communications

Required communication	Where addressed
<p>Significant findings from our audit, including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices, including accounting policies, accounting estimates, and financial statement disclosures, • Significant difficulties, if any, encountered during our audit, • Significant matters, if any, arising from our audit that were discussed with management or were the subject of correspondence with management, • Written representations that we are seeking, • Expected modifications to our auditor’s report, and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified during our audit that we believe are relevant to those charged with governance in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during our audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of you into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that you may be aware of.</p>	<p>Audit Completion Report and Audit Committee meeting(s)</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the company’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the event or condition constitutes a material uncertainty, • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements, and <p>The adequacy of related disclosures in the financial statements.</p>	<p>Audit Completion Report</p>

Appendix A: Other communications

Required communications

Required communication	Where addressed
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm’s system of quality management team completes, as part of an ongoing and iterative process, key steps to assess and conclude on our firm’s system of quality management, including:</p> <ul style="list-style-type: none"> • Ensuring there is an appropriate assignment of responsibilities, • Establishing and reviewing quality objectives each year, ensuring our firm’s quality objectives align with our strategies and priorities, • Identifying, reviewing, and updating quality risks each quarter, taking into consideration multiple input sources (such as FRC/ ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.), • Identifying, designing, and implementing responses to strengthen our firm’s internal control environment and overall quality, and • Evaluating our quality responses and remediating control gaps or deficiencies. <p>We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports.</p>	<p>Audit Strategy Memorandum (the communication adjacent satisfies this requirement)</p>
<p>We are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include:</p> <ul style="list-style-type: none"> • Significant delays in management providing information that we require to perform our audit. • An unnecessarily brief time within which to complete our audit. • Extensive and unexpected effort to obtain sufficient, appropriate audit evidence. • Unavailability of expected information. • Restrictions imposed on us by management. • Unwillingness by management to make or extend their assessment of the company’s ability to continue as a going concern when requested. <p>We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor’s report).</p>	<p>Audit Completion Report, discussion at Audit Committee meeting(s), and audit clearance meeting(s)</p>

Appendix A: Other communications

Required communications

Required communication	Where addressed
An overview of the work to be performed at the components of the group and the nature of our involvement in the work to be performed by component auditors.	Audit Strategy Memorandum and Audit Completion Report
Instances where our review of the work of a component auditor gave rise to a concern about the quality of the component auditor’s work, and how we addressed that concern.	Audit Completion Report
Any limitations on the scope of our group audit; for example, significant matters related to restrictions on access to people or information.	Audit Strategy Memorandum and Audit Completion Report, as necessary
Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group’s system of internal control or others when the fraud resulted in a material misstatement of the group financial statements.	Audit Completion Report and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)

Appendix A: Other communications

Definitions

Term	Definition
Materiality	<p>An expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.</p> <p>We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to the company. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to you (reporting threshold). Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.</p> <p>An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:</p> <ul style="list-style-type: none"> • Have a reasonable knowledge of business, economic activities, and accounts, • Have a willingness to study the information in the financial statements with reasonable diligence, • Understand that financial statements are prepared, presented, and audited to levels of materiality, • Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events, and • Will make reasonable economic decisions based on the information in the financial statements. <p>We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors. When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks. We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.</p> <p>The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.</p>

Appendix A: Other communications

Definitions

Term	Definition
Significant risk	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by UK auditing standards), including management override of controls and revenue recognition.
Enhanced risk	<p>An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:</p> <ul style="list-style-type: none"> • Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement, and • Risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard risk	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.
Key audit matter	<p>A matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement (whether due to fraud or error) we identified, including those which had the greatest effect on our overall audit strategy, the allocation of resources in our audit, and directing the efforts of our engagement team.</p> <p>It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way it is described. This report highlights which of the significant and other risks are expected, at this stage, to be determined as key audit matters. It should be noted, however, that other audit areas may be determined as key audit matters during our audit.</p>

Appendix A: Other communications

Definitions

Term	Definition
Key audit partner	<p>(a) An individual who is eligible for appointment as a statutory auditor and who is designated by our firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of our firm.</p> <p>(b) In the case of a group audit, any of the following: (i) an individual who is eligible for appointment as a statutory auditor and who is designated by our firm as being primarily responsible for carrying out the statutory audit of the consolidated accounts of the group on behalf of our firm; (ii) an individual who is eligible to conduct the audit of the accounts of any subsidiary undertaking determined by us to be a 'material subsidiary' and who is designated as being primarily responsible for that audit.</p> <p>(c) An individual who is eligible for an appointment as a statutory auditor and who signs the audit report.</p>

Appendix B: Current year updates, forthcoming accounting & other issues

HM Treasury changes to non-investment asset valuation

Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the “Code”)

Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to its requirements for the valuation frequency, valuation methodology and classification of non-investment property assets. The changes are effective from 1 April 2025 as set out in the 2025-26 Code and include:

- A change to the requirements regarding revaluation frequency. Rather than adhering to paragraph 34 of IAS 16 which requires an asset to be revalued whenever its carrying value differs materially from its current value, entities will be required to revalue assets on a quinquennial basis, i.e. every five years, supplemented by annual indexation in the intervening years. This requirement can be adhered to either as part of a full revaluation or as part of a rolling programme. The Code requires bodies to use the best index available to them. Should management determine that there is no appropriate index to use, then the quinquennial valuation is supplemented by a valuation in the third year.
- Revaluations carried out prior to 2025/26, in line with former requirements of the Code, remain valid throughout the transition period (being 1 April 2025 to the date the next revaluation is due for a given asset). During the transition period, the maximum period between revaluations must not exceed five years.
- The requirement to consider indicators of impairment under IAS 36 remains, so management will still be required to undertake an annual assessment of whether there are indicators of impairment, and where these are present, it may be necessary to undertake valuations outside of the 5-yearly valuation programme.

Whilst management will no longer need to consider annually whether it is necessary to revalue non-investment assets, they will need to be satisfied that they have appointed a suitably qualified valuer to undertake the valuation of assets whenever they fall due either as part of a full valuation or a rolling programme. If local indices are used, management will need to have sufficient evidence to demonstrate these indices are appropriate and relevant to the entity’s circumstances, and to provide this evidence to the auditor.

Appendix B: Current year updates, forthcoming accounting & other issues

Effective for accounting periods beginning on or after 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements

The standard was UK-adopted in December 2025, and the date of incorporation into the Code is not confirmed, though expected to be within the 2028/29 financial year. It is not yet confirmed what interpretations and adaptations HMT will determine are necessary for implementation in the public sector. We have provided an outline of the main changes arising from IFRS 18 as unadapted and without interpretation and will provide an update on the expected impact on the North East Derbyshire District Council as and when detail is available as to when and how the standard is incorporated into the Code.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

New categories and subtotals for inclusion within the statement of profit or loss

- Income and expenses are to be classified into three new defined categories: operating, investing and financing, in addition to the income taxes and discontinued operations categories.
- All companies are to present new defined subtotals – operating profit and loss, and profit or loss before financing and income taxes.

New reporting requirements on Management Performance Measures (MPMs)

- New requirements are introduced for management-defined performance measures (MPMs), which may also be called Alternative Performance Measures (APMs). These are described as subtotals of income and expenses that an entity: (a) uses in public communications outside financial statements; (b) uses to communicate to users of financial statements management's view of an aspect of the financial performance; and (c) are not listed within IFRS 18 or specifically required to be presented or disclosed by another IFRS Accounting Standard.
- All MPMs are required to be disclosed in a single note in the financial statements setting out:
 - an explanation of why the MPM is reported, and
 - a reconciliation to a directly comparable GAAP measure within IFRS 18 or another IFRS Accounting Standard.

Enhanced requirements for aggregation & disaggregating information

- Enhanced requirements are set out for the aggregation and disaggregation of items based on similar and dissimilar characteristics. Items that have dissimilar characteristics must be disaggregated when the resulting information is material. Guidance is also included on how to describe items within the financial statements, requiring an entity to label items presented or disclosed as 'other' only if a more informative label cannot be found.
- New guidance is provided on whether information should be reported in the primary financial statements or the notes. This includes guidance on presentation and disclosure of expenses classified in the operating category, alongside introducing more prescribed requirements for an entity that classifies expenses by function as well as the requirement to disclose expenses by nature in a single note for certain amounts - depreciation, amortisation, employee benefits, impairment and write-downs of inventories

Many principles and requirements have been brought forward from IAS 1 to IFRS 18 such as frequency of reporting, comparative information, offsetting, capital disclosures and the requirements for the statement of financial position and for the statement of changes in equity.

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North East Derbyshire District Council

Audit Committee

27th April 2026

Summary of Progress on the 2025/26 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 2025/26 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 2025/26 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 Three 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 details of the progress made on the agreed 2025/26 internal audit plan. Not all of the plan will be completed however enough of the plan has been completed to enable the Head of the Internal Audit Consortium to provide an audit opinion.

3 Reasons for Recommendation

- 3.1 To update Members on the progress made against the 2025/26 Internal Audit Plan and to provide details of the Audit Reports issued and assurance on the governance, risk and control processes in place.
- 3.2 To comply with the requirements of the Global Internal Audit Standards in the UK Public Sector.

4 Alternative Options and Reasons for Rejection

- 4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
Appendix 1	Summary of Internal Audit reports issued January to March 2026.
Appendix 2	Assurance Definitions
Appendix 3	Progress made on the 2025/26 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 – March 2026

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
008	Taxi Licensing	A review of the Councils' arrangements for the licensing and regulation of taxi drivers, vehicles and operators, safeguarding, compliance with statutory requirements, and enforcement activity.	Substantial	3/3/2026	24/03/2026	5L	5
009	Treasury Management	To ensure there are appropriate strategies in place and that any treasury management activity is in line with these and that there is an appropriate separation of duties.	Substantial	6/2/26	27/2/26	0	0

Report Ref No.	Report Title	Scope and Objectives	Assurance Provided	Date		Number of Recommendations	
				Report Issued	Response Due	Made	Accepted
010	CIPFA Financial Management Code	To review compliance against the CIPFA Financial Management Code.	Substantial	26/2/26	19/3/26	0	0

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

Progress Made on the 2025/26 Internal Audit Plan

Complete
In progress
Ongoing (not a specific audit)
Deferring
Not Started

	Main Financial Systems	Risk	Strategic Risk	2025/26 Days
	CIPFA Code of Financial Management	M	SR2	15
	Treasury Management	M	SR8	15
	Housing Benefits	M	SR3	20
	Total Main Financial Systems			50
	Corporate / Cross Cutting			
	Corporate Governance / Assurance Statement	N/A	SR8	2
	Financial advice / working groups	N/A		20
	Climate Change (carried forward)	M	SR15	12
	Complaints Procedures	L		8
	Corporate Targets (Council Plan performance framework)	M	SR8	14
	Emergency Planning / Business Continuity	M	SR4	15
	Ethics and Culture	M	SR8	15
	Total Cross Cutting			86
	Operational Audits			
	Commercial Waste	M		12
	Clay Cross Active	M	SR3	18
	Dronfield Active	M	SR3	16
	Facilities Compliance	M		12
	Flytipping (Joint BDC)	L		8
	Insurance	M		12
	Petty Cash yr end balances	L		5

	Private Sector Housing Disrepairs (Joint BDC)	M		8
	Planning Fees and Appeals	M	SR19	15
	Recruitment and Selection	M	SR5	15
	Taxi Licences (Joint BDC)	M		10
	Grant Compliance (UK Shared Prosperity Fund / Town Deal)	M	SR6	12
	Utilities – monitoring electricity/gas /water usage / meter readings	M	SR16	10
	Total Operational Areas			153
	IT Related			
	IT Inventory / Disposal of Equipment (Joint with BDC)	M		10
	Total IT			10
	Rykneld Homes			97
	National Fraud Initiative			5
	Special Investigations / Contingency/ emerging risks			40
	Apprenticeships / training			30
	Audit Committee / Client Liaison			15
	Grand Total		486	486

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

Use of Social Media
Homelessness
Pest Control

North East Derbyshire District Council

Audit Committee

27th April 2026

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

The purpose of this report is to report to Members for information and approval the results of a review of the Internal Audit Charter. The Global Internal Audit Standards in the UK Public Sector require the Head of Internal Audit to periodically review the Internal Audit Charter and present it to the relevant Committee for approval.

RECOMMENDATIONS

1. That subject to any comments Members may wish to make, 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 in the UK Public Sector.

IMPLICATIONS

Finance and Risk: Yes No

Details:

The adoption of a Charter in line with the Global Internal Audit Standards in the UK Public Sector 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	
<p>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:</p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
District Wards Significantly Affected	None
<p>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"/></p>	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 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 functions: -

- Purpose of internal auditing
- Commitment to adhering to the Global Internal Audit Standards in the UK Public Sector
- 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. **Details of Proposal or Information**

2.1 The Internal Audit Charter was last formally approved by this Committee in April 2025. It was agreed that the Charter would be reviewed every year to ensure that it is kept up to date and in accordance with CIPFA recommended practice.

2.2 There have been no updates to the Global Internal Audit Standards in the UK Public Sector since the last review of the Charter.

2.3 The current Internal Audit Charter has been reviewed and it is felt that it is still fit for purpose. The only addition is in respect of including Rykneld Homes Ltd as the Internal Audit Consortium are the appointed Auditors for North East Derbyshire District Council's company.

2.4 The Internal Audit Charter is attached as Appendix 1.

3 **Reasons for Recommendations**

3.1 To comply with the Global Internal Audit Standards in the UK Public Sector 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)	

Appendix 1

Internal Audit Charter for Chesterfield Borough Council, Bolsover District Council and North East Derbyshire District Council (including Rykneld Homes Ltd)

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 Councils 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 in the UK Public Sector

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 in the UK Public Sector. 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 in the UK Public Sector.
- 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 organisations 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 in the UK Public Sector, 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 Consortiums 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 in the UK Public Sector, 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 organisational behavior that is inconsistent with the organisations 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 in the UK Public Sector.
- 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 in the UK Public Sector 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 in the UK Public Sector. 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 in the UK Public Sector 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 in the UK Public Sector, 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 Committee

27th April 2026

INTERNAL AUDIT PLAN 2026/27

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 2026/27.

RECOMMENDATIONS

1. That the Internal Audit Plan for 2026/27 be agreed.
2. That it be noted that the plan is provisional and may need adjusting and prioritising in the light of any changes in the Council's business, risk operations, programs. Systems, controls and organisational culture. Any significant changes to be brought back to this Committee for approval.

IMPLICATIONS

Finance and Risk: Yes No

Details:

The internal audit budget for 2026/27 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 in the UK Public Sector 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 in the UK Public Sector require that the Audit Committee (highest level body charged with governance) approve the plan.

2. Details of Proposal or Information

- 2.1 The plan has been prepared taking into account the following factors: -
- The Council's objectives and priorities,
 - Local and national issues and risks,
 - The requirement to produce an annual internal audit opinion – adequate coverage of governance, risk and control arrangements,
 - Information technology governance, fraud risk, the effectiveness of the Council's compliance with ethics programs and other high- risk areas,
 - The Council's strategic and operational risk registers,
 - Consultation with the Senior Leadership Team.
- 2.2 An annual report summarising the outcome of the 2025/26 internal audit plan will be presented to this Committee after the year-end. Several areas have been rolled forward to the 2026/27 internal audit plan due to a lack of resources during the year and the overrun of the 2024/25 internal audit plan.
- 2.3 A summary of the internal audit plan for 2026/27 is shown below and in detail at Appendix 1.

Internal Audit Plan 2026/27

Summary	Audit Days
Main Financial Systems	90
Other Operational Audits	135
Computer / IT Related	15
National Fraud Initiative	5
Rykneld Homes Ltd	97
Corporate / Cross Cutting / Governance	59
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 25th March 2026. The plan allocates 486 days to North East Derbyshire District Council for 2026/27, this is the same allocation as in 2025/26.

2.5 The plan is ambitious and is reliant upon having a full staffing complement and fully trained staff.

3 Reasons for Recommendations

3.1 To comply with the Global Internal Audit Standards in the UK Public Sector 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 2026/27
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 Internal Audit Plan 2024/25 – 2026/27

Audit not completed

Risk		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
	Main Financial Systems				
M	Main Accounting/Budgetary Control/MTFP	12	0	0	Failure to produce a reliable set of accounts, lack of control over spending, (Strategic Risk 2)
M	CIPFA Financial Management Code	0	15	0	Financial Resilience / sustainability (Strategic Risk 2)
M	Payroll / new system	0	0	35	Employees are paid incorrectly, there are ghost employees in the system
M	Creditor Payments	20	0	0	Incorrect or fraudulent payments are made (Strategic Risk 3)
M	Debtors	15	0	15	Loss of income, fraud
M	Treasury Management	0	15	0	Misappropriation of funds, poor investment decisions
M	Cash and Banking/Income Management	10	0	0	Loss of income, theft
M	Council Tax	10	0	0	Loss of income, fraud (Strategic Risk 3)
M	Non- Domestic Rates	0	0	20	Loss of income, fraud (Strategic Risk 3)
M	Housing / Council Tax Benefits	0	20	20	Reputational damage, fraud (Strategic Risk 3)
	Total Main Financial Systems	67	50	90	
	Other Operational Audits				
M	Asset Management Arrangements	12	0	0	Assets not fit for purpose, not providing VFM
H	Business Centres – Coney Green & Midway	10	0	0	Loss of income, health & safety
M	Clay Cross Active	0	18	0	Loss of income, poor practice (Strategic

Risk		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
					Risk 3, 24)
M	Commercial Waste	0	12	0	Loss of income
L	Corporate Credit Cards	8	0	0	Fraud, theft
M	Data Protection	0	0	13	Large fines, reputational damage
M	Disabled Facilities Grants	10	0	0	Fraud, poor VFM
M	Domestic Household Waste inc new food waste Regs	0	0	12	Reputational , health and safety risks (Strategic risk 1b)
M	Dronfield Active	0	16	0	Loss of income, poor practice (Strategic Risk 3)
M	Eckington Leisure Centre	15	0	0	Loss of income, theft, poor practice (Strategic Risk 3)
L	E.Health Licensing	8	0	0	Loss of income, reputational damage
L	Expenses and Allowances	10	0	0	Fraud, theft
M	Facilities Compliance	0	12	0	Staff health risk
L	Flytipping	0	8	0	Reputational damage
M	Food Hygiene (Joint with BDC)	0	0	10	Health & Safety
L	Grounds Maintenance	10	0	0	Reputational
M	Grant Compliance (UK Shared prosperity fund / Town Deal)	0	12	0	Repayment of grant if spent inappropriately (Strategic Risk 6)
M	Homelessness	0	0	12	Reputational, health & safety
H	Industrial Property Rents/Periodic Income	15	0	0	Loss of income, fraud
M	Insurance	0	12	12	Wrong cover levels and type, fraudulent claims
M	Killamarsh Leisure Centre	15	0	0	Loss of income, theft, poor practice (Strategic Risk 3)
L	Leisure Direct Debits	0	0	12	Loss of income (Strategic Risk 3)
L	Pest Control (Joint with BDC)	0	0	5	Loss of income, health & safety (Strategic Risk 3)
L	Petty Cash and year end floats	5	5	5	Theft

Risk		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
M	Planning Fees and appeals	0	15	15	Loss of income, reputation (Strategic Risk 19)
M	Private Sector Housing Disrepairs	0	8	0	Health and Safety
M	Recruitment and Selection	0	15	0	Fraud (Strategic Risk 5)
M	Section 106	12	0	0	Loss of income/fraud/ reputational damage, failure to deliver projects
M	Social Media / communications / digital strategy	0	0	15	Reputational damage
M	Taxi Licensing	0	10	0	Safeguarding risk (Strategic risk 10)
H	Transport	8	0	14	Theft / Health & Safety (Strategic Risk 6)
M	Utilities – monitoring electricity/gas /water usage / meter readings	0	10	0	Poor value for money, loss of income
L	VAT	0	0	10	Fines through errors
	Total Operational Audits	138	153	135	
	Computer and IT Related				
H	Cyber Security / Network Security/systems security / Transformation Programme - Digital	15	0	0	Attack on Council systems / business continuity/ reputational damage / financial (Strategic Risk 13)
L	IT Inventory / disposal of Equipment	0	10	0	Theft, loss of data, reputation (Strategic Risk 13)
H	IT Audit (TBC)	0	0	15	Attack on Council systems / business continuity/ reputational damage / financial (Strategic Risk 13, 22)
	Total Computer and IT related	15	10	15	
	Rykneld Homes	97	97	97	Partnership fails (Strategic Risk 7)

Risk		2024/25 Days	2025/26 Days	2026/27 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	0	Failure to deliver on targets, reputation (Strategic Risk 15)
L	Complaints Procedures	0	8	0	Reputational damage
M	Emergency Planning / Business Continuity	0	15	0	Failure to respond to an emergency appropriately, health and safety, reputation (Strategic Risk 4)
M	Ethics and Culture	0	15	0	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	3	0	0	Loss of Grant funding
M	Health and Safety	10	0	0	Risk of injury, death (Strategic Risk 8)
M	Local Government Review	0	0	10	Failure of preparedness (Strategic Risk 1a)
M	Performance Management/Corporate Targets	0	14	0	Decisions made on inaccurate data (Strategic Risk 8)
H	Procurement	12	0	15	Fraud, poor value for money
M	Risk Management	10	0	12	Failure to identify and mitigate risks (Strategic Risk 8)
M	Safeguarding	10	0	0	Safety of the vulnerable, reputational risk (Strategic Risk 10)
	Total Cross Cutting Areas	79	86	59	
	Fraud and Corruption				
M	National Fraud Initiative	5	5	5	Fraud

Risk		2024/25 Days	2025/26 Days	2026/27 Days	Risk Factor / Strategic Risk
	Total	5	5	5	
	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 2026/27

Committee Processes
Health & Safety
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Recruitment and Selection

North East Derbyshire District Council

Audit Committee

27th April 2026

INTERNAL AUDIT STRATEGY 2026 - 2028

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

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

RECOMMENDATION

1. That the Internal Audit Strategy be agreed.

IMPLICATIONS

Finance and Risk: Yes No

Details:

The adoption of an Internal Audit Strategy will help to ensure that the Internal Audit Consortium supports the Councils risk management function.

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	
<p>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:</p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies</p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
District Wards Significantly Affected	None
<p>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"/></p>	No Details:

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

An Internal Audit Strategy will help to ensure that internal audit objectives align with those of the Council.

REPORT DETAILS

1 Background

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

2. Details of Proposal or Information

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

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

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

3 Reasons for Recommendation

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

4 Alternative Options and Reasons for Rejection

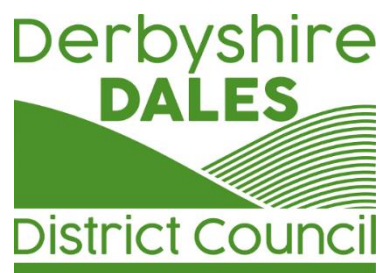
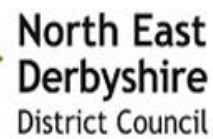
- 4.1 Not Applicable

DOCUMENT INFORMATION

Appendix No	Title
1	Internal Audit Strategy 2026 - 2028
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 Strategy 2026 - 2028



Owner: Jenny Williams

Date: 31st March 2026

Review: 31st March 2028

CONTENTS

1.0 Introduction	
2.0 Council Plans and Objectives	
3.0 Internal Audit Vision	
4.0 Strategic Objectives and Supporting Initiatives	
5.0 Review of the Internal Audit Strategy	

1.0 Introduction

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

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

2.0 Council Plans and Objectives

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

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

3.0 Internal Audit Vision

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

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

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

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

4.0 Strategic Objectives and Supporting Initiatives

4.1 Developing our staff

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

Supporting initiatives will include: –

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

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

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

Supporting initiatives will include: –

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

4.3 Continually Improve the Quality of our Service

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

Supporting initiatives will include: –

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



5.0 Review of the Internal Audit Strategy

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

North East Derbyshire District Council

Audit Committee

27 April 2026

Update to Accounting Policies 2025/26

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 2025/26.

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 2025/26 and will therefore influence the presentation and understanding of the financial position of the Council as at 31 March 2026.

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 2025/26 has officer review time built in to cross check the policies to the actual treatment of items within the accounts.

On Behalf of the Section 151 Officer

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

Details:

The agreement of appropriate Accounting Policies is part of the process of ensuring that the Council satisfies its legal obligation to prepare a Statement of Accounts. The accounting policies adopted by the Council must comply with current legislation, the Code of Practice on Local 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 2025/26 were approved by Audit Committee on 19 January 2026. 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 2025/26 specifically relating to revaluation of Property, Plant and Equipment and will apply in the preparation of the Statement of Accounts 2025/26.

2. Details of Proposal or Information

Accounting Policies

- 2.1 In January 2026 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 2025/26. In March 2026, the guidance notes that accompany the code of practice were published. These guidance notes included an update in relation to revaluations of property, plant and equipment.
- 2.2 From 1 April 2025 changes to the code of practice means that the Council must revalue their assets every five years, with annual indexation applied to assets during the four intervening years. The Council can choose a full quinquennial revaluation or a rolling programme of revaluations over a five-year cycle. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three. The change for the Council is the application of indices during the four intervening years.
- 2.3 As the Statement of Accounts for 2025/26 are prepared it may be necessary to amend a policy 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 2025/26 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 (Updated)
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 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26 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 reclassifiable to the Surplus or Deficit on the Provision of Services. As such we have not grouped the items in Other Comprehensive Income and Expenditure into amounts that may be reclassifiable and amounts that are not.

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.

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 2025/26 the outstanding general fund debt prior to 1 April 2007 will be repaid at a rate of £0.056m 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. These costs are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement, as part of Non-Distributed Costs.
- Interest 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 in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

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 £0.010m 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 £0.010m 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 £0.010m) 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 Arm's 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 £0.010m) 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. On the basis of 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 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 £0.010m 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;
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV);
- 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.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place and/or the assets are not non-property assets subject to indexation, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation, with a desktop revaluation in year three.

Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

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

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

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

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

- 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 £0.010m.
- 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 £0.010m 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 and Assets; Leisure.

North East Derbyshire District Council

Audit Committee

27 April 2026

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

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 provide to the Audit Committee a review by the S151 Officer of the effectiveness of the Council's Internal Audit arrangements.
 - For the Audit Committee to consider whether the conclusion set out within this report represents a reasonable evaluation of the Internal Audit service and its effectiveness as part of the Council's Governance arrangements.
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RECOMMENDATIONS

- 1 That the Audit Committee consider and endorse the S151 Officer's assessment of the Internal Audit Service as detailed at 1.3 below.
 - 2 That the Audit Committee make any comments which they consider to be appropriate either on the contents of this report, or on the opinion of the S151 Officer regarding the effectiveness of the Internal Audit service.
-

IMPLICATIONS

Finance and Risk

Yes ✓

No

There are no additional financial implications arising out of this report.

On the basis that the Internal Audit Consortium provides a service on which the Council can place reliance then this provides a significant mitigating factor which will reduce the risk of a failure of the Council's Internal Control arrangements.

On Behalf of the Section 151 Officer

Legal including Data Protection

Yes ✓

No

There are no Legal or Data Protection issues arising directly from this report

On Behalf of the Solicitor to the Council

Staffing

Yes

No ✓

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

DECISION INFORMATION

<p>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:</p> <p>NEDDC: Revenue - £100,000 <input checked="" type="checkbox"/> Capital - £250,000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Significantly Affected</p>	None
<p>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"/></p>	No Details:
<p>Equality Impact Assessment (EIA) details:</p>	
<p>1 Stage 1 screening undertaken</p> <ul style="list-style-type: none"> Completed EIA stage 1 to be appended if not required to do a stage 2 	No, not applicable
<p>2 Stage 2 full assessment undertaken</p> <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	No, not applicable

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

All

1 REPORT DETAILS

Background

- 1.1 The Accounts and Audit Regulations require local authorities to follow proper accounting practices and to maintain an appropriate regime of internal control. These Regulations require that the Council conduct annual reviews of the effectiveness of its internal audit service, and that this review will be considered by a committee of the Council as part of the wider consideration of the system of internal control.
- 1.2 Given the role of the Audit Committee in relation to financial governance and internal control issues it is appropriate that this report is brought before that Committee for consideration.

Review of the Effectiveness of Internal Audit

- 1.3 The Council's S151 Officer in reviewing the effectiveness of the Council's Internal Audit Service during 2025/26 is satisfied that an effective service has been provided, and concludes:

"It is my opinion that the Internal Audit Consortium carries out this function competently and to a high standard. The Consortium provides an effective service upon which I can place reliance."

The sections below outline the evidence which support that judgement and the Committee are asked to consider and comment upon the reasonableness of the conclusion that has been reached.

- 1.4 The Internal Audit Consortium has substantially achieved the Internal Audit Plan for 2025/26 with a customer satisfaction rate of 96%. Four audits have been rolled over, mainly due to lack of resource in either the audit team or the service area. Before deferring, the risks of doing so have been assessed by the Senior Auditors in all cases and where appropriate flagged with the relevant member of senior management.
- 1.5 The Audit Plan is based on a risk assessment process of the Council's systems and internal controls and demonstrates that a systematic review of the Council's activities has been undertaken during the year. The Council's Senior Management Team were consulted and agreed the Audit Plan before the start of the financial year. Progress against the Audit Plan has been reported to this Audit Committee on a regular basis during the year by the Head of the Internal Audit Consortium.
- 1.6 The most direct outcome which arises from the work of Internal Audit are the reports, which cover the areas as agreed within the Audit Plan. These reports provide important evidence which enable other stakeholders to evaluate the quality of the work of internal audit. Before publication the relevant service manager, assistant director and director are invited to review the report and comment as appropriate. In addition, all reports that have limited or inadequate assurance are brought to the attention of the Managing Director who will trigger a review of the outcomes and require a corrective action plan be devised.
- 1.7 The audit team operate to recognised good practice and professional standards. Since 1 April 2025, internal audit work has been delivered in accordance with the Institute of Internal Auditors' Global Internal Audit Standards and the UK Public Sector Application Note (which replaced the UK Public Sector Internal Audit Standards from that date), and the Head of the Internal Audit Consortium reports on conformance to the Audit Committee. In addition, the Council operates its internal audit function in line with relevant CIPFA guidance, including the CIPFA Statement on the role of the Head of

Internal Audit in Public Service Organisations (2019 edition) and the CIPFA Code of Practice for the Governance of Internal Audit in Local Government, which highlights that the Audit Committee should take account of conformance with the Standards, the quality of engagement with the Committee, internal audit performance, and feedback from senior management when considering internal audit effectiveness.

- 1.8 Finally, it should be noted that the service has operated within the approved financial budget since its inception in April 2007. Given that these budgets were based upon the Business Case which was developed concerning the Internal Audit consortium as part of the process of setting up the Consortium arrangements, and that the Business Plan explicitly considered best value issues the S151 Officer is satisfied that the service is providing good value for money for the Council.

2 Reasons for Recommendation

- 2.1 The Chief Financial Officer is required to consider at the end of each financial year whether the Internal Audit team provide a service on which reliance can be placed.

3 Alternative Options and Reasons for Rejection

- 4.1 None considered, there is a requirement to report effectiveness of the Internal Audit Service.

DOCUMENT INFORMATION

Appendix No	Title
Background Papers	

North East Derbyshire District Council

Audit Committee

27 April 2026

Committee Work Programme May 2025 – April 2027

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 period May 2025 – April 2027.

RECOMMENDATIONS

1. That the Committee notes and approves the proposed Audit Committee Work Programme for the period May 2025 – April 2027 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 a 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 period May 2025 – April 2027.

3 Reasons for Recommendation

- 3.1 To enable the Committee to consider the Work Programme for the period May 2025 – April 2027.

4 Alternative Options and Reasons for Rejection

- 4.1 There are no other options proposed.

DOCUMENT INFORMATION

Appendix No	Title
1	Committee Work Programme May 2025 – April 2027.
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
WORK PROGRAMME
MAY 2025 - APRIL 2027

<u>DATE OF MEETING</u>	<u>ITEM</u>
28 July 2025	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Treasury Management Update • Annual Governance Statement • Code of Corporate Governance • Annual Statement of Accounts • Going Concern Report • Internal Audit Progress Report • Internal Audit Consortium Annual Report
24 November 2025	<ul style="list-style-type: none"> • Internal Audit Progress Report • Monitoring the implementation of Internal Audit recommendations • External Audit Completion Report • Safeguarding Update
19 January 2026	<ul style="list-style-type: none"> • Risk Management Update • Treasury Management Refresher training • Treasury Management Strategies • Proposed Accounting Policies • Internal Audit Progress Update • Proposed External Review of Internal Audit
27 April 2026	<ul style="list-style-type: none"> • External Audit Update • Annual Review of Effectiveness of Internal Audit • Evaluate the Effectiveness of the Audit and Corporate Governance Committee • Internal Audit Progress Update • Monitoring the implementation of Internal Audit recommendations • Internal Audit Plan • Review of the Internal Audit Charter • Update to Accounting Policies 2025/26 - Property Plant and Equipment • Internal Audit Strategy 2026 - 2028
July 2026 *	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Treasury Management Update • Annual Governance Statement • Code of Corporate Governance

	<ul style="list-style-type: none"> • Annual Statement of Accounts • Going Concern Report • Internal Audit Progress Report • Internal Audit Consortium Annual Report • Local Government Reform
November 2026 *	<ul style="list-style-type: none"> • Internal Audit Progress Report • Monitoring the implementation of Internal Audit recommendations • External Audit Completion Report
January 2027 *	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Treasury Management Refresher training • Treasury Management Strategies • Proposed Accounting Policies • Internal Audit Progress Update • Review of the Internal Audit Charter
April 2027 *	<ul style="list-style-type: none"> • External Audit Update • Risk Management Update • Annual Review of Effectiveness of Internal Audit • Evaluate the Effectiveness of the Audit and Corporate Governance Committee • Internal Audit Progress Update • Monitoring the implementation of Internal Audit recommendations • Internal Audit Plan

**actual dates to be confirmed with Governance*