

# Audit Committee

**Date: Wednesday 13th May 2026**

**Time: 4.00pm**

**Venue: Kaposvar Room - Guildhall, Bath**

**Councillors:** David Biddleston (Chair), Sam Ross, Malcolm Treby, Toby Simon and George Tomlin

**Independent Member:** John Barker



**Enfys Hughes**

**Democratic Services**

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## NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. **Recording at Meetings:-**

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control. Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators. We request that those filming/recording meetings avoid filming public seating areas, children, vulnerable people etc; however, the Council cannot guarantee this will happen.

The Council will broadcast the images and sounds live via the internet [www.bathnes.gov.uk/webcast](http://www.bathnes.gov.uk/webcast). The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. **Public Speaking at Meetings**

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

**Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.**

Further details of the scheme can be found at:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

5. **Emergency Evacuation Procedure**

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

6. **Supplementary information for meetings**

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

**Audit Committee - Wednesday 13th May 2026**

**at 4.00pm in the Kaposvar Room - Guildhall, Bath**

**A G E N D A**

1. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 7.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

3. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to indicate:

- (a) The agenda item number in which they have an interest to declare.
- (b) The nature of their interest.
- (c) Whether their interest is **a disclosable pecuniary interest** or an **other interest**,  
(as defined in Part 4.4 Appendix B of the Code of Conduct and Rules for Registration of Interests)

Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer or a member of his staff before the meeting to expedite dealing with the item during the meeting.

4. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

The Chair will announce any items of urgent business.

5. ITEMS FROM THE PUBLIC - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS

6. ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS

To deal with any petitions, statements or questions from Councillors and, where appropriate, co-opted and added Members.

7. MINUTES: 11TH FEBRUARY 2026 (Pages 7 - 10)

8. EXTERNAL AUDIT - AUDIT PLANS FOR COUNCIL & PENSION FUND (Pages 11 - 78)

9. OVERVIEW OF RISK MANAGEMENT ARRANGEMENTS - PROCUREMENT RISK  
(Pages 79 - 84)
10. ANNUAL REPORT - FRAUD & CORRUPTION (Pages 85 - 132)
11. ANNUAL REPORT - INTERNAL AUDIT - 2025/26 (Pages 133 - 146)
12. ANNUAL PLAN - INTERNAL AUDIT - 2026/27 (Pages 147 - 166)
13. COMMITTEE WORK PLAN - 2026/27 (Pages 167 - 172)

The Democratic Services Officer for this meeting is Enfys Hughes who can be contacted on 01225 394410.

**AUDIT COMMITTEE**

**Minutes of the Meeting held**

Wednesday 11th February 2026, 4.00 pm

**Councillors:** David Biddleston (Chair), Sam Ross (Vice-Chair), Toby Simon and George Tomlin

**Independent Member:** John Barker

**Guests in attendance:** Beth Bowers (Grant Thornton (External Auditors))

**26 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer drew attention to the emergency evacuation procedure as set out on the agenda.

**27 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were apologies from Councillor Malcolm Treby.

**28 DECLARATIONS OF INTEREST**

There were none.

**29 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

**30 ITEMS FROM THE PUBLIC - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS**

There were none.

**31 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS**

There were none.

**32 MINUTES - 26TH NOVEMBER 2025**

**RESOLVED** that the minutes of the meeting held on 26<sup>th</sup> November 2025 be confirmed as a correct record and signed by the Chair.

**33 EXTERNAL AUDIT - UPDATE**

The External Auditor stated that the report gave an update on the audit plan and they were early in the planning cycle. The detailed plan would be submitted to the next committee in May 2026.

In response to Members' questions the following points were confirmed:

- It was noted that there only around 4 schools maintained by the local authority, the rest being academies, but it was confirmed that the fees in respect of teacher's pensions were not significant. However, an audit was required and the auditor must be off the approved list. This was something that education policy makers should think about. (Councillor Toby Simon)
- In respect of the timetable for 2027 meetings of the committee, there would be a meeting in early April due to the elections in May that year. (Councillor Toby Simon)
- In relation to Council spending on SEND, there had been a very recent government announcement that 90% of the deficit would be covered by the government. Clarification on the residual amount was still awaited. (Councillor David Biddleston)
- It was stated that part of the review of Annual Governance was the Code of Corporate Governance. Beth Bowers (External Auditor) stated a recent webinar by the external auditor in respect of this, would be made available to councillors. (Councillor David Biddleston)

**RESOLVED** to note the Audit Update Report.

#### **34 TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27**

The Group Accountant presented the report which was an annual requirement of the CIPFA Code and set the framework for officers to work within. The report would be submitted to Cabinet and Council.

Following questions the points below were confirmed:

- PWLB loans had been taken out over a long time when the interest rates were lower, now rates had increased due to uncertainty. It was necessary to budget at the current rates. (Councillor George Tomlin)
- With LOBO loans the borrower received options whether to accept the increase/decrease or refinance. If the rates went up the loan might be repaid. This would be a decision for the Section 151 Officer in April. (Councillor Toby Simon)
- In relation to paragraph 3.4.2 with some local authorities being re-organised this would be factored into the process. (Councillor Toby Simon)
- The liability benchmarking chart in the report was explained to members of the committee.

#### **RESOLVED**

- 1) To recommend the actions proposed within the Treasury Management Strategy Statement 2026/27 (**Appendix 1**) to Council; and
- 2) To note the Treasury Management Indicators detailed in **Appendix 1**.

#### **35 RISK MANAGEMENT - UPDATE REPORT - FINANCIAL MANAGEMENT SYSTEM**

The Director of Assurance, Risk and Pensions One West (Finance) introduced the report and reminded Members that there was an update on risk management to

each meeting of the Audit Committee. This report detailed the replacement of the Council's financial management system. The Head of Financial Governance made the presentation on the new system which had been circulated to Members before the meeting.

Following questions the points below were confirmed:

- The new system was reactive to change and BANES was the first local authority to implement ERPx. The department was in discussions with Devon, Bristol and Warwickshire. (Councillor David Biddleston)
- The team working on implementation of the new system were going above and beyond, doing two jobs working on both the old and new system.
- The audit team were involved in the implementation of the new system and it would be included in next year's audit plan. (John Barker – Independent Member)
- The control mechanisms, audit logs and data control would be of huge benefit with the new system.

On a motion from Councillor David Biddleston, seconded by Councillor Sam Ross it was

**RESOLVED** to note the report and receive a further update in six months on progress with regards to the implementation process of the Council's financial management system.

### **36 CONSULTATION ON THE DEVELOPMENT OF THE INTERNAL AUDIT PLAN 2026/27**

The Head of Audit and Assurance One West (Finance) presented the report which outlined the consultation on the internal audit plan. He stated the main areas of concern were cyber security, Section 106 and the Dedicated Schools Grant (DSG).

During discussion the following issues arose to be considered for inclusion in the internal audit plan 2026/27:

- The placement of children in unregulated children's homes and value for money in delivering care for vulnerable children. (Councillor Toby Simon)
- The increasingly high cost of such care, the high level of staffing, out-county placements and whether statutory obligations were being met. (Councillor David Biddleston)
- Ensuring money spent on highways maintenance and improvements for public safety on the roads. (Councillor David Biddleston)

The Director of Assurance, Risk and Pensions One West (Finance) reminded Members that the audit plan was dynamic and would come back to Committee.

### **RESOLVED**

- 1) To comment on any areas or themes that they would like to be considered for inclusion in the Internal Audit Plan for 2026/27; and

- 2) To note the intention to keep the plan under regular review, including a six-month progress assessment, in order to prioritise resources as required.

**37 ANNUAL GOVERNANCE STATEMENT UPDATE**

The Head of Audit and Assurance One West (Finance) presented the report which outlined the Annual Governance process in order that the Audit Committee fulfils its responsibilities.

There were no questions on the report.

**RESOLVED** to note the report and process for the Annual Governance Statement.

**38 AUDIT COMMITTEE - DRAFT WORKPLAN**

The Director of Assurance, Risk and Pensions One West (Finance) presented the workplan and would include the following:

- Update on the DSG (direct to the Chair)
- Audit plans to the next meeting in May.

**RESOLVED** to note the 2026/27 workplan for the Committee subject to any proposed amendments.

The meeting ended at 5.45 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

<b>Bath &amp; North East Somerset Council</b>		
<b>MEETING:</b>	<b>Corporate Audit Committee</b>	
<b>MEETING DATE:</b>	<b>13<sup>th</sup> May 2026</b>	<b>AGENDA ITEM NUMBER</b>
<b>TITLE:</b>	<b>External Audit Plan – B&amp;NES Council and Avon Pension Fund</b>	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
<b>Appendix 1 – External Audit Plan for the Council 2025/26</b>		
<b>Appendix 2 – External Audit Plan for the Avon Pension Fund 2025/26</b>		

## **1 THE ISSUE**

1.1 The External Auditor will present their Audit Plans for the Council and Avon Pension Fund for the year 2025/26.

## **2 RECOMMENDATION**

2.1 The Corporate Audit Committee is asked to –

Endorse the 2026/26 External Audit Plan for the Council (Appendix 1) & External Audit Plan for the Avon Pension Fund (Appendix 2).

## **3 THE REPORT**

3.1 The External Auditor is required to set out their proposed work plans for the audit of the Council’s Accounts and Avon Pension Fund to the Audit Committee along with their proposed fees.

3.2 Appendix 1 outlines the work required and approach to be taken with regards to the 2025/26 External Audit of the Council. The External Auditor will provide a full verbal briefing on the Audit Plan at the Committee meeting.

3.3 Appendix 2 outlines the work required and approach to be taken with regards to the 2025/26 External Audit of the Avon Pension Fund. The External Auditor will provide a full verbal briefing on the Audit Plan at the Committee meeting.

## 4 STATUTORY CONSIDERATIONS

4.1 There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIPFA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

## 5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 The financial implications from this report are laid out in the fees section of each plan. These show an increase from previous years and have been allowed for within the Council's and Avon Pension Fund agreed budgets

## 6 RISK MANAGEMENT

6.1 A proportionate risk assessment has been carried out in relation to the Councils risk management guidance. There are no new risks or issues to report to the Committee as a result of this report. An unqualified audit opinion and positive VFM report are indicators of good governance and the Council and Avon Pension Fund will continue to work towards minimising risks within this environment.

## 7 EQUALITIES

7.1 A proportionate equalities impact assessment has been carried out using corporate guidelines, no significant issues to report.

## 8 CLIMATE CHANGE

8.1 There are no direct climate change implications related to this report.

## 9 OTHER OPTIONS CONSIDERED

9.1 No other options to consider related to this report.

## 10 CONSULTATION

10.1 Consultation has been carried out with the Section 151 Finance Officer.

<b>Contact person</b>	Jeff Wring, Director – Risk, Assurance & Pensions (01225 477323)
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	

# The Audit Plan for Bath and North East Somerset Council

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Year ending 31 March 2026

30 April 2026



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# The Backstop

## The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

We are satisfied that Bath and North East Somerset Council has sufficiently robust processes in place to meet the requirements of the upcoming backstop dates. The Council have not had a disclaimed or modified opinion within the backstop period and we are not currently aware of any issues that would mean this would occur in future.

# Introduction and headlines



## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Bath and North East Somerset Council ('the Council') and Group for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Bath and North East Somerset Council. We draw your attention to these documents.

## Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's and Group's financial statements that have been prepared

by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council and Group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and Group and is risk based.

# Introduction and headlines (continued)

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and buildings
- Valuation of investment properties
- Valuation of the pension fund net liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £8.8m (PY £10.620m) for the Council, which equates to 2% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors. Performance materiality remains at 75%.

Clearly trivial has been set at £440k (PY £531k).

## Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of Aequus Group Holdings Limited, Aequus Development Limited and Aequus Construction Limited.

Group planning materiality has been set at £9m.

## Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- There is a risk of significant weakness identified in relation to the Dedicated Schools Grant (DSG) Deficit. In 2022/23, 2023/24 and 2024/25 we concluded that the Council did not have effective arrangements in place to manage the High Needs element of the DSG within its agreed recovery plan and identified this as a significant weakness in arrangements. We consider that there continues to be a risk of significant weakness in 2025/26

## Audit logistics

Our interim visit took place in February and March and our final visit will take place between June and September. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

## Major local audit (MLA)

In 2025-26 the Council has been classed as a major local audit, as a result of being the administering authority for Avon Pension Fund. This necessitates additional procedures such as the engagement of an auditor expert for land and building valuations, lower materiality and additional quality reviews of the accounts.

Our proposed fee for the audit is £413,618 (PY: £393,997) for the Council per the following table:

Additional Fees (MLA)	Proposed Fee
Reduced Materiality*	£12,500
<b>Total MLA Additional Fees</b>	<b>£12,500</b>
Scale Fee	£401,118
<b>Total Audit Fees</b>	<b>£413,618</b>

\*This is an estimate and we will keep it under review through the audit

The above is subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>



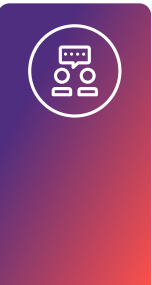
“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

# Significant risks identified (continued)

Significant risk	Audit team’s assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.</p> <p>Where we have rebutted the risk of fraud in revenue recognition for revenue streams this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.</p> <p>We considered the risk of fraud particularly for Roman Bath Income using the Fraud Triangle (Opportunity, Incentive and Rationalisation). The team arrived at the conclusion that this is not an area that requires special audit consideration as none of the above factors (highlighted in ISA (UK) 315) apply. Although fraud risk factors surrounding this stream of income are low, the audit team considered that the likelihood and magnitude of potential material misstatement is high given the level and volume of transactions.</p>	<p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>

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Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p> <p>There is a risk of fraudulent expenditure recognition, for the Council to report a certain year end position. During the year ended 31 March 2026 the Council's approved capital programme was £76.41 million, with a material level of capital additions. Therefore, if the Council were to fraudulently recognise expenditure, we believe it would be through the inappropriate capitalisation of revenue items.</p>	<p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p>

Table continues overleaf

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Land and Buildings</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>The valuation of land and buildings represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.</p> <p>Where a rolling programme is being used as implemented by the Council, management need to ensure that the carrying value of those assets in the Council financial statements is not materially different from the current value at the financial statements date.</p> <p>The 2025/26 CIPFA Code introduces a new revaluation expedient for Property, Plant and Equipment, requiring assets to be revalued at least every five years, or on a five-year rolling programme, with interim years supported by indexation.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• document our understanding management's process and controls for the calculation of the estimate</li> <li>• evaluate the competence, capabilities and objectivity of management's expert</li> <li>• evaluate the consistency of the disclosure with the valuation report</li> <li>• evaluate the basis on which the valuations have been carried out</li> <li>• evaluate the information and assumptions used by the valuer</li> <li>• evaluate the accounting entries for the valuation</li> <li>• evaluate the reasonableness of the assumptions used to form the estimate</li> <li>• review management's assumptions in selecting and applying indices to ensure that both the chosen indices and the asset groupings are appropriate.</li> </ul>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Investment Properties</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>The Council revalue its material investment properties on an annual basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£233.005m in the Council balance sheet at 31/03/25) and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of investment properties, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• document our understanding management's process and controls for the calculation of the estimate</li> <li>• evaluate the competence, capabilities and objectivity of management's expert</li> <li>• evaluate the consistency of the disclosure with the valuation report</li> <li>• evaluate the basis on which the valuations have been carried out</li> <li>• evaluate the information and assumptions used by the valuer</li> <li>• evaluate the accounting entries for the valuation</li> <li>• evaluate the reasonableness of the assumptions used to form the estimate</li> <li>• review management's assumptions in selecting and applying indices to ensure that both the chosen indices and the asset groupings are appropriate.</li> </ul>

# Significant risks identified (continued)


Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund net liability</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>The valuation of the pension fund net liability represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions.</p> <p>There is a significant risk that the valuation of the pension liability may be materially misstated due to the use of inappropriate actuarial assumptions or inaccurate underlying data. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. Given the complexity of the estimation process, entities typically rely on external actuaries to perform the valuation. The use of inappropriate or unsupported assumptions, as well as errors in the input data, increases the likelihood of misstatement.</p> <p>Furthermore, due to the material size of the liability, any misstatement could have a significant impact on the financial statements.</p> <p>We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• document our understanding management's process and controls</li> <li>• evaluate the competence, capabilities and objectivity of management's expert</li> <li>• evaluate the consistency of the disclosure with the actuarial report</li> <li>• evaluate the reasonableness of the assumptions used to form the estimate</li> <li>• obtain assurances from the pension fund auditor on the underlying data shared by the fund to the actuary which has been used in the calculation of this estimate</li> <li>• where IFRIC 14 is applicable we will review the IFRIC 14 assessment carried out by the actuary and evaluate the reasonableness of the assumptions used as part of the assessment.</li> </ul>

# Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<p>High Needs Stability Grant / DSG Deficit Support Grant</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>The Council is aware of the High Needs Stability Grant / DSG Deficit Support Grant and intends to submit an application. The application will be based on the DSG deficit position as at 31 March 2026. Under the scheme, up to 90% of this deficit may be written off, with the Council required to fund the remaining 10%. This creates a potential risk that errors in expenditure recognition could lead to incorrect grant receipt.</p>	<p>We will review the DSG balance as at 31 March 2026 and undertake additional procedures to ensure that this can be supported by appropriate evidence.</p>
<p>Minimum Revenue Provision (MRP)</p> <p><b>Risk relates to</b></p> <p>Council</p>	<p>MHCLG have issued an updated Statutory guidance on MRP which is applicable from 2025-26. It requires that Councils apply MRP to unfinanced capital equity investments which have previously been omitted. The guidance states that Authorities are required to make the relevant MRP charges over an appropriate life for the identified investments and it is expected to result in an increase to the capital financing requirement.</p>	<p>We will review the Council’s MRP policy to ensure that appropriate changes have been made in line with the update guidance and that MRP has been appropriately calculated.</p>

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“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.”  
(ISA (UK) 315)

# Other matters

## Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.

Page 23 We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

## Description

### Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

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## Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

### Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

An item may be considered to be material by nature when it relates to instances where greater precision is required.

### Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

# Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the group financial statements	9,000,000	We have determined a materiality of 9,000,000. This is approximately 2% of the Group's total gross expenditure during the 24/25 financial year, as per the Published Statement of Accounts. We have assessed the Group overall as low risk because of its size and inherent complexity. It should be noted that Bath and North East Somerset Council are 99% of the group and, therefore, it is appropriate to have an entity materiality that is 99% of the group materiality.
Materiality for the Council financial statements	8,800,000	We have determined a materiality of 8,800,000. This is approximately 2% of the entity's total gross expenditure during the 24/25 financial year, as per the Published Statement of Accounts. We have assessed the Council overall as low risk because of its size and inherent complexity. The entity is classed as a major local audit (25/26), so we have therefore assessed the measurement percentage at 2% based on relevant audit guidance
Materiality for specific transactions, balances or disclosures	20,000	A lower materiality was set by the audit team for the individual senior officer remuneration disclosure as a result of the heightened political sensitivity and public interest concerns in this area. The audit team will continue to audit this area more closely to the level of disclosure, and require amendments if errors are identified that impact the disclosure. The separate materiality for individual senior officer remuneration is set at £20k per individual officer.

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Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Council's financial statements, which resulted in 5 recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	There is no formal approval process for posting journals so finance team members are effectively posting their own journals. All journals above £500k are approved by Senior Finance Manager or group accountants, respectively	As noted within the Audit Findings Report presented to Committee in September 2025 management are upgrading the financial system and are reviewing journal authorisation processes as part of this upgrade. It is not envisaged that the new upgrade will be operational before November 2026 and therefore the same retrospective checks will remain in place. We will undertake testing of journals to identify issues in those journals below £500k.
In progress	Review of non depreciated assets identified one asset that had become operational in the financial year but which had not been depreciated in line with the Council's policy. This resulted in understatement in the depreciation charge of £470k and there is a risk a larger charge could be omitted	This issue was identified for one asset and was not pervasive within the financial statements. We will undertake testing of non depreciated assets in 2025-26 and will report any findings from this work within our audit findings report
In progress	Testing of a number of balances has identified errors within the accruals process. There is a risk that accruals are not reported accurately and that balances are misstated	Management have a policy of not accruing for balances under £500 and therefore when testing there is a higher risk of transactions not being appropriately accrued. The misstatement identified is not material and we will undertake specific testing in 2025-26 to ascertain what impact this will have on the financial statements

# Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Testing of journals identified two users who should not have had the ability to post journals. One was a senior manager and one moved from a finance role to a non finance role within the authority in 2023. There is a risk that fraudulent journals could be posted	Management have implemented a process of approving journals that are registered in the system. This means that only approved journals will be posted which should negate the risk identified in relation to holding an access role. We will undertake testing of journals to assess whether this has been appropriately implemented and that the risk has been mitigated.
In progress	Two notes in the accounts were identified as unnecessary due to their size. When challenged, the client responded that they wished to retain the policies, either to show the movements in year, to protect their referencing or for completeness. A deficiency has been raised for this, relating to over-disclosure from the Council. The notes in question are 15 Intangible assets and 22 Provisions for liabilities.	Management responded in 2024-25 that further consideration will be given to removing disclosures in future years. We will, therefore, undertake a review of accounting policies and disclosures as part of our 2025-26 financial statements audit to ensure that these are appropriate and in line with the requirements of the Code.

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Agresso	Financial Reporting	<ul style="list-style-type: none"> <li>ITGC assessment (design, implementation and operating effectiveness)</li> </ul>
Civica	Payroll system	<ul style="list-style-type: none"> <li>ITGC assessment (design, implementation and operating effectiveness)</li> </ul>
Active Directory	Network	<ul style="list-style-type: none"> <li>ITGC assessment (design, implementation and operating effectiveness)</li> </ul>

# Interim Audit Work

## Details of work to be conducted at interim:

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by this date, we will be using an interim visit as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and will include regular catch-ups between management and the audit team to facilitate this work. An indicative plan of the areas that we would cover at interim is set out below, this will be finalised and agreed with management prior to the commencement of our interim visit.

Description	Work commentary
Review of prior year recommendations	We will perform a review of the council's progress against audit recommendations we have raised in the prior year.
Advance testing areas	We have selected samples and performed advance testing on: <ul style="list-style-type: none"> <li data-bbox="698 661 978 696">• fees and charges</li> <li data-bbox="698 711 1019 746">• Roman bath income</li> <li data-bbox="698 761 922 796">• grant income</li> </ul> We have selected samples in the following area and will perform advance testing on: <ul style="list-style-type: none"> <li data-bbox="698 853 1472 889">• business rates and council tax reliefs for months 1-10</li> </ul>

# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

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### Financial sustainability

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



### Governance

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



### Improving economy, efficiency and effectiveness

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



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

# Risks of significant weakness in VFM arrangements

## Initial Risk assessment of the Council’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor’s work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Page 31  Financial sustainability	R  One significant weakness raised in relation to the Dedicated Schools Grant (DSG) Deficit	There is a risk of significant weakness identified in relation to the Dedicated Schools Grant (DSG) Deficit. In 2022/23, 2023/24 and 2024/25 we concluded that the Council did not have effective arrangements in place to manage the High Needs element of the DSG within its agreed recovery plan and identified this as a significant weakness in arrangements. We consider that there continues to be a risk of significant weakness in 2025/26	The Council should continue to work with the DFE to ensure its latest management plan is agreed. The Council should ensure that the actions within the plan are progressed whilst discussions remain in progress. We will review progress against the Key Recommendation raised in 2024/25.  We will review further reports until the year end as well as the budget proposals for 2026/27 which are expected to Cabinet in early 2026.  We will follow up on progress of the Improvement Recommendation raised last year and assess progress against how the Council identifies and documents all its transformation activities in one plan.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Risks of significant weakness in VFM arrangements

## (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<div style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 32</div> <b>Governance</b>	<b>A</b> No significant weaknesses in arrangements identified; one improvement recommendation relating to procurement and contract management is relevant to this reporting area.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.
	<b>A</b> No significant weaknesses in arrangements identified; two improvement recommendation remain, of which one has been updated.	No risks of significant weakness identified	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

# Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

## Potential types of recommendations

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### Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

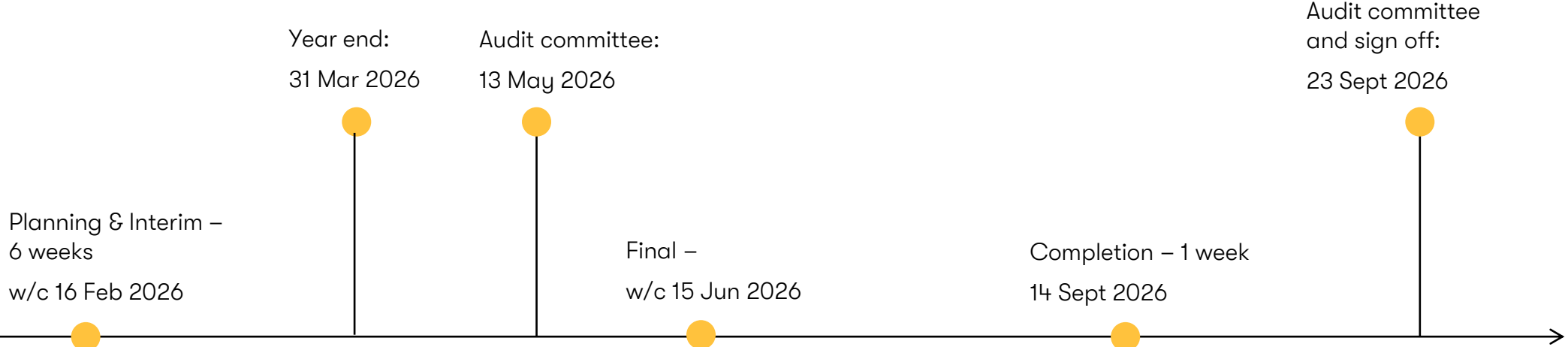
# Logistics

## The audit timeline

Key Dates

Audit phases:

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### Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and Audit Committee
- Issue the Audit Plan to management and Audit Committee
- Planning meeting with Audit Committee to discuss the Audit Plan

### Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management
- Technical review of financial statements

### Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Audit Committee
- Audit Findings presentation to Audit Committee
- Auditor’s Annual Report
- Finalise and sign financial statements and audit report

# Our team and communications

## Grant Thornton core team

**Beth Bowers**  
Engagement Lead

- Key contact for senior management and Audit Committee
- Overall quality assurance

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**David Johnson**  
Audit Manager

- Audit planning
- Resource management
- Performance management reporting

**Carmen Ng**  
In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of valuation specialists and other technical specialists (e.g. IT audit)

	Service delivery	Audit reporting	Audit progress	Technical support
<b>Formal communications</b>	<ul style="list-style-type: none"> <li>• Annual client service review</li> </ul>	<ul style="list-style-type: none"> <li>• The Audit Plan</li> <li>• The Audit Findings</li> <li>• Joint Auditor’s Annual Report</li> <li>• Progress and Sector Updates</li> </ul>	<ul style="list-style-type: none"> <li>• Audit planning meetings</li> <li>• Audit clearance meetings</li> <li>• Communication of issues log</li> </ul>	<ul style="list-style-type: none"> <li>• Technical updates</li> </ul>
<b>Informal communications</b>	<ul style="list-style-type: none"> <li>• Open channel for discussion</li> </ul>		<ul style="list-style-type: none"> <li>• Communication of audit issues as they arise</li> </ul>	<ul style="list-style-type: none"> <li>• Notification of up-coming issues</li> </ul>

# Our fee estimate

## Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
  - Valuation of land, buildings and investment properties
  - Valuation of net defined pension liability

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## Previous year

In 2024/25 the scale fee set by PSAA was £386,300. The actual fee charged for the audit, was £396,300.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Council Audit	386,300	401,118
IFRS 16	10,000	-
MLA additional Fees (page 5)	-	12,500
<b>Total (Exc. VAT)</b>	<b>396,300</b>	<b>413,618</b>

# Our fee estimate (continued)

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

## PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £401,118.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

# Independence considerations

Matter	Threats	Safeguards	Conclusion
<p>Beth Bowers, the Engagement Lead (Key Audit Partner), is currently serving year 4 (1 year as manager and 3 years as Key audit Partner) on the Bath and North East Somerset Council engagement . In line with PSAA’s Terms of Appointment (rotation of key staff), our expectation is to rotate the Engagement Lead after 5 years, with the possibility—by exception and subject to PSAA approval—of extending to a maximum of 7 years, followed by a minimum 5-year cooling-off period before returning to the engagement.</p>	Familiarity	Detail the safeguards	<p>We have concluded that our independence is not compromised. Although a familiarity threat exists from the Engagement Lead’s continuing association (year 4), we judge the threat to be acceptably reduced through the safeguards in place.</p>

# Independence considerations (continued)

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, we confirm there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Fees and non-audit services

The following tables below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the date of this report, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Bath and North East Somerset Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fee.

## Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Page 45 Certification of Housing Benefit Subsidy return	59,755 (2023/24)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £205,887 in comparison to the total proposed fee for the audit of £413,618 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
	59,755 (2024/25)*	Self review (because GT provides audit services)	
	48,877 (2025/26)*	Management threat	
Certification of Teacher's Pension return	12,500 (2023/24)	Self-Interest (because this is a recurring fee)	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants
	12,500 (2024/25)*	Self review (because GT provides audit services)	
	12,500 (2025/26)*	Management threat	
<b>Total</b>	<b>205,887</b>		

\* Estimate

This covers all services provided by us and our network to the group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

# Communication of audit matters with those charged with governance (Continued)

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Group’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

# Escalation Policy

## The Backstop

The Ministry of Housing, Communities and Local Government has introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Council's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

## Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

### Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

### Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

### Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

### Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

### Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

## Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

# Financial reporting changes

## Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

**New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.**

### Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for **2026/27**.

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for **2026/27**.

### IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from **2027/28**.

# Group audit scope and risk assessment

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Bath and North East Somerset Council	Yes	Audit of the entire financial information of the component	Group auditor	See risks identified on pgs. 7 -11	Grant Thornton UK
Aequus Holdings Group Limited	No	The Council set up AHGL as the parent company for ADL and ACL. It is not material and therefore will not be consolidated into the group financial statements	Group auditor	See below	Grant Thornton UK
Aequus Construction Limited	No	We have based our assessment on the audited 2024-25 financial statements and from this we have concluded that there are no material components. However, we note that the revenue is material at a consolidated statements level and therefore we will undertake the following <ul style="list-style-type: none"> <li>Analytical procedures at group level</li> <li>Review of consolidation accounting treatment</li> <li>Sample testing of agreed sales</li> </ul>	Group auditor	N/A	Grant Thornton UK
Aequus Development Limited	No	As above. Our assessment has not identified any significant components. We will undertake the following work: <ul style="list-style-type: none"> <li>Analytical procedures at group level</li> <li>Review of consolidation accounting treatment</li> </ul>	Group auditor	N/A	Grant Thornton UK
Aequus Quays Regeneration Limited	No	The component has become operation in 2025-26 and will not be consolidated in the 2025-26 financial statements on the basis of materiality. We will: <ul style="list-style-type: none"> <li>Review management's assessment to ensure it is appropriate</li> </ul>	Group Auditor	N/A	Grant Thornton UK

# Group audit scope and risk assessment (continued)

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

## Key changes within the group

- The Council have incorporated a new component, Aequus Bath Quays Regeneration LLP, in 2025-26. The LLP is not material and will not be consolidated on the 2025-26 financial statements

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## Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

## Involvement in the work of component auditors

In order to use the work of the component auditor, we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in the work of [X auditor] will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the [X auditor] audit documentation and meeting with appropriate members of management.

We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.

If we are unable to secure access to the component auditor's working papers we will report the impact of such impediments on the audit of the group financial statements.

Where a member of the Grant Thornton International network is involved, we will communicate to them your policy on non-audit services. You will ensure that each component entity within your group is aware of your policy.



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# The Audit Plan for Avon Pension Fund

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Year ending 31 March 2026

1 May 2026



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# Introduction and headlines



## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Avon Pension Fund ('the Fund') for those charged with governance.

## Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end, and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fund. We draw your attention to these documents in the links below.

- [Terms of Appointment from 2023/24 - PSAA](#)
- [Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA](#)

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee), and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk-based.

# Introduction and headlines (Continued)



## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- management override of control
- valuation of level 3 investments

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £102 million (PY £102.5 million) for the Fund, which equates to 1.65% of your estimated gross investment assets as at 30 September 2025.

Clearly trivial has been set at £5.1 million (PY £5.1 million).

We have determined a lower specific planning materiality for:

- Benefits payable and Contributions receivable of £25 million (In the PY a lower specific materiality for the fund account set at £30 million).

We have considered the need for an associated trivial amount linked to the above and determined that one is not required

## Audit logistics

Our planning and interim work will take place between February and April 2026, our final visit will take place between June to September 2026. Our key deliverables are this Audit Plan, Auditor's Report, Auditor's Consistency Statement and our Audit Findings Report.

Our proposed fee for the audit is £125,057 (PY: £114,198) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we, as a Firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

# Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p><b>Significant</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions</li> </ul>



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgement, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).


In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p data-bbox="104 396 308 446"><b>Significant</b></p> <p data-bbox="104 482 555 511">Valuation of level 3 investments</p> <p data-bbox="104 558 639 775">The valuations of level 3 investments are a significant accounting estimate based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.</p>	<p data-bbox="682 368 1281 775">By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance (£1.5bn for 2024/25) and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the valuation of Level 3 investments as a significant risk.</p>	<p data-bbox="1309 368 1421 396">We will:</p> <ul data-bbox="1309 404 2438 1219" style="list-style-type: none"> <li data-bbox="1309 404 2438 475">• document and evaluate management's processes for valuing Level 3 investments</li> <li data-bbox="1309 482 2438 761">• obtain and review the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements: <ul data-bbox="1386 589 2438 761" style="list-style-type: none"> <li data-bbox="1386 589 2438 661">○ the valuations will be compared to the year end reporting date after accounting for cashflows, and</li> <li data-bbox="1386 668 2438 761">○ obtain and review the corresponding investment manager report (capital statement) as at the investment accounts audit date with the audited accounts and follow up significant differences</li> </ul> </li> <li data-bbox="1309 768 2438 875">• independently obtain and review the corresponding investment manager reports (capital statements) as at the reporting date and compare to the financial statements</li> <li data-bbox="1309 882 2438 953">• review purchase and sale transactions of investments near the reporting date where appropriate</li> <li data-bbox="1309 961 2438 1032">• compare movement in asset value to appropriate market indices where available and appropriate</li> <li data-bbox="1309 1039 2438 1110">• review the guidelines under which investments have been valued at the date of the investment accounts and the Fund accounts</li> <li data-bbox="1309 1118 2438 1146">• review management's classification of the assets</li> <li data-bbox="1309 1153 2438 1219">• obtain and review investment manager service auditor report on design and operating effectiveness of relevant internal controls where appropriate.</li> </ul>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p><b>Rebutted</b></p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate revenue recognition</li> <li>• opportunities to manipulate revenue recognition are very limited</li> <li>• the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore, we do not consider this to be a significant risk for the Fund.</p>	<p>We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>
<p>The expenditure cycle includes fraudulent transactions.</p> <p><b>Rebutted</b></p> <p>Practice Note 10 (PN10) explains that, because most public bodies are net-spending bodies, the risk of material misstatement due to fraud in expenditure is higher than that in revenue recognition. Accordingly, PN10 requires auditors to consider the risk that expenditure may be misstated as a result of improper recognition.</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because:</p> <ul style="list-style-type: none"> <li>• there is little incentive to manipulate expenditure recognition;</li> <li>• opportunities to manipulate expenditure recognition are very limited; and</li> <li>• the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable.</li> </ul> <p>Therefore, we do not consider this to be a significant risk for the Pension Fund.</p>	<p>We do not consider this to be a significant risk for the Fund and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p>



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgemental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgements and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

# Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an ‘other risk’ is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<p data-bbox="109 551 479 639"><b>Significant class of transactions</b></p> <p data-bbox="109 654 479 768">Actuarial present value of promised retirement benefits disclosure – IAS 26</p>	<p data-bbox="504 551 1192 1032">The disclosure of the Fund’s actuarial present value of promised retirement benefits is an accounting estimate (fund surplus of £339 million as at 31<sup>st</sup> March 2025) and is sensitive to changes in key assumptions. The Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure and 2025/26 will be the first year that the outcomes of the 2025 triennial valuation will be reflected. As a result, the disclosure of the Fund’s actuarial present value of promised retirement benefits has been identified as ‘other risk’ of material misstatement.</p>	<p data-bbox="1217 551 2440 578">We will:</p> <ul data-bbox="1217 585 2440 1073" style="list-style-type: none"> <li data-bbox="1217 585 2440 692">• update our understanding of the processes and controls put in place by management to ensure that the Fund’s actuarial present value of promised retirement benefits is not materially misstated</li> <li data-bbox="1217 699 2440 768">• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary’s work</li> <li data-bbox="1217 775 2440 843">• assess the competence, capabilities and objectivity of the actuary who carried out the Fund’s valuation</li> <li data-bbox="1217 851 2440 919">• assess the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability</li> <li data-bbox="1217 926 2440 995">• test the consistency of disclosures with the actuarial report from the actuary; and</li> <li data-bbox="1217 1002 2440 1073">• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performing any additional procedures suggested within the report.</li> </ul>

# Other matters

## Other work

The Fund is administered by Bath and North East Somerset Council (the 'Council'), and the Fund's accounts form part of the Council's financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Fund's financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2025/26 financial statements, consider and decide upon any objections received in relation to the 2025/26 financial statements
- issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State
- application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the Fund's financial statements included in the Fund's annual report with the audited Fund's accounts.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Other matters (continued)

## 2025 triennial valuation

Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (published on 31 March 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. It also provides the source data for actuaries to prepare their estimate of the actuarial present value of promised retirement benefits at the Fund level, as required under *IAS 26 - Accounting and Reporting by Retirement Benefit Plans*, and provides the base for actuaries to roll forward their estimates and assumptions from the triennial valuation to annually estimate individual employers' pension liabilities between triennial revaluations as required by *IAS 19 - Employee Benefits*.

The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories:

- 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on.
- 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers.

As auditors, we therefore need to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years and Item 2 testing is carried out annually. The work for Item 1 will involve picking a sample of members across active members, deferred members and pensioners and ensuring this data shared with the actuary is consistent with fund records. Item 2 testing is included within the annual scale fee but Item 1 is additional work that will be need to be subject to a fee variation. Our proposed fee variation is on Page 19, which is an estimate at the planning stage and will be finalised upon completion of the work.

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

## Matter & Description

### Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

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### Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

### Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

## Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes, and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. benefits payable within the Fund Account). Details of lower specific materialities applied can be found on the next page.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

# Our approach to materiality (continued)

Materiality	Amount (£)	Qualitative factors considered
Headline materiality for the Fund's financial statements	102m	<ul style="list-style-type: none"> <li>Size / Profile / Complexity</li> <li>Headline Materiality for planning equates to 1.65% of your gross investment assets as at 30 September 2025.</li> </ul>
Specific materiality for Fund Account balances: a lower specific materiality for benefits payable and contributions receivable will be applied to the audit of these transactions. Headline materiality will be applied for all other Fund Account balances.	25m	<ul style="list-style-type: none"> <li>paying pensions and collecting contributions are core aspects of what an LGPS fund does</li> <li>current pensioners and prospective pensioners will want assurance that pension payments are accurate</li> <li>employers and prospective pensioners will want assurance that contributions are accurate.</li> </ul>
Materiality for the Fund Account for planning equates to approximately 10% of benefits payable and contributions receivable balances as at 31 March 2025		



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Fund’s financial statements, which resulted in 4 recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations and all remain under review at this stage of the audit.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Lack of controls over granting new user access within Agresso -the risk relates to the fact that user access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.	Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.
In progress	Duplicate accounts with privileged level access identified on the Agresso Database - an account with administrative access has the ability to both assign additional access rights to users, and to make changes to a system. Those changes may be appropriate, such as updates to the system, or damaging, such as opening a backdoor for an attacker to access the system. Therefore, every additional administrator causes linear-to-exponential growth in risk.	Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.

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# Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>No process for proactively reviewing the Altair IT service provider assurance report. Without periodic review and assessment of the independent assessor's report over the third-party service provider's control environment, the following risks are created:</p> <ul style="list-style-type: none"> <li>• Effective controls may not be in place to address all relevant risks to the service provided by the third party. This includes, but is not limited to, applying only approved updates; and</li> <li>• Controls which remain the responsibility of the service users may not be identified and implemented in a timely manner. This includes, but is not limited to, implementing a process to ensure all requests to the provider come through an appropriate local request/approval process.</li> </ul>	<p>Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.</p>
In progress	<p>No timely review or finalisation of IT and Cybersecurity policies. It was noted within the Cybersecurity assessment performed, that three policies (Information Security Policy, DP &amp; IG Policy and Acceptable Use Policy) had not been reviewed in line with the dates they were due to be reviewed. It was also noted that the Data Classification Policy had been marked as 'Draft' with no formal approval noted.</p>	<p>Matter is under review and conclusion as to whether recommendation has been actioned will be confirmed following the conclusion of IT Audit work for the current audit period.</p>

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Agresso	Financial reporting	<ul style="list-style-type: none"> <li>ITGC review carried about by IT audit specialist team.</li> </ul>
Altair	Member Data	<ul style="list-style-type: none"> <li>ITGC review carried about by IT audit specialist team. Review of specific events in year relating to the system (see page 16).</li> </ul>
Active Directory	Network User Access	<ul style="list-style-type: none"> <li>ITGC review carried about by IT audit specialist team.</li> </ul>
Non-specific	Cyber Security	<ul style="list-style-type: none"> <li>Review of arrangements performed by IT Audit specialist team.</li> </ul>

# IT audit strategy (continued)

In addition, due to events during the period, specifically the data migration of member data records from the BANES servers to the Heywoods data centre, audit procedures will be completed to address the additional risks of material misstatement identified.

IT application	Event	Relevant risks	Planned IT audit procedures
Pension Administration System [Altair]	Data migration	Post migration data completeness and accuracy;	<ul style="list-style-type: none"> <li>Audit of data migration activity and results.</li> </ul>

# Logistics

## The audit timeline

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Key Dates:

Year end:  
31<sup>st</sup> March 2026

Audit Committee:  
13<sup>th</sup> May 2026

Audit committee:  
23<sup>rd</sup> September 2026

Sign off:  
As soon as possible following Audit Committee

Audit phases:  
Planning & Interim  
-between  
February and April

Final Audit -w/c  
15<sup>th</sup> June 2026

Completion –  
September onwards

### Key elements

- Planning requirements checklist to management
- Agree timetable and deliverables with management and Audit Committee

### Key elements

- Document design effectiveness of systems and processes
- Any planned early samples shared and tested
- Issue the Audit Plan to management and Audit Committee

### Key elements

- Audit teams to complete fieldwork and detailed testing
- Frequent update meetings with management to monitor progress

### Key elements

- Draft Audit Findings issued to management
- Draft Audit Findings issued to Audit Committee
- Audit Findings presentation to Audit Committee
- Finalise and sign financial statements and audit report]

# Our team and communications

## Grant Thornton core team



**Beth AC Bowers**

Engagement Lead/  
Key Audit Partner

- Provides oversight of the delivery of the audit including regular engagement with Audit / Pensions Committees and senior officers.



**George Amos**

Audit Manager

- Plans and manages the delivery of the audit including regular contact with senior officers



**Ananya Mehta**

In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

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Pool of specialists and other technical specialists (IT audit, Digital Audit)

	<b>Service delivery</b>	<b>Audit reporting</b>	<b>Audit progress</b>	<b>Technical support</b>
<b>Formal communications</b>	<ul style="list-style-type: none"> <li>• Client Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• The Audit Plan</li> <li>• The Audit Findings Report</li> </ul>	<ul style="list-style-type: none"> <li>• Bi-monthly liaison meetings with Management</li> </ul>	<ul style="list-style-type: none"> <li>• Technical updates</li> </ul>
<b>Informal communications</b>	<ul style="list-style-type: none"> <li>• Open channel for discussion</li> </ul>		<ul style="list-style-type: none"> <li>• Communication of audit issues as they arise</li> <li>• Weekly meetings with audit team to discuss progress</li> </ul>	<ul style="list-style-type: none"> <li>• Notification of up-coming issues</li> </ul>

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the In-charge and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

# Our fee estimate

## Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements

provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements

maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
  - Valuation of level 2 and level 3 investments
  - Actuarial valuation of the Fund

## Description

	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Avon Pension Fund Audit	105,842	106,807
IAS 19 letters to auditors of bodies outside the NAO code	8,356	8,250
2025 triennial valuation data testing*	0	10,000
<b>Total (Exc. VAT)</b>	<b>114,198</b>	<b>125,057</b>

\*Our fee estimate includes an additional fee for the testing of 2025 triennial valuation data. This is currently an estimate and will be reviewed upon the completion of this area of work and billed on a cost per time basis, in line with PSAA standard hourly rates. This work is not included within the audit scope that is covered by the PSAA scale fee as this only occurs once every three years.

# Our fee estimate

## Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

## PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for Avon Pension Fund to begin with effect from 2018/19. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2025/26 audit is £106,807.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we disclose the following to you:

Matter	Threats	Safeguards	Conclusion
<p>The Key Audit Partner, Beth Bowers, has a close family member who is an admitted member of the Pension Fund. An internal ethics consultation has been completed, and it has been cleared that there is no threat to independence arising from this and that Beth can continue to fulfil the role of Key Audit Partner on this audit engagement.</p>	Self Interest	<p>Layers of review and ability to call in further reviewers of work.</p> <p>Confidentiality agreements within contracts.</p>	Appropriate safeguards are in place. There have been no changes to these circumstances since the consultations were made for the 2023/24 audit and therefore, we deem this conclusion to remain appropriate. Matters have been re-consulted on via our Ethics team and cleared once again for the 2025/26 audit period.
<p>The Audit Manager, George Amos, has a similar situation, where a close family member also has a pension with the Fund, but is no longer an active contributor, nor are they of retirement age at which they would be drawing pension. Consultation was also taken and cleared by ethics, meaning that George can continue to fulfil their role on this audit engagement.</p>			
<p>Beth Bowers, the Key Audit Partner is currently serving their 6th year on the engagement. Beth served 3 years as Audit Manager before taking on the Key Audit Partner role from the 2023/24 audit onwards. Usual PSAA terms requires an individual to rotate off of the audit after serving 5 years as Key Audit Partner. In consultation with PSAA, it has been determined and agreed that Beth will rotate off of this audit following her 4<sup>th</sup> year as Key Audit Partner, meaning her final period in this role will be the 2026/27 audit period.</p>	Familiarity	Consultation with PSAA determine this rotation plan is appropriate	We have concluded that our independence is not compromised due to Beth's role on the audit being limited to 4 years as Key Audit Partner, due to 3 years previously served as Audit Manager, it is not appropriate for her to serve the full 5 year term as prescribed by PSAA. PSAA concur this approach is reasonable and therefore no independence issue is noted.

# Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund and/or Administering Authority that may reasonably be thought to bear on our integrity, independence and objectivity, following appropriate consultation with our ethics team, as detailed on page 39.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund and/or Administering Authority or investments in the Fund and/or Administering Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund/Administering Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fund and/or Administering Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund's and/or Administering Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We have considered whether the ethical outcomes required by the overarching principles and supporting ethical provisions of the FRC Ethical Standard have been met by both the relevant requirements and with reference to the perspective of an objective, reasonable and informed third party. This assessment has also considered the matters reported above individually and in aggregate.

Following this consideration, we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

# Fees and non-audit services

The following tables below sets out the non-audit services charged from the beginning of the financial year to March 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Avon Pension Fund. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees which are detailed on page 24.

Grant Thornton UK LLP also acts as the statutory auditor of the administering authority and its subsidiaries. The fees for the audit and non-audit services charged for this entity are reported in its Audit Plan. We consider that such services and fees do not impair our independence.

This covers all services provided by us and our network to the Fund, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Please see table overleaf.

# Fees and non-audit services (Continued)

## Assurance Service Fees

Service	£	Threats Identified	Safeguards applied
<b>Audit Related Assurance</b>			
IAS19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice for the 2024/25 audit and for 2025/26 audit.	8,356 (actual for 2024/25) 8,250 (proposed for 2025/26 - 2,750 per letter)	Self-Interest, Self-Review and Management	<p>Self-Interest – Fee is recurring but not significant compared to the audit of the financial statements, and is fixed based on the number of admitted bodies who request an assurance letter. Further, the work is on audit related services and integrated with the testing of controls undertaken as part of the audit. The main self interest threat would arise if we reported weaknesses that would impact the content of these letters to Those Charged With Governance (TCWG) that they then put pressure on us not to report to other auditors that are seeking to rely on the information reported. The safeguard to this would be to have a safeguarding partner review the Audit Findings Report. We therefore are comfortable there is no self-interest threat, the work is undertaken by the same team of individuals as the work considered as work under the Code.</p> <p>Self Review - We have not prepared the financial information on which our assurances will be used by the requesting auditor. Any decisions whether to change controls over, or edits required to, financial information arising from our findings will be a matter for informed management.</p> <p>Management - We may make recommendations to the Pension Fund in respect of control weaknesses, in the same way as we would in an audit of financial statements. Informed management understand the operation of systems and can challenge our recommendations as appropriate.</p> <p>We are comfortable that the proposed safeguards are sufficient to mitigate the threats to independence. IAS 19 assurances letter are a standard response that is provided to a number of admitted bodies by pension fund auditors across the country. Summary outcomes of the work are reported to TCWG in the council through audit findings reports and they are aware of the Firm and have the role of overseeing work of external audit. Again, we are satisfied they would be of the view that this is work that external auditors would undertake and they are appropriately informed. Therefore, we are satisfied independence and safeguards appropriate from perspective of objective, reasonable and informed third parties.</p>
<b>Total</b>	<b>16,606</b>		

# Communication of audit matters with those charged with governance

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

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Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

# Communication of audit matters with those charged with governance (continued)

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Fund’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

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**Respective responsibilities**

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

# Financial reporting changes

## New or revised accounting standards that have been adopted by the CIPFA Code for 2025/26

### Amendments to IAS 21 – Lack of Exchangeability

IAS 21 *The Effects of Changes in Foreign Exchange Rates* has been amended by the IASB to clarify how an entity should assess whether a currency is exchangeable and how it should determine an appropriate spot exchange rate when exchangeability is lacking. The amendments introduce more detailed guidance on identifying a lack of exchangeability and on estimating a spot exchange rate in such circumstances. These amendments have been adopted by the Code from 1 April 2025.

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### IFRS 17 – Insurance Contracts

IFRS 17 Insurance Contracts was issued by the IASB in May 2017 and has been adopted by the CIPFA Code for local authority accounting from 1 April 2025. The standard introduces a new comprehensive framework for the recognition, measurement, presentation and disclosure of insurance contracts, replacing IFRS 4. Key features of IFRS 17 include the introduction of revised measurement models for insurance liabilities, the contractual service margin to defer unearned profit, new presentation requirements and significantly enhanced disclosures aimed at improving transparency and comparability.

## New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

### Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).



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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	Corporate Audit Committee	
MEETING DATE:	13 <sup>th</sup> May 2026	<b>AGENDA ITEM NUMBER</b>
TITLE:	Risk Management – Update Report – Procurement Risk	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Presentation will be made at the meeting		

## **1 THE ISSUE**

- 1.1 The Council’s Corporate Audit Committee has responsibility within its terms of reference for overseeing the risk management framework of the Council.
- 1.2 At the meeting a presentation will be made on the procurement function and key risks around delivery of their priorities.

## **2 RECOMMENDATION**

- 2.1 The Corporate Audit Committee is asked to:  
  
Note the report.

## **3 THE REPORT**

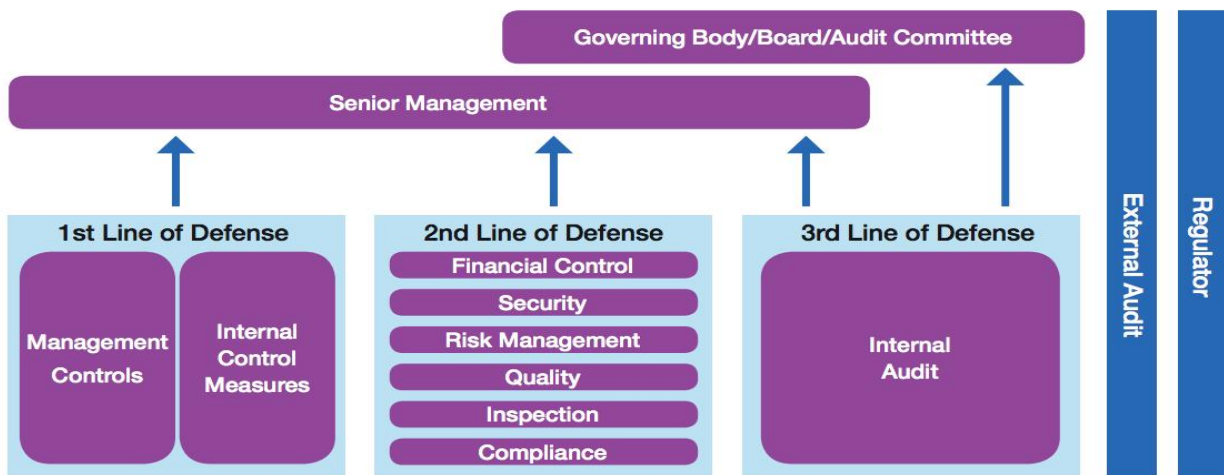
- 3.1 The Corporate Audit Committee has responsibility for overseeing the risk management framework within the Council. This does not mean accountability or responsibility for the risks which clearly sit with the respective Service area but the Committee does have a role in providing assurance that a system is in place and working.
- 3.2 As part of its ongoing review of key risks throughout the Council it was agreed the Committee would include reviews of specific themes as well as corporate risks and this meeting details an update on the procurement function, its priorities and a summary of key risks against achieving these with current mitigations. The report and presentation are considered relevant to the ongoing review of the Council’s key risks as they significantly impact on the council’s financial controls, value for money and the External Audit process.
- 3.3 A detailed presentation will be given at the meeting and the remainder of the report reminds the committee on our overall risk management framework.

## Context – Risk Management Framework

- 3.4 Our strategy to manage risk recognises that both taking and accepting more risk is part of modern service delivery. However in accepting more risk we will do this in both a transparent and informed way to achieve the best results for citizens and customers.
- 3.5 Therefore we want to promote an approach that focusses on the effective identification and management of risks to ensure the council is focussed on minimising adverse impacts and maximising benefits within the delivery of its objectives throughout all of its services.
- 3.6 Active risk management is an integral component of our local code of corporate governance which is designed to help us achieve our aspirations, priorities and outcomes to deliver the Council’s Vision. This strategy therefore expects that we focus on taking the right actions to address risks and opportunities both in a transparent way and based on evidence.



- 3.7 The framework is therefore designed to support Officers and Members in delivering on the Council’s plans and operational objectives.
- 3.8 Risk Management forms the second line in the ‘Three Lines of Defence Model’ protecting our organisation.
- 3.9 We do this in a sensible and proportionate way to actively manage risks down the risk matrix in terms of their potential impact on the organisation.



		LIKELIHOOD				
		Rare	Unlikely	Possible	Likely	Almost Certain
IMPACT	Catastrophic					
	Major					
	Moderate					
	Minor					
	Negligible					

**Corporate Risk Register (CRR) (Appendix 1)**

3.10 All risk registers are dynamic documents, currently the CRR contains 28 risks which are owned by the Corporate Management Team and 7 risks in watching brief mode. Corporate Management Team review the register formally on a quarterly basis. The CRR identifies themes, service area/ director/ officer leads and describes the risks and commentary around actions, status and mitigation. This allows regular review of the changing landscape in local government and ability to provide co-ordinated responses to major threats.

3.11 The inherent, residual and risk change are also captured along with an assessment of risk appetite and risk tolerance and structured around the following themes.

Regional Partnership Working	Resource & Budget Management
Climate Change	Transformation

Housing	Cyber Risk Management
Infrastructure	Financial Planning
Climate Emergency	Capital Programme
Transport	Safety Valve – DSG Management
Safeguarding	Health and Safety
Childrens Services Transformation	Health & Social Care Joint Working
Social Care – Various	Emergency Management
Public Health & Pandemic Planning	Social Care - Deprivation of Liberty
Corporate Governance	Avon Pension Fund

3.12 The watching brief element of the register includes outlines risks for –

- a) Commercial Income
- b) Homelessness
- c) Customer Standards & Customer Contact
- d) Capital Programme Financial Risks
- e) CRSTS Delivery
- f) Cost of Living/Inflationary Pressures
- g) Emergency Management

#### **4 STATUTORY CONSIDERATIONS**

4.1 The council has statutory duties to plan and prepare for emergencies under the provisions of the Civil Contingencies Act 2004.

#### **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 This is an information and update report so there are no direct implications arising from this report.

## 6 RISK MANAGEMENT

- 6.1 No decision or recommendation is being made and this report details the council's approach to risk management. As a result, there are therefore no new significant risks to consider in relation to this report.

## 7 EQUALITIES

- 7.1 An equalities impact assessment has been considered using corporate guidelines and no significant issues have been identified.

## 8 CLIMATE CHANGE

- 8.1 There are no direct climate change implications related to this report. In terms of risk management, risks associated with the Council's roles in respect of climate change are captured at different levels, including in the CRR and other risk registers.

## 9 OTHER OPTIONS CONSIDERED

- 9.1 This is an update report to aid assurance, no decisions or recommendations are being proposed so no other options are being considered.

## 10 CONSULTATION

- 10.1 The report is an information and update report and has been consulted with the Director – Risk, Assurance & Pensions.

<b>Contact person</b>	Jeff Wring – Director – Assurance, Risk & Pensions
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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<b>Bath &amp; North East Somerset Council</b>		
MEETING:	Audit Committee	
MEETING DATE:	13 <sup>th</sup> May 2026	<b>AGENDA ITEM NUMBER</b>
TITLE:	Counter Fraud Annual Report	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
<p>Appendix 1 - Anti-Fraud &amp; Corruption Strategy 2026  Appendix 2 - Whistleblowing Policy 2026  Appendix 3 - Anti-Money Laundering Policy 2026  Appendix 4 - Anti-Bribery &amp; Corruption Policy 2026</p>		

## 1 THE ISSUE

- 1.1 The Council's Audit Committee has responsibility, within its terms of reference, for overseeing the risk management framework of the Council, including the arrangements for Counter Fraud and Fraud Prevention.

## 2 RECOMMENDATION

- 2.1 The Audit Committee is asked to note the Counter Fraud Annual Report, and review and approve the updated Anti-Fraud & Corruption Strategy and associated policies as detailed below:
- i. Note work carried out by Internal Audit in relation to Anti-Fraud & Corruption
  - ii. Review and approve the updated Anti-Fraud & Corruption Strategy (*Appendix 1*)
  - iii. Review and approve the updated Whistleblowing Policy (*Appendix 2*)
  - iv. Review and approve the updated Anti-Money Laundering Policy (*Appendix 3*)
  - v. Review and approve the updated Anti-Bribery & Corruption Policy (*Appendix 4*)

## 3 THE REPORT

- 3.1 This report summarises the work carried out at Bath & North East Somerset Council during the year in respect of Counter Fraud. It also provides the Audit Committee with an overview on the National Fraud Initiative (NFI) and information related to investigations carried out by Internal Audit.

Included within this work is a review and update of the Anti-Fraud & Corruption Strategy and related policies, which are being presented for consultation.

## 4 NATIONAL PICTURE AND EMERGING FRAUD RISKS

4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) has a key role in coordinating the fight against fraud and corruption across the public sector.

The Local Government Association and key partners have published a Counter Fraud and Corruption Strategy for local government, 'Fighting Fraud and Corruption Locally – A Strategy for the 2020s'. This sets out the strategic approach local authorities should take and the main areas of focus (pillars) in response to fraud and corruption risks, as illustrated below:

Pillar	Description
Govern	Having robust arrangements and executive support to ensure anti-fraud, bribery & corruption measures are embedded throughout the organisation.
Acknowledge	Assessing and understanding fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that it has a robust anti-fraud response. Communicating the risks to those charged with governance.
Prevent	Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. Communicating its activity and successes.
Pursue	Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders. Collaborating across geographical and sectoral boundaries. Learning lessons and closing the gaps.
Protect	Against serious and organised crime. Protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to an authority.

4.2 Bath and North East Somerset Council's Anti-Fraud and Corruption Strategy (see Appendix 1) acknowledges and includes these pillars in its objectives to ensure that the Council's approach to fraud continues to be in line with best practice.

### 4.3 Internal Audit Coverage of Key Fraud Risks

4.4 Key fraud risks specific to Local Authorities continue to include:

- Cyber Fraud
- Council Tax Fraud
- Disabled Parking Concessions (Blue Badge)
- Business Rates
- Housing Fraud
- Procurement

The Committee will be aware that we have completed work in these areas over recent years, including within the 2025/26 Internal Audit plan, where work took place on IT Administration Privileged Account Access, ICT Patch Management (which reduces the risk of a cyber-attack) Adults' Social Care (Disabled Facilities Grants), and Children's Direct Payments.

Further work proposed in 2026/27 continues to include key risks and the plan specifically includes; review of Procurement (Contract Management), Payroll (new HR/Payroll system implementation and overpayments to staff), various ICT security reviews (including Cyber Security – AI Governance and Supply Chain Risk), and Debt Recovery.

In addition to the above, Data Analytics work is also completed (see section 7) which further helps to prevent and detect fraud and error.

## **5 FRAUD PREVENTION NETWORKS**

- 5.1 Internal Audit continues to monitor and provide support on fraud and corruption risks across the Council, drawing on information from external bodies such as the National Anti-Fraud Network (NAFN). This ensures we remain alert to emerging fraud threats affecting local authorities locally and nationwide.

NAFN are one of the largest shared services in the country, managed by, and for the benefit of its members, and is hosted by Tameside MBC. Currently, almost 90% of local authorities are members, including Bath & North East Somerset Council.

As part of the above arrangement with NAFN, Internal Audit has a process in place for onward sharing and discussion of NAFN alerts. This process is in place to raise awareness across the Council of local and national fraud risks and to highlight or investigate areas of known concern.

- 5.2 During 2025/26, NAFN issued several intelligence alerts relating to fraudulent applications targeting local welfare support schemes, including the Household Support Fund, Crisis Fund and Local Assistance Fund. Internal Audit shared these alerts with senior officers in the Welfare Support team to confirm that existing internal controls remained aligned with the emerging risks.

A review of the information contained within the alerts confirmed that a number of fraudulent claims had been attempted against the Council. All attempts had already been identified by officers at the point of application and flagged as suspicious. As a result, no illegitimate payments were made. This position was further supported by information independently provided to Internal Audit by the Welfare Support team prior to the release of the NAFN alerts.

These applications form part of a known nationwide scam affecting multiple local authorities. A formal investigation into the organised activity is ongoing across the country. Although no financial loss has been incurred by Bath & North East Somerset Council, the Welfare Support team has contributed witness statements and evidence to support the wider investigation.

Internal Audit is pleased to note that the internal control framework in this area is operating effectively. Officers have demonstrated a proactive approach to identifying and reporting potentially fraudulent activity and have actively supported investigative efforts, helping to reduce the Council's exposure to fraud risk.

- 5.3 We will continue to redistribute NAFN intelligence alerts across the Council to ensure arrangements remain robust and responsive to emerging fraud risks.

- 5.4 One West are also a member of the West of England Fraud Group. This forum is used to share best practice, discuss changes in legislation and emerging fraud risks, and also fraud initiatives across Local Authorities in the West of England. Recent meetings have largely been focussed on the growing threat of cyber fraud.

## **6 NATIONAL FRAUD INITIATIVE**

- 6.1 The Internal Audit function also co-ordinate the National Fraud Initiative (NFI) on behalf of the Council's Section 151 Officer.

The National Fraud Initiative (NFI) is a national exercise that is carried out every two years using data matching/ analytics to compare different datasets across participating organisations. Data for the NFI is provided by some 1,100 participating organisations from across the public and private sectors and helps participants identify potentially fraudulent claims, error and overpayments. These organisations provide data from their systems as prescribed by the Cabinet Office. The data is then matched and (data matching) reports are made available for each participating organisation to review. It is then for each organisation to make the necessary enquiries and any identified fraud is recorded within the NFI system to enable the effectiveness of the initiative to be monitored.

For Local Authorities such as Bath and North East Somerset Council, example data sets for matching purposes include (but are not limited to): Housing Benefit, Council Tax reductions, Payroll, Adult Social Care Personal Budgets and Disabled Parking (Blue Badges).

### **6.2 Results from the 2024-25 NFI Exercise**

The initial results from the 2024-25 NFI exercise were released in December 2024, with additional matches released in January 2025. The exercise was then completed by mid-2025.

The headline finding was that co-estimated savings of £52,911.44 were identified for Bath & North East Somerset Council, of which £13,729.97 could be recovered immediately.

Co-estimated savings are an estimated value of losses prevented as a result of matches being investigated. These are calculated using nationally agreed formulas and reflect future costs avoided by fraud or error being stopped.

The recoverable amounts are the actual value of overpayments identified through the investigation of a match, that can be reclaimed and brought back into Council funds.

Therefore, in summary, co-estimated savings show the preventative impact of the NFI, while recoverable amounts show the actual money owed back.

Notable results came from the following matches:

- Pensions to DWP Deceased

This NFI report matches pension records against Department for Work and Pensions data on individuals who have died, helping identify cases where pension payments may have continued after a person's death.

Review of these matches resulted in £37,925.87 of estimated savings, and a value of £12,654.45 recoverable by the Council. No cases of actual fraud were identified.

- Council Tax Reduction Scheme to Pensions

This NFI report matches Council Tax Reduction Scheme records against pension data to identify cases where individuals receiving a reduction may also be in receipt of undeclared or incorrectly reported pension income. It highlights discrepancies that could affect entitlement and helps ensure that reductions are awarded accurately and fairly based on complete and up-to-date financial information.

Review of these matches resulted in £692.40 of estimated savings, and a value of £362.47 recoverable by the Council. No cases of actual fraud were identified.

- Council Tax Reduction Scheme to Payroll

This NFI report matches Council Tax Reduction Scheme records against payroll data to identify cases where claimants may have employment income that has not been declared or is different from what is recorded on their claim. It highlights discrepancies and helps ensure that reductions are awarded accurately based on verified and up-to-date earnings information.

Review of these matches resulted in £563.20 of estimated savings, and a value of £713.05 recoverable by the Council. No cases of actual fraud were identified.

### 6.3 Forthcoming NFI Exercise

Preparations for the next National Fraud Initiative national exercise will soon begin and the Committee are advised of the initial work that will be required (co-ordinated by the Internal Audit Service) over the coming months:

- March – Draft data specifications for the 2026/27 exercise are posted on GOV.UK
- June/ July – The Cabinet Office confirm final data specifications and make initial request for data.
- August – The web application opens, where user accounts can be reviewed and updated, as well as completion of the Privacy Notice declaration.
- September – Data is required by the Cabinet Officer from 30 September; thus high-quality data has to be pulled together for the upload.
- October – The 21<sup>st</sup> October is the absolute deadline for uploading all of the main data for the exercise (this is required for the first matches to then be released by the Cabinet Office as planned in December 2026).

Work will then continue into the 2027 calendar year and will include additional matches, with the exercise likely to be fully completed and reported in the early part of the 2027/28 financial year.

## **7 INTERNAL AUDIT TARGETED WORK AND INVESTIGATIONS**

### **7.1 Internal Audit Planning and Reviews**

The risk of Fraud is considered during all internal audit planning activity and members can see evidence of this throughout this report. This includes from initially building the Annual Audit Plan (i.e. the audit reviews planned to be carried out during the financial year) through to considering the objectives, fraud risks, controls and focus of each review to be carried out, i.e. each individual audit work programme.

As described in this report, work has been carried out in 2025/26 on known key fraud risk areas, including IT Administration Privileged Account Access, ICT Patch Management (which reduces the risk of a cyber-attack) Adults' Social Care (Disabled Facilities Grants), Children's Direct Payments, as well as the NFI exercise.

### **7.2 Data Analytics**

Key methods for identifying fraud and error in local government are through data analysis and data matching. The 'Fighting Fraud and Corruption Locally – A Strategy for the 2020s' recommends that Local Authorities should share data across its own departments and engage in the use of data analytics as a key response to fraud.

Data Analytics at Bath and North East Somerset Council incorporates participation in the National Fraud Initiative (see section 6), and data matching undertaken as part of audit testing for individual audit reviews using spreadsheets or more advanced internal audit data analytics software (IDEA) and increasingly through use of A.I.

Examples of audit reviews reported in 2025/26 that have involved use of Data Analytics include Contract Management - Highways Maintenance, and Children's Direct Payments.

### **7.3 Investigations**

During Internal Audit investigations, the themes of 'prevent and pursue' as recorded in the Anti-Fraud and Corruption Strategy are the focus of the work of the Auditor. The key objectives are to:

- a) Identify the breakdown in controls and correct this to avoid further losses.
- b) Collect evidence to be able to pursue responsible individuals, i.e. through criminal prosecution or a disciplinary route.

There was one main Internal Audit investigation in the 2025/26 financial year which was reported in year to the Audit Committee:

#### Investigation – Residents' Personal Monies

As reported to the Audit Committee in year, there was one investigation completed that related to a small amount of cash missing from a care home. Although the amount was low, the money belonged to a resident, and the associated paperwork

was also missing. The matter was reported to Internal Audit by service officers and work was completed to further understand and investigate the concerns raised.

A number of findings and recommendations were agreed with the relevant Head of Service, including a recommendation for further audit work. As a result, an audit has been included in the 2026/27 Internal Audit plan to review controls over income collection and the management of residents' personal monies, providing assurance that similar issues are not present at other residential homes.

#### Additional Referrals to Internal Audit for Potential Investigation

There was one other referral of note that was made to the Internal Audit service in the financial year regarding potential concern relating to a £100.00 banking loss within the Bath Housing, Welfare and Advice Services team. Internal Audit reviewed the circumstances, identified control weaknesses, and provided advice to help prevent recurrence.

### **7.4 Fraud Reporting**

In the financial year 2025/26, a total of 32 potential fraud referrals were received through our dedicated Whistleblowing online referral form. As is common with these type of referrals, the majority of these related to areas such as Housing and were passed to the relevant area for action.

In addition to the above, whistleblowing referrals relating to employee conduct were also passed on to HR for review as they were not Internal Audit related.

## **8 STAFF TRAINING AND AWARENESS**

8.1 Fraud information and awareness is promoted and communicated to staff throughout the year. The Staff Engagement updates circulated via email are a key channel for this communication.

On an annual basis in November, 'International Fraud Awareness Week' is held. Last year it covered the period 16<sup>th</sup> – 22<sup>nd</sup> November 2025, and, ahead of this date, the Internal Audit Service produced an article/ newsletter for staff. The newsletter discussed fraud and reminded officers of the counter-fraud arrangements at Bath & North East Somerset Council, including mandatory training requirements, common types of fraud to be aware of, and links to policies and guidance. Content of this article included:

- What is Fraud?
- Protecting Bath and North East Somerset Council
- Mandatory Fraud Awareness Training & 'Five Minutes of Fraud' Training Videos
- Council Strategy and Policies
- Examples of Known Fraud Risks
- Internal Fraud Risks
- Focus on Corporate Credit Cards
- Whistleblowing: Speak Up, Protect Our Organisation
- What You Can Do

- 8.2 Internal Audit also produced several other articles for staff, one of which was an important reminder that all Council employees are required to undertake mandatory general fraud prevention training and should also retake training as a refresher.

## **10 STRATEGY & POLICY FRAMEWORK**

- 10.1 Nationally, the Fighting Fraud and Corruption Locally 2020 document is the most recent counter fraud and corruption strategy for local government. It provides a blueprint for a coordinated response to fraud and corruption perpetrated against local authorities.
- 10.2 Bath and North East Somerset Council's own Anti-Fraud & Corruption Strategy takes the national strategy and adopts it at a local level. This is therefore the "umbrella strategy" that brings together all fraud related policies within the Council. Its objective is to ensure that the local authority is proactive in preventing and detecting fraudulent activities and corrupt practices and takes the necessary action to punish those involved and recover losses. The Council's Anti-Fraud and Corruption Strategy is presented for approved at this Committee meeting (see Appendix 1).
- 10.3 Policies linked to the Strategy have also been reviewed and updated, and are also presented for approval. These include the Whistleblowing Policy, the Anti-Money Laundering Policy and Guidance, and the Anti-Bribery & Corruption Policy (see Appendix 2, 3 and 4 respectively).
- 10.4 The Committee are advised that the key change to policy is in respect of the Whistleblowing Policy, whereas from the 6th April 2026, sexual harassment became a 'qualifying disclosure' under whistleblowing law (introduced under the Employment Rights Act 2025 phased-implementation). This will afford those making a sexual harassment disclosure the same protection from detriment and unfair dismissal as in other circumstances.

## **11 STATUTORY CONSIDERATIONS**

- 11.1 There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIPFA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

## **12 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 12.1 This is an information and update report so there are no direct implications arising from this report.

## **13 RISK MANAGEMENT**

- 13.1 No decision or recommendation is being made and this report details the council's approach to risk management. As a result, there are therefore no new significant risks to consider in relation to this report.

## 14 EQUALITIES

14.1 An equalities impact assessment has been considered using corporate guidelines and no significant issues have been identified.

## 15 CLIMATE CHANGE

15.1 There are no direct climate change implications related to this report. In terms of risk management, risks associated with the Council's roles in respect of climate change are captured at different levels, including in the CRR and other risk registers.

## 16 OTHER OPTIONS CONSIDERED

16.1 None.

## 17 CONSULTATION

17.1 This report has been consulted and cleared by the Director – Risk, Assurance & Pensions.

<b>Contact person</b>	Peter Cann, Head of Audit & Assurance
<b>Background papers</b>	Internal Audit Update Reports to Audit Committee, Sep 2025, Nov 2025, Apr 2026 2025/26 Internal Audit Plan – April 2025 2026/27 Internal Audit Plan – April 2026
<b>Please contact the report author if you need to access this report in an alternative format</b>	

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# Anti-Fraud and Corruption Strategy



## Anti-Fraud & Corruption Strategy 2026

# Anti-Fraud and Corruption Strategy 2026

## Introduction and Context

### What is Fraud?

The Fraud Act 2006 provides one general offence of fraud which can be committed in three different ways:

- (i) By false representation
- (ii) By failing to disclose information
- (iii) By abuse of position.

<sup>1</sup>

For the purpose of this strategy, fraud may also be classified as the use of deception with the intention of:

- **Corruption** - gaining an advantage, financial or otherwise, personally and for family or friends; or abuse of position – abusing the council's resources for personal gain
- **Theft** – removal or misuse of funds, assets or cash causing a financial loss to the Council or,
- **False Accounting** - dishonestly destroying, defacing, concealing, or falsifying any account, record or document required for any accounting purpose, with a view to personal gain or gain for another.

Fraud continues to pose a major financial threat to Local Authorities, with the latest estimates from the National Audit Office suggesting that public sector fraud and error in the UK costs taxpayers an estimated £55 billion to £81 billion annually, with COVID-19 pandemic support schemes alone losing £10.9 billion. Any losses are magnified based on the increasing constraints and challenges on finances.

To maintain strong defences against fraud, the Council must foster resilience and innovation, ensuring that all staff, stakeholders, and the public are aware of fraud prevention threats and solutions.

The services provided by a Unitary Authority are varied and of significant financial value and volume and therefore the risk is high. The main conditions that are commonly found when fraud occurs are shown in the 'Fraud Triangle':



<sup>1</sup> Fraud Act 2006 (<http://www.legislation.gov.uk/ukpga/2006/35/contents>)

In summary, the Council controls millions of pounds of assets and therefore employees, Members and Council partners need to be vigilant to the risk of fraud and corruption in everyday business.

## **Protecting the Council**

We have a duty to protect the public purse and the Council's assets, and the aim of the strategy is to maintain and improve prevention, detection, awareness and response to fraud and corruption. We wish to further develop the organisational culture in the fight against fraud and corruption by raising awareness and encouraging staff to report any issue or suspicion of malpractice at the earliest stage.

Fraud and corruption amounts to unnecessary cost. Identification of fraud and corruption at an early stage will allow the Council to deal with the issue in an efficient and effective manner.

The Council will take all appropriate action to prevent fraud and corruption and respond when cases of attempted or committed fraud are identified. The Council will always seek to reduce any such risk of fraud.

## **Zero Tolerance**

Bath & North East Somerset Council applies a zero-tolerance approach in relation to fraud and corruption and is determined to pursue a strategy of bringing to account those involved in fraud and corruption through its robust HR Policies. By providing guidance and maximising awareness it will help instil a zero-tolerance attitude to fraud and corruption, meaning that staff, contractors, and volunteers neither have the motivation nor the opportunity to commit fraud.

Where internal fraud is identified, disciplinary action may be taken. In addition to this and where appropriate, cases may be referred to the Police for onward criminal investigation and sanction and/ or reported to Action Fraud and/ or the National Anti-Fraud Network.

## **Creating an Anti-Fraud Culture**

The best defence against fraud, corruption and bribery is to create a strong anti-fraud culture within the organisation.

The Council promotes the 'seven principles of public life' put forward by the Nolan Committee and expects all of its staff and partners (including contractors), and councillors to be aware of and to follow principles, legal rules, procedures, and practices, to protect legitimate interests at all times. (Nolan Principles<sup>2</sup>).

Bath & North East Somerset Council is committed to these principles of good governance and confirms this through the adoption, monitoring and development of the Council's Local Code of Corporate Governance.

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<sup>2</sup> <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

## The Strategy

**Scope** - The strategy applies to any individual undertaking Council specific activity:

- All employees whether full or part time, permanent or temporary
- Elected Members
- All staff working in Local Authority schools
- All contractors, agencies and partners working within the Council.

The Fighting Fraud and Corruption Locally – A Strategy for the 2020's<sup>3</sup> is the most recent updated counter fraud and corruption strategy for local government. Supported by CIPFA, it is the definitive guide for council leaders, chief executives, finance directors and all those with governance responsibilities. The most recent strategy is based on input from 250 councils across England and builds on current good practice. It also makes recommendations for a more co-ordinated response to fighting fraud within local authorities on a local level.

Bath & North East Somerset Council's strategy includes the four principles (pillars) of activity that CIPFA recommend Local Authorities should concentrate efforts on. This ensures that the Council's approach to fraud continues to be in line with best practice.



<sup>3</sup> CIFAS Fighting Fraud and Corruption Locally <https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities/ffcl-strategy-2020>

## Key Themes and Objectives

The Council's objectives within each theme are underpinned by the '6 Cs':

- **Culture** - creating a culture in which beating fraud and corruption is part of daily business.
- **Capability** - ensuring that the range of counter fraud measures is appropriate to fraud risks.
- **Capacity** - deploying the right level of resource to deal with the level of risk.
- **Competence** - having the right skills and standards.
- **Communication** - raising awareness, sharing information, and celebrating successes.
- **Collaboration** - working together internally and externally, with colleagues and other Local Authorities, and with other agencies: sharing resources, skills and learning, good practice and innovation, and information.

Our objectives for each them are outlined below:

### Govern

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*Having robust arrangements in place and executive support to ensure that anti-fraud, bribery and corruption measures are embedded throughout the organisation. Having a holistic approach to tackling fraud is part of good governance.*

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- Ensure strategies & policies exist which underpin the Council's approach to fraud.
- Ensure senior managers are kept informed of fraud and investigation work, including through regular reporting to Statutory Officers and key updates to the s151 officer.
- Provide regular updates to the Audit Committee, including details of any fraud, investigations, and internal audit reviews which identify exposure to fraud.
- Provide training and information to staff, including through a mandatory online Fraud course for employees and regular awareness articles via staff newsletters.
- Members & employees are aware of the need to disclose gifts, hospitality & conflicts of interest and provide such information as required.

### Acknowledge

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*Acknowledging and understanding fraud risks and committing support and resource to tackling fraud in order to maintain a robust anti-fraud response.*

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- Ensure on-going effectiveness and resilience of anti-fraud arrangements.
- Ensure all senior staff and managers in key service areas are aware of and comply with the anti-fraud & corruption strategy and effectively disseminate guidance to officers.
- Whistle Blowing Policy and referral system for internal and external reporting.
- Contractors/ third parties informed of the strategy and procedures.
- Provide resources for staff on the intranet to allow them to better understand and acknowledge fraud risks and how to respond accordingly.

## Prevent

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*Preventing and detecting more fraud by making greater use of data, technology, enhancing of fraud controls and processes, and developing an anti-fraud culture.*

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- Maintain an effective Internal Audit function to assist the organisation in ensuring a robust framework of internal control.
- Implement strong audit/ control procedures to respond to issues identified through investigation of irregularities.
- Provide guidance and training to staff, Councillors, and partners to identify and report attempted or actual fraud.
- Effective use of data matching and sharing e.g., participation in the National Fraud Initiative (NFI), use of IDEA (data analytics tool) and A.I.
- Publicise anti-fraud issues across the organisation, including NAFN fraud alerts.
- Recruitment vetting is maintained to highlight issues with potential employees.
- Continuously monitor the national picture to keep informed of new fraud risks.
- Continue to provide awareness sessions to staff working in areas of high fraud risk.

## Pursue

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*Punishing fraudsters and recovering losses by prioritising the use of sanctions, developing capability and capacity to investigate fraudsters, and developing a more collaborative and supportive local enforcement response.*

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- Deliver financial benefits in terms of efficiency savings or increased revenue whilst utilising data analytics.
- Investigate issues and weaknesses of instances of proven fraud & corruption.
- Determine the appropriate action against fraudsters.
- Effective sanctions including legal action where appropriate against anyone found guilty of committing fraud and corruption.
- Scrutinise and feed back to relevant departments to ensure robust systems are in place for the future.
- Reporting of all cases of fraud and corruption to the Audit Committee.
- Instil effective methods for seeking recovery of money defrauded.

## Protect

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*Protecting against serious organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community. Protecting public funds, protecting the organisation from fraud and protection from future frauds.*

*By ensuring that we meet the above objectives in the areas of Govern, Acknowledge prevent and Pursue, we will have the best possible chance of protecting the Council and its residents.*

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- Protect public funds.
- Protect vulnerable people in our local society.
- Protect the council from fraud and cyber-crime.
- Protect against the possibility of future frauds.

## How to report Fraud and Corruption

The Council is committed to the highest ethical standards. High standards of corporate and personal conduct are essential and explicitly stated through the Council's Employee Code of Conduct, the Code of Conduct for Members and Co-Opted Members, and HR policies.

Policy and guidance are maintained which contains full details on how any concerns can be reported. These are available on the Council's internet site and include:

- Whistleblowing Policy
- Anti-Money Laundering Policy and Guidance
- Anti-Bribery and Corruption Policy

If in doubt or to make an anonymous report, use the [Council's online form](#) or email [Peter Cann](#), Head of Audit and Assurance.

## Reporting Fraud and Corruption: Do's and Don'ts

DO	DON'T
<p><b><u>Make a note of your concerns</u></b></p> <ul style="list-style-type: none"> <li>• Write down the nature of your concerns</li> <li>• Make a note of all the relevant details, such as what is said over the telephone or any other conversations</li> <li>• Note the names and, if known, the position of those involved</li> <li>• Notes do not need to be overly formal, but should be timed, signed, and dated</li> <li>• Notes should be held in a secure place</li> <li>• Timeliness is most important. The longer you delay writing up, the greater the chances of recollections becoming distorted, and the case being weakened</li> <li>• Note the date and time when the suspicion was reported onwards</li> </ul>	<p><b><u>Don't be afraid of raising your concerns</u></b></p> <ul style="list-style-type: none"> <li>• The Public Interest Disclosure Act provides protection to employees who raise reasonably held concerns through the appropriate channels.</li> <li>• The Council's Confidential Reporting Codes provides guidance on how to do this.</li> <li>• You will not suffer discrimination or victimisation as a result of following these procedures and the matter will be treated sensitively and confidentially.</li> <li>• The Public can report concerns in confidence to the Internal Audit Team Audit West through the online portal and/ or email.</li> </ul>
<p><b><u>Report your concerns promptly</u></b></p> <ul style="list-style-type: none"> <li>• In the first instance, for internal fraud report your suspicions to your line manager. If this action is inappropriate further guidance on disclosure can be found in the Confidential Reporting Code.</li> <li>• If you are unsure who to report to, contact the Internal Audit team for advice.</li> <li>• All concerns must be reported to the Head of Audit and Assurance</li> <li>• External fraud concerns should also be reported to the Internal Audit Team</li> </ul>	<p><b><u>Don't convey your concerns to anyone other than authorised persons</u></b></p> <ul style="list-style-type: none"> <li>• There may be a perfectly reasonable explanation for the events that give rise to your suspicions. Spreading unnecessary concerns may harm innocent persons and the reputation of the Council.</li> <li>• Don't discuss your suspicions with anyone other than the officer you formally raised the issue with.</li> <li>• Don't report the matter to the police unless you have been authorised to do so by audit.</li> </ul>

**Retain any evidence you may have**

- The quality of evidence is crucial and the more direct and tangible the evidence, the better the chances of an effective action.
- Retain and keep all relevant records/evidence that may have been handed over or discovered as a result of the initial suspicion in a secure and confidential location.

**Do not approach the person you suspect or try and investigate the matter yourself**

- There are special rules relating to the gathering of evidence for use in criminal cases and to protect human rights. Any attempt to gather evidence by persons who are unfamiliar with these rules may prevent appropriate action being taken.
- Don't interfere with any documentary or electronic evidence
- Don't attempt to interview or question anyone unless authorised to do so.



# Whistleblowing Policy 2026

# Whistleblowing Policy 2026

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If you require clarification on any aspect of the Whistleblowing Policy or require this document in a different format, please contact the Internal Audit function of the Council.

To to make an anonymous report, use the [Council's online form](#).

Alternatively, you can email [Peter Cann](#), Head of Audit and Assurance.

## 1. Introduction

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### What is Whistleblowing?

Someone blows the whistle when they tell someone in authority about a dangerous, illegal or unethical activity that they are aware of through their work. This can include health and safety risks, environmental issues, fraud, poor standards of care and other problems.

### Why is Whistleblowing important?

Bath & North East Somerset Council is committed to the highest possible standards of service and being open, fair and honest. It recognises that all staff, Members and others associated with the Council are often the first to realise that there may be something seriously wrong. Whistleblowing, enabled by this policy, provides a structured way for this important information to come to light.

### Why does the Council need a Whistleblowing policy?

Under the requirements of the Public Interest Disclosure Act 1998, it will:

- a) Encourage employees, Members and others who have serious concerns about any aspect of the Council's work to voice them;
- b) Recognise that certain cases have to proceed on a confidential basis;
- c) Enable participation without fear of reprisals;
- d) Enable employees, Members and others to raise serious concerns within the Council rather than overlook a problem;
- e) Allow for the general public to report wrong doing.

## 2. Scope of Policy

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### Who does the Whistleblowing policy apply to?

The Policy applies to any individual undertaking Council specific activity, i.e.

- All employees whether full or part time, permanent or temporary
- Elected Members
- All staff working Local Authority maintained schools
- All contractors, agencies and partners working within the Council

## What is covered by the Whistleblowing Policy?

The Policy:

- provides avenues for the raising of concerns;
- provides procedures for how action taken will be reported back to the whistle blower;
- allows for the matter to be taken further if there is dissatisfaction with the Council's decision;
- underpins the Anti-Fraud and Corruption Strategy and will aim to reassure anyone whistleblowing that they will be protected from reprisals or victimisation for acting in good faith.
- As of 6<sup>th</sup> April 2026, sexual harassment is recognised as a protected disclosure under the Employment Rights Act. Concerns regarding sexual harassment may therefore also be reported under this policy

The Policy **does not** replace:

- the Council's complaints procedure;
- the Council's grievance procedure;
- the Employees' Code of Conduct;
- specific Council procedures (e.g. those specific to Adult and Children Services);
- Managerial responsibilities.

## 3. Reporting a Concern

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### When should I raise a concern?

If you find out about, or have suspicion of, any activity that could be detrimental to the Council. These activities may include:

- conduct which is an offence or a breach of law;
- disclosures relating to miscarriages of justice;
- health & safety risks to public or employees;
- damage to the environment;
- unauthorised use of public funds;
- possible fraud and corruption;
- breaches of the Council's policies, rules and regulations including Financial Regulations, Contract Standing Orders, Data/ Information Security;
- falling below established professional standards or practices;
- sexual harassment (under section 23 of the Employments Rights Act 2025)
- improper or unethical conduct; or
- the abuse or neglect of service users. (This list is not exhaustive).

## Whistleblowing Policy 2026

### How do I go about raising a concern?

The easiest way of reporting is to contact the Internal Audit service, providing as much information as possible. You can also [report](#) the details anonymously if you wish, but we encourage people to leave their details so we can ask, where appropriate, for more information to help in any investigation.

If you decide to report the allegation to a Prescribed Persons instead of the Council, the table below records the most relevant 'Prescribed Persons' related to the work of a Unitary Council.

<u>Work Area of Unitary Council</u>	<u>Prescribed Person</u>
General responsibilities	Council's External Auditor
Social Care	Care Quality Commission
Social Services & Child Welfare	His Majesty's Chief Inspector of Education, Children's Services and Skills ('the Chief Inspector') Ofsted
Environment	Office for Environmental Protection

The Government issues an up-to-date list of Prescribed Persons and they can be found here: [www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies](http://www.gov.uk/government/publications/blowing-the-whistle-list-of-prescribed-people-and-bodies--2/whistleblowing-list-of-prescribed-people-and-bodies) as specified Prescribed Persons Order 2014).

The decision on who to contact does depend on the seriousness and sensitivity of the issue(s) and who is thought to be involved in the issue(s) to be reported.

If the allegation relates to a contractor or partner organisation, the Council will refer allegations direct to the contractor/ partner for them to consider the issues being raised because the council only has jurisdiction for council staff.

If the allegation of misconduct or complaint relates to a Member it must be submitted to the Council's Monitoring Officer (Michael Hewitt) [Councillor.Complaints@bathnes.gov.uk](mailto:Councillor.Complaints@bathnes.gov.uk) who will make the decision if it should be referred for investigation or other action.

Where a complaint is referred for investigation, an Investigating Officer will be appointed to provide a report, which may then be presented to the Standards Committee at a hearing. If their decision is that there is a case to answer and that the Code had been breached, then they will decide on an appropriate sanction. The full procedure is set out in the Council's guidance for complaining about a Councillor.

## Whistleblowing Policy 2026

If the matter is more serious or it is not appropriate to raise with Line Management then any of the following can be contacted:

- a) Senior Management: i.e. an independent Director to the Service area or the Chief Executive – [Sophie Broadfield@bathnes.gov.uk](mailto:Sophie.Broadfield@bathnes.gov.uk)
- b) Concerns around Fraud and Misuse of Council Resources – [Peter Cann@bathnes.gov.uk](mailto:Peter.Cann@bathnes.gov.uk)
- c) Concerns around the treatment and safety of staff and partners - [Cherry Bennett@bathnes.gov.uk](mailto:Cherry.Bennett@bathnes.gov.uk)
- d) Concerns around the application of legislation and lawful practice - [Michael Hewitt@bathnes.gov.uk](mailto:Michael.Hewitt@bathnes.gov.uk)

Where there are local specific procedures relating to the raising of concerns (e.g., Adult & Children Health & Social care) then these procedures will apply.

Outside agencies and partners should raise concerns with the appropriate Senior Manager or Director. Where this is not appropriate, they should contact the Council's Solicitor or the Chief Executive.

### Who will be told about my concern?

There are also certain officers with delegated responsibilities who will need to be contacted on certain matters. However, they will not be advised of your identity without your approval. They are:

- a) Council Solicitor:  
In respect of actual/ potential unlawful conduct, maladministration, breach of the Bath and North East Somerset Council Local Code of Conduct for Members or breach of law.
- b) Head of Internal Audit:  
In respect of any actual/ potential financial irregularity, misuse of council resources or breach of council rules and regulations.
- c) Head of Human Resources:  
In respect of any matters relating to treatment and safety of staff/ partners.

### How should I raise my concern?

Concerns should be raised as soon as possible when you have a reasonable suspicion, even if the allegation is in the past.

This will allow you to incorporate relevant information about specific incidents. The background and history of the concern including names, dates and places where possible and the reason why you are particularly concerned about certain situations should also be provided.

It might be appropriate to discuss with a colleague first and you may find it easier to raise the issue if there are two or more of you who have had the same experience or concerns.

### **What if I don't want to reveal my identity?**

The Council and / or the Prescribed Person (Prescribed Persons Order 2014) will respect the confidentiality of anyone raising a concern and will do everything in its power to protect the identity of that individual whether they are an employee, Member or an external source.

However, as a result of an investigation process a statement may be requested to contribute to the evidence collected. In all such cases the provision of a statement will be discussed with you.

### **Can I raise my concern anonymously?**

Yes. However, the Council would encourage you to put your name to an allegation. Formal statements do help to build a case and add credibility to allegations. The key factors to be taken into account when investigating allegations are:

- Seriousness of the issues raised;
- Credibility of the concern and
- Likelihood of confirming the allegation from attributable sources.

### **Will I be protected from possible harassment or victimisation?**

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for malpractice. The Council will not tolerate harassment or victimisation and will take action to protect anyone raising a concern in good faith.

If an employee is the subject of disciplinary or redundancy procedures when they raise their concerns, then those procedures will not automatically be affected. The information provided would be assessed in the light of the new circumstances and a decision taken as to how, if at all, those proceedings should be affected.

### **Will I be subject to any sanctions if the allegation is not proven?**

When an allegation is made in good faith, but is not confirmed by the investigation, no action will be taken against the person voicing the concern.

If, however, an employee or Member makes a malicious or vexatious allegation, disciplinary action may be taken. The conduct of the Member may be the subject of consideration by the Standards Committee under the provisions of the Bath & North East Somerset Council Code of Conduct for Elected Members & Co-opted Members which forms part of the Council's Constitution. Employee conduct may be subject to the Council's Disciplinary Process.

### **Do I have to provide proof of the allegation?**

Although you are not expected to provide evidence of an allegation, you will need to demonstrate to the appropriate officer contacted that there are sufficient grounds for raising the concern.

### 4. What Happens Next

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#### How will the Council respond to my concern?

The action taken by the Council will depend on the nature of the concern. The matters raised may be:

- a) Resolved without the need for investigation;
- b) Investigated internally;
- c) Referred to the Police;
- d) Referred to the External Auditor; or
- e) Form the subject of an independent inquiry.

In order to protect individuals and the Council, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations, which fall under the scope of specific procedures (e.g. Adult & Children Health and Social Care), will be referred for consideration under those procedures.

As soon as possible after a concern has been raised (normally within 10 working days) the Council will write to the individual concerned to acknowledge the issue that has been raised and to indicate the future course of any action.

#### Will I be involved with the investigation?

The amount of contact between the individual raising the concern and the officers considering the issue will depend on the nature of the matters raised. The individual may be approached to provide further information.

If a meeting is arranged then the individual concerned has the right to be accompanied by an appropriate person of their choice, for example a work colleague, a Trade Union representative or Group Leader if you are a Member.

The Council will take steps to minimise any difficulties which you may experience as a result of raising a concern, for instance, if you are required to give evidence in any form of proceeding, then the Council will arrange for you to receive advice and help with preparation of statements.

#### Will I be informed of the outcome of the investigation?

The person raising a concern will need to be assured that the issue has been appropriately addressed. Therefore, the Council, subject to legal constraints, will inform them in writing about the outcomes of any investigations.

### 5. Further information

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Further guidance: <https://www.gov.uk/whistleblowing/who-to-tell-what-to-expect>

An independent charity, PROTECT, can offer independent and confidential advice. Contact: 020 3117 2520 or <https://protect-advice.org.uk/contact-us/>

# Anti-Money Laundering Policy & Guidance



IDENTIFY



VERIFY



MONITOR



REPORT



COMPLY

*Safeguarding Integrity. Promoting Accountability.*

## Anti-Money Laundering Policy and Guidance 2026

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If you require clarification on any aspect of the Anti-Money Laundering Policy or require this document in a different format, please contact the Internal Audit function of the Council.

To to make an anonymous report, use the [Council's online form](#).

## Introduction

The [Proceeds of Crime Act 2002](#) (The POCA Act) amended by the Criminal Finance Act 2017 ([2017](#)). The Terrorism Act [2000](#) & [2006](#), and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ([MLR 2017](#)) place obligations on the Council and its employees with respect to suspected money laundering.

MLR 2017 commenced on 26 June 2017 and impacts on certain areas of local authority business. As under the previous regulations of 2007, it requires local authorities to maintain internal procedures to prevent the use of their services for money laundering. A key difference of the 2017 Regulations is that it requires relevant persons to adopt a more risk-based approach towards anti-money laundering, particularly in the conduct of due diligence. Determining the appropriate level of due diligence requires analysis of risk factors based on the EU Directive and which are set out in MLR 2017.

## Scope of Policy

This Policy applies to all employees of the Council and aims to maintain the high standards of probity which currently exist within the Council by preventing criminal activity through money laundering.

- All employees whether full or part time, permanent or temporary
- Elected Members
- All staff working in maintained schools (Local Authority)
- All contractors, agencies and partners working within the Council

This Policy is closely aligned to the Council's Anti-Fraud & Corruption Strategy 2026 and the Whistle Blowing Policy 2026.

Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action under the Council's Disciplinary Procedure and/or prosecution.

## What is Money Laundering?

Money laundering is the disguising of the source of money, either in cash, paper or electronic form including Bitcoin. This may be in order to conceal that the money has originated from crime, or it may be to conceal the source of money that is to be used in the pursuit of future crime.

Money laundering is highly sophisticated. The conversion of cash into a non-cash form of money is only the first step. In itself it is not sufficient disguise for the launderer. There will follow a complex series of transactions intended to hide the trail from any investigator. Consequently, those on the lookout for money laundering should not restrict themselves to looking for cash transactions.

The following acts constitute money laundering:

- Concealing, disguising, converting, transferring criminal property or removing it from the UK ([Section 327 of the Proceeds of Crime Act 2002](#));
- Entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person ([Section 328](#));
- Acquiring, using or possessing criminal property ([Section 329](#)).

### What are the obligations on the Council?

Organisations conducting “relevant business” must:

- Appoint Money Laundering Reporting Officers (MLROs) to receive disclosures from employees, of money laundering activity (their own or anyone else’s);
- Implement risk sensitive policies and procedures relating to customer due diligence, reporting, record keeping, internal control, risk assessment and management, the monitoring and management of compliance and the internal communication of such policies and procedures.

Not all of the Council’s business is “relevant” for the purposes of the legislation: it is mainly the Accountancy and Internal Audit services carried out within the Resources Directorate and the financial, company and property transactions undertaken by Legal Services. It should also be a consideration for any large cash payments received in connection with Council Tax, Business Rates, rents etc.

While the risk to the Council of contravening the legislation is low, it is important that all employees are familiar with their responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officers.

### Personal Liability

It is an offence under the Proceeds of Crime Act 2002 if an employee enters into or becomes concerned in an arrangement, which a person knows, or suspects facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.

These offences are punishable by a maximum term of imprisonment for 14 years at the Crown Court and an unlimited fine. At the Magistrates Court it is a 6 months maximum term of imprisonment and £5,000 fine.

A criminal offence was created in 2017; any individual who recklessly makes a statement in the context of money laundering which is false or misleading commits an offence punishable by a fine and/or up to 2 years imprisonment.

### The Money Laundering Reporting Officers (MLROs)

All employees and members are obliged to report any suspicion of money laundering or terrorist financing to the Council's nominated officer. The officer nominated to receive disclosures about money laundering activity within the Council is:

Peter Cann - Head of Audit and Assurance ([peter\\_cann@bathnes.gov.uk](mailto:peter_cann@bathnes.gov.uk))

### Reporting to the Money Laundering Reporting Officers

Where you know or suspect that money laundering activity, as described in the "What is Money Laundering?" section above, is taking/ has taken place, or become concerned that your involvement in a matter may amount to a prohibited act under sections 327-329 of the Act, you must disclose this as soon as practicable to the MLROs. The disclosure should be within 'hours' of the information coming to your attention, not weeks or months later.

### SHOULD YOU NOT DO SO, THEN YOU MAY BE LIABLE TO PROSECUTION

#### Offence of Tipping Off

If an employee has a concern, they should ask questions or seek information/ documentation which would allay any suspicions they may have and negate the need to make a report.

Where an employee or Member suspect money laundering and make a report, or are aware that someone else has, they must exercise caution in what is discussed with others as a further offence of "tipping off" may be committed if, knowing or suspecting a disclosure has been made, the employee/ Member take any action which is likely to prejudice any investigation that may be conducted.

Any person found guilty of tipping off or prejudicing an investigation offence is liable to imprisonment (maximum 5 years), a fine or both.

## How You Might Recognise Money Laundering

The key slogan is “Know Your Customer” or “K.Y.C”. For any transaction, cash or otherwise you should ask yourself: -

“Given my knowledge of this person, is it plausible that they can pay this amount for this service by this means?”

If they are paying more than would be reasonable, or more than they could afford, or by a means that would not normally be used the answer would be ‘No’. Then action will be required.

More specific possible indicators of Money Laundering are:

- If the Source or Destination of funds differ from the original details given by the client;
- If the client cancels a transaction without good reason and requests a refund for previously deposited funds;
- Any large cash deposits;
- Large overpayments of fees or money on account;
- If information about the client reveals criminality or association with criminality;
- If there is more than one Solicitor/ Conveyancer used in the sale or purchase of a property or land or if there is an unexplained and unusual use of a Solicitor in relation to a property’s location;
- If the buyer or seller’s financial profile does not fit, particularly in relation to property transactions;
- If there are over complicated financial systems;
- If the client enters into transactions which make little or no financial sense or which go against normal practice;
- If the client is happy to enter into an apparent bad deal for them;
- If the client enters into arrangements beyond their apparent financial means;
- Any odd behaviour by any of the parties involved.

Further information can be obtained from the MLRO and the following sources:

- [National Crime Agency](#) – website of the National Crime Agency
- Anti Money Laundering Guidance for the accountancy sector, published by CCAB [www.ccab.org.uk](http://www.ccab.org.uk)
- Anti Money Laundering Guidance for the legal sector at [www.lawsociety.org.uk](http://www.lawsociety.org.uk)
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 at: <https://www.legislation.gov.uk>

## Procedures – Appendix 1

### Cash Payments

The Council will risk assess all cash payments in line with the regulatory guidance.

### Reporting

Any employee who suspects money laundering activity must report their suspicion promptly to the MLROs, using the attached **Disclosure Report** form (Appendix A). If you would prefer, you can discuss your suspicions with the MLROs first.

The employee must follow any subsequent directions of the MLROs and must not themselves make any further enquiries into the matter. They must not take any further steps in any related transaction without authorisation from the MLROs.

The employee must not disclose or otherwise indicate their suspicions to the person suspected of the money laundering. They must not discuss the matter with others or note on the file that a report has been made to the MLROs in case this results in the suspect becoming aware of the situation.

The MLROs must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency (NCA).

The MLROs must, if they so determine, promptly report the matter to NCA in the prescribed manner by submitting a Suspicious Activity Report (SAR) via the [SAR portal](#).

You will be informed if the MLROs make a SAR report to NCA. Officers should not complete any transactions **until clearance has been given by NCA, or seven days have elapsed since the disclosure was made to NCA.**

The MLROs will commit a criminal offence under POCA if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to NCA.

### Customer Due Diligence

Where the Council is carrying out certain 'regulated activities' then extra care needs to be taken to check the identity of the customer or client; this is known as carrying out Customer Due Diligence.

Regulated activity is defined as the provision 'by way of business' of: advice about tax affairs; accounting services; treasury management, investment or other financial services; audit services; legal services; estate agency; services involving the formation, operation or arrangement of a company or trust or; dealing in goods wherever a transaction involves a cash payment of €10,000 or more (approximately £8,700 at the time of writing). The limit is specified by the MLR 2017.

The Regulations regarding customer due diligence are detailed and complex, but there are some simple questions that will help you decide if it is necessary:

- Is the service a regulated activity?
- Is the Council charging for the service i.e. is it 'by way of business'?
- Is the service being provided to a customer other than a UK public authority?

If the answer to any of these questions is **NO** then you do not need to carry out customer due diligence.

If the answer to all these questions is **YES** then you must carry out customer due diligence **BEFORE** any business is undertaken for that client. If you are unsure whether you need to carry out customer due diligence then you should contact the MLROs.

Where you need to carry out customer due diligence then you must seek evidence of identity, for example:

- Checking with the customer's website to confirm their business address;
- Conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any Directors / beneficial owners;
- Seeking evidence from the key contacts of their personal identity, for example their passport and position within the organisation.

The requirement for customer due diligence applies immediately for new customers and should be applied on a risk sensitive basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officer's knowledge of the customer and a regular scrutiny of the transactions involved.

If, at any time, you suspect that a client or customer for whom you are currently or are planning to carry out a regulated activity is carrying out money laundering or terrorist financing or has lied about their identity then you must report this to the MLROs.

In certain circumstances enhanced customer due diligence must be carried out for example where:

- The customer has not been physically present for identification;
- The customer is a politically exposed person. A politically exposed person is an individual who at any time in the preceding year has held a prominent public function outside of the UK, and EU or international institution/body, their immediate family members or close associates;
- There is a beneficial owner who is not the customer. A beneficial owner is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.

Enhanced customer due diligence could include any additional documentation, data or information that will confirm the customer's identity and/or the source of the funds to be

used in the business relationship/transaction. If you believe that enhanced customer due diligence is required then you must consult the MLROs prior to carrying it out.

## **Record Keeping**

Where 'relevant business' is carried out then the customer due diligence records and details of the relevant transaction(s) for that client **must be retained for at least five years after the end** of the business relationship.

An electronic copy of every customer due diligence record must be sent to the MLROs to meet the requirements of the Regulations and in case of inspection by the relevant supervising body.

**Internal Clients:** Appropriate evidence of identity for Council employees will be signed, written instructions on Council headed notepaper or e-mail from an internal email address at the outset of a particular matter. Such correspondence should then be placed in the Council's client file along with a prominent note explaining which correspondence constitutes the evidence and where it is located.

**External Clients:** For external clients of the Council, appropriate evidence of identity will be written instructions on the organisation's official letterhead at the outset of the matter or an email from the organisation's e-communication system. Such correspondence should then be placed in the Council's client file along with a prominent note explaining which constitutes the evidence and where it is located.

With instructions from new clients, or further instructions from a client not well known to you, you may wish to seek additional evidence of the identity of key individuals in the organisation and of the organisation itself.

In all cases, the evidence should be retained for at least five years from the end of the business relationship or one-off transaction(s).

**If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one-off transaction(s) cannot proceed any further.**

## Client Identification Procedure - Appendix 2

You need to be satisfied as to the identity of the client before any business is undertaken for that client. The client's identity can be verified on the basis of documents, data or information obtained from a reliable and independent source.

The following checklist should be used for the **identification** of a private individual:

- Name;
- Address;
- Date of Birth;
- National Insurance Number;
- Telephone number;
- E-mail address.

The following checklist should be used for the **verification** of a private individual:

- Passport;
- Driving Licence;
- Birth Certificate;
- Current Council Tax and/or Utility Bill;
- Marriage Certificate.

In the case of a representative of an organisation, this can include measures such as:

- Checking the organisation's website to confirm the business address;
- Attending the client at their business address;
- Asking the key contact officer to provide evidence of their personal identity and position within the organisation.

Where the client is acting on behalf of a third party, reasonable steps should be taken to establish the identity of that other person.

If satisfactory evidence of identity is not obtained at the outset of the matter then the business relationship or one-off transactions cannot proceed any further.

## Methods to Safeguard Yourself

Customer due diligence measures is a key part of the Anti-Money Laundering requirements and to adequate measures should be in place. Therefore, to safeguard staff in their normal business administration, the following are key points to remember when engaging in business transactions:

- Obtain sufficient evidence/ knowledge to ascertain the true identity of the person(s) you are dealing with.
  - Who is the ultimate owner of the business
  - Has their Identity been verified
  - Who do they report to e.g. company director, chair of a board or head of department
  - Does the company exist? Can you locate them through a normal internet search
  - Where the business is located and the ability to visit and verify them.
  - Retain evidence for a period of 5 years

Further information can be obtained from the MLRO and the following sources:

- National Crime Agency (NCA) – <http://www.nationalcrimeagency.gov.uk>
- CCAB - Anti-Money Laundering (Proceeds of Crime and Terrorism) – Guidance for Accountants – [www.ccab.org.uk](http://www.ccab.org.uk)
- The Law Society - Anti-Money Laundering Guidance and Advice - <http://www.lawsociety.org.uk/advice/anti-money-laundering>

**ANTI-MONEY LAUNDERING DISCLOSURE REPORT FORM**

**Appendix A**

**CONFIDENTIAL**

**REPORT TO MONEY LAUNDERING REPORTING OFFICERS**

To: Peter Cann, Head of Audit & Assurance

From: .....

Contact details: .....

Department: .....

**DETAILS OF SUSPECTED OFFENCE:**

Name(s) and address(es) of person(s) involved:  
(If a company/public body please include details of nature of business)

Nature, value and timing of activity involved and cause of suspicion:  
(Please include full details e.g. what, when, where, how.)

Has any investigation been carried out (as far as you are aware)?

(Please circle appropriate answer)      **Yes/No**

If yes, please include details below:

Have you discussed your suspicions with anyone else?

(Please circle appropriate answer)      **Yes/No**

If yes, please specify below whom the discussion took place with, when and why such discussion was necessary:

Please set out below any other information you feel is relevant:

Signed..... Dated.....



Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of 5 years' imprisonment.

When completed, please print off the form and put it in a sealed envelope, marked "**Strictly Private and Confidential**" and **hand deliver to Peter Cann, or email [Peter\\_Cann@bathnes.gov.uk](mailto:Peter_Cann@bathnes.gov.uk)**

**Your report will be treated in the strictest confidence.**

**THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLROs**

Date report received:

Date receipt of report acknowledged:

**CONSIDERATION OF DISCLOSURE**

**Action Plan:**

**OUTCOME OF CONSIDERATION OF DISCLOSURE**

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a report be made to the NCA?

(Please circle appropriate answer)      **Yes/No**

If yes, please confirm date of SARS report to the NCA: \_\_\_\_\_ and complete the details below:

Details of liaison with the NCA regarding the report:

Notice Period: \_\_\_\_\_ to \_\_\_\_\_

Moratorium Period: \_\_\_\_\_ to \_\_\_\_\_

Is consent required from the NCA to any ongoing or imminent transactions which would otherwise be prohibited acts?

(Please circle appropriate answer)      **Yes/No**

If yes, please confirm full details below:

Date consent received from the NCA: \_\_\_\_\_

Date consent given by you to employee: \_\_\_\_\_

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:

Date consent given by you to employee for any prohibited act transactions to proceed:

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
Other relevant information:

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

**THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS**

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# Anti-Bribery & Corruption Policy



ACT



IDENTIFY



PREVENT



REPORT



ENSURE

*Safeguarding Integrity. Promoting Accountability.*

## Anti-Bribery & Corruption Policy 2026

# Anti-Bribery & Corruption Policy 2026

## Contents

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If you require clarification on any aspect of the Anti-Bribery & Corruption Policy or require this document in a different format, please contact the Internal Audit function of the Council.

To to make an anonymous report, use the [Council's online form](#).

## Introduction

---

### What is Bribery & Corruption?

The Bribery Act 2010 came into force in the UK on 1<sup>st</sup> July 2011. The Act applies both to individual staff and the Council corporately.

The Bribery Act contains two general offences of bribery, covering the offering, promising, or giving of a bribe (**ACTIVE BRIBERY**) and the requesting, agreeing to receive, or accepting of a bribe (**PASSIVE BRIBERY**) (Sections 1 & 2).

As well as a discrete offence of bribing a foreign public official to obtain or retain business or an advantage in the conduct of business (Section 6), it also introduced an offence that can be committed by commercial organisations that fail to prevent bribery committed on their behalf (Section 7).

*The guidance states that a “commercial organisation” is anybody formed in the United Kingdom and “...it does not matter if it pursues primarily charitable or educational aims or purely public functions. It will be caught if it engages in commercial activities, irrespective of the purpose for which profits are made.” Whether or not the Council is a “commercial organisation”, it is committed to meeting the standards set by the Bribery Act 2010.*

### Why is it important?

Bribery is a criminal offence. Bath & North East Somerset Council **do not** and **will not** tolerate bribery. It will **not** tolerate the paying of bribes or offers of improper inducements to anyone for any purpose.

It is unacceptable and a criminal offence to use third parties as conduits to channel bribes and the Council will not engage indirectly or otherwise which encourages bribery.

The Council is committed to the prevention, deterrence, and detection of bribery.

### Why does the Council need an Anti-Bribery & Corruption policy?

The Council commits to:

- Setting out a clear Anti-Bribery policy and keeping it up to date.
- Making all employees aware of their responsibilities to adhere strictly to this policy at all times.
- Training all employees so that they can recognise and avoid the use of bribery by themselves and others
- Encouraging employees to be vigilant and to report any suspicions of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately

## **Anti-Bribery & Corruption Policy 2026**

- Rigorously investigating instances of alleged bribery and assisting police and other appropriate authorities in any resultant prosecution
- Taking firm and vigorous action against any individual(s) involved in bribery
- Providing information to all employees to report breaches and suspected breaches of this policy
- Dealing appropriately with bribery prevention as part of its procurement and contract monitoring processes.

### **Scope of Policy**

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#### **Who does the Anti-Bribery & Corruption Policy apply to?**

The Policy applies to any individual undertaking Council specific activity, i.e.

- All employees whether full or part time, permanent or temporary
- Elected Members
- All staff working in Local Authority maintained schools
- All contractors, agencies and partners working within the Council

#### **What is unacceptable behaviour within the Policy framework?**

It is unacceptable to:

- Give, promise to give, or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given.
- Give, promise to give, or offer a payment, gift, or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure.
- Accept payment from a third party that you know, or suspect is offered with the expectation that it will obtain a business advantage for them.
- Accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return.
- Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy.
- Engage in activity in breach of this policy.

### Reporting a Concern

---

#### Staff responsibilities:

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All staff must avoid activity that breaches this policy. Staff must comply with their terms and conditions of employment including the Employees' Code of Conduct.

Staff must:

- Read, understand, and comply with this policy.
- Raise concerns as soon as possible if they believe or suspect that a conflict with this policy has occurred or may occur in the future.

As well as the possibility of civil and criminal prosecution, any member of staff that breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct.

#### Raising a concern

Bath & North East Somerset Council is committed to ensuring that all of us have a safe, reliable, and confidential way of reporting any suspicious activity. We want each member of staff to know how they can raise concerns. We all have a responsibility to help detect, prevent, and report instances of bribery.

If you have a concern regarding a suspected instance of bribery or corruption, please speak up – your information and assistance will help. The sooner you act, the sooner it can be resolved. The Council's Whistleblowing Policy provides information about how to report a concern. Under the guidance of the Whistleblowing Policy, reporting a wrongdoing is straightforward.

This Policy and the Whistleblowing Policy relate to Council employees but if a report is received detailing allegations that relate to an employee of our contractors/ partners, the issue will be referred to the relevant contractor/ partner and associated client manager.

Any reports received which relate to an elected member will be referred to the monitoring officer who will make the decision to investigate.

#### Penalties

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An individual guilty of an offence under sections 1, 2 or 6 is liable:

- On conviction in a magistrate's court, to imprisonment for a maximum term of 12 months, or to a fine not exceeding £5,000, or to both
- On conviction in a crown court, to imprisonment for a maximum term of ten years, or to an unlimited fine, or both

Organisations guilty of an offence under section 7 are liable to an unlimited fine

### Additional Policies and Procedures

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In addition to the Anti-Bribery & Corruption Policy the Council has several policies (linked to the Council's Anti-Fraud & Corruption Strategy 2026) which provides proposed or adopted actions and guidance to all stakeholders. The following policies and related guidance are available through the Council's intranet and internet site:

- Anti-Money Laundering Policy 2026
- Whistleblowing Policy 2026
- Employees' Code of Conduct
- Gifts and Hospitality
- Declaration of Interests
- Promote awareness with our outsourced partners

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	Audit Committee	
MEETING DATE:	13 <sup>th</sup> May 2026	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>Audit and Assurance - Annual Report 2025/26</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Assurance Levels, Appendix 1		

**1. THE ISSUE**

- 1.1. The work of the Internal Audit Service is to provide independent assurance to the Council’s senior officers and members that governance, risk management and controls are sufficient to ensure delivery of the council’s objectives. As part of meeting statutory and professional requirements the Head of Audit and Assurance is also required to provide an opinion on the council’s internal control environment.
- 1.2. This is the closing Internal Audit Annual Report to the Committee for the financial year 2025/26. Included is a summary of audit performance and key issues, as well as the formal opinion on the internal control framework.

**2. RECOMMENDATION**

- 2.1. The Audit Committee is asked to note the Internal Audit Annual Report for 2025/26 and the opinion on the Internal Control environment.

**3. THE REPORT**

- 3.1. The Audit Committee approved the Annual Internal Audit Plan for the financial year 2025/26 at its meeting of the 30<sup>th</sup> April 2025.

The Plan forms the principal work of the Internal Audit Service and is a significant source of assurance of the effectiveness of the Council’s internal control environment.

In determining the scope, depth, and breadth of the Audit Plan, the Audit Committee accepts limitations in coverage and the inherent risks associated with this. As resources and organisational risks may change dynamically over a year, audit coverage can be affected, and this may impact on the level of assurance achieved through delivering the audit plan.

## 3.2. HEADLINE INFORMATION FOR THE FINANCIAL YEAR 2025/26

3.2.1. The summary position for the financial year 2025/26 was as follows:

- Work on the 2025/26 plan is almost complete with 63 of 66 pieces of work either finalised, reporting or substantially in progress.
- The Internal Audit service agreed to defer two audits into the following year(s) audit plan and one audit was replaced.
- There was one audit report issued where it was considered that the overall systems of internal control provided 'Limited Assurance'.
- One unplanned audit review was undertaken at the request of senior management.
- Internal Audit have responded to two reports of a small loss of money requiring advice and/or investigation. A further audit review is included in the 2026/27 audit plan for one area, and the internal audit team remain available to provide additional advice when requested.
- Fraud awareness work took place, and this is reported in detail separately within the Counter Fraud Annual Report 2025/26.
- All of the recommendations due to be implemented in 2025/26 were followed-up by the Audit service. It was identified that recommendations from three Internal Audit reviews had not yet been implemented in full.
- The Internal Audit service led on the annual governance review of the Council enabling the Annual Governance Statement 2024/25 to be compiled and included in the Council's Statement of Accounts.
- The state of the Internal Control framework is satisfactory, based on our audit opinions.

## 3.3. 2025/26 INTERNAL AUDIT WORK – KEY MESSAGES, SIGNIFICANT ISSUES & ASSURANCE LEVELS

3.3.1. From the audit reviews completed in the 2025/26 financial year, there was one audit completed where it was considered that the overall systems of internal control was weak ('Level 2') and only a limited level of assurance could be provided. The audit was in respect of Fleet Management – External Trading Activity and is described in point 3.3.4 below.

3.3.2. There are recommendations that were made in previous audit reports which have not yet been fully implemented, including some that were considered high-risk and have now passed their completion date. These are detailed in section 3.8 of this report.

3.3.3. In addition to the formal reviews carried out as part of the 2025/26 planned programme of work, Internal Audit also provided assurance over a significant volume of grant expenditure. This work primarily relates to externally funded grants, including from the West of England Combined Authority, as well as some

direct award grants from central government departments. Independent assurance was provided to funding bodies, confirming the Council's compliance with the terms and conditions of grant funding, including the appropriate use of grant expenditure. This assurance activity covered certified grant expenditure of £11.5 million, relating to grants with a total value in excess of £56 million.

#### 3.3.4. Fleet Management – External Trading Activity

#### 3.3.5. The key issues identified during the review concerned:

- The Fleet Management service had been delivering profit-generating services to external customers without the appropriate legal framework, as it is not constituted as a Local Authority Trading Company. Legal advice received was that these activities should not continue in their current form.

The Director of Place Management and the Head of Waste complied with this advice immediately and external trading has been ceased.

- Fees and charges applied to some external customers were not consistently aligned with the Council's approved pricing strategy or Financial Regulations. Audit testing identified undocumented discounts for schools, charities, staff, and bulk MOT customers, determined at service level without formal approval or audit trails. The financial impact could not be quantified due to data limitations and changes to Agresso coding.

Several actions were carried out by service management immediately following the audit review to address the issues. This included a review of the fees and charges published on the Council's website and other materials was carried out to verify that they matched those approved by Full Council. Clarification was obtained from Legal Services regarding allowable external trading activities to other public bodies e.g. schools, NHS etc and the list of legally compliant services and corresponding approved fees and charges was disseminated to all relevant staff.

- Several invoicing and billing weaknesses were identified. Excel-based invoices were issued outside the corporate accounting system, increasing risks of error, loss and fraud. Invoicing relied on multiple manual sources, and issued invoices lacked the required detail under Financial Regulations, hindering income recovery and accountability.

Upon receipt of the audit findings, management reviewed staff practices for billing and data management and implemented targeted training, including corporate invoicing protocols and risks of unofficial invoices and use of software and central storage. All invoicing is now only populated via corporate systems. Twice-yearly audits have been scheduled to review billing practices to identify unofficial invoicing and reconcile services delivered and invoices issued. In addition, regular monitoring through scheduled supervision sessions with staff and quarterly staff sessions re. invoicing and billing have been established.

#### 3.3.6. Eight recommendations (One critical, two high, four medium and one low-risk) made during the audit were agreed. The Director of Place Management and the

Head of Waste and Fleet were keen to improve financial controls and were very supportive of, and cooperative with, the audit process throughout.

- 3.3.7. A detailed follow-up audit has been included in the 2026/27 audit plan to confirm that all recommendations have been fully implemented and to provide further advice or guidance where needed, ensuring a clear and sustainable improvement plan is in place for the service.

#### 3.4. **INVESTIGATIONS & UNPLANNED WORK**

- 3.4.1. In addition to the planned internal audit reviews, the Internal Audit team undertook one unplanned audit review, one unplanned investigation, and provided additional advisory support to a further service at the request of senior management.

The investigation, and the advisory support related to two separate incidents, both which involved small cash losses: one at a care home (investigation) and another involving a reported banking loss (advisory support).

##### 3.4.2. Unplanned Work – Children’s Direct Payments

A request was made by Senior Management for Internal Audit to undertake an unplanned review of Children’s Direct Payments. The work examined the consistency of eligibility criteria, the clarity and accessibility of guidance, decision-making for short breaks, and arrangements for issuing, monitoring, and recovering unused payments.

##### 3.4.3. Investigation and Advisory Work

The unplanned investigation was reported to the November Committee and involved a small amount of cash missing from a care home. Although the amount was low, the money belonged to a resident, and the associated paperwork was also missing.

An Internal Audit investigation was conducted alongside HR colleagues, whose work focused on interviewing staff at the home. The investigation concluded that the missing funds could not be located and the exact cause of the loss could not be determined. This was due to weaknesses in local controls at the time of the incident, which meant that cash could go missing without being detected. As the issue was accepted as the responsibility of the home, the resident was reimbursed in full.

A number of findings and recommendations were agreed with the Head of Service – Residential Services, including a recommendation for further audit work. As a result, an audit has been included in the 2026/27 Internal Audit plan to review controls over income collection and the management of residents’ personal monies, providing assurance that similar issues are not present at other residential homes.

3.4.4. The second case of loss of money concerned a £100.00 under banking within the Bath Housing, Welfare and Advice Services team. Internal Audit reviewed the circumstances, identified control weaknesses, and provided advice to help prevent recurrence.

### 3.5. COUNTER FRAUD

3.5.1. Anti-Fraud and corruption guidance has been provided to services when requested and this has been supplemented by the publication and distribution of the November 2025 Anti-Fraud Bulletin.

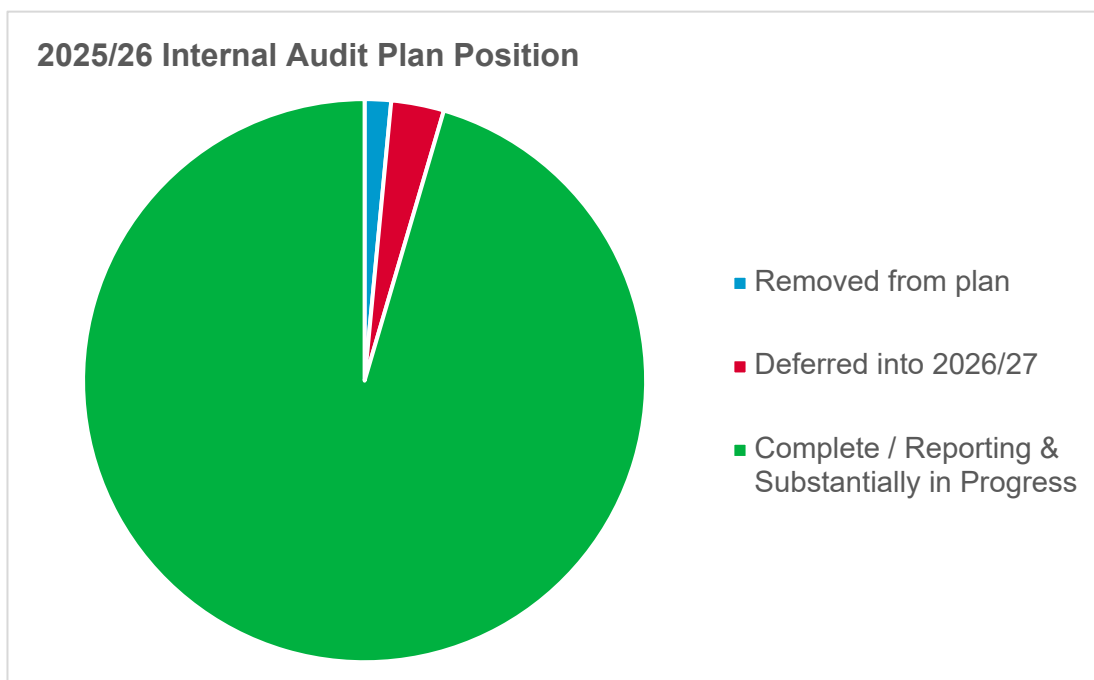
3.5.2. A detailed report of all counter fraud related activity that took place in 2025/26 is presented within a separate paper to this Committee meeting. This covers work completed and progress undertaken by the service, including but not limited to:

- National Picture and Emerging Risks
- Work on the National Fraud Initiative (NFI)
- Staff Information and Awareness
- Internal Audit Targeted Work and Investigations.

### 3.6. COMPLETION OF 2025/26 INTERNAL AUDIT PLAN

3.6.1. There were 66 pieces of audit work within the plan. Of the total number of audits:

- 63 audits had been completed or were at reporting stage / substantially in progress.
- Two audits have been agreed to defer into 2026/27.
- One planned piece of work was replaced.



	<b>Audit Area</b>	<b>Status</b>	<b>Comments</b>
1	FWD Project	Complete	Complete - Grant Claim Reviewed, Tested and Approved
2	Bath City Centre High Street Renewal Project: Love Our High Street Bath HSR	Complete	Complete - Grant Claim Reviewed, Tested and Approved
3	LOHS Local Centres	Complete	Complete - Grant Claim Reviewed, Tested and Approved
4	MSN market Square	Complete	Complete - Grant Claim Reviewed, Tested and Approved
5	HREF	Complete	Complete - Grant Claim Reviewed, Tested and Approved
6	Bath Creative Quarter F&D	Complete	Complete - Grant Claim Reviewed, Tested and Approved
7	Milsom Quarter Project Phase 2	Complete	Complete - Grant Claim Reviewed, Tested and Approved
8	Strategic Masterplanning for BANES Local Plan - Phase 1&2	Complete	Complete - Grant Claim Reviewed, Tested and Approved
9	Future Bright Q3 / Q4 2024/25	Complete	Complete - Grant Claim Reviewed, Tested and Approved
10	Skills Connect	Complete	Complete - Grant Claim Reviewed, Tested and Approved
11	Universal Business Support Service UBS	Complete	Complete - Grant Claim Reviewed, Tested and Approved
12	Somer Valley Rediscovered	Complete	Complete - Grant Claim Reviewed, Tested and Approved
13	Waterspace Connected	Complete	Complete - Grant Claim Reviewed, Tested and Approved
14	Chew Valley Lake Recreational Trail South	Complete	Complete - Grant Claim Reviewed, Tested and Approved
15	CRSTS Walking and Cycling - Bath Quays Links	Complete	Complete - Grant Claim Reviewed, Tested and Approved
16	CRSTS Walking and Cycling - Scholars Way	Complete	Complete - Grant Claim Reviewed, Tested and Approved
17	Bath Central Riverside	Complete	Complete - Grant Claim Reviewed, Tested and Approved
18	North Keynsham SDL	Complete	Complete - Grant Claim Reviewed, Tested and Approved
19	Bath River Line	Complete	Complete - Grant Claim Reviewed, Tested and Approved
20	Pothole Grant & LATS	Complete	Complete - Grant Claim Reviewed, Tested and Approved
21	CRSTS maintenance challenge fund	Complete	Complete - Grant Claim Reviewed, Tested and Approved

22	CRSTS WECA Capacity Funding Grant	Complete	Complete - Grant Claim Reviewed, Tested and Approved
23	CRSTS Grants for LN's.	Complete	Complete - Grant Claim Reviewed, Tested and Approved
24	CRSTS WECA Mobilisation Funding	Complete	Complete - Grant Claim Reviewed, Tested and Approved
25	CRSTS Grant MSN & Westfield, Walking, Wheeling & Cycling Links	Complete	Complete - Grant Claim Reviewed, Tested and Approved
26	Somer Valley Enterprise Zone (WECA Investment Fund)	Complete	Complete - Grant Claim Reviewed, Tested and Approved
27	Active Travel Fund Tranche 4: Residential Cycle Hangars	Complete	Complete - Grant Claim Reviewed, Tested and Approved
28	Next Door Nature in the Somer Valley	Complete	Complete - Grant Claim Reviewed, Tested and Approved
29	Bathscape Landscape City Framework	Complete	Complete - Grant Claim Reviewed, Tested and Approved
30	South West Net Zero Hub - Local Net Zero Capacity Development Fund - Local Capacity Grant	Complete	Complete - Grant Claim Reviewed, Tested and Approved
31	CRSTS Grant Somer Valley Links	Complete	Complete - Grant Claim Reviewed, Tested and Approved
32	CRSTS Grant Bath Walking, Wheeling & Cycling Links	Complete	Complete - Grant Claim Reviewed, Tested and Approved
33	CRSTS Grant Bath City centre Phase 1	Complete	Complete - Grant Claim Reviewed, Tested and Approved
34	CRSTS Grant Resource Funding	Complete	Complete - Grant Claim Reviewed, Tested and Approved
35	Green Infrastructure Implementation	Complete	Complete - Grant Claim Reviewed, Tested and Approved
36	Future Bright Q1 2025/26 claim	Complete	Complete - Grant Claim Reviewed, Tested and Approved
37	South West Net Zero Hub - Local Net Zero Capacity Development Fund - Local Capacity Grant - 25/26 and FINAL Claim	Complete	Complete - Grant Claim Reviewed, Tested and Approved
38	Capability and Ambition Funding	Complete	Complete - Grant Claim Reviewed, Tested and Approved
39	Effective Transitions Fund	Complete	Complete - Grant Claim Reviewed, Tested and Approved
40	RONI WEX pilot	Complete	Complete - Grant Claim Reviewed, Tested and Approved
41	Mayoral Priority Skills Fund	Complete	Complete - Grant Claim Reviewed, Tested and Approved
42	Chew Valley Lake Recreational Trail (Final claim)	Complete	Complete - Grant Claim Reviewed, Tested and Approved

43	Patch Management	Reporting	Work completed, reporting to client
44	Privileged Account Access - IT Administration excl. fin systems	In progress	Audit Substantially in Progress
45	Public Website Security	In progress	Audit Substantially in Progress
46	Adult Safeguarding Improvement Plan Implementation	Final	Audit Opinion Level 3 – Reasonable Assurance
47	ASC Improvement Governance	Reporting	Work completed, reporting to client
48	Children's Services - Budget Oversight and Payment Processes (renamed)	In Progress	Audit Substantially in Progress
49	SEND Payment Process Consultancy	Complete	Advice and guidance provided to the client as needed
50	City Regions Sustainable Transport Settlements (CRSTS) - Delivery of Projects	In Progress	Audit Substantially in Progress
51	Property - Commercial Estate (income collection and debt management)	Complete	Debt Management covered in Voids Management audit. New Asset system is not fully functional yet - Advice and guidance provided to the client as needed
52	Debt Management	Deferred	Deferred into 26/27 as requested by Client
53	Property - Commercial Estate (Voids Management)	Final	Audit Opinion Level 3 – Reasonable Assurance
54	Contract Management - Highways Maintenance	Reporting	Work completed, reporting to client
55	Payroll - Contingency Planning - Failure of Pay-run processing	Final	Briefing Report produced
56	Pixash Waste and Highways Facility	Deferred	Deferred into 26/27 as requested by Client
57	Adult Direct Payments	Complete	Advice and consultancy work provided for the Children's Direct Payments review. A full review / rewrite of the Direct Payments Policy being carried out in 2026 - review once new policy is embedded, and Children's have progressed with their actions.
58	'Follow-Up' on 2023/24 External Audit Annual Report weakness/ recommendations	Replaced	Replaced with a higher-priority audit of Children's Direct Payments
59	Adaptions - Use of Disabled Facilities Grants	Final	Briefing Report produced
60	Virtual School (Statutory Responsibilities)	Final	Audit Opinion Level 4 – Substantial Assurance
61	Early Years Capacity (Statutory Responsibilities)	Final	Audit Opinion Level 4 – Substantial Assurance

62	ITrent Data Deletions / Sanitisation	Reporting	Work completed, reporting to client
63	Aequus Group - Financial Governance	Final	Audit Opinion Level 4 – Substantial Assurance
64	Investigation - Cleeve Court Resident's Personal Monies	Final	Investigation Report produced
65	Fleet Management - Workshop Activity / Trading	Final	Audit Opinion Level 2 – Limited Assurance
66	Children's Direct Payments	Reporting	Work completed, reporting to client
67	Governance - Annual Governance Statement	Complete	24/25 statement reported to Audit Committee and included within Accounts. 25/26 being drafted and will be presented for approval in 26/27
68	Governance - Audit Committee, Boards, Advice and Guidance	Complete	Undertaken throughout year
69	Fraud – National Fraud Initiative	Complete	Completed Throughout Year

### 3.7. DEFERRED AUDITS AND AUDITS NO LONGER REQUIRED

3.7.1. Due to the additional time spent on investigations and unplanned work, a small amount of audit activity has been deferred into 2026/27. In addition, one of the planned audits is no longer required. They are as follows:

- **Debt Management** - The audit has been carried forward from the 2025/26 plan to ensure it is timed appropriately following the planned update of the Debt Management Policy. Allowing additional time enables the audit to provide more meaningful assurance over compliance once this is in place.
- **Pixash Waste and Highways Facility** - The audit has been carried forward into the 2026/27 plan to allow sufficient time for the Keynsham Recycling Hub to become fully operational and for outcomes, such as value for money and planned use of any surplus capacity, to be embedded.
- **'Follow-Up' on 2023/24 (2024/25 published) External Audit Annual Report weakness / recommendations** – The audit was removed and replaced with a higher-priority audit of Children’s Direct Payments as requested by the Director of Assurance, Risk and Pensions, and the Assistant Director Children's Transformation.

### 3.8. IMPLEMENTATION OF RECOMMENDATIONS

3.8.1. The follow-up of recommendations prioritised on ensuring that critical and high-level recommendations have been implemented. This is because this category of recommendation will have either identified significant risks or identified improvements that could best help the organisation to achieve its objectives.

3.8.2. Audit staff communicate with officers throughout the audit process to ensure that proposed recommendations are understood, are relevant, and are achievable within the organisation and its resources. Through following this approach, we

can report that the vast majority of the recommendations agreed in 2025/26 were found to have been implemented where they were due to be.

3.8.3. Whilst all recommendations have been followed up with the officer(s) responsible, there are recommendations from Internal Audit reports that have not been fully implemented within the intended timescales. The High-level recommendations are detailed below:

3.8.4. **Corporate Parent - Child Protection Independent Reviewing Officers**

	Complete	In Progress	Outstanding
High		2	
Total	0	2	0

Two high-risk recommendations were assessed as partially implemented, relating to (1) Availability/ timeliness of Social Worker reports and (2) Impact of the Independent Reviewing Officer (IRO) in achieving improved outcomes for Children in Care.

Progress has been made to improve performance information, including revised data reporting and stronger tracking of actions through the Service Improvement Board. The outstanding actions include finalising and implementing practice guidance, strengthening risk management arrangements, and embedding consistent, senior-level monitoring and challenge which is reliant on data being available. Delays are primarily due to increasing numbers of children being allocated to the service, wider service transformation, and staffing changes and vacancies.

A new implementation date of September / October 2026 has been agreed with the Head of Service.

3.8.5. **Temporary Accommodation**

	Complete	In Progress	Outstanding
High	1	2	
Total	1	2	0

Two high-risk recommendations were assessed as partially implemented, relating to (1) the procurement and contract management of commissioned temporary accommodation and (2) the recording, reporting and monitoring of temporary accommodation costs.

The follow-up identified incomplete actions for the first recommendation, including finalising and agreeing the new provision specification and finalising contracts including KPIs and reporting arrangements. Progress on the second recommendation has been impacted by staff changes and increased demand, with the remaining action to seek Finance advice on improved monitoring arrangements following the move away from Agresso and to develop revised monitoring processes to strengthen oversight.

### 3.8.6. IT - IT Services Recovery Management

	Complete	In Progress	Outstanding
High		3	
Total	0	3	0

The three high-risk recommendations relate to backup governance and recovery assurance.

Implementation of recommendations is almost complete; however, the process has taken longer than anticipated due to the complexity of backup and recovery arrangements. Additionally, the planned departure of the responsible officer (Infrastructure Team Leader) has resulted in a transfer of recommendation ownership - once a new owner is confirmed the final follow-up will be performed.

## 3.9. FORMAL OPINION ON THE INTERNAL CONTROL FRAMEWORK

### 3.9.1. Statement of the Head of Audit & Assurance

As part of our statutory requirements, the Head of Audit & Assurance in fulfilling the role of the Council's Chief Internal Auditor/ Chief Audit Executive, is required to give an opinion on the internal control framework.

In forming this view, I have considered the work of the Audit & Assurance function as well as other assurances I can rely on and consideration of the wider governance framework and performance of the council.

As highlighted during previous reports to the Audit Committee within 2025/26, we are reporting the state of the internal control framework as satisfactory based on our audit opinions.

The Council's internal control framework and systems to manage risk had not altered significantly from the previous year and it is therefore my opinion that, based on the work completed, the council's internal control framework and systems to manage risk continue to be reasonable. This conclusion is supported by:

- Reasonable assurance can be provided over the council's systems of internal control, helping to ensure corporate priorities can be achieved.
- There were not any significant reported breaches of the council's policies, including Financial Regulations and Contract Standing Orders.
- Managers throughout the council were aware of the importance of maintaining adequate and effective governance arrangements.
- Appropriate arrangements were in operation to prevent and detect fraud and audit reviews and investigations did not identify any systemic failures.
- Senior Management demonstrate a pro-active approach to the fundamental themes of good governance and risk management.

- There were no fundamental system failures or control breakdowns to business - critical functions.

In 2025/26 there were relatively minor adjustments to the internal audit plan. The vast majority of work undertaken continued to take place in the areas planned and agreed, and it is my opinion that, based on the work completed, the council's internal control framework and systems to manage risk are reasonable.

The ongoing financial challenge to all Local Authorities and further macroeconomic factors also place pressure locally on services to respond and manage risk in a proportionate way. A robust Internal Audit service is a vital component of the Council's governance systems and provides the third and final line of defence in relation to the internal control framework.

The Audit Committee has been supportive of our work throughout the year and I would like to thank elected members and the independent members for their ongoing input and guidance.

#### **4. STATUTORY CONSIDERATIONS**

- 4.1. There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIFPA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

#### **5. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1. There are no direct resource implications relevant to this report.

#### **6. RISK MANAGEMENT**

- 6.1. A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Significant risks to the council arising from an ineffective Internal Audit Service include lack of internal control, failures of governance and weak risk management. Specific risks include supplementary External Audit Fees and undetected fraud. Internal Audit assists the Council in identifying risks, improvement areas and recommending good practice.
- 6.2. The Audit Committee has specific responsibility for ensuring the Council's Risk Management and Financial Governance framework is robust and effective.

#### **7. EQUALITIES**

- 7.1. A proportionate equalities impact assessment has been carried out using corporate guidelines and no significant issues have been identified.

**8. CLIMATE CHANGE**

8.1. There are no direct climate change implications related to this report.

**9. OTHER OPTIONS CONSIDERED**

9.1. No other options to consider related to this report.

**10. CONSULTATION**

10.1. The Council's Director of Assurance, Risk and Pensions has had the opportunity to input to this report and have cleared it for publication.

<b>Contact person</b>	<i>Peter Cann, Head of Audit &amp; Assurance</i>
<b>Background papers</b>	Internal Audit Update Reports to Audit Committee Sep & Nov 2025 2025/26 Internal Audit Plan – April 2025 2026/27 Internal Audit Plan – April 2026
<b>Please contact the report author if you need to access this report in an alternative format</b>	

**APPENDIX 1 - Description of Audit Assurance Ratings and Opinion:**

<b>Assurance Rating</b>	<b>Opinion</b>
<b>Level 5 - Full Assurance</b>	The systems of internal control are excellent with a number of strengths, no weaknesses have been identified, and full assurance can be provided over all the areas detailed in the Assurance Summary.
<b>Level 4 - Substantial Assurance</b>	The systems of internal control are good with a number of strengths evident and substantial assurance can be provided as detailed within the Assurance Summary.
<b>Level 3 - Reasonable Assurance</b>	The systems of internal control are satisfactory, and reasonable assurance can be provided. However, there are a number of areas detailed in the Assurance Summary which require improvement and specific recommendations are detailed in the Action Plan.
<b>Level 2 - Limited Assurance</b>	The systems of internal control are weak, and only limited assurance can be provided over the areas detailed in the Assurance Summary. Prompt action is necessary to improve the current situation and reduce the levels of risk exposure.
<b>Level 1 - No Assurance</b>	The systems of internal control are poor, no assurance can be provided and there are fundamental weaknesses in the areas detailed in the Assurance Summary. Urgent action is necessary to reduce the high levels of risk exposure.

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	Audit Committee	
MEETING DATE:	13 <sup>th</sup> May 2026	<b>AGENDA ITEM NUMBER</b>
TITLE:	<b>Internal Audit Plan – 2026/2027</b>	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Appendix 1 – Internal Audit Plan 2026/27		
Appendix 2 – Internal Audit Charter		

**1. THE ISSUE**

1.1 This report outlines the Annual Audit and Assurance Plan 2026/27, which is attached as Appendix 1, and forms the principal work of the Internal Audit service for the new financial year. Also attached is the Audit Charter for the Internal Audit Service for information in Appendix 2.

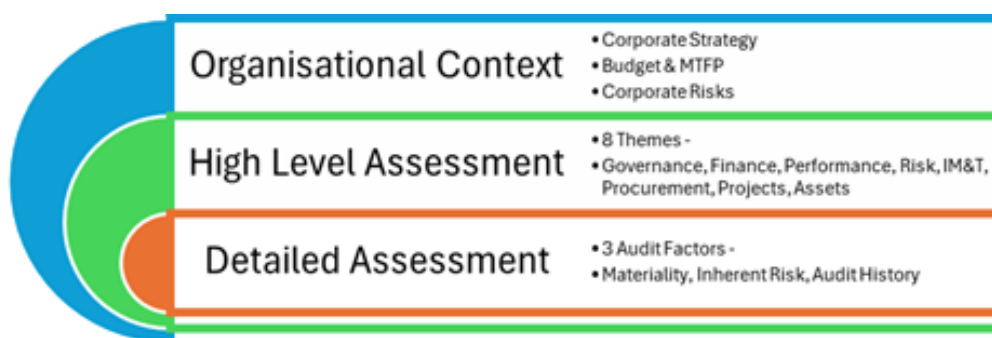
**2. RECOMMENDATION**

2.1. The Audit Committee is asked to approve the Internal Audit Plan 2026/27 (Appendix 1).

**3. THE REPORT**

**3.1 INTERNAL AUDIT PLAN 2026/27**

3.1.1. The Global Internal Audit Standards (GIAS) require Internal Audit to prepare a risk-based plan, and this is attached at Appendix 1. The plan is formulated using the Reasonable Assurance Model and the essential elements of the model are as follows –



Notwithstanding the assessment, specific circumstances (such as a significant reputational issue or request of the S151 Officer or Executive Leadership Team) may on occasion mean that a low scoring or new topic is nevertheless included in the Plan, e.g., historically, Covid-19.

The plan process involved consultation between January and end of March 2026 including the following key stakeholders:

- Section 151 Officer
- Senior Finance Managers
- Service Directors
- Audit Committee

3.1.4 Resources available to deliver work will also inform the quantum of the plan. Our partnership arrangements also give us ongoing efficiency opportunities to reduce the amount of time spent on reviews and share best practice.

### 3.2. **ONGOING REVIEW OF THE AUDIT PLAN**

3.2.1. Whilst small in-year adjustments were required to the agreed audit plan for the previous financial year of 2025/26, the Internal Audit service will continue to ensure a fluid approach for audit coverage in the next financial year.

Therefore, whilst a full-year audit plan has been produced to cover the period 1st April 2026 – 31st March 2027, the plan will be kept under continual review and adjusted to cover any further unforeseen requirements over the first six months. A formal review of the annual plan then takes place at the six-month stage and, if necessary, the Committee are consulted on any likely changes that are required in order to adequately prioritise and resource the second half of the financial year.

3.2.2. It should also be noted that in addition to compiling and completing a list of 'planned audit reviews', Internal Audit will continue to:

- Provide support to the corporate governance framework within the Council including completing the Annual Governance review work required to publish the Council's Annual Governance Statement.
- Carry out fraud prevention work, including the co-ordination and investigation roles to complete the work required through the Cabinet Office Data Matching 'National Fraud Initiative'.
- Provide advice on request in relation to new or changed systems of internal control during the year including significant updates and revisions to key financial systems, processes, policies and procedures.
- Provide advice and support on request to Services on carrying out investigations in relation to financial irregularities. This may require, where requested, Audit staff to take on the Investigating Officer role in compliance with the disciplinary procedures.

### 3.3. INTERNAL AUDIT CHARTER & PROFESSIONAL STANDARDS

- 3.3.1. The Global Internal Audit Standards (GIAS) were introduced for the UK Public Sector in April 2025 and replaced the Public Sector Internal Audit Standards (PSIAS) as the mandatory standards for internal audit in the UK public sector.

In summary, the PSIAS were a sector-specific version of the previous Institute of Internal Auditors (IIA) framework, whilst GIAS is intended to be more prescriptive, risk-based, and focused on board oversight.

There are some changes required for Internal Audit as a result of the new standards, however it is generally recognised that an Internal Audit Service that conforms with the previous PSIAS will have most of the required practices already in place, especially in terms of undertaking audit assignments. The Committee will be aware that in 2023, we received the results of our conformation against these standards following an external review. The review concluded a rating of 'Generally Conforms', which is the top rating and meant that Bath & North East Somerset Council's Internal Audit service had a charter, and policies and processes that were judged to be in conformance with the PSIAS / Core Principles and Code of Ethics. We will now need to be reassessed against the GIAS requirements, requiring both internal and external assessment with the external assessment being required once every 5 years. Given the size and detailed nature of the GIAS (120 pages) and the associated self-assessment (144 pages), more details on the GIAS will be provided to the Audit Committee separately later this financial year.

As the Council's Internal Audit Service already conformed with the previous PSIAS, the primary changes to meet the GIAS therefore relate to minor amendments and updates to key documentation, in particular, the Internal Audit Charter, which defines the Internal Audit activity, purpose, authority and responsibility. The Internal Audit Charter establishes its position within the organisation; the nature of the Head of Audit and Assurance's functional reporting relationship with the Audit Committee; formally records its access to property, records and personnel; and defines the scope of Internal Audit activities.

As part of best practice, we always present the Charter annually to the Audit Committee so that you are aware of how Internal Audit delivers its services and derives its authority and to re-confirm our independence. Therefore, attached as Appendix 2 is an updated Internal Audit Charter, which has been reviewed to ensure that it correctly reflects and references the new GIAS. None of the amendments are material, with the main changes relating to:

- Referencing the GIAS and Local Government Application Note, to replace PSIAS throughout;
- Including a new section at the start of the Charter (grey box) which explains its purpose and requirements under the GIAS;
- Section 1 'Internal Audit Purpose and Mission' has been updated to include specific references to the GIAS.

#### **4. STATUTORY CONSIDERATIONS**

4.1. There are no specific statutory considerations related to this report. Accounts & Audit Regulations set out the expectations of provision of an Internal Audit service. This is supported by S151 of the Local Government Act and CIFPA Codes of Practice and the IIA professional standards for delivery of an adequate Internal Audit Service.

#### **5. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1. There are no direct resource implications relevant to this report.

#### **6. RISK MANAGEMENT**

6.1. A proportionate risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. Significant risks to the council arising from an ineffective Internal Audit Service include lack of internal control, failures of governance and weak risk management. Specific risks include supplementary External Audit Fees, undetected fraud and inadequate coverage of risks. Internal Audit assists the council in identifying risks, areas of improvement and recommending good practice.

6.2. The Audit Committee has specific responsibility for ensuring the Council's Risk Management and Financial Governance framework is robust and effective.

#### **7. EQUALITIES**

7.1. An equalities impact assessment has been considered using corporate guidelines and no significant issues have been identified.

#### **8. CLIMATE CHANGE**

8.1. There are no direct climate change implications related to this report.

#### **9. OTHER OPTIONS CONSIDERED**

9.1. No other options to consider related to this report.

#### **10. CONSULTATION**

10.1 The Council's Director of Assurance, Risk and Pensions has had the opportunity to contribute to this report and has cleared it for publication.

<b>Contact person</b>	Peter Cann, Head of Audit & Assurance
<b>Background papers</b>	Appendix 1 - Annual Audit & Assurance Plan 2026/27 Appendix 2 - Audit Charter
<b>Please contact the report author if you need to access this report in an alternative format</b>	



Specialist Professional Services

# Draft Internal Annual Audit Plan 2026/27

May 2026

## Prepared by:

Peter Cann, Head of Audit & Assurance

Lucinda Dixon, Audit Manager

## Prepared for:

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**Bath & North East  
Somerset Council**

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Improving People's Lives



## Introduction

Bath & North East Somerset Council exists for one clear purpose - to improve people's lives. Good governance enables Bath & North East Somerset Council to effectively achieve its intended outcomes linked to stated priorities.

By providing independent assurance that is both robust and constructive, Internal Audit plays a vital role not only for services, but also for elected Members and the wider community. The work of Internal Audit provides independent assurance over the effective operation of the Council and the stewardship of its assets and resources for the benefit of all stakeholders.

## Our Role and The Three Lines Model

By being independent of management, One West maintain the third line, and we continue to do this effectively by working with all our stakeholders - especially the Audit Committee, Statutory Officers and Senior Management – to improve the service we offer but also to provide an independent voice in supporting service change and transformation.

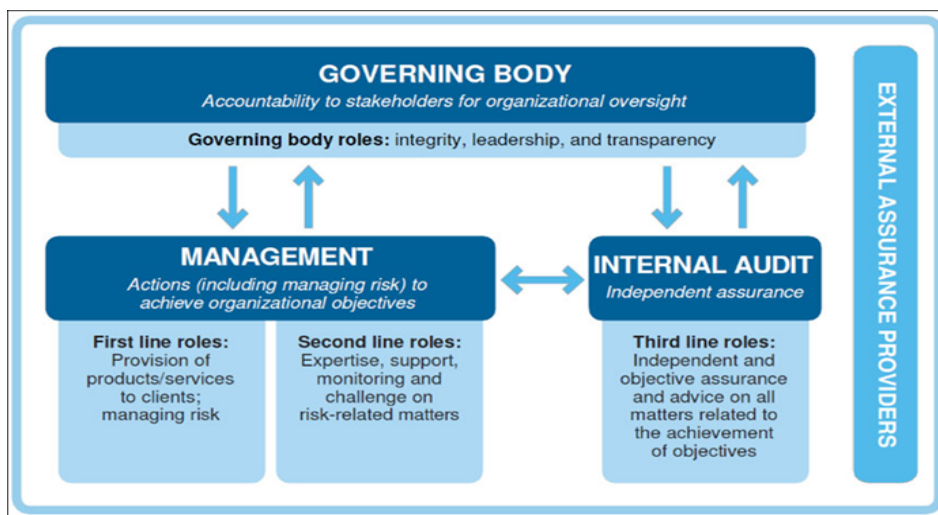


Fig 1. IIA Three Lines Model

We aim to offer continued value to all of our clients based on the following key priorities:

- Use of our Reasonable Assurance Model
- Maximising use of technology
- Investment in skills
- Offering complimentary assurance services
- Providing Value for Money.

The remainder of this document outlines our approach and the indicative areas for our audit and assurance plan for 2026/27.



## Purpose, Policies and Principles for Bath & North East Somerset

The Council's Corporate Strategy sets out its purpose, values, core policies and principles, as well as an extended outcomes framework to further refine its priorities: [Bath & North East Somerset Council – Corporate Strategy 2023-2027](#)

The Council has one overriding purpose - to improve people's lives. This underpins everything they do, from street cleaning to caring for older people, and guides their strategy, priorities, spending and service delivery.

This purpose is reflected in their shared values - Bold, Empowered, Supportive and Transparent - which underpin what they do, how they approach their work, and the type of Council they want to be. Overall, their values make the assumption that all employees commit to a common code of decency and demonstrate these qualities when carrying out their jobs. They believe that collective aspirations will help to successfully achieve the core purpose to improve people's lives.





## How the Internal Audit Plan is Compiled

Our annual audit planning process is undertaken based on the Reasonable Assurance Model.

The Reasonable Assurance Model is based on the fundamental requirement that the audit plan proposed will deliver sufficient work to enable the Head of Audit to independently assess the internal control framework and give a reasonable assurance opinion at the end of each year.

The planning process involves considering the current context of the Council, what a 'healthy organisation' requires to operate effectively, and then assessing independently against this in a staged process as follows:

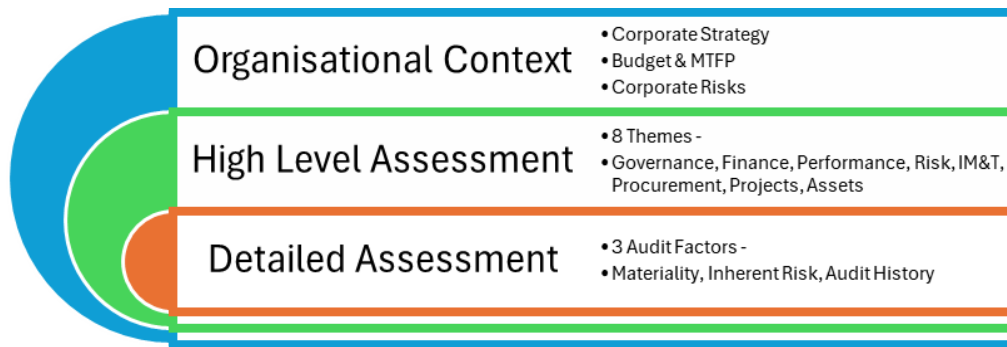


Fig 2. Reasonable Assurance Model

A key component of the audit needs assessment uses the adopted Reasonable Assurance Model to assess the level of assurance in place over eight themes:



Fig 3. Eight Themes of Reasonable Assurance



Each Theme has a set of questions and the answers to these questions help assess the level of assurance and the level of risk for each theme. The Reasonable Assurance Model informs the Internal Audit Annual Plan and enables an assessment of compliance with the seven principles of good governance as recorded in the Council's Local Code of Corporate Governance.

In addition to the Reasonable Assurance Model assessment the annual plan is created by:

1. Consideration of risks recorded in the Council's Corporate Risk Register and operational risk registers.
2. Horizon scanning – external publications and networking groups e.g. West of England Chief Auditors.
3. Consultation with Directors, key Corporate Officers and Statutory Officers – discussions cover any issues, and new / heightened risks based on new or changes in responsibilities.
4. External Review Body findings or planned reviews.
5. Risk scoring long list of potential areas of audit activity based on factors such as: Internal Audit History (previous assurance opinions, time since last review), Inherent Risk (operational, technical, reputational & people), Materiality (income, expenditure, planned savings), and Audit Management knowledge experience.

In accordance with the Global Internal Audit Standards (GIAS), the plan needs to be flexible to respond to the changing risks and priorities of the Council and, to this end, planned audit activity will be regularly reviewed and changes reported to management and the Audit Committee.

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## Internal Audit Plan 2026/27

This listing records the core activity of the Internal Audit service and the planned audit reviews to commence as of 1st April 2026. The recorded indicative quarter scheduling is a proposal of timing of each review but is intended as a guide only and is subject to change.

	Planned Audit Reviews 2026/27	Indicative Quarter	Area
1	Governance - Annual Governance Statement	All	AR&P
2	Governance - Audit Committee, Boards, Advice and Guidance	All	AR&P
3	Follow-up of Previous Year Recommendations	All	AR&P
4	Fraud Prevention - Data Analytics	All	AR&P
5	Fraud Prevention - National Fraud Initiative (NFI)	All	AR&P
6	Fraud Prevention - Training, Advice and Guidance	All	AR&P
7	Grant Funding Requiring Audit Certification (see separate table below)	Q1	AR&P
8	Use of Volunteers	Q3	People & Change
9	New iTrent - Payroll Implementation and Controls	Q1/Q2	AR&P & People & Change
10	ERPx Financial Management System	Q4	AR&P
11	Procurement - Contract Management	Q2	AR&P
12	Debt Recovery / Debt Management	Q4	Resources
13	Overpayments to Staff	Q1	Resources
14	Cloud Cost Management (Azure)	Q2	IT
15	Cyber Security - AI Governance	Q3	IT
16	IT - In-House Software Development: Governance & Control Baseline Position Statement	Q3	IT
17	IT - Supply Chain Risk	Q2	IT
18	Section 106	All	Planning & Building Control
19	Licensing Fees and Charges	Q1	Place Management
20	Keynsham Recycling Hub	Q4	Place Management
21	Highways - Scheme Prioritisation	Q1	Place Management
22	Fleet Management	Q1/Q2	Place Management
23	Community Resource Centres & Extra Care Income - Residents' Monies	Q1	Adults
24	Partnership Working and Commissioning Arrangements	Q3	Adults
25	Demand-led budgets for Older People	Q3	Adults
26	St Kenya School - Financial Audit	Q1	Children's
27	Children's High Cost Placements - Governance	Q2	Children's
28	DSG/ SEND - School's White Paper	Q4	Children's



	<b>Planned Grant Certifications 2026/27</b>	<b>Area</b>
1	Active Travel Fund Tranche 4: Residential Cycle Hangars	Transport Strategy
2	ATF5: Clapton Road and Redfield Road Pedestrian Improvements	Place Management
3	Bath Central Riverside	Place Shaping
4	Bath City Centre High Street Renewal Project: Love Our High Street Bath HSR (LOHS)	Place Shaping
5	Bath River Line	Place Shaping
6	Bathscape Landscape City Framework	Place Shaping
7	CRSTS Grant MSN & Westfield, Walking, Wheeling & Cycling Links	Capital & Housing Delivery
8	CRSTS Grant Somer Valley Links	Capital & Housing Delivery
9	CRSTS Grant Bath City centre Phase 1	Capital & Housing Delivery
10	CRSTS Grant Bath Walking, Wheeling & Cycling Links	Capital & Housing Delivery
11	CRSTS Grant Resource Funding	Capital & Housing Delivery
12	CRSTS Grants for LN's.	Capital & Housing Delivery
13	CRSTS maintenance challenge fund	Capital & Housing Delivery
14	CRSTS Walking and Cycling - Bath Quays Links	Place Management
15	CRSTS Bath City Centre Phase2	Capital & Housing Delivery
16	CRSTS BBSC Toucan Crossing	Capital & Housing Delivery
17	CRSTS Scholars Way Delivery	Capital & Housing Delivery
18	CRSTS BQL Delivery	Capital & Housing Delivery
19	CRSTS BCC1 Delivery	Capital & Housing Delivery
20	Digital Office	Place Shaping
21	Effective Transitions Fund	Children's
22	Green Infrastructure Implementation	Place Shaping
23	HREF	Place Shaping
24	Milsom Quarter Project	Place Shaping
25	MSN market Square	Place Shaping
26	North Keynsham SDL	Place Shaping
27	Office for Low Emission Vehicles (OLEV) Bid	Transport Strategy
28	Pothole Grant & LATS	Place Management
29	Regional Employment Service	Place Shaping
30	Somer Valley Rediscovered	Place Shaping
31	Somer Valley Enterprise Zone	Capital & Housing Delivery
32	Strategic Masterplanning for BANES Local Plan - Phase 1&2	Planning & Building Control
33	UK Social Prosperity Fund: Radstock Town Centre	Place Shaping
34	UKSPF RURAL Trinity & Fairy Hill	Place Shaping
35	Universal Business Support Service UBS	Place Shaping
36	Water Space Connected	Place Shaping



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37	Youth Guarantee Trailblazer	Place Shaping
38	LEVI Capability Fund	Place Management
39	LEVI Investment Fund	Place Management
40	Fieldings Bridge	Transport Strategy

A contingency of resources is retained for matters arising in year. Work in addition to that in the plan is also delivered through audit investigations and general advice to service areas, as is required.

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## Other Key Components of Internal Audit Planned Work

### Fraud – Prevention and Detection

Counter-fraud and corruption arrangements are a high priority for the Council and assist in the protection of public funds and transparency & accountability. Under the Council's Financial Regulations, the Internal Audit service must be informed of any 'financial irregularities' and we are committed to responding timely to any reported or identified cases through carrying out our proactive work. Our proactive anti-fraud and corruption testing is focussed on those areas/ systems considered to be most at risk to fraud.

The CIPFA guidance ('Code of practice on managing the risk of fraud and corruption'), the CIPFA Fraud and Corruption Tracker (CFaCT) survey, and the Fighting Fraud and Corruption Locally strategy, all assist in assessing and informing fraud and corruption risks and planning the work of the Internal Audit service. Nationally, the notable areas of fraud relevant to the Council include; Cyber Fraud, Council Tax/ Single Person Discount, Housing, Business Rates, Procurement, Blue Badges, and Direct Payments (Social Care). These areas and the risks are considered as part of the audit planning process and this is evident in the list of audit reviews recorded above, as well as in previous audit plans.

In terms of other proactive work, the Cabinet Office runs a detailed national data matching exercise (National Fraud Initiative - NFI) every two years. Information must be extracted from several Council databases and uploaded to the NFI database run.

The Council has an adopted an Anti-Fraud and Corruption Strategy and associated policies and these have been reviewed and updated in 2026. Staff awareness of fraud and scams is very important, and the Internal Audit service provide training and regular bulletins to ensure that staff are reminded of the risks and the need for continued diligence. This work will continue throughout 2026/27.

### Corporate Governance

The Accounts and Audit Regulations require the Council to carry out a review of its governance arrangements, and to produce an annual statement detailing the results of that review.

The AGS must be seen as a Council wide document, and it is reviewed and approved by the Audit Committee. The Leader of the Council and the Chief Executive are required to sign the document which is then published with the Council's statement of accounts.

Internal Audit provide support by using an adopted methodology to carry out an Annual Governance review.



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## Internal Audit Charter

**This document sets out the purpose, authority and principal responsibilities of the Internal Audit Service for Bath & North East Somerset Council.**

This Charter describes the purpose, authority and responsibilities of the Internal Audit function in accordance with the Global Internal Audit Standards (GIAS) and the Local Government Application Note.

The GIAS states that the Charter must be reviewed periodically and presented to “the board” for approval. In addition, senior management have a key role in providing input to the board and the Chief Internal Auditor (Head of Audit). For the purposes of this charter “senior management” will be the Corporate Leadership Team (CLT) and the board will be the Audit Committee.

The Charter shall be reviewed annually and approved by the Audit Committee. The Head of Audit is responsible for applying this Charter and keeping it up to date.

### 1 Internal Audit's Purpose and Mission

- 1.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on its control environment. Internal Audit helps the organisation to achieve its objectives through a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control, processes. Its mission is to enhance and protect organisational value by providing risk based and objective assurance, advice and insight.
- 1.1 The purpose statement included in the GIAS states “Internal auditing strengthens the organisation’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Internal auditing enhances the organisation’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.

Internal auditing is most effective when:

- It is performed by competent professionals in conformance with the Global Internal Audit Standards, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the board.
- Internal auditors are free from undue influence and committed to making objective assessments.”

## **2 Internal Audit's Statutory Role**

2.1 The Accounts & Audit Regulations 2015 (Local Government England & Wales) states that:

“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”.

2.2 Section 151 of the Local Government Act 1972 requires the Council to designate an Officer to be responsible for “making arrangements for the proper administration” of the Council’s financial affairs. One of the ways by which this duty is discharged is by maintaining an adequate and effective Internal Audit Service.

2.3 The Audit Committee responsibilities are recorded in its own Terms of Reference,

## **3 Standards for Professional Practice of Internal Auditing**

1.2 Internal Audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing. The Head of Audit and Assurance will report periodically to the Council’s Chief Financial Officer (S151 Officer) and the Audit Committee regarding Internal Audit conformance to the Code of Ethics and the Standards.

## **4 Management’s Responsibilities for Internal Control**

4.1 Responsibility for internal control rests fully with Management, who shall ensure that arrangements are appropriate and adequate. Management shall establish and maintain an adequate system of internal control to enable them to discharge their responsibilities and to ensure that the Council’s resources are properly applied in the manner intended. This includes responsibility for the prevention and detection of fraud.

## **5 Internal Audit Responsibility & Objectives**

5.1 Internal Audit is responsible for carrying out an appraisal of all the Council’s activities, financial or otherwise, in line with this Internal Audit Charter. Internal Audit will provide an annual opinion to the Council (through the Audit Committee) and will carry out Audits and other assurance work in order to deliver this opinion. In addition, Internal Audit will report to Management any material facts that may affect the delivery of the opinion.

- 5.2 As stated in Section 3, Internal Audit will comply with the Professional Practices Framework, (including the Global Internal Audit Standards and CIPFA Local Government Application Note), and will complete internal assessment of compliance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The findings of internal assessments and any required actions will be reported to the Council's Audit Committee. Compliance will also be verified through an external review assessment every five years.
- 5.3 One of the key service objectives of Internal Audit will be to produce a risk based Annual Audit Assurance Plan for approval by the Council's Audit Committee. The Audit Plan will remain flexible to take account of the Council's changing environment and risk profile.
- 5.4 Completion of all or a significant proportion of the approved Audit Plan will be a key performance measure of the Internal Audit Service.
- 5.5 Internal Audit will directly employ staff and contract as necessary to provide a service to the Council.

## **6 The Scope of Internal Audit**

- 6.1 Internal Audit's work is not limited to the Council's financial systems and records, it extends to all activities of the Council. This enables Internal Audit to give an independent and objective opinion on the adequacy and effectiveness of governance, risk management and the control environment as a source of assurance to management. Work includes reviewing and evaluating compliance with policies, laws and regulations; assessing the reliability and integrity of information; and, safeguarding Council assets. In addition to this core internal audit work, it will undertake, where appropriate, other non-assurance work at the request of management. This may include consultancy and fraud / irregularity related work.
- 6.2 Where appropriate, there may be instances whereby Internal Audit works in partnership to meet objectives and deliver services. In these instances, Internal Audit will decide whether to conduct the work required itself or can place reliance on the work carried out by other Auditors or sources of assurance. If Internal Audit were to carry out the work, then access rights need to be established to all systems and documents. Management should ensure these are established as part of the arrangements.

## **7 Internal Audit reporting lines**

- 7.1 The Head of Audit and Assurance fulfils the role of the Council's 'Chief Internal Auditor' and reports to the Director of Assurance, Risk and Pensions. The Head of Audit and Assurance has freedom of reporting access without fear or favour to all relevant Members and Officers (including the Leader of the Council, the Chair of the Audit Committee and the Council's Statutory Officers - Chief Executive {Head of Paid Service}; Section 151 Officer and the Head of Legal & Democratic Services {Monitoring Officer}).
- 7.2 The Council has an Audit Committee whose Terms of Reference include responsibility for monitoring the performance of the Internal Audit Service and approving its Annual Audit Plan. The Head of Audit and Assurance reports regularly to the Audit Committee

and is required on an annual basis to provide a formal opinion of the adequacy of the Internal Control Framework and systems to manage risk.

## **8 Internal Audit Independence**

- 8.1 A critical element of the performance of Internal Audit is independence from the activities it audits. This enables Internal Audit to form impartial and effective judgment for the opinions and recommendations made. To help ensure independence Internal Audit is allowed unrestricted access to Senior Management & Members, as stated in Section 7.1.
- 8.2 Internal Auditors will be impartial, have an unbiased attitude and avoid any conflict of interest. Auditors will not undertake audit reviews in services where they have previously worked (directly working for the function or carrying out ‘consultancy services’) in the last two years. In terms of ‘consultancy services’ this is work which is going beyond providing an opinion on the control environment, i.e., they are designing or developing systems to fulfil an objective.
- 8.3 Internal auditors will disclose any impairments of independence or objectivity, in fact or appearance, to appropriate parties.
- 8.4 Before Internal Audit agrees to carry out consultancy services consideration will be given to any potential conflicts of interest. If it is concluded that the proposed work would compromise delivery of the service’s prime function, then the work would be declined.
- 8.5 Where the Head of Audit & Assurance has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.
- 8.6 The Head of Audit and Assurance will confirm to the Audit Committee at least annually of the independence of the internal audit activity.

## **9 Internal Audit Fraud related work**

- 9.1 Internal Audit does not have responsibility for the prevention and detection of fraud. However, Internal Audit staff shall be alert in all their work, to risks and exposures that could allow fraud or corruption. Internal Audit work alone cannot guarantee that fraud and irregularities will be picked up even when work is performed in compliance with the Global Internal Audit Standards.
- 9.2 The main source for Internal Audit to be alerted to possible fraud and irregularities will be through the awareness of Council Officer and Members of the Council’s Anti-Fraud & Corruption Strategy and associated policies ( Anti-Money Laundering Policy; Anti-Bribery & Corruption Policy and Whistleblowing Policy). Internal Audit maintain the Council’s Strategy and Policies and report on this to the Audit Committee. The Strategy adheres to the themes and principles of the CIPFA Local Government Counter Fraud & Corruption Strategy and links to the Council’s Corporate Strategy 2023/27 stated – Purpose and Principles.
- 9.3 Internal Audit assist in the detection of fraud by assisting the Council’s Section 151 Officer in taking the key co-ordination Page 162 related to the Cabinet Office National Fraud

Initiative (NFI). Internal Audit assists Council Services in the preparation and submission of data to the Cabinet Office and then the review and investigation of data matches.

- 9.4 Internal Audit may also be requested by Management to assist with the investigation of potential cases of fraud and financial irregularities. The objective of the Internal Audit Service is to ensure that: 1) the matter is fully investigated and if deemed necessary referred for Police or disciplinary action; and 2) the system of internal control is enhanced to avoid a repeat of the issue. All reported irregularities would be investigated in line with adopted strategies, policies and protocols.

## **10 Internal Audit's Right of Access**

- 10.1 The Accounts & Audit Regulations 2015 provide that any Officer of the Council must make available such documents of the Council which relates to its' accounts and other records as appear to be necessary for the purpose of the Audit.

In addition, the Council's Financial Regulations state that the Head of Audit & Assurance or their authorised representative, shall have authority to:

- Enter at any reasonable times, any operational or administrative Council premises or land and have access to all Council property;
- Have access to (and where necessary to copy or retain) all records whether manually or electronically held, documentation, correspondence and computer systems relating to any transaction of the Council, or non-official funds operated by Council staff;
- Require and receive such explanations as are necessary concerning any matter under examination;
- Require any employee of the Council to produce or account for cash, stores or any other property under their custody or control,
- Examine any work or services carried out for the council by an employee or contractor, and any goods purchased on behalf of the Council,
- Review appraise and report on the soundness, adequacy and application of internal controls. This includes those controls to protect Council resources, property and assets from loss / waste.

## **11 Relationship with External Audit & other assurance providers**

- 11.1 The relationship between Internal Audit and the Council's External Audit should take account their differing roles. The External Auditor has a statutory responsibility to express an opinion on the Council's financial statements, whilst Internal Audit is responsible for assessing the adequacy and evaluate the effectiveness of its risk management, control and governance processes and advising Management accordingly.

- 11.2 Internal Audit will co-operate and co-ordinate with External Audit and other review agents to:

- Ensure that duplication of work is minimised

- Consider joint delivery where appropriate
- Determine the level of assurance that can be obtained from their work
- Review the reliance that can be placed on that assurance as part of Internal Audit's opinion on the control environment
- To enable access to all Internal Audit records as appropriate.

11.3 As part of its drive to secure efficiencies, Internal Audit will use all sources of assurance available to it to inform its opinion.

## **12 Quality Assurance and Improvement Plan**

12.1 The Head of Audit and Assurance has developed a quality assurance and improvement programme that covers all aspects of the internal audit activity. It has been designed to enable an evaluation of the internal audit activity's conformance with the Global Internal Audit Standards and an evaluation of whether internal auditors apply the Institute of Internal Auditors Code of Ethics. Identifying opportunities for improvement is a key requirement of the programme.

12.2 Internal assessments will be carried out to review compliance with the mandatory elements of the Institute of Internal Auditors International Professional Practices Framework. The results of internal assessments referencing any related action plans will be reported in the annual report to the Council's Audit Committee.

12.3 An external assessment will be carried out at least every five years by a qualified, independent assessor from outside the organisation.

12.4 The Head of Audit and Assurance will inform the Audit Committee of the form of the external assessment and clarify the qualifications and independence of the external assessor. The results of the external assessment including any action plans will be reported in the relevant annual report to the Audit Committee.

12.5 Any non-conformance to the International Standards for the Professional Practice of Internal Auditing and Code of Ethics will be highlighted for consideration for inclusion in the Council's Annual Governance Statement.

<b>Bath &amp; North East Somerset Council</b>		
MEETING:	Corporate Audit Committee	
MEETING DATE:	13 <sup>th</sup> May 2026	<b>AGENDA ITEM NUMBER</b>
TITLE:	Audit Committee – Draft Workplan	
WARD:	ALL	
<b>AN OPEN PUBLIC ITEM</b>		
<b>List of attachments to this report:</b>		
Appendix 1 – Draft Workplan 2026/27		

**1 THE ISSUE**

1.1 The draft workplan for the Committee is attached at Appendix 1 for comment.

**2 RECOMMENDATION**

2.1 The Corporate Audit Committee is asked to –

Note the 2026/27 workplan for the Committee subject to any proposed amendments.

**3 THE REPORT**

3.1 The workplan for the Committee ensures that the terms of reference for the Committee are appropriately delivered. Appendix 1 details the current workplan which is kept under ongoing review and the Committee is asked to note this, subject to any comments or proposed amendments.

**4 STATUTORY CONSIDERATIONS**

4.1 There are no specific statutory considerations related to this report.

**5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

5.1 This is an information report so there are no direct implications arising from this report.

**6 RISK MANAGEMENT**

6.1 There are no new significant risks or issues to report to the Committee as a result of this report.

**7. EQUALITIES**

7.1 An equalities impact assessment has been considered using corporate guidelines and no significant issues have been identified.

**8. CLIMATE CHANGE**

8.1 There are no direct climate change implications related to this report.

**9. OTHER OPTIONS CONSIDERED**

9.1 This is an update report, no decisions or recommendations are being proposed so no other options are being considered.

**10 CONSULTATION**

10.1 Consultation has been carried out with the Section 151 Finance Officer.

<b>Contact person</b>	Jeff Wring, Director – Assurance, Risk & Pensions (01225 477323)
<b>Background papers</b>	
<b>Please contact the report author if you need to access this report in an alternative format</b>	

Appendix 1 - CORPORATE AUDIT COMMITTEE WORKPLAN – 2026/27

Date of meeting	Report title	Requirement & Purpose (TOR)
13 <sup>th</sup> May 2026	External Audit Plan for Council & Avon Pension Fund - Y/E 2025/26	To Approve – Oversight of work of External Audit
	Internal Audit - Annual Report – Y/E 2025/26	To Note – Oversight of work of Internal Audit
	Internal Audit - Annual Plan – Y/E 2026/27	To Approve – Oversight of work of Internal Audit
	Counter Fraud – Annual Report	To Note – Oversight of Counter-Fraud & Corruption Risk arrangements
	Risk Management – Update Report	To Note – Oversight of Risk Management Arrangements – Procurement

<p><i>23rd September 2026</i></p>	<p>Annual Accounts 2025/26 – Briefing</p> <p>2025/26 Audit Findings Report - For Council &amp; Pension Fund (Approval of Accounts)</p> <p>Y/E 2025/26 External Audit Annual Report (Including VFM Assessment Report)</p> <p>Treasury Management Outturn Report – Y/E/ 2025/26</p> <p>Audit Committee Annual Report &amp; Review of Effectiveness 2025/26</p>	<p>To Note – Oversight of Financial Governance</p> <p>To Approve – Oversight of work of External Audit, Financial Management and Financial Governance</p> <p>To Note – Oversight of work of External Audit, Financial Management, Financial Governance &amp; Risk Management</p> <p>To Note – Oversight of Treasury Management (Financial Governance)</p> <p>To Approve &amp; Recommend to Council – Report back to Council on delegation of responsibility</p>
<p><i>25<sup>th</sup> November 2026</i></p>	<p>ADL Accounts Y/E 2025/26 - Accounts Update</p> <p>S106 Progress Update Report</p> <p>Treasury Management 6 month update - 2026/27</p> <p>Internal Audit Update Report - 2026/27</p> <p>Risk Management – Update Report</p>	<p>To Note – Oversight of Council Owned Companies</p> <p>To Note – Overview of Risk Management Arrangements</p> <p>To Note – Oversight of Treasury Management (Financial Governance)</p> <p>To Note – Oversight of work of Internal Audit</p> <p>To Note – Oversight of Risk Management Arrangements – Cyber</p>

<p><i>10<sup>th</sup> February 2027</i></p>	<p>External Audit Progress Update</p> <p>Treasury Management Strategy - 2027/28 Consultation</p> <p>Internal Audit Plan - 2027/28 Consultation</p> <p>Annual Governance Statement Update</p> <p>Risk Management Update -</p>	<p>To Note – Oversight of work of External Audit</p> <p>To Recommend to Council/Cabinet – Oversight of Treasury Management (Financial Governance)</p> <p>To Note – Oversight of work of Internal Audit</p> <p>To Note – Update on Significant Issues</p> <p>To Note – Update on Risk Management Arrangements</p>
<p><i>7<sup>th</sup> April 2027</i></p>	<p>External Audit Plan for Council &amp; Avon Pension Fund - Y/E 2026/27</p> <p>Internal Audit - Annual Report – Y/E 2026/27</p> <p>Internal Audit - Annual Plan – Y/E 2027/28</p> <p>Counter Fraud – Annual Report</p> <p>Risk Management – Annual Update Report</p>	<p>To Approve – Oversight of work of External Audit</p> <p>To Note – Oversight of work of Internal Audit</p> <p>To Approve – Oversight of work of Internal Audit</p> <p>To Note – Oversight of Counter-Fraud &amp; Corruption arrangements</p> <p>To Note – Oversight of Risk Management arrangements</p>

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