

Dear Members

Audit and Accounts Committee

A meeting of the Audit and Accounts Committee will be held in the **Craddock Room, Civic Centre, Riverside, Stafford on Tuesday 25 November 2025 at 6.30pm** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

Members are reminded that contact officers are shown in each report and members are welcome to raise questions etc in advance of the meeting with the appropriate officer.



Head of Law and Governance

AUDIT AND ACCOUNTS COMMITTEE

25 NOVEMBER 2025

Chair - Councillor M G Dodson

AGENDA

- 1 Minutes of 30 September 2025 as circulated and published on 15 October 2025
- 2 Apologies
- 3 Officers' Reports

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Chair - Councillor M G Dodson

K M Aspin
M G Dodson
P A Leason

A M Loughran
A R McNaughton
D P Rouxel

Stafford Borough Council

Auditor's Annual Report

Year ended 31 March 2024

September 2025



We are required to satisfy ourselves under s20(1)(c) of the Local Audit and Accountability Act 2014 that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We report to you if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements are operating effectively.

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Detailed findings from our audit of the financial statements are communicated in the following reports:

- audit opinion on the financial statements for the year ended 31 March 2024
- audit findings (ISA 260) report to Those Charged with Governance

We performed our audit in accordance with International Standards on Auditing (UK). This report has been prepared in line with the National Audit Office's Code of Audit Practice 2024 (the "Code") and is required to be published by the Council alongside the annual report and accounts. Our reports are prepared in accordance with ISAs (UK), the Code, all associated Audit Guidance Notes issued by the National Audit Office and relevant requirements of the Local Audit and Accountability Act 2014.

Key messages

The purpose of the Auditor's Annual Report is to bring together all the auditor's work over the year. This includes our audit work on the Council's financial statements and our audit work on value for money (VFM) arrangements.

A key element of this report is our commentary on VFM arrangements, which aims to draw to the attention of the members of the Council and the wider public relevant issues, recommendations arising from the auditor's work and the auditor's view on whether previous recommendations have been implemented satisfactorily.

Area of work	Our responsibilities	Conclusions
Financial statements	We were appointed as auditors to perform an audit of the financial statements of the Council in accordance with International Standards on Auditing (UK) (ISAs (UK)), which are directed towards forming and expressing an opinion on the financial statements. However, The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024, impose a statutory backstop date of 28 February 2025 for the publication by the Council of their audited Statement of Accounts for 2023/24. The Code specifies that (except in a few exceptional circumstances) auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with this statutory reporting deadline. We have therefore considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support our audit opinion in compliance with the ISAs (UK). These time constraints were further restricted by the earlier statutory backstop date of 13 December 2024, which led to the financial statements for 2021/22 and 2022/23 being disclaimed by the predecessor auditor.	- The disclaimed audit opinions issued by the predecessor auditor on each of the last two years' financial statements resulted in a lack of assurance on the Council's opening balances at 1 April 2023. The lack of assurance over opening balances, together with the requirement for the Council to publish its audited financial statements for the year ended 31 March 2024 as soon as reasonably practicable after the statutory backstop date of 28 February 2025, impacted on the audit procedures that we had planned to undertake to gain assurance on the 2023/24 financial statements. There was insufficient time and resource available for us to gain sufficient assurance during the 2023/24 audit, including recovering missing assurance from earlier years, due to the conditions created back the statutory backstop date. - We have therefore disclaimed our opinion on the Council's 2023/24 accounts. - The responsibilities of the Council, the Audit Committee and management remain unchanged. The Council's Responsible Finance Officer has a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. The Audit Committee have an essential role in ensuring that they have assurance over the quality and accuracy of the financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. - As part of our 2024/25 audit, we will work with management to develop a recovery plan setting out the work required to return to unmodified audit opinions in the coming years.

Key messages

Area of work	Our responsibilities	Conclusions
Value for money	We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code requires us to report to you our commentary relating to proper arrangements under specified criteria: Financial sustainability, Governance and Improving economy, efficiency and effectiveness. We have summarised our findings in the commentary later in this report. We are also required to report if we have identified any significant weaknesses from this work.	We have identified five significant weaknesses in our Value for Money assessment for 2023/24. Full details are set out on pages 9 to 19 of this report. The predecessor auditor raised significant weaknesses in the same areas as a result of their 2022/23 Value for Money assessment, and raised one statutory recommendation in relation to one of these weaknesses.
Key recommendations	The Code requires that where auditors identify significant weaknesses as part of their review of the Council's arrangements to secure value for money, they should make recommendations setting out the actions that should be taken by the Council. We consider these to be key, or essential, recommendations.	We have made recommendations in relation to the significant weakness identified above. Details can be found on page 20 to 23.
Narrative report and annual governance statement	We are required to read and report if the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit, or otherwise appears to be materially misstated. We are also required to assess whether the Annual Governance Statement complies with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit.	Because of the significance of the matters described in the "Financial Statements" section on the previous page, we have been unable to form an opinion on whether the other information published together with the financial statements in the Statement of Accounts and Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Key messages

Area of work	Our responsibilities	Conclusions
Public interest report	Under Section 24, Schedule 7(1)(1) of the Local Audit and Accountability Act 2014 the auditor of the Council must consider whether to make a report in the public interest if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public.	We did not identify any matters for which we considered a public interest report to be required as part of our external audit for 2023/24.
Statutory recommendations	Under Section 24, Schedule 7(2) of the Local Audit and Accountability Act 2014 the auditor of a Council can make written recommendations to the Council which need to be considered by the Council and responded to publicly.	We did not identify any matters for which we considered statutory recommendations are required as part of our external audit for 2023/24.
Application to the court	Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think than an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We did not make an application to the court.
Advisory notice	Under Section 29, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if they think that the Council, or an officer of the Council, is about to make, or has made, a decision which involves or would involve the Council incurring unlawful expenditure, is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or is about to enter an item of account, the entry of which is unlawful.	We did not issue any advisory notices.
Judicial review	Under Section 31, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure to act by an authority, which it is reasonable to believe would have an effect on the accounts of that body.	We did not make an application for judicial review.

Financial statements

The Statement of Accounts and financial statements included therein are an important tool for the Council to show how it has used public money and how it can demonstrate its financial health.

We were appointed as auditors to perform the audit in accordance with International Standards on Auditing (UK) (ISAs (UK)).

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

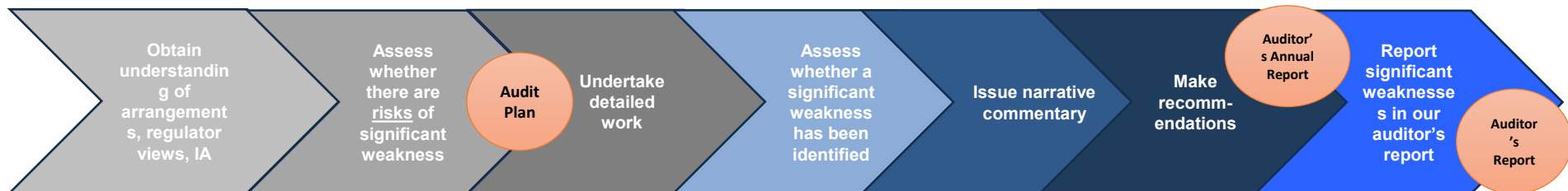
Area of work	Conclusions
Audit opinion on the financial statements	We issued a disclaimer of opinion on the Council's financial statements for 2023/24 on 11 June 2025.
Whole of Government Accounts (WGA)	We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. The Council does not exceed the threshold for detailed testing however we are required to issue an assurance statement to the NAO (even if we have issued a disclaimer of opinion on the financial statements). We have submitted our assurance statement to the NAO in line with their requirements.
Preparation of the accounts	Under The Accounts and Audit Regulations 2015 , the deadline for the production and approval for the draft financial statements was 31 May 2024. The Council did not meet this deadline for the production of the draft 2023/24 financial statements, publishing the draft financial statements on 27 February 2025.

The findings from the audit procedures we completed on the Council's 2023/24 financial statements are set out in our Audit Completion Report to the Council's Audit & Accounts Committee in May 2025. Requests for this report should be directed to the Council. This report summarises the significant risks we identified for the 2023/24 financial statements audit and the work we completed. No significant adjustments were made to the 2023/24 financial statements submitted for audit.

The significant risks we identified as part of our audit are set out in Appendix 1.

Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice (2024) and the requirements of Auditor Guidance Note 3 ('AGN 03'). Where significant weaknesses are identified we report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.



In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, as set out in AGN 03), we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures.

Prior year recommendations and impact on 2023/24 Value for Money assessment

The Council's predecessor auditor raised 1 statutory recommendation and 4 key recommendations in their 2021/22 and 2022/23 Auditor's Annual Report (AAR), indicating a number of significant weaknesses in areas of the Council's Value for Money arrangements. These weaknesses were formally reported to the Council in February 2024.

We recognise that management has developed a VFM Improvement Plan in response to the issues raised and is in the process of implementing this action plan. However, as these risks identified were prevalent for most of the 2023/24 financial year-end, and work undertaken by management will take time to be embedded within the Local Authority's internal control environment, all corresponding risks and recommendations remain applicable for 2023/24 (which have been detailed on the following pages for completeness).

As a result we have reported 5 significant weaknesses in the Council's arrangements for 2023/24, and raised 5 key recommendations. We have not re-raised the statutory recommendation raised by the predecessor auditor as the Council is in the process of implementing this recommendation but have instead reflected this as a key recommendation.

Value for money 2023/24 outcome

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Key recommendations made?	Other recommendations made?
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	Yes	Yes	Yes	No
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	Yes	No
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	Yes	Yes	Yes	No

Value for money

In addition to our financial statements work we performed a range of procedures to inform our value for money commentary, including:

- Meeting with management and regular meetings with senior officers
- Interviews as appropriate with other executive officers and management
- Review of Council and committee reports and attendance at audit committee meetings
- Reviewing reports from third parties
- Considering the findings from our audit work on the financial statements
- Review of the Council's Annual Governance Statement and Narrative Report and other publications
- Considering the work of internal audit and the counter fraud function
- Consideration of other sources of external evidence.

Councils are responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This includes managing key operational and financial risks and taking properly informed decisions so that they can deliver their objectives and safeguard public money.

As auditors, we are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We performed risk assessment procedures at the audit planning stage to identify any potential areas of significant weakness which could result in value for money not being achieved. This included considering the findings from other regulators and internal auditors, reviewing records at the Council and performing procedures to gain an understanding of the high-level arrangements in place. The resulting risk areas we identified were set out in our audit plan.

For each identified risk area, we performed further procedures during our audit to consider whether there were significant weaknesses in the processes in place at the Council to achieve value for money.

The NAO Code of Audit Practice requires us to structure our commentary on VFM arrangements under three reporting criteria: financial sustainability, governance and improving economy, efficiency and effectiveness.

We have set out on the following pages our commentary and findings on the arrangements at the Council in each area.

Summary of findings

Based on the audit work performed, we identified five significant weaknesses in the Council's arrangements for 2023/24 which covered all criteria of the Value for Money assessment. These significant weaknesses had already been reported by the predecessor auditor for 2021/22 and 2022/23 and recommendation raised.

We have carried forward recommendations relating to weaknesses not fully addressed by the Council as at May 2025.

Summary of significant weaknesses for 2023/24

Grant Thornton as the predecessor auditors of the Council issued their Auditors Annual Report covering the 2021/22 and 2022/23 financial years in February 2024. In total this report included one statutory and four key recommendation relating to significant weaknesses in the Council's arrangements for securing Value for Money.

In undertaking our 2023/24 VFM assessment we have assessed to what extent the significant weaknesses previously reported by Grant Thornton remained in place for the 2023/24 financial year. This assessment requires consideration of the arrangements in place for the full year – as such we may conclude that a significant weakness still existed for the 2023/24 financial year if action had been taken by the Council to address the weakness identified late in the financial year. Given that the predecessor auditors reported their detailed findings for the 2021/22 and 2022/23 financial years in February 2024, this gave the Council limited opportunity to fully address the weaknesses raised for the entire 2023/24 financial year.

We set out the basis of our assessment on the following pages but in summary we have concluded that significant weaknesses still existed for 2023/24 in relation to:

Financial sustainability and governance

- Weaknesses in arrangements for financial planning and financial monitoring, and finance team capacity not being adequate.

Financial sustainability

- The Council not having robust arrangements to ensure an understanding of costs of delivering core statutory services.

Summary of significant weaknesses for 2023/24

Governance

- Weaknesses in internal controls in respect of Information Technology (IT)
- Weaknesses in internal controls relating to fraud

Economy, efficiency and effectiveness

- The lack of a performance management framework to deliver its business plan.

In total the above represents five significant weaknesses which we reported in our 2023/24 audit opinion.

Since these weaknesses were first reported by the Council's predecessor auditors in early 2024 it has developed an implementation plan setting out a range of actions planned to the areas raised. However, given the scope and extent of the actions required it had not been able to fully implement all agreed actions at the time of our 2023/24 assessment which we completed in February 2025. We summarise the extent to which the Council had been able to address the issues raised, both by the end of the 2023/24 financial year and in the period since to the date of the issue of our 2023/24 audit report in February 2025 in the following sections.

We have raised key recommendations in relation to all areas of significant weakness, but where appropriate have sought to reflect actions already taken by the Council in relation to the weaknesses identified.

Financial sustainability

This relates to how the Council plans and manages its resources to ensure it can continue to deliver its services.

We considered the following areas:

- how the Council identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into the plans;
- how the Council plans to bridge its funding gaps and identifies achievable savings;
- how the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- how the Council ensures that its financial plan is consistent with workforce, capital, investment, and other operational plans, which may include working with other local public bodies as part of a wider system; and
- how the Council identifies and manages risks to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Follow up of prior year weaknesses identified and recommendations made

Grant Thornton as the predecessor auditors of the Council issued their Auditors Annual Report covering the 2021/22 and 2022/23 financial years in February 2024. This report included one statutory recommendation and one key recommendation in relation to financial sustainability which recommended that the Council:

Improve its financial planning and financial monitoring arrangements by:

- Ensuring it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year and to review year end variances to help inform the budget setting process of the subsequent year
- Putting In place a Capital Strategy that complies with the revised Prudential Code
- Producing draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively

Financial sustainability (continued)

Follow up of prior year weaknesses identified and recommendations made (continued)

Develop a corporate saving and transformation programme:

- Use the corporate business plan to identify its budget priorities and review service budgets.
- Develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear Council priorities and identify reductions to nonessential spending.
- Identify ways to deliver for less by using unit cost benchmarking to review the cost effectiveness of existing activities.
- Identify any discretionary activity that could be reduced or curtailed where it does not contribute to corporate business plan priorities.
- Consult on service changes and future spending plans with the public and include public engagement annually as part of business planning.
- Ensure the requisite skills are in place to manage the programme, lead change and explore new ways of working.
- Develop early ideas for savings with budget holders and present these members to enable early engagement with key stakeholders and to enable members to see options and the impact of savings on residents across the Council.

Based on financial plans, budgets and funding arrangements, management do not consider that a savings programme is appropriate for the Council but plans to implement a transformation programme to review service delivery and processes.

Given the extent of significant weaknesses identified in relation to the 2022/23 audit which were reported to the Council in February 2023, the focus of our 2023/24 Value for Money work has been to assess to what extent the Council had been able to take action to address the significant weaknesses for the 2023/24 financial year.

In response to the prior year recommendations the Council developed an improvement plan to address the issues identified which was approved by the Audit & Accounts Committee and Council in February 2024. The improvement plan was further reviewed and updated in a report to the Audit & Accounts Committee in November 2024 and again in March 2025.

Financial sustainability (continued)

Follow up of prior year weaknesses identified and recommendations made (continued)

Our review of the improvement plan indicated that the Council had taken some action before the end of the 2023/24 financial year, including:

- Approval of a Medium Term Financial Strategy for 2024/25 to 2026/27 by Council in February 2024;
- Update to the Capital Strategy in line with the revised Prudential Code;
- Use the corporate business plan to identify its budget priorities and review service budgets – which was undertaken as part of the budget setting process in February 2024.

The improvement plan includes agreed actions in response to all other elements of the recommendation raised, but the implementation dates for these actions date from Q1 of 2024/25. As such we consider that the management were not in a position to fully address the significant weaknesses reported for the financial year covered by our assessment and so have concluded that the significant weaknesses identified remained in place for 2023/24.

Governance

This relates to the arrangements in place for overseeing the Council's performance, identifying risks to achievement of its objectives and taking key decisions.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how the Council monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Follow up of prior year weaknesses identified and recommendations made

Grant Thornton as the predecessor auditors of the Council issued their Auditors Annual Report covering the 2021/22 and 2022/23 financial years in February 2024. This report included one statutory and two key recommendation in relation to governance which recommended that the Council:

Improve its financial monitoring arrangements:

- Ensure it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year, and
- Produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively

Improve internal controls relating to Information Technology:

- Ensure its systems are fully supported by IT, Cyber and Network Security and making sure all policies are up to date and shared with staff who are appropriately trained and ensuring regular performance monitoring to address any evolving security weaknesses identified.
- Ensure the Council has appropriate arrangements in place to meet information governance requirements including third party data transfers, privacy impact assessments and governance frameworks and ensuring staff know how to use these and access appropriate support and training.
- Work with procurement and commissioning to embed ICT controls and information governance in procurement and commissioning decisions.

Governance

Follow up of prior year weaknesses identified and recommendations made (continued)

Improve internal controls relating to fraud by:

- Ensuring there is central coordination for the National Fraud Initiative (NFI) matches.
- Putting in place a dedicated counter fraud officer.
- Updating the anti-Fraud and Bribery Framework and the Confidential Reporting Framework.
- Ensuring work to detect fraud is extended to cover the finance system and procurement arrangements in the Council.

Given the extent of significant weaknesses identified in relation to the 2022/23 audit which were reported to the Council in February 2023, the focus of our 2023/24 Value for Money work has been to assess to what extent the Council had been able to take action to address the significant weaknesses for the 2023/24 financial year.

In response to the prior year recommendations the Council developed an improvement plan to address the issues identified which was approved by the Audit & Accounts Committee and Council in February 2024. The improvement plan was further reviewed and updated in a report to the Audit & Accounts Committee in November 2024 and again in March 2025.

Our review of the improvement plan indicated that the Council had taken some action before the end of the 2023/24 financial year, including:

- Completion of staff cyber security training
- Approval of the IT change management strategy and Information Governance Framework.

Governance

Follow up of prior year weaknesses identified and recommendations made (continued)

The improvement plan includes agreed actions in response to all other elements of the recommendation raised, but the implementation dates for these actions date from Q1 of 2024/25. As such we consider that the management were not in a position to fully address the significant weaknesses reported for the financial year covered by our assessment and so have concluded that the significant weaknesses identified remained in place for 2023/24.

Since April 2024 the Council has made further progress in addressing areas of the improvement plan, including:

- A restructure of the finance team has been agreed
- Financial statements for the periods to 2023/24 have now been published.

We have assessed which specific elements of the previous recommendations raised remain relevant going forward and have provided details in the section on Key Recommendations.

Improving economy, efficiency and effectiveness

This relates to how the Council seeks to improve its systems so that it can deliver more for the resources that are available to it.

We considered the following areas as part of assessing whether sufficient arrangements were in place:

- how financial and performance information has been used to assess performance and identify areas for improvement;
- how the Council evaluates service quality to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
- where the Council commissions or procures services, how it ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how it assesses whether it is realising the expected benefits.

Follow up of prior year weaknesses identified and recommendations made

Grant Thornton as the predecessor auditors of the Council issued their Auditors Annual Report covering the 2021/22 and 2022/23 financial years in February 2024. This report included one key recommendation in relation to improving economy, efficiency and effectiveness which recommended that the Council:

Improve its procurement and contract management arrangement by;

- Developing a procurement strategy.
- Ensuring the contracts register is developed, monitored, kept updated used by all services.
- Updating its procurement regulations.
- Ensuring it fully meets the Local Government (Transparency Requirements) (England) Regulations 2015 legislation.
- Having a suitably trained client lead for procurement and contract management.
- Developing a procurement pipeline to improve planning.
- Maintaining a central waivers record.
- Providing training for officers and members on procurement and contract management to enable them to fully understand their responsibilities for social value and VFM
- Ensuring the Council's shared arrangements for fraud also include procurement and contract management.
- Complying with the Local Government Transparency Code by ensuring P card expenditure is kept updated.

Improving economy, efficiency and effectiveness

Follow up of prior year weaknesses identified and recommendations made

In response to the prior year recommendations the Council developed an improvement plan to address the issues identified which was approved by the Audit & Accounts Committee and Council in February 2024. The improvement plan was further reviewed and updated in a report to the Audit & Accounts Committee in November 2024 and again in March 2025.

The improvement plan includes agreed actions in response to all other elements of the recommendation raised, but the implementation dates for these actions date from Q1 of 2024/25. As such we consider that the management were not in a position to fully address the significant weaknesses reported for the financial year covered by our assessment and so have concluded that the significant weaknesses identified remained in place for 2023/24.

We have assessed which specific elements of the previous recommendations raised remain relevant going forward and have provided details in the section on Key Recommendations.

Key recommendations

These recommendations relate to significant weaknesses we have identified during the course of our work.

Criteria	Recommendation	Observation and implication / impact	Management response
Financial sustainability	We recommended that the Council develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear Council priorities and identify reductions to non-essential spending	Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council for the full 2023/24 financial year. The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan. The 2024/25 budget setting process was used to identify its budget priorities and review service budgets. Further action is required to fully implement the corporate saving and transformation plan in place.	<i>It was agreed that a transformative programme to review service delivery and processes would be implemented over the next two years as part of our planned approach to bringing services together.</i> <i>The Transformation Strategy to underpin this work was approved by Cabinet In December 2024 with funding of £200k having already been approved as part of the budget for 2024/25 to support the delivery of transformation work.</i> This is now under review in light of Local Government Re-organisation.

Key recommendations

These recommendations relate to significant weaknesses we have identified during the course of our work.

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	We recommended that the Council ensure it has adequate capacity in its finance team to be able to: • Provide budget holders with formal financial monitoring reports during the year • Produce draft financial statements in line with statutory requirements and work with external auditors to deliver audits effectively.	Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council for the full 2023/24 financial year. The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan. The Council has agreed a restructure of the finance team and has produced financial statements up to 2023/24.	<i>The need to increase the capacity of the finance team is acknowledged. This was reflected in the 2024/25 budget setting with investment totalling £300k for the two Councils being included in the base budget to increase the capacity in the finance team.</i> <i>A review of the Finance Team structure has been undertaken. Attempts to recruit to the 2 new senior posts were unsuccessful but 3 new staff have been appointed to cover vacancies/new posts elsewhere in the team. Capacity continues to be an issue due ongoing difficulties in recruiting experienced staff, but agency staff have been brought in to cover specific pieces of work, including the preparation of the accounts.</i>

Key recommendations

These recommendations relate to significant weaknesses we have identified during the course of our work.

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	Continued		<i>Some progress was made in 2023-24 with formal monitoring restarting, engagement with budget holders and a zero-based budgeting exercise to identify and rectify budget areas of recurring over/underspending. But there is still work to be done.</i> <i>Progress has been made in producing the draft financial statements and these are now up-to-date.</i>

Key recommendations

These recommendations relate to significant weaknesses we have identified during the course of our work.

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	We recommended that the Council address significant weaknesses in its internal controls relating to IT by ensuring • Systems are fully supported by IT, Cyber and Network Security and all policies are up to date • Regular performance monitoring addresses any evolving security weaknesses identified • Appropriate arrangements to meet information governance requirements • ICT controls and information governance are embedded in procurement and commissioning decisions	Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council for the full 2023/24 financial year. The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan. The Council has now addressed some elements of the recommendations: • Completion of staff cyber security training • Approval of the IT change management strategy and Information Governance Framework • Update of IT security and cyber security policies	<i>At the time of the 2022/23 audit it was acknowledged that the focus had been on putting controls in place and ensuring the security of our systems. But since then the IT team has also been working to update its policies and procedures.</i> <i>Our key priorities of updating the Security Policy and ensuring that refresher training for staff have been completed. The last key action of developing an assurance reporting framework is being progressed.</i>

Key recommendations

These recommendations relate to significant weaknesses we have identified during the course of our work.

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	We recommended that the Council address its significant weaknesses in its internal controls relating to fraud by: • Ensuring there is central coordination for the National Fraud Initiative (NFI) matches. • Putting in place a dedicated counter fraud officer. • Updating the anti-Fraud and Bribery Framework and the Confidential Reporting Framework. • Ensuring work to detect fraud is extended to cover the finance system and procurement arrangements in the Council.	Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council in for the full 2023/24 financial year. The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan.	<i>We have had a central co-ordinator for the NFI Data Matching in place since 2007.</i> <i>We do not consider it realistic to have a dedicated Counter Fraud Officer given the size of the Council, the nature of our spending and we don't have a high incidence of fraud.</i> <i>The Anti- Fraud and Bribery Framework and the Confidential Reporting Framework are scheduled for review and updating in 2025/26. As part of the review of the framework , we will ensure that this is extended to cover all aspects of the Council's financial processes and procurement.</i>

Key recommendations

These recommendations relate to significant weaknesses we have identified during the course of our work.

Criteria	Recommendation	Observation and implication / impact	Management response
Economy, efficiency and effectiveness	The Council needs to improve its performance management arrangements by: - Establishing a golden thread for the Council, by creating a performance management framework at corporate and service levels linking outcomes to expected annual measures - Developing annual delivery plans aligned with the Corporate Plan - agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework; - Improving performance reporting and project management - developing a strategic approach to assessing the levels of statutory services needed to save money: - Agreeing corporate programme and project management methodology and ensuring its understood and applied across the Council and when commissioning these services. - Developing a data quality policy and ensuring the quality of the Council's core datasets. - Developing a strategic approach to asset management including putting in place a comprehensive asset register and a detailed improvement plan for asset management. - Ensuring the Council learns from complaints and external Ombudsman recommendations to improve its performance	Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council in for the full 2023/24 financial year. The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan. Review of actions taken to date in this area indicate that the Council plans to implement the majority of actions in 2024/25 and beyond.	<i>The Council has performance management arrangements in place to deliver the Corporate Business Plan. This includes annual delivery plans which set out key actions to be delivered against each of the 4 key priorities in the Corporate Business Plan. The Delivery Plans are monitored and performance is reported to the Cabinet and relevant Scrutiny Committees. It is intended to review the current arrangements in 2025/26 and formalise them into a documented Performance Management Framework which will include guidance on ensuring data quality.</i>

Appendices

Appendix I: Financial statements audit risks and findings

Appendix I: Financial statements significant risks

Significant risks at the financial statement level

The table below summarises our work in relation to significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risk	Fraud risk?	Planned approach to controls	Level of judgement / estimation uncertainty	Work completed
Prior year opinion on the financial statements	No	N/A	High	The work we completed is set out on the next page.
Management override of controls	Yes	Assess design & implementation	High	Due to the missing assurance for prior periods and the time constraints imposed by the statutory backstop we have been unable to complete all our planned procedures on the significant risks we identified.
Presumption of fraud in revenue recognition	Rebutted	Assess design & implementation	Low	
Expenditure recognition	Rebutted	Assess design & implementation	Low	
Valuation of land and buildings (including council dwellings)	Yes	Assess design & implementation	High	As a result of the material and pervasive nature of missing assurance, and the conditions created by the statutory backstop date of 28 February 2025 for the 2023/24 audit, we have issued a disclaimer of opinion.
Valuation of pension assets and liabilities (IAS19)	Yes	Assess design & implementation	High	

Significant risks, response and outcome

Identified risk	Audit procedures completed	Outcome
Prior year opinion on the financial statements In our audit plan we highlighted that we had not yet obtained a copy of the audit opinion from your predecessor auditor for the 2022/23 and 2021/22 financial years. We therefore reported that: - There was a risk that issues not yet identified in these audit years could impact the current audit year; - There was a further risk that an audit backstop may prevent the prior year audits from being completed, resulting in prior year audit opinions being qualified by a 'limitation of scope' or disclaimed in full. As a result, we reported the significant risk that: - there may be limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others). - significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods.	In response to this risk, we have: - considered the findings and outcomes of your prior year audits and their impact on our 2023/24 audit; - considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions you have now received from your predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and - considered the impact of any changes in the CIPFA Code requirements for financial reporting in previous and current audit years.	The audit opinions in the Council's accounts for 2022/23 and 2021/22 were all disclaimed. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24. Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. The Council is required to publish audited financial statements by this date or, if this is not possible, as soon as reasonably practicable after this date. We have considered whether the conditions created by the backstop arrangements allow us to complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK). Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we have issued a disclaimer of opinion.

Significant risks of material misstatement

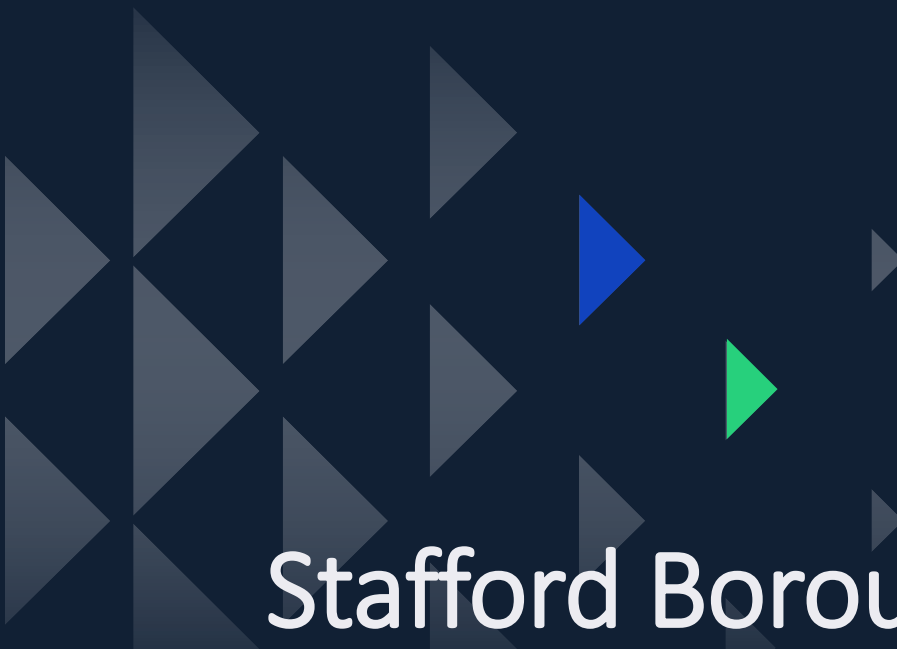
Identified risk	Planned audit procedures
Impact of the Local Government accounts backlog and statutory backstop arrangements Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", imposes a statutory backstop date of 28 February 2025 for the publication by the Council of its final Statement of Accounts for 2023/24. The Code of Audit Practice specifies that auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline. The Council is required to publish audited financial statements by the backstop date or, if this is not possible, as soon as reasonably practicable after the backstop date. For 2023/24, the work required to complete the audit has increased greatly because the statutory backstop date of 13 December 2024 for outstanding periods to 31 March 2023 – all preceding audit periods – resulted in the issue of disclaimed audit opinions by the Council's predecessor auditor for the financial years ended 31 March 2022 and 31 March 2023 on 29 November 2024. This means we have no assurance on the Council's opening balances as at 1 April 2023. Under Local Audit Reset and Recovery Implementation Guidance (LARRIG) guidance issued by the NAO in September 2024, the approach we have taken to the 2023/24 audit for the Council has been to: - Commence the engagement with the intention of meeting all the relevant objectives of the audit, in accordance with ISA (UK) 200. This has meant we have undertaken planning and risk assessment procedures to the extent possible. - Assess whether it is possible to complete all necessary audit procedures to allow for the issue of an unmodified audit opinion on the 2023/24 financial statements given the combination of the lack of assurance on opening balances as at 1 April 2023 and the time constraints created by the imposition of the statutory backstop date of 28 February 2025. In particular, in order to issue an unmodified audit opinion on the 2023/24 financial statements we would need to rebuild the missing assurance over the preceeding two years on which disclaimed audit opinions have been issued.	Our assessment is that the conditions created by the backstop arrangements mean we are unable to complete all necessary procedures, including rebuilding the missing assurance over the preceding two years on which disclaimed audit opinions have been issued, to obtain sufficient, appropriate audit evidence in line with the requirements of ISAs (UK) to support an unmodified audit opinion for 2023/24. We have therefore determined that we cannot meet the objectives of the ISAs (UK) and have issued a disclaimer of opinion in our auditor's report for 2023/24.



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hello@azets.co.uk

A decorative pattern of various-sized grey triangles pointing in different directions, with a few triangles in blue and green.

Stafford Borough Council

Auditor's Annual Report
Year ended 31 March 2025

November 2025

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Headlines from our audit



Headlines from our audit

Purpose of this report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our audit of the Council for 2024/25. This report has been prepared in line with the requirements set out in the Code of Audit Practice and supporting guidance published by the National Audit Office and is required to be published by the Authority alongside the annual report and accounts.

Our responsibilities

Financial statements	Narrative report and Annual Governance Statement	Value for money
We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Authority and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the CIPFA/LASSAC Code of Practice in Local Authority Accounting ('the Code'). Due to the challenges of undertaking an audit where the previous 3 years have been disclaimed because of the local authority backstop, it will not be possible to regain full assurance, and it is not possible for us to undertake sufficient work to support an unmodified audit opinion ahead of the backstop date of 27 February 2026. The limitations imposed from this lack of assurance on opening balances and closing balances in key areas means we are unable to form an opinion on the 2024/25 financial statements. We therefore intend to disclaim our audit report.	We assess whether the Narrative report and Annual Governance Statement is consistent with our knowledge of the Authority. We are unable to conclude the other information included in the statement of accounts is consistent with our knowledge of the Council and the financial statements we have audited. This is because it has not been possible to undertake sufficient audit work to reach a conclusion at the time of writing this report. Further updates will be provided by February 2026.	We are required under Section 20(1)c of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness (value for money) in its use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work. At the time of writing this report, we have not concluded our assessment of whether any significant weaknesses exist in the arrangements for securing economy, efficiency and effectiveness in the use of resources at the Council for 2024/25. Further detail is provided in this report.



Headlines from our audit

Statutory powers

We may exercise other powers we have under the Local Audit and Accountability Act 2014. These powers include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

Public interest report	Statutory recommendations	Advisory notice	Judicial review	Application to the court
We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public. If we issue a Public Interest Report, the Authority is required to consider it and to bring it to the attention of the public. At the time of writing this report, we have not issued a Public Interest Report this year. Additional information, will be provided in our update report, presented to Committee in February 2026.	We may make written recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act. If we do this, the Authority must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State. At the time of writing this report, we have not made any statutory recommendations this year. Additional information, will be provided in our update report, presented to Committee in February 2026.	We may issue an advisory notice if we believe that the Council, or an officer of the Council, has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency. If we issue an advisory notice, the Authority is required to stop the course of action for 21 days, consider the notice and then notify us of the action it intends to take and why. At the time of writing this report, we have not issued an advisory notice this year. Additional information, will be provided in our update report, presented to Committee in February 2026.	We may make an application for judicial review of a decision of the Council, or of a failure to act by the Council, which it is reasonable to believe would have an effect on the accounts of that body. At the time of writing this report, we did not make an application for judicial review this year. Additional information, will be provided in our update report, presented to Committee in February 2026.	We may apply to the courts for a declaration that an item of expenditure the Authority has incurred is unlawful. At the time of writing this report, we have not applied to the courts this year. Additional information, will be provided in our update report, presented to Committee in February 2026.



Headlines from our audit

Findings and recommendations

Findings from our financial statements audit	Recommendations arising from our financial statements audit	Key recommendations arising from our value for money work	Other recommendations arising from our value for money work
Detailed findings from our audit of the financial statements, including our consideration of significant risks, are communicated in the following reports: • audit opinion on the financial statements for the year ended 31 March 2025 • audit completion (ISA 260) report to Those Charged with Governance Our audit completion report will be reported to the Council’s Audit Committee in February 2026. Requests for our audit completion (ISA260) report should be directed to the Council.	Recommendations relating to internal controls and other matters arising from our financial statements work are contained in the audit completion (ISA 260) report. At the time of writing this report, our work remains outstanding and on-going in respect of the Local Authority’s financial statements audit.	We provide a summary of our findings in respect of value for money in the commentary in this report. Where we identify significant weaknesses as part of our review of the Council’s arrangements to secure value for money, we make key, or essential, recommendations setting out the actions that should be taken by the Council. At the time of writing this report, our work remains outstanding and on-going in respect of the Local Authority’s value for money arrangements.	We make other recommendations if we identify areas for improvement which do not relate to identified significant weaknesses. At the time of writing this report, our work remains outstanding and on-going in respect of the Local Authority’s value for money arrangements.



Value for money



Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. When considering the Council's arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

Reporting criteria	Planning –risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	Yes	Assessment not complete at the time of issue of this report			
Governance How the body ensures it makes informed decisions and properly manages risk	Yes				
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	Yes				



Value for money: Risks of significant weakness identified for 2024/25

Criteria	Risk of significant weakness identified at planning	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial Sustainability	Refer to the following page in respect of risks of significant weaknesses identified for 2024/25. These risks of significant weakness for 2024/25 were identified following the reporting of significant weaknesses in arrangements in our 2023/24 audit, and which were also reported by the predecessor auditor for 2022/23.	We will review actions taken by the Council in response to the previously raised significant weakness and assess whether this remains an area of significant weakness in 2024/25. November 2025 update At the time of writing this report we have not yet concluded on whether the significant weaknesses reported for 2023/24 remain in place for 2024/25. Further updates will be provided in an additional Auditor’s Annual Report (AAR), that will be presented to Committee in February 2026.
Governance		
Improving economy, efficiency and effectiveness		



Value for money: Risks of significant weakness identified for 2024/25

Potential risk of significant weakness – assessment for 2024/25 not yet concluded
We identified one significant weakness in the Council’s arrangements for financial sustainability and governance for 2023/24. This was in relation to arrangements for financial planning and financial monitoring and finance team capacity not being adequate.
We identified one significant weakness in the Council's arrangements for financial sustainability for 2023/24. This was in relation to the Council not having robust arrangements to ensure an understanding of costs of delivering core statutory services.
We identified two significant weaknesses in the Council’s arrangements in respect of governance for 2023/24. These were in relation to the Council’s: - internal controls in respect of Information Technology (IT), which could expose the Council to significant financial or service loss including fraud and cyber-attacks and the Council has failed to follow-up on external audit recommendations in these areas. - internal controls relating to fraud, which could expose the Council to significant financial loss, and the Council has failed to follow-up on external audit recommendations in this area.
We identified one significant weaknesses in the Authority’s arrangements in respect of improving economy, efficiency and effectiveness for 2023/24. These were in relation to the Council’s lack of a performance management framework to deliver its business plan.

For all of the above areas of significant weakness which were identified and reported in 2023/24 and 2022/23, we will assess whether the significant weakness remains in place for 2024/25.





Stafford Borough Council

External audit plan

Year ended 31 March 2025

November 2025



Your key team members

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Key Audit Partner

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Michael Butler

Senior Manager

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Introduction

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Purpose

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Stafford Borough Council ('the Council') and its Group for the year ended 31 March 2025 for those charged with governance.

The core elements of our work include:

- An audit of the 2024/25 Statement of Accounts for the Council; and
- An assessment of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (our Value for Money work).

This document also includes our indicative plans for building back assurance for the Council over the coming years following the previous disclaimed audits.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), the National Audit Office Code of Audit Practice and associated guidance. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

Auditor responsibilities

As auditor we have been appointed to perform an audit, in accordance with the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office and ISAs UK. Our primary responsibility is to form and express an independent opinion on the Council's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code').

We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

continued.....

Introduction

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act'), and the National Audit Office Code of Audit Practice. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This planning letter has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Auditor responsibilities (*....continued*)

We will issue our Audit Completion Report and an Auditor's Annual Report to the Audit and Accounts Committee setting out the findings from our work.

Under the Act we have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing and advisory notice; or
- Making an application for judicial review.

The Act also requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and consider any objection made to the accounts.

On completion of our audit work, we will issue an Audit Completion Report (prior to the approval of the financial statements), detailing our significant findings and other matters arising from the audit on the financial statements, together with an Auditor's Annual Report including our commentary on the value for money arrangements.

If, during the course of the audit, we identify any significant adverse or unexpected findings that we conclude should be communicated, we will do so on a timely basis, either informally or in writing.

The audit does not relieve management or the Audit Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Council responsibilities

The Council has responsibility for:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support its financial statements and related reports disclosures; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Audit scope and general approach

This section of our letter sets out the scope and nature of our audit and should be considered in conjunction with the [Terms of Appointment](#) and [Statement of Responsibilities](#) issued by Public Sector Audit Appointments Limited (PSAA).

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Council, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;

- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We will undertake a variety of audit procedures which, in a normal year, are designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. We are unlikely to be able to obtain sufficient assurance in 2024/25 to reach this conclusion due to the previously disclaimed audits.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Audit scope and general approach

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements.

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

The basis for our assessment of materiality for the year is set out on page 17.

Any identified errors greater **than £54,000** will be recorded and discussed with you and, if not adjusted, confirmed as immaterial as part of your letter of representation to us.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Specialised skill or knowledge required to complete the audit procedures

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of the actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- The audit of the asset valuation assumption used in calculation of the revaluation of Land, Building, Council Dwellings and Investment Properties.

We will consult internally with our Technology Risk team for them to support the audit team by assessing the information technology general controls (ITGC).

Audit scope and general approach

Significant changes in the financial reporting framework

There has been one significant change in the financial reporting framework this year, including the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the 'CIPFA Code'). The new standard relating to IFRS 16 Leases issued in January 2016 has now been mandated for implementation from 1 April 2024 within the 2024/25 Code.

Significant changes in the Council's functions or activities

There have been no significant changes to the functions and activities of the Council structure.

Going concern

Management responsibility

Management is required to make and document an assessment of whether the Council is a going concern when preparing the financial statements.

The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Going concern

Auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council's ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA Code and Practice Note 10 (PN10), which focusses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Audit scope and general approach

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control.

During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

Additional procedures for the NAO

The National Audit Office (the 'NAO') issues group audit instructions which set out additional audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2024/25. As at the date of this report, the draft instructions have not yet been issued by the NAO and the NAO has not yet confirmed which entities will be sampled components.

We will seek to comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Building back assurance

Anticipated disclaimer of opinion for 2024/25

For 2024/25, the Council is required to publish audited financial statements by the statutory backstop date of **27 February 2026**.

Given the Council's disclaimed audit opinions for the financial years; 2021/22, 2022/23 and 2023/24, we are unable to obtain assurance over the following in 2024/25:

1. Opening balances in the financial statements (Balance Sheet) and
2. Reserves balances (which have come from the movements within the Statement of Comprehensive Income over the past four years)

This means that we are unable to provide a “clean”, unmodified opinion to the Council, unless we perform sufficient build back work to become comfortable over these balances and movements. We anticipate that this will take a number of years due to capacity within our audit team and the Council's finance team.

As a result of the approach, we adopted in 2024/25 we have started to develop our understanding of the Council's systems, processes, controls and arrangements for the preparation of the financial statements and have gathered information which may inform the process of rebuilding assurance in this and future years.

Further background regarding disclaimed audits in the local government landscape is set out in Appendix I.

Building back assurance

We have developed an indicative recovery plan for disclaimed audits. We set out this indicative plan for Stafford Borough Council here.

Our overarching approach

Our approach to your audit from 2024/25 onwards comprises three distinct phases with the ultimate objective of returning to unmodified opinions in the future. These are set out in the table below:

Phase	Planned work	Planned in 2024/25?	Timing	Included in scale fee?
1	Undertake the normal ‘in-year’ audit. This will provide assurance over some closing balances and most in-year movements.	Yes	Annually	Yes
2	Undertake ‘build-back’ testing back to 31 March 2021 for specified balance sheet items where full assurance over the closing balance cannot be obtained without opening assurance.	Yes – to the extend agreed with the Council	To be agreed with the Council	No (this will incur additional cost)
3	Undertake work to rebuild assurance on reserve balances (subject to issue of further central guidance.)	Yes – to the extend agreed with the Council	To be agreed with the Council	No (this will incur additional cost)

Building back assurance

Phase 1: the ‘in-year’ audit

In 2024/25 and future years, our ‘in-year’ audit will enable us to reach one of the following conclusions for each balance sheet item of account. This approach is subject to the provision of appropriate and timely evidence which fully supports the balances in question, and whether our detailed work confirms our assumptions over which balances can be fully supported independently of the missing opening assurance:

Assurance possible from Phase 1 – “in year” audit?	Likely applicable balances	Further comments
Yes – full assurance on the closing balance at 31 March 2025 can be obtained solely through testing in 2024/25.	• Land and Buildings • Council dwellings • Investment properties • Investments • Short and long term debtors • Creditors • Cash and cash equivalents • Borrowing • Lease liabilities • Provisions	The nature of these balances is such that it is likely to be possible to obtain full assurance on the closing balance at 31 March 2025 without the need for build-back of assurances relating to previous years.
No – assurance on previous year movements is required to obtain full assurance on the closing balance at 31 March 2025.	• Other elements of Property Plant and Equipment • Pension liabilities (IAS19) • Capital grants & contributions in advance • All reserves	The items in the second category will need further work to obtain full assurance, which form phases 2 and 3 of the build-back approach. The balances for which the most significant level of build-back activity is likely to be required are reserves, as build-back of assurance on all reserve movements back to the previous unqualified audit opinion (i.e. all reserve movements back to 31 March 2021) will be necessary.

Building back assurance

Phase 2: build-back for specified balance sheet items where the closing position is inherently tied to the opening position

Certain closing balances can only be assured by undertaking work on movements back to 31 March 2021. Key balances within this category include other elements of Property Plant and Equipment, Pension liabilities (IAS19), Capital Grants & Contributions in Advance, and all reserves.

For Property, Plant and Equipment we will seek to undertaken work in 2024/25 to rebuild assurance on the closing balances at 31 March 2025 by testing prior year movements such as additions and disposals back to 31 March 2021.

For pension liabilities, whilst it would be possible to rebuild assurance by testing movements back to 31 March 2021, given the next triennial valuation is due to be accounted for from 2025/26 we will instead plan to undertake work in respect of this in conjunction with the pension fund auditor during the 2025/26 audit year.

Reserve balances are considered further under Phase 3.

Phase 3: build-back on reserve balances

Reserve balances can also only be assured by undertaking work on movements back to 31 March 2021. Achievement of assurance on reserves represents the most significant element of build back work required.

On 9 April 2025 the government published its response to consultation on Local Audit Reform, which included proposals for building back assurance on disclaimed audits.

The NAO published further auditor guidance on the approach to rebuilding assurance on reserve balances in June 2025. We have now assessed this guidance and developed our approach to this area of work.

Our ability to commence work on build-back of reserve balances in 2024/25 will depend on the capacity of our audit team and the ability of the Council's finance team to support this process, which is likely to require considerable work and the testing of income and expenditure transactions back to the date of the last clean audit opinion (i.e. 31 March 2021).

Building back assurance

Our 2024/25 plan

One of the contributing factors to the existing backlog of opinions was insufficient capacity across audit suppliers and, in some cases, within council finance teams. These capacity constraints continue. It is therefore not possible to rebuild all assurance within a one-year period.

For 2024/25 we anticipate there will be sufficient capacity to undertake the 2024/25 audit (Phase 1) with some limited capacity to commence work on build back of elements of prior year balances (Phases 2 and 3). The scope of build back work planned for 2024/25 will be subject to further discussion and agreement with the Council based on

- The Council's capacity within the finance team to support the build-back process
- Available audit team capacity
- Agreement of fees and costs to undertake build back work, as this is not covered by the PSAA scale fee.

On 9 April 2025 the Government announced additional funding of up £49 million of support to help councils clear their backlogs and cover the additional cost of restoring audit assurance. The government have stated that this funding will take the form of a non-ring-fenced grant, and will be allocated based on the size of bodies' audit fees and the number of modified audit opinions received. At this stage we have no further information on the level of grant which Stafford Borough Council will receive to fund the build-back process.

We set out on the following slide an indication of the possible timeline for the build back process.

A key factor in the final timing will be an assessment of when it will be possible to complete phase 3 – build back of assurance on reserve balances, as this will require testing of income and expenditure transactions for all previously disclaimed periods back to 31 March 2021.

Indicative build-back timeline

Item of account	Audit year				Included in scale fee?
	2024/25*	2025/26	2026/27	2027/28	
Phase 1 – assurance on specified closing balances via in year testing					
Income in-year (<i>fees and charges, taxation, grants, other income</i>)	Yes*	Yes	Yes	Yes	Yes
Expenditure in-year (<i>payroll, operating expenditure, other expenditure</i>)	Yes*	Yes	Yes	Yes	Yes
Other land and buildings valuation, council dwellings valuation	Yes*	Yes	Yes	Yes	Yes
Other closing balances (<i>includes Investment properties, investments, short and long term debtors, creditors, cash and cash equivalents, borrowing, provisions</i>)	Yes*	Yes	Yes	Yes	Yes
Pension liabilities (IAS19) (next triennial valuation in 2025/26)	No	Yes	Yes	Yes	Yes
Reserves and reserves movements in-year (<i>general fund, earmarked reserves, unusable reserves, CFR, MRP, disclaimed year CIES movements</i>)	Yes*	Yes	Yes	Yes	Yes
Cash flow statement in-year	Yes*	Yes	Yes	Yes	Yes
Collection fund in-year	Yes*	Yes	Yes	Yes	Yes
Cash flow statement and related notes full assurance	Yes*	Yes	Yes	Yes	Yes
Phase 2 – build back work for specified closing balances					
PPE recovery of assurance on movements back to 31 March 2021	Yes	Yes	Yes	Yes	No
Collection fund surplus	No	Plan to commence in 2025/26			No
Phase 3 – build back of assurance on reserves					
Reserves and reserves movements full assurance (<i>general fund, earmarked reserves, unusable reserves, CFR, MRP, disclaimed year CIES movements</i>)	No	Plan to commence in 2025/26			No
Possible audit opinion – subject to completion of build back work	Disclaimed	Disclaimed	Disclaimed	Unmodified	

* The extent to which work on all areas will be possible in 2024/25 depends on the capacity of our audit team and the ability and capacity of the Council's finance team to support the audit process in the period to the backstop date of 27 February 2026

Potential timing for removal of disclaimed audit opinion

In order to fully remove a disclaimed audit opinion it is necessary to have full assurance on both the current year and prior year balance sheet and CIES figures presented in the statement of accounts.

This in turn means that full assurance is required on the balance sheet position for **three** balance sheet dates, as to obtain full assurance on the prior year CIES figures requires assurance on balance sheet figures at the start of the comparator financial period.

In practice this means that in order to fully remove a disclaimed audit opinion it is necessary to:

- Obtain full assurance on the closing balance sheet position (i.e all balances including reserves) at a financial year end, and then
- Undertake 2 further years of “normal” audit after which a fully unqualified audit opinion can be issued.

Based on the information presented on the previous slide, the earliest date for which full assurance on a closing balance sheet position would be possible is **31 March 2026**. This would require all phase 2 and phase 3 build back work to be completed on all previously disclaimed years 2024/25 and 2025/26 and so assurance on all closing balances, including reserves, would be built back by **31 March 2026**.

If this can be achieved, following two full years of “normal” audit in 2026/27 and 2027/28, it would be possible to fully lift the disclaimed audit opinion and so issue an unqualified opinion on the **2027/28** financial statements.

Achieving this is dependent on sufficient capacity being available within the audit team and finance team, and subject to agreement of cost for this additional work in each year to that point. If sufficient capacity is not available within the audit team and finance team to fully support the build back process across each year, then it will take longer to lift the disclaimed opinion.

Materiality

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these. Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA (UK) 260 defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make judgements about the size of misstatements which we consider to be material, and which provide a basis for determining the nature and extent of our audit procedures. Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

Our assessment, at the planning stage, of materiality for the year ended 31 March 2025 was calculated as follows:

	Council £'000	Explanation
Overall materiality for the financial statements	1,080	Our initial assessment is based on approximately 2% of gross revenue expenditure as disclosed in the 2023/24 annual report and accounts. We consider this to be the principal consideration for the users of the financial statements when assessing financial performance of the Council. The financial statements are considered to be materially misstated where total errors exceed this value
Performance materiality	648	60% of materiality - Performance materiality is the working level of materiality used throughout the audit. We use performance materiality to determine the nature, timing and extent of audit procedures carried out. We perform audit procedures on all transactions, or groups of transactions, and balances that exceed our performance materiality. This means that we perform a greater level of testing on the areas deemed to be at significant risk of material misstatement. Performance materiality is set at a value less than overall materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of the uncorrected and undetected misstatements exceed overall materiality.
Trivial threshold	54	5% of overall materiality for the Council. Trivial misstatements are matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. Individual errors above this threshold are communicated to those charged with governance.

In addition to the above, we consider any areas for specific lower materiality. We have determined that no specific materiality levels need to be set for this audit

Significant risks of material misstatement

Significant risks are risks that require special audit consideration and include identified risks of material misstatement that:

- Our risk assessment procedures have identified as being close to the upper range of the spectrum of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement; or
- Are required to be treated as significant risks due to requirements of ISAs (UK), for example in relation to management override of internal controls.

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement identified at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Identified risk	Planned audit procedures
Management override of controls Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. Risk of material misstatement: Very High	Procedures performed to mitigate risks of material misstatement in this area will include: • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Fraud in revenue recognition and expenditure Material misstatement due to fraudulent financial reporting relating to revenue and expenditure recognition is a rebuttable presumed risk in ISA (UK) 240. However, due to the nature of the Council's current control environment and links to Statutory and key recommendations identified as part of the Council's Value for Money commentary, an additional level of risk has been identified regarding specific revenue and expenditure balances within the financial statements. This significant risk will be confined to the following balances; - Fees and Charges - Grants and Contributions - Other expenses Inherent risk of material misstatement: • Revenue and expenditure recognition: Very High	Whilst we have rebutted the risk of fraud in income and expenditure recognition for specific balances, where we have not rebutted, we will perform the below procedures based on their value within the financial statements: • Documenting our understanding of the Council's systems for income/ expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; • Evaluating the Council's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code; and • Substantively testing material income streams using analytical procedures and sample testing of transactions recognised for the year, with testing targeted on transaction types considered to represent a higher risk • Perform substantive testing on expenditure transactions at and around the year end to verify the accounting period transactions relate to and confirm that transactions have been recognised in the correct accounting period.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Valuation other land and buildings (key accounting estimate) Revaluation of other land and buildings and investment property should be performed with sufficient regularity so that carrying amounts are not materially misstated. The council carries out a rolling programme of asset valuations that ensures that all property, plant and equipment that is required to be measured at current value is revalued at least every 5 years. Management engage the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2025. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. These valuations represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurements and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of other land and buildings and investment property as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations to those assets where the in-year valuation movements falls outside of our expectations. Inherent risk of material misstatement: • Other land and buildings and investment property (valuation): High	Procedures performed to mitigate risks of material misstatement in this area will include: • Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of management's valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor's expert; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Valuation of the defined pension fund net liability/asset (key accounting estimate) An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 ‘Employee Benefits’, and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. Inherent risk of material misstatement: • Defined pension fund net liability/asset (valuation): High	In 2024/25, we will not carry out any work on this significant risk area due to the lack of prior year assurance available relating to the last triennial actuarial valuation. We will re-commence work on the pension fund in 2025/26 by which time the next triennial valuation will have been performed. From 2025/26, procedures performed to mitigate risks of material misstatement in this area will include: • Evaluating managements processes for the calculation of the estimate, the instructions issued to management’s expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Obtaining relevant assurances from the auditor of Staffordshire Pension Fund in line with the protocol agreed for the audit of local government pension scheme assets and liabilities; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors’ expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Council’s share of the investment valuations in the audited pension fund accounts’; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Significant risks of material misstatement

Identified risk	Planned audit procedures
Impact of prior year disclaimed audit opinions on the 2024/25 financial statements audit As a result of the backstop implemented on 28 February 2025, a disclaimer audit opinion was provided on the council and group’s 2023/24 financial statements. Disclaimed audit opinions have also been provided on the council’s accounts for the 2021/22 and 2022/23 years. As a result of prior year disclaimed audit opinion: • There is limited assurance available over the Council’s opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g defined benefit pension valuations, land and building, investment property valuations, amongst others); and • Significant transactions, accounting treatment and management judgements may not have been subject to audits for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods. The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that may require additional audit procedures. Inherent risk of material misstatement: • Impact of prior year disclaimer audit opinions on the 2024/25 financial statements audit (financial statement level): High	Procedures performed to mitigate risks of material misstatement in this area will include: • Considering the findings and outcomes of prior year audits and their impact on the 2024/25 audit; • Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and ‘unaudited’ transactions and management judgements made in the previous years which continue into 2024/25; and • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years.

Value for money

Under the Code of Audit Practice, we must satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to here as “Value for Money”, or “VFM”).

NAO Auditor Guidance Note 03 ‘Auditors’ Work on Value for Money Arrangements’ (“AGN 03”) was updated and issued on 14 November 2024 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor’s Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.



When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures that it makes informed decisions and properly manages its risks
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

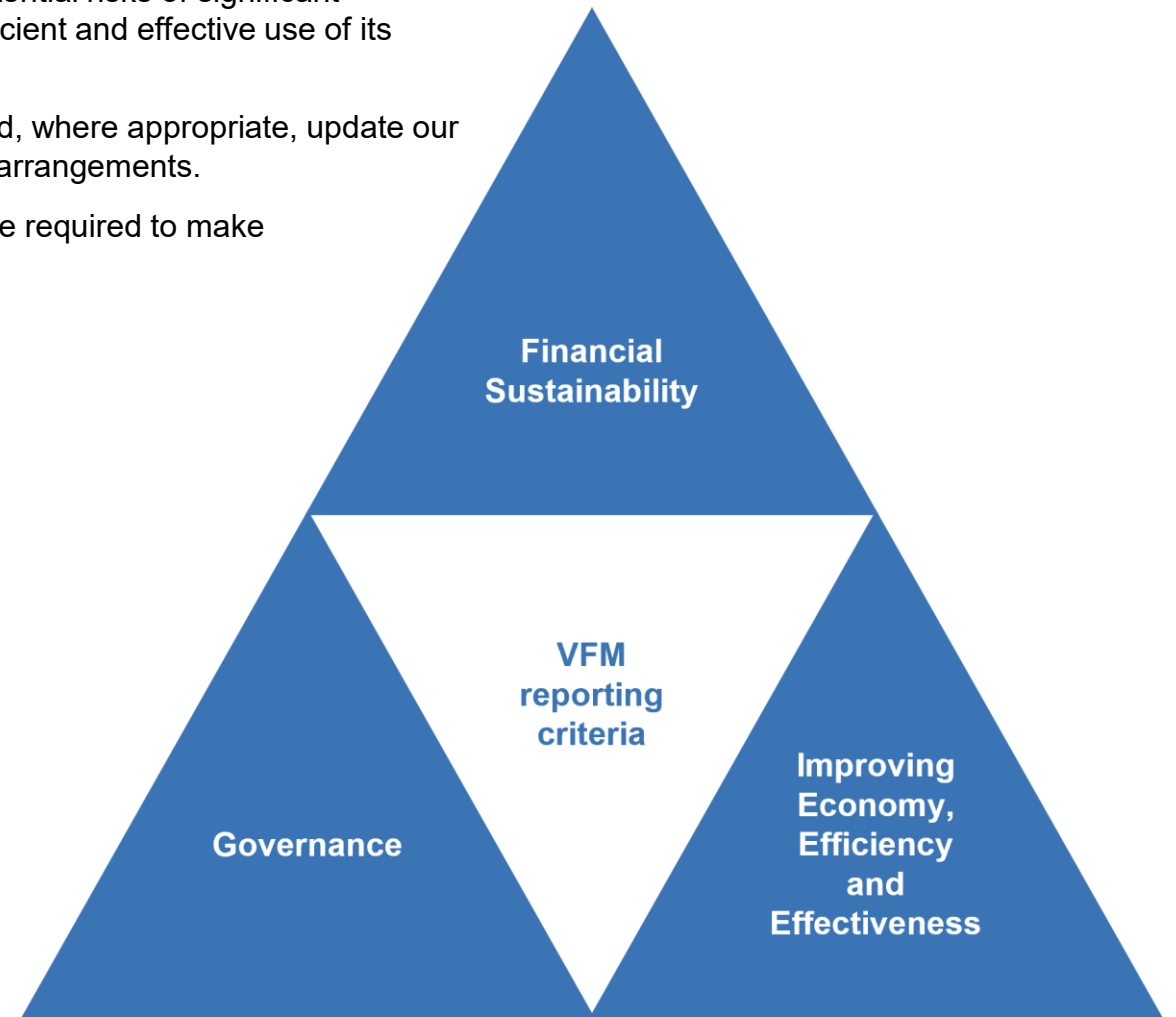
Value for Money

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements.

Where we identify significant weaknesses in arrangements as part of our work, we are required to make recommendations setting out:

- Our judgement on the nature of the weakness identified;
- The evidence on which our view is based;
- The impact on the local body; and
- The action the body needs to take to address the weakness.



Value for Money

Risks of significant weakness in VFM arrangements

We have carried out an initial risk assessment to identify any risks of significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. A significant weakness is a risk requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. When considering the Council’s arrangements, we will have regard to the three reporting criteria set out in AGN03, as well as performing additional work in the areas identified below which are the potential areas of significant weaknesses, we have identified at the planning stage.

Criteria	Potential risk of significant weakness	Our risk based procedures and evaluation approach includes (but is not limited to)
Financial sustainability	Refer to the following page in respect of significant weaknesses identified and reported as part our 2023/24 VFM assessment, and corresponding audit report, presented to the Audit and Accounts Committee. These were also raised by the predecessor auditor in 2022/23.	We will review actions taken by the Council in response to the previously raised significant weakness and assess whether this remains an area of significant weakness in 2024/25.
Governance		
Improving economy, efficiency and effectiveness		

Weaknesses or risks identified by auditors are only those which have come to their attention during their normal audit work in accordance with the Code of Audit Practice and may not be all that exist.

Value for Money

Risks of significant weakness in VFM arrangements

Criteria	Risk of significant weakness
	We identified one significant weakness in the Council's arrangements for financial sustainability and governance for 2023/24. This was in relation to arrangements for financial planning and financial monitoring and finance team capacity not being adequate.
	We identified one significant weakness in the Council's arrangements for financial sustainability for 2023/24. This was in relation to the Council not having robust arrangements to ensure an understanding of costs of delivering core statutory services.
	We identified two significant weaknesses in the Council's arrangements in respect of governance for 2023/24. These were in relation to the Council's: - internal controls in respect of Information Technology (IT), which could expose the Council to significant financial or service loss including fraud and cyber-attacks and the Council has failed to follow-up on external audit recommendations in these areas. - internal controls relating to fraud, which could expose the Council to significant financial loss, and the Council has failed to follow-up on external audit recommendations in this area.
	We identified one significant weaknesses in the Authority's arrangements in respect of improving economy, efficiency and effectiveness for 2023/24. These were in relation to the Council's lack of a performance management framework to deliver its business plan.

Audit team and logistics

Your audit team

Role	Name	Contact details
Key Audit Partner	Andy Reid	Andy.Reid@azets.co.uk
Engagement Manager	Michael Butler	Michael.Butler@Azets.co.uk

Timetable

Event	Date
Planning and risk assessment	Mar - Apr 2025
Reporting of plan to Audit & Standards Committee	Nov 2025
Year end audit	Nov 2025 – Feb 2026
Reporting of Audit (ISA260)	Feb 2026
Auditor’s Annual Report (AAR)	Nov 2025
Target date of approval of accounts	Feb 2026
Accounts publication deadline (as specified in the Accounts and Audit (Amendment) Regulations 2024)	27 February 2026

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Statement and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing;
- Ensuring staff are available and on site (as agreed) during the period of the audit;
- Prompt and sufficient responses to audit queries within **two** working days (unless otherwise agreed) to minimise delays.

The audit process is underpinned by effective project management to ensure that we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council’s finance team work closely together to achieve this timetable.

Independence, objectivity and other services provided

Auditor independence

We confirm that we comply with the Financial Reporting Council's (FRC) Ethical Standard and are able to issue an objective opinion on the financial statements. We have also complied with the NAOs Auditor Guidance Note 01, issued in September 2022, which contains supplementary guidance on ethical requirements for auditors of local public bodies. We have considered our integrity, independence and objectivity in respect of audit services provided and we do not believe that there are any significant threats or matters which should be brought to your attention.

Other services

We have detailed in the table below any other services provided to the Council, the threats to our independence these present and the safeguards we have put in place to mitigate these threats.

Service	Provided to	Fee	Threats identified and Safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim	Council	£28,000 plus additional fee for each extended testing workbook required	Self-interest: Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or Stafford Borough Council. The fee is fixed (apart from an additional £2,000 for each additional 40+ workbook) and not contingent in nature. Self-review: Whilst related revenue and expenditure streams are within the financial statements, we do not complete the claim form/s. The focus of our work is solely testing the data in the claim form prepared by the management. Management: As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

Fees

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

Our estimated fee (excluding VAT) is as follows. This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on pages 3 to 30 are met.

It is our policy to seek fee variations for overruns or scope extensions, for example where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work. Any such fee variations are subject to agreement with Public Sector Audit Appointments Ltd (PSAA).

We will bill the scale fee in quarterly instalments in line with billing milestones as set out in our contract with PSAA. These are based on issue of the 2023/24 Auditors Annual Report, issue of the 2024/25 Audit Plan and completion of planned hours for delivery of the audit.

Audit fee	2024/25 £
Scale fee: base fee for the audit of the Council (and Group's) financial statements (as set out in the fee scales issued by PSAA) (Note 1)	165,935
IFRS16: (Note 2)	TBC*
Disclaimer work (Note 3)	TBC*
Build back work (Note 4)	TBC*
Total audit fee for Stafford Borough Council	165,935

Note 1: PSAA will assess the actual scale fee payable by the Council for 2024/25 based on the level of audit hours input relating to work on the 2024/25 audit.

Note 2: We will assess the requirement for a fee variation to cover work related to IFRS16 implementation based on the level of work required and the materiality of any related RoU asset and liability balances.

Note 3: this includes the additional annual work required to consider the disclaimed audits from prior years, development of revised approach for the Council in response to the missing assurance, the production, agreement and reporting of additional interim progress reports to management and the Audit Committee, the development and reporting of a revised 'Audit Completion Report' for reporting the additional considerations arising from the disclaimers, the drafting of a disclaimed audit report and the various risk, compliance and technical consultations arising as a result of this unique and unprecedented situation.

Note 4: this includes all work for phases 2 and 3 which require building back assurance to the last clean opinion

Appendix I: Building back assurance

Statutory backstop dates and disclaimed audits

Statutory Instrument (2024) No. 907 - “*The Accounts and Audit (Amendment) Regulations 2024*”, imposed annual statutory backstop dates up to and including 2027/28 for the publication by the Council of its final Statement of Accounts. The Code of Audit Practice specifies that auditors are required to issue their auditor’s report before these dates, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline.

Statutory backstop dates

- 13 December 2024 Audits from 2015/16 to 2022/23
- 28 February 2025 2023/24 audit
- 27 February 2026 2024/25 audit
- 31 January 2027 2025/26 audit
- 30 November 2027 2026/27 audit
- 30 November 2028 2027/28 audit

The statutory backstops have resulted in the audits of the Council’s accounts being disclaimed for 2021/22, 2022/23 and 2023/24. The last clean opinion, where the closing balances were assured by the auditor, was 2020/21. The closing balances as at 31 March 2021 are therefore our required starting point for building back assurance.

Building back assurance

Government’s expectation is that auditors and councils build back assurance to enable, as soon as possible, the return to unmodified (clean) opinions. The recovery period has been designed to allow auditors to rebuild assurance for balances from disclaimed years over multiple audit cycles, reducing the risk of the backlog recurring. Because auditors will need to make prioritisation decisions to issue audit opinions ahead of the backstop dates, they may not be able to obtain sufficient evidence to support all balances nor all in-year and comparative expenditure, income, cash flow and reserves movements.

As a firm we have invested considerable resources in developing our overall response to the disclaimed periods of assurance, the impact this has on our audit responsibilities and what an indicative build-back plan may involve. Due to the complexities involved, our work has required substantially more input from senior members of the audit team than would normally be the case. PSAA has made clear that this additional work is over and above the annual scale fee.

Our planning takes into account the guidance contained in the [Local Audit Reset and Recovery Implementation Guidance](#) (LARRIG), numbers 1 to 5. LARRIGs are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG). LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England. The guidance in LARRIGs supports auditors in meeting their requirements under the Act and the [Code of Audit Practice](#) published by the NAO on behalf of the C&AG.

Building back assurance

Our planning also takes into account the guidance contained in the FRC's document [Local Audit Backlog Rebuilding Assurance](#). Alongside the backlog measures, the Government has announced its intention to 'overhaul the local audit system.'

The FRC's guidance states: *"Recovery from the backlog is a shared endeavour between auditors and local bodies. Accounts preparers have a vital part to play, providing good quality draft financial statements supported by comprehensive working papers and supporting evidence to auditors. The success of these proposals relies on both auditors and accounts preparers working closely together to agree jointly-owned delivery plans for each year's audit. Chartered Institute of Public Finance and Accountancy (CIPFA) are responsible for the production of guidance to support accounts preparers. Audit Committees should ensure that they are planning and able to play their full part in the process."*

Elements of building back assurance are subject to detailed discussion within a cross-firm working group, also attended by the FRC, known as 'the Sandbox'. We will ensure our build-back approach is fully compliant with auditing standards and, where it relies on the eventual outcome of Sandbox discussions, we will only utilise this approach where it has been endorsed by MHCLG.

As part of our work in 2023/24, we began assessing what work, carried out in 2023/24, can be used to inform the process of rebuilding assurance in future years. Where work was able to be undertaken in 2023/24, we intend to accrete this work into this and future audit periods to inform the future building back of assurance.

We will follow this same approach in 2024/25 and in future years. The build-back approach will require us to apply a process of rebuilding assurance over all financial years for which disclaimers of opinion have been issued.



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Agenda Item 3c

Governance Improvement Plan - Progress Report for Quarter 2 2025-26

Committee:	Audit and Accounts
Date of Meeting:	25 November 2025
Report of:	Head of Transformation and Assurance
Portfolio:	Resources

1 Purpose of Report

- 1.1 To advise Members on the progress in the delivery of the Governance Improvement Plan at the end of Quarter 2 2025-26.

2 Recommendations

- 2.1 To note the progress made in the delivery of the Governance Improvement Plan set out at **APPENDIX 1**.

Reasons for Recommendations

- 2.2 The information allows Cabinet to ensure that all appropriate steps are being taken to improve the Council's governance arrangements.

3 Key Issues

- 3.1 The findings of the annual review of the Council's governance arrangements for 2024-25 were reported to the Audit and Accounts Committee on 25 June 2025. The report included an action plan to address the findings.
- 3.2 This report sets out the progress made in delivering the action plan up to the end of quarter 2 of 2025/26. Of the 34 actions due to be completed, 23% have been completed or are on target. Progress in quarter 2 has been impacted by work on Local Government Reorganisation taking precedence.

4 Relationship to Corporate Priorities

4.1 Good governance and financial management specifically links to the Council's priority to be "an effective Council" and the objectives relating to:

- Value for money to local taxpayers.
- Good governance across the Council.

It also underpins the delivery of the Council's other corporate priorities and operational services.

5 Report Detail

5.1 The Council has a statutory responsibility to undertake an annual review of the effectiveness of its governance arrangements, which includes the system of internal control and to publish an "annual governance statement" with the annual accounts.

5.2 In reviewing the effectiveness of the governance arrangements, the Council has to identify any 'significant governance issues' and what action will be taken to address these. There is no single definition as to what constitutes a 'significant governance issue' and judgement has to be exercised. Factors used in making such judgements include:-

- the issue has seriously prejudiced or prevented achievement of a principal objective;
- the issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another service area;
- the issue has led to a material impact on the accounts;
- the Chief Internal Auditor has reported on it as significant, for this purpose, in the Internal Audit Annual Report;
- the issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the Council;
- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

- 5.3 The Annual Governance Statement (AGS) for 2024-25 was approved by the Audit and Accounts Committee on 25 June 2025. The statement sets out details of the review undertaken, the “significant governance issues” identified and the actions to be taken to address them. This includes the outstanding actions identified during the VFM review undertaken by the External Auditors.
- 5.4 This report provides an update on the progress in delivering the planned actions at the end of quarter 2 (30 September 2025). Details of the progress is given at **APPENDIX 1** and overall performance is summarised in the table below:

Table 1: Summary of Progress - Governance Improvement Plan

Quarter					No longer applicable	Total Actions
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule	N/A	
2024/25	3	1		7	2	13
Q1 2025/26	4		3	7		14
Q2 2025/26			7			7
TOTAL	7 (21%)	1 (3%)	10 (29%)	14 (41%)	2 (6%)	34 due to date

- 5.5 At the end of Quarter 2 of the 34 actions due for delivery:

- 8 (24%) have been completed or are in progress;
- 24 (70%) of actions are behind schedule; and
- 2 (6%) are no longer applicable.

- 5.6 The s151 Officer has decided not to proceed with one action due to ongoing capacity issues within the Finance Team and Local Government Reorganisation.

- 5.7 Limited progress has been made in quarter 2 due to work on Local Government Reorganisation taking precedence and this will continue into quarter 3. Whilst the work on LGR is likely to subside slightly towards the end of quarter 3, there is much uncertainty about future work on this. Furthermore, it has become increasingly clear over the last 6 months that part of our capacity issue is due to an over-reliance on key personnel. An options appraisal to address this issue is to be undertaken, led by the Deputy Chief Executive (Resources) and s151 Officer. As the outstanding actions are unlikely to all be delivered in 2025/26, the review will also include identifying which ones can be rescheduled to 2026/27.

6 Implications

6.1 Financial

There are no direct financial implications arising from the report.

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

A failure to deliver good governance, which includes the delivery of the improvement plan, has been included in the Council's Strategic Risk Register.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Governance Improvement Plan - Summary of Progress

8 Previous Consideration

None

9 Background Papers

Contact Officer:	Judith Aupers
Telephone Number:	01543 464411
Ward Interest:	All
Report Track:	Cabinet 11 December 2025 Audit and Accounts Committee 25 November 2025
Key Decision:	No

Governance Improvement Plan - Progress Report

Summary of Progress at 30 September 2025

Quarter					No longer applicable	Total Number of Projects
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule	N/A	
2024/25	3	1		7	2	13
Q1 2025/26	4		3	7		14
Q2 2025/26			7			7
Q3 2025/26						5
Q4 2025/26						3
TOTAL	7 (21%)	1 (3%)	10 (29%)	14 (41%)	2 (6%)	34 due to date

Commentary on Progress

Limited progress has been made in quarter 2 due to work on Local Government Reorganisation taking precedence and this will continue into quarter 3. Whilst the work on LGR is likely to subside slightly towards the end of quarter 3, there is much uncertainty about future work on this and the impact it will have on delivering the actions set out in this improvement plan.

The s151 Officer has decided not to proceed with the action relating to “lessons learnt from the implementation of the finance system” due to the amount of time that has elapsed and ongoing capacity issues within the Finance Team.

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM	Significant Governance Issues from the former VFM Improvement Plan				
VFM1	Financial Sustainability (Statutory Recommendation 1)				
17.	Regular performance monitoring to be re-established with budget managers and Leadership Team.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 2024/25	The outturn for 2024/25 has been completed and reported to Cabinet in October. But due to ongoing capacity issues within the Finance Team, regular budget monitoring for 25/26 has not yet been restored.	
26.	Lesson learnt exercise to be undertaken of implementation of the finance system	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 2024/25	Given the length of time that has elapsed, and the ongoing capacity issues within the Finance Team, it has been decided not to proceed with this action.	N/A
27.	Training of managers in budget management and use of the new finance system.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 2024/25	Completed	
28.	Review of Financial Regulations	Deputy Chief Executive (Resources) and S151 Officer	Quarter 1 - 2025/26	Work has not started on this due to other priorities taking precedence. This has been rescheduled for Q3.	
29.	Training for managers on Financial Regulations	Deputy Chief Executive (Resources)	Quarter 2 - 2025/26	This has been rescheduled to Q4 to follow the review of the Financial Regulations.	

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
4.	Implementation of remaining module of the finance system, ongoing development and maximising use of system functionality	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 - 2025/26	A review is to take place to determine whether it is cost effective to proceed with this action in light of LGR.	
55.	Performance reporting for Cabinet and Scrutiny to be developed. This will be done alongside the review and development of performance and risk reporting.	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2 - 2025/26	There is currently no capacity within the Finance Team to develop this nor to maintain regular monitoring reports.	
42.	Follow-on zero-based budgeting session with managers to continue work started as part of the 2024/25 budget setting process	Deputy Chief Executive (Resources) and S151 Officer	Quarter 3 - 2025/26 for 26/27 budget setting		
VFM2	Corporate Service Transformation and Efficiency Programme (Key Recommendation 1)				
44.	Consultation and engagement to be embedded into the planning for the delivery of key projects where appropriate to ensure schemes meet community needs eg regeneration projects, redevelopment of play areas	Deputy Chief Executive (Resources) and Head of Transformation and Assurance	Quarter 1 - 2025/26	Due consideration is given in all key projects as to whether consultation/engagement is required.	
VFM3	IT / Technology (Key Recommendation 2)				
19.	Update IT security policy and adopt a cyber security policy.	Head of Transformation and Assurance and Chief Technology Officer	Quarter 3 2024/25	Completed	

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
30.	Develop assurance reporting for IT eg report on outcome of annual health check/penetration testing to Leadership Team and Audit Committee	Head of Transformation and Assurance and Chief Technology Officer	Quarter 4 - 2024/25	Work has commenced on the IT Assurance report, but this is behind schedule. This will now be reported in Q3.	
31.	Review of what we include in procurements re ICT controls and information governance	Head of Transformation & Assurance, Chief Technology Officer and Information Manager	Quarter 4 - 2024/25	A revised checklist has been produced and is being tested on a sample of relevant procurements	
VFM4	Fraud (Key Recommendation 3)				
56.	Assess fraud risks and include in risk registers as appropriate	Chief Internal Auditor & Risk Manager and Leadership Team	Quarter 4 - 2024/25	Work in progress as part of the development of directorate and operational risk registers.	
45.	Review Anti - Fraud and Bribery Policy	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26	Work has not yet started on this due to the work on developing and embedding risk management across the Council. It has been rescheduled to Q3.	
46.	Review of Confidential Reporting Policy	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26	Work has not yet started on this due to the work on developing and embedding risk management across the Council. It has been rescheduled to Q3.	

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
47.	Assess compliance against Cipfa 2014 Code for Fraud and develop an action plan as necessary	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26	Work has not yet started on this due to the work on developing and embedding risk management across the Council. It has been rescheduled to Q3.	✗
61.	Review the information we report on fraud work (including data matching) to the Audit Committee.	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26	Work has not yet started on this due to the work on developing and embedding risk management across the Council. It has been rescheduled to Q3.	✗
VFM5	Performance Management (Key Recommendation 4)				
33.	Establish corporate project resources to support transformation work (funding allocated in 2024/25 budget)	Deputy Chief Executive (Resources) and S151 Officer and Head of Transformation and Assurance	Quarter 3 2024/25	Although proposals for a Transformation Team were approved by Cabinet as part of the Transformation Strategy (5 December 2024), a report is to be considered by Cabinet in November which proposes to redirect the transformation resources to support the preparatory work needed for LGR and a more modest programme of change.	N/A
34.	Review of all projects, the current governance arrangements and establish project reporting to Leadership Team	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 4 - 2024/25	Preparatory work has commenced and the review will be completed in Q3.	✗

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
57.	Develop and adopt a performance management framework to establish golden thread from Corporate Plan to service plans through to employee reviews. Framework to include protocols for ensuring data quality	Head of Transformation and Assurance	Quarter 1 - 2025/26	Discussions are to take place with the External Auditors as part of the VFM review for 2024/25 as to the adequacy of our current arrangements and what, if any, additional work is required.	
58.	Review our performance report style - delivery plans and KPIs. To consider the development of performance outcome measures	Head of Transformation and Assurance	Quarter 1 - 2025/26	As for comment above	
59.	Performance reporting for waste and leisure: • review of KPIs for monitoring and reporting on performance; • establish internal validation process of contract performance; and • review information reported to Cabinet/Scrutiny	Head of Transformation and Assurance, Head of Operations and Head of Wellbeing	Quarter 1 - 2025/26	The waste contract performance reporting has been reviewed and processes are in place to validate the contractor's data. The contractor will be required to present an annual report to the Scrutiny Committee in Q3 for the preceding year. Annual performance reporting for the leisure the contract has also been reviewed. The contractor is to be asked to present their report to the Scrutiny Committee in Q3.	
32.	Establish a Corporate Project Management Methodology. Provide templates, guidelines, and training for key officers (LT, Service Managers and key Principal Officers/Team Leaders).	Deputy Chief Executive (Resources) and S151 Officer and Head of Transformation and Assurance	Quarter 2 - 2025/26	Work has not commenced on this due to the work on LGR taking priority. It will now be scheduled for Q4.	

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM6	HR related issues (Improvement Recommendations 1 and 3)				
23.	Complete review of hybrid working. This will inform the development of the workforce strategy and the review of the Code of Conduct as well as support the development of an asset strategy.	Head of Transformation and Assurance and HR Manager	Quarter 3 2024/25	Report discussed at Leadership Team on 15 July 2025. Further work is required and will be completed in Q3.	
22.	Establish our culture, values and type of organisation we want to be. This work will inform the following actions	Deputy Chief Executive (Resources) and S151 Officer and Head of Transformation and Assurance	Quarter 4 - 2024/25	Put on hold pending further discussion in light of Local Government Reorganisation. Considering a light touch approach.	
48.	Develop a hybrid working policy and review other related policies and processes.	Head of Transformation and Assurance and HR Manager	Quarter 2 - 2025/26	Work cannot commence on this until the review has been completed and agreement reached on the future direction of hybrid working.	
49.	Review and update the Employee Code of Conduct	Head of Transformation and Assurance and Head of Law and Governance	Quarter 3 2025/26		
62.	Development of a workforce strategy that links to long term transformation/shared services	Head of Transformation and Assurance and HR Manager	Quarter 4 - 2025/26		

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM7	Risk Management (Improvement Recommendation 2)				
24.	Training for Leadership Team, managers, team leaders/principal officers on risk management	Head of Transformation and Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2024/25	Completed	★
35.	Develop risk registers for each Directorate and ICT	Deputy Chief Executive (Resources), Deputy Chief Executive (Place) and Head of Transformation and Assurance	Quarter 1 - 2025/26	The risk registers are being developed. A first draft of the risks has been completed. Limited progress has been made in Q2 to complete the scoring and develop action plans	▲
36.	Establish escalation process between other risk registers and the SRR eg services, projects	Head of Transformation and Assurance and Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26	This is being developed as part of the work on the Strategic Risk Register, the Directorate Risk Registers, etc. This cannot be finalised until work on the directorate risk registers has been completed.	▲
VFM8	Procurement and Contract Management (Improvement Recommendation 5)				
15.	Update the contracts register and ensure it is compliant with transparency requirements	Head of Transformation and Assurance and Leadership Team	Quarter 4 - 2024/25	Work is now in progress and will be completed in Q3.	✗

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
39.	Provide training for managers on procurement and contract management	Head of Transformation and Assurance	Quarter 1 - 2025/26	Training on Procurement and the new Regulations was completed in Q4 24/25.	★
50.	Work with managers and the County's Procurement Team to develop a procurements pipeline	Head of Transformation and Assurance and Leadership Team	Quarter 3 2025/26		
51.	Process to be established for publication of key data on the Council's website to meet transparency requirements re spend data, contracts register	Deputy Chief Executive (Resources) and Head of Transformation and Assurance	Quarter 3 2025/26		
VFM9	Other Related Actions				
41.	Preparation of a transformation plan for Development Management to further reduce the backlog of planning applications and to manage this within the approved budget. (From AGS 2023-24)	Head of Economic Development and Planning	Quarter 1 - 2025/26	The review of Development Management has been completed and a transformation plan has been produced.	★

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
60.	Review of Code of Governance	Head of Transformation and Assurance	Quarter 1 - 2025/26	Work is in progress. The Code has been reviewed but Cipfa have recently issued updated guidance and this needs to be reflected in the revised Code of Governance. Completion of this has been delayed due to work on LGR taking priority. It is intended to complete the review in Q3.	
53.	Review of Scheme of Delegations as part of shared services transformation. (From AGS 2023-24)	Monitoring Officer and Leadership Team	Quarter 3 2025/26		
52.	Establish an inventory of key policies and a programme of periodic reviews	Leadership Team	Quarter 4 - 2025/26		
63.	Development of Assurance Model	Head of Transformation and Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2025/26		

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
	New Significant Governance Issues Arising from the 2024/25 Governance Review				
GOV	Governance Framework				
GOV1	Training and reminders for managers on good governance and key components of the framework	Deputy Chief Executive (Resources), Head of Transformation and Assurance and Head of Law and Governance	Initial session Quarter 2 - 2025/26	This has been deferred to Q4 due to work on LGR taking priority.	
GOV2	Monitoring compliance with the governance framework	Deputy Chief Executive (Resources), Head of Transformation and Assurance and Head of Law and Governance	Mid Year Review to be undertaken in Q2	This has been deferred to Q4 due to work on LGR taking priority.	

Agenda Item 3d

Internal Audit Update - October 2025

Committee:	Audit and Accounts
Date of Meeting:	25 November 2025
Report of:	Chief Internal Auditor and Risk Manager
Portfolio:	Resources

1 Purpose of Report

- 1.1 To present to the Audit and Accounts Committee for information a progress report on the work of Internal Audit up to 31 October 2025.

2 Recommendations

- 2.1 That the Committee notes the progress report.

Reasons for Recommendations

- 2.2 The Audit and Accounts Committee have responsibility for monitoring the work of Internal Audit.

3 Key Issues

- 3.1 Attached is a progress report showing the audits which have been issued between 1 September and 31 October 2025

4 Relationship to Corporate Priorities

- 4.1 The system of internal controls reviewed by Internal Audit is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities. Management are responsible for the control environment and should set in place policies, procedures and controls to help ensure that the system is functioning appropriately.

5 Report Detail

- 5.1 This report is a summary of the Internal Audit work between 1 September and 31 October 2025; full details are given in **APPENDIX 1**. It is noted that this is a shorter time period than would normally be reported on due to the timings of the Audit Committee. This is the reason why a low number of audits is stated in the report.
- 5.2 The current indicative list of areas for review is contained in **APPENDIX 5**. This list has been compiled following discussions with Heads of Service.
- 5.3 The report is a snapshot view of the areas at the time that they were reviewed and does not necessarily reflect the actions that have been or are being taken by managers to address the weaknesses identified. The inclusion or comment on any area or function in this report does not indicate that the matters are being escalated to Members for further action. Internal Audit routinely follow-up the recommendations that have been made and will bring to the attention of the committee any relevant areas where significant weaknesses have not been addressed by managers. There have been no assurance audit reports issued in the period for Stafford BC but one report has been issued and a large amount of work is in progress so there is no major concern that work is slipping behind target.
- 5.4 The table below gives a summary of the level of assurance for each of the audits completed in the period. More detailed information on each of the reports issued is contained in **APPENDIX 2**.

Number of Audits	Assurance	Definition
0	Substantial ✓	All High (Red), Medium (Amber) and Moderate (Yellow) risks have appropriate controls in place and these controls are operating effectively.
0	Partial ▲	One or more Moderate (Yellow) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.

Number of Audits	Assurance	Definition
0	Limited !	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.
0	No Assurance ✖	One or more High (Red) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. Immediate action is required by management to address the weaknesses identified in accordance with the agreed action plan.
1	N/A	Audit Work and Consultancy Reports which have not been given an Assurance

5.5 **APPENDIX 3** lists the audits that were in progress but had not been completed to draft report stage by the end of the quarter.

5.6 **APPENDIX 4** shows information relating to follow-ups.

5.7 It is pleasing to note that the majority of follow-ups had shown that progress had been made in the implementation of the recommendations. However progress is slow in some areas:

- Environmental Protection and Pollution Control is stalled due to limited staff resources to progress the outstanding recommendation; and
- Streetscene - work is progressing but taking time to complete and some areas have stalled waiting for the new management structure to bed in.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1: Progress Monitoring - 1 April to 31 October 2025

Appendix 2: Audits Completed 1 September to 31 October 2025

Appendix 3: Audits in Progress

Appendix 4: Follow-ups Completed 1 September to 31 October 2025

Appendix 5: Provisional Audit Plan work for 2025-26 not yet started

8 Previous Consideration

None

9 Background Papers

None

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464415

Ward Interest:

Report Track: Audit and Accounts 25 November 2025 (Only)

Key Decision: No

Appendix 1

Progress Monitoring - 1 April 2025 to 31 October 2025

Audits Completed to Draft	Audits In Progress
8	9

The completed and in progress figures include audits from the 2024-25 Audit Plan which have been completed this year.

Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued in Year to date	0	0	6	0	2

N/A is where the nature of the review did not enable an opinion to be issued on the area under review. This is normally where the focus is narrow or where a project is at an early stage of progress.

Included in the above are the 8 reports issued since the last progress update (August 2024) more detail is contained in Appendix 2 for these reports.

Level of Assurance	No Assurance	Limited	Partial	Substantial	N/A
Number of Audits Issued since last update	0	0	0	0	1

Appendix 2**Audits Completed 1 September 2025 to 31 October 2025**

Audit	Head of Service	Status	Number of High Recommendations	Number of Medium Recommendations	Assurance	Comments and Key Issues
Standby and Overtime Claims	Transformation and Assurance	Final	0	4	N/A	This was a high-level review of returns across both Councils in terms of the amounts claimed and the types of tasks the claims were related to. Inconsistencies were identified which should be reviewed. Due to the nature of the work it was not deemed appropriate to issue an assurance.

Appendix 3

Audits in Progress

Audit	Head of Service
Corporate VFM Actions - Asset Management and Compliance	DCE (Resources)
Creditors and Purchasing Cards	Deputy Chief Executive (Resources)
SBC Regeneration Major Projects - Guildhall site, Coop site, Station Gateway	Economic Development and Planning
UKSPF Grants and Projects	Economic Regeneration and Planning
Fleet Management Compliance	Operations
Food Waste Project	Operations
Land Charges Transfer and New System	Regulatory Services
Private Water Supply and Distribution	Regulatory Services
Payroll	Transformation and Assurance

Appendix 4

Follow-ups Completed 1 September 2025 to 31 October 2025

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Environmental Protection and Pollution Control 2nd Follow Up	Regulatory Services	Partial ▲	2	1	0	3	Partial ▲	Work was in progress to produce detailed processes and guidance documents, but this had stalled due to time pressures on staff due to vacancies. Further work is needed to explore if the system can be used further to produce templates and standard documents to use.
Streetscene (4th Follow-up)	Operations	Partial ▲	1	4	0	5	Partial ▲	Work is progressing mapping work routes although Shrub Maintenance routes are not complete.

								• Progress has been made in reducing the overtime reliance on key staff. Whilst the nature of the service still requires it where possible it is shared across the team. • Work is still ongoing to replace the old vehicles in the fleet to reduce maintenance and repair costs. Limited work has been carried out to review the commercial works carried out by the team to ensure that they are cost effective and viable. It is hoped when this is embedded into the new structure these reviews can be carried out.
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Appendix 5

Provisional Audit Plan work for 2025-26 not yet started

Audit Area	Head of Service
Sub-Contractor Management	Corporate
Grants Procedures	Deputy Chief Executive (Resources)
Bank Reconciliation (Deferred 2024-25)	Deputy Chief Executive (Resources)
Council Tax	Deputy Chief Executive (Resources)
Housing Benefit	Deputy Chief Executive (Resources)
New finance System Implementation Lessons Learnt - Now not being completed following discussion with DCE (Resources)	Deputy Chief Executive (Resources)
NNDR	Deputy Chief Executive (Resources)
Delivery of Planning Review Outcomes	Economic Development and Planning
Leisure Contracts, New Procurement and Changes in Service Delivery	Economic Development and Planning
Planning Enforcement (deferred from 2024-25)	Economic Development and Planning
Public Buildings	Housing and Corporate Assets
Closed Churchyards	Operations
Pest and Dog Control	Operations
Tree Management IT Project	Operations

Audit Area	Head of Service
Tree Preservation Orders	Operations
Data Quality Arrangements (Deferred from 2024-25)	Transformation and Assurance
Industrial and Commercial Lease Management	Transformation and Assurance
Local Government Reorganisation/ Transformation Plans	Transformation and Assurance
Major Project Governance	Transformation and Assurance
Managing Absence	Transformation and Assurance
New Customer Relationship System (GOSS)	Transformation and Assurance
Recruitment and Selection	Transformation and Assurance
Community and Voluntary Sector Grants	Wellbeing
Health Agenda	Wellbeing
Housing Partnership Arrangements	Wellbeing
Private Sector Housing	Wellbeing

Agenda Item 3e**Updated Strategic Risk Register**

Committee: Audit and Accounts Committee

Date of Meeting: 25 November 2025

Report of: Head of Transformation and Assurance

Portfolio: Resources

1 Purpose of Report

- 1.1 To set out details of the Council's Strategic Risk Register as at end of September 2025

2 Recommendations

- 2.1 That Cabinet approves the Strategic Risk Register and considers the progress made in the identification and management of the strategic risks.

Reasons for Recommendations

- 2.2 That Cabinet are required to monitor the Strategic Risk Register and the implementation of the action plans.

3 Key Issues

- 3.1 All strategic risks and associated action plans have been reviewed, and the Council's risk profile is summarised in the table below:

Risk Status	Number of Risks at 30 June 2025	Number of Risks at 30 Sept 2025
Red (High)	5	5
Orange (Medium)	4	4
Yellow (Moderate)	0	0
Green (Low)	0	0
Blue (Negligible)	0	0
TOTAL	9	9

4 Relationship to Corporate Priorities

4.1 Risk Management as a process supports the Council's Effective Council priority

4.2 The Risk Register supports the Council's Corporate Priorities as follows:

- (i) Risk management is a systematic process by which key business risks/opportunities are identified, prioritised, and controlled so as to contribute towards the achievement of the Council's aims and objectives.
- (ii) The strategic risks set out in the Appendices have been categorised against the Council's priorities.

5 Report Detail

5.1 The Accounts and Audit Regulations 2015 state that:

"A relevant body must ensure that it has a sound system of internal control which:-

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk."

5.2 Risk can be defined as uncertainty of outcome (whether positive opportunity or negative threat). Risk is ever present and some amount of risk-taking is inevitable if the council is to achieve its objectives. The aim of risk management is to ensure that the council makes cost-effective use of a risk process that has a series of well-defined steps to support better decision making through good understanding of risks and their likely impact.

Management of Strategic Risks/Opportunities

5.3 Central to the risk management process is the identification, prioritisation, and management of strategic risks/opportunities. Strategic Risks are those that could have a significant impact on the Council's ability to deliver its Corporate Priorities and Objectives.

5.4 A new risk management framework was approved for implementation by Cabinet on 28 November 2024 and this has been used to do a fundamental review of the Council's Strategic Risks. This resulted in a fully revised risk register being produced for 1 April 2025. This has been reviewed and updated for a second time and a summary of the position at the end of the second quarter of 2025 is attached as **APPENDIX 1**.

5.5 Work continues to enhance and refine the risks and actions identified to manage them as the Strategic Risk Register matures. As such it is anticipated that risks and wordings may change as Leadership Team have a better understanding of the risks.

- 5.6 The risk summary illustrates the risks/opportunities using the “traffic light” method i.e.

Red High risk, score 12 and above (action plan required to reduce risk and/or regular monitoring by Cabinet/Audit Committee)

Orange Medium risk, score 6 to 9 (action plan required to reduce risk and monitored by Leadership Team)

Yellow Moderate risk, score of 3 to 4 (risk within risk appetite, no action plan required but watching brief to ensure controls are effective and operating)

Green Low risk, score below 3 (risk tolerable, no action plan required)

Blue Negligible Risk, score of 1 (risk tolerable, no action plan required)

- 5.7 Cabinet and Audit Committee are receiving summary level information on all the risks as they stand at 30 September 2025 **APPENDIX 1** and detailed information of risks which are red at a residual level **APPENDIX 2**.

- 5.8 Leadership Team have reviewed all risks in detail and are monitoring all of the orange risks in addition to the red risks.

- 5.9 At the end of September some actions had been completed, and others are being progressed. There has been some slippage on a few of the actions planned due to a lack of capacity/delays in recruitment and these are highlighted in **APPENDIX 2**. There has been no change in risk score for any of the risks during Quarter 2.

6 Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

The Risk Management implications are included within the body of the report and appendices.

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

Appendix 1 - Summary of Strategic Risks - 30 September 2025

Appendix 2 - Strategic Risk Register Red Risks - 30 September 2025

8 Previous Consideration

None

9 Background Papers

File of papers held by the Chief Internal Auditor & Risk Manager.

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464415

Ward Interest: All

Report Track: Cabinet 11/12/25

Audit and Accounts Committee 25/11/2025

Key Decision: N/A

Stafford Borough Council

Summary of Strategic Risk Register as at 1 April 2025

Risk Ref	Risk Owner	Risk Name	Inherent Risk Score	Residual Risk Score June	Residual Risk Score Sept	Direction of Travel in Period	Target Score
2025-03	Chief Executive	Local Government reorganisation	16	12	12	↔	8
2025-06	Chief Executive	Corporate capacity	16	12	12	↔	12
2025-09	Operations	Safe Management of Trees	16	12	12	↔	8
2025-16	Economic Development and Planning	Delivery of Town Centre Regeneration Project	16	12	12	↔	8
2025-08	Deputy Chief Executive (Resources)	Financial Stability - SBC	16	9	9	↔	9
2025-04	Transformation and Assurance	IT Resilience	16	8	8	↔	8
2025-10	Deputy Chief Executive (Resources)	Failure to deliver good governance	16	8	8	↔	4
2025-02	Housing and Corporate Assets	Health and safety arrangements for properties	12	12	12	↔	8

[SBC]

Risk Ref	Risk Owner	Risk Name	Inherent Risk Score	Residual Risk Score June	Residual Risk Score Sept	Direction of Travel in Period	Target Score
2025-12	Chief Executive	Health and safety arrangements for people	12	8	8	↔	4

Key to Direction of Travel

↓	Risk has decreased	↔	Risk level unchanged	↑	Risk has increased
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Stafford Borough Council Strategic Risk Register as at 30 September 2025

Risk Ref	2025-02
Risk Owner	Head of Housing and Corporate Assets
Risk Name	Health and safety arrangements for properties
Risk Description	Operational property procedures including CDM compliance, maintenance and management of properties is not sufficient to adequately ensure they are safe for tenants, employees, leaseholders or visitors leading to death or serious injury.
Consequences	Death or serious and minor injury and prosecution by HSE and private legal action. Reputational damage. Deterioration in condition of buildings Depreciation of buildings
Corporate Objective SBC	Effective Council
Main Risk Category	Health and Safety

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	3	12
Residual Impact	Residual Likelihood	Residual Risk Score
4	3	12
Target Score		8
Comment on Target Score: There are situations outside of the control which will lead to accidents and a large housing and property portfolio means that a risk score of 4 is unlikely as accidents and incidents will still happen.		

Controls	Assurances
Compliance data is held for all properties	Monthly data validation by managers
Policies approved by Leadership Team and published online, regularly reviewed.	Monitoring of spreadsheets by management
Updated policies and procedures for compliance areas.	Internal Audit Reviews

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Monthly validation of corporate assets data	Interim Asset Manager	Q4 2025/26	Contact has been made with tenants of leased properties and compliance documents/certificates have been requested
Review of Health and Safety Compliance Records of Contractors	Interim Asset Manager	Q4 2025/26	In progress - information is being requested from key contractors
Appoint Contractor to undertake Building Condition Surveys (prioritise top 5 - 60 in total)	Interim Asset Manager	Q4 2024/25	Building Condition Surveys - 23 sites completed, Consultant prices received, and an order has been placed with Lambert Smith Hampton for a further
Appoint Contractor to undertake Fire Risk Assessments	Interim Asset Manager	Q3 2025/26	Contractor appointed to undertake Fire Risk Assessment (FRA's) All FRA's will be completed by the end of July 2025
Lease and Asset Reviews	Interim Asset Manager	Q4 2025/26	In progress

Progress Updates

Current Position	Work on the Asset Reviews is slowly progressing but will take time. Work from the Fire Risk Assessments in in progress Lease reviews and compliance checks continue but progress is slow It is recognised that some progress is being made but the risk score will not be reduced for a long time due to the slow nature of the work
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Risk Ref	2025-03
Risk Owner	Chief Executive
Risk Name	Local Government reorganisation
Risk Description	The Council has to divert resources to the management of the Council's response plans for Local Government re-organisation which threatens the ability to maintain the quality of services at a time when capacity is already stretched.
Consequences	Core Services and major projects fail to be delivered Reputational damage
Corporate Objective SBC	Effective Council
Main Risk Category	Capacity/Service Delivery

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
4	3	12
Target Score		12
Comment on Target Score: As planning for LGR is still in its infancy, it is too soon to be confident that we can mitigate this risk fully and reduce it to a 4. At present it is considered we can reduce the likelihood to a 2 giving a target score of 8. As planning and work progresses, actions and the target score will be reviewed. Progress with this risk is also linked to the risk regarding capacity (ref 2025-06).		

Controls	Assurances
LGR lead officers identified	Cabinet
	Scrutiny Committee
	Leadership Team

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Consultants to be appointed to support the development of the business case and work plan to deliver this	Chief Executive	Quarter 1 2025/26	Action completed. The Southern and Mid Staffs Councils have collectively appointed consultants to support the development of the business case for submission to Government in November 2025.
Work plan for LGR Submission	Chief Executive	Quarter 1 2025/26	Action completed. A workplan has been prepared by the consultants supporting the preparation of the business case

Actions Planned	Person Responsible	Timescale	Progress/Comments
Assessment of resources needed to deliver the respective work plans	Chief Executive	Quarter 1 2025/26	Action completed. 5 workstreams have been set up to support the development of the business case. Members of Leadership Team were nominated to be the Council's representative on each of the workstreams; with the focus on the corporate functions to lead this work
Communications and Engagement Strategy to be prepared	Communications Manager	Quarter 1 2025/26	Action completed. The Communications Working Group prepared a strategy and coordinated the engagement across the Southern and Mid Staffordshire Councils.
Review of resources available to support LGR work	Head of Transformation and Assurance	Quarter 2 2025/26	Report prepared for November Cabinet recommending the redirection of resources allocated to transformation work to LGR and setting out key areas of preparatory work to be done.

Progress Updates

Current Position	The actions planned to date have been completed and the proposal for government has been drafted. Whilst there has been no impact on front line service delivery, there has been an impact on the delivery of actions within the Resources Directorate and in particular actions relating to the Governance Improvement Plan. The work on engagement over the summer was particularly resource intensive for the Communications Team. There will be on ongoing resource commitment up to the end of November as members and staff are briefed and the proposal is taken to Council and Cabinet for consideration. A report has been prepared recommending to Cabinet the redirection of resources planned for transformation work to support LGR and setting out key areas of preparatory work for the Council. However, there is still uncertainty at the moment, as to what other work is going to take place over the coming months across southern
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[SBC]

	and mid Staffordshire and the resources required. This will continue to be monitored.
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Risk Ref	2025-06
Risk Owner	Chief Executive
Risk Name	Corporate capacity is insufficient to maintain provision of core services and deliver major projects
Risk Description	The inability to recruit and retain staff particularly in statutory and other core areas threatens service delivery across the Council. This risk is exacerbated by other factors such as the number of high priority projects, large procurement exercises, demand for new software, competing priorities and Local Government Reorganisation.
Consequences	Projects are delayed or not implemented Operational services are delivered to a lower standard, backlogs arise or service not delivered at all Complaints/damage to reputation Wellbeing of staff who are under pressure to deliver
Corporate Objective SBC	Effective Council
Main Risk Category	Capacity/Service Delivery

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
4	3	12
Target Score		8
Comment on Target Score: Due to the limited market in key professions such as Finance, Legal, Planning etc, the uncertainty created by Local Government Reorganisation and the volume of major projects in progress, it is considered that the residual risk score cannot be reduced further and actions planned are focussed on maintaining the current position.		

Controls	Assurances
Corporate Plan sets out priorities and key projects	Performance reporting
Use of agency staff and contractors to cover posts which are difficult to recruit to	
Market supplements to enhance salary to attract candidates	
Management of absences	Oversight by HR

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Assessment of capacity, pinch points and reductions in workload consequentially	Leadership Team	Quarter 3 2025/26	Assessment of current vacancies completed. Review of work plans/major projects has

[SBC]

		(Revised from Q1 Sept 2025)	commenced but is not expected to be completed until Q3.
Management of expectations/discussion with Cabinet	Chief Executive/ Leadership Team	Q2 2025/26 and ongoing	Discussion has been delayed as the review of major projects has not been completed.

Progress Updates

Current Position	Whilst work has started to assess capacity and workload issues, this has not yet been completed. It is now estimated that will be done in Q3. As flagged previously, the focus is on managing capacity within the current resources and maintaining the current position so that this does not deteriorate.
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Risk Ref	2025-09
Risk Owner	Operations
Risk Name	Safe Management of Trees
Risk Description	Risk of a tree or part of a tree falling on an individual/s causing death or serious injury. Risk of a tree or part of a tree falling onto a building causing severe damage to a property or the death or serious injury of an individual/s.
Consequences	• Death/Serious Injury • Damage to property • HSE Investigation/Prosecution • Corporate Manslaughter • Insurance Claims
Corporate Objective SBC	Climate Change, Nature Recovery and the Environment
Main Risk Category	Capacity/Service Delivery

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
4	3	12
Target Score		8
Comment on Target Score: Given the number of trees and the unpredictability of the weather, and the increase in the number of severe weather events, it is considered the current residual likelihood score sits at a 3. With the residual impact score remaining at a 4, it makes the overall residual risk score a 12. It is unlikely that the impact score can be reduced below a 4. Due to its categorisation, the nature, and the subject area it may also be difficult to reduce the likelihood from a 3 to a 2. The residual risk score will remain high for some time at a 12 until re-inspections have been undertaken, and resultant work programmes are well established. Given the circumstances of the risk, while currently higher than preferred at 12, an overall goal of a residual risk score of an 8 is considered acceptable in the longer-term.		

Controls	Assurances
Trained Manager, Tree Officers, and Arboriculturists.	IA Reviews.
Tree Surveys	Management Information
Policies and Procedures for Tree Management	
Trees maintained using recognised tree risk management process	
SBC - Urban Forestry Strategy	
Allocation of semi-dedicated management resource.	
Knowledge of tree locations	
Historic/recent tree inspections	
Rudimentary tree database/systems in place	

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Agree and secure long-term funding and resourcing	DCE(Resources) /Operations	Q1 2025/26	Completed Report presented to Cabinet 24 July 2025 to secure funding for joint integrated ICT tree system and outsourced routine health and safety tree inspections
Review tree policy and procedures	Natural Environment Manager	Q3 2025/26	
Implement new full risk-based tree management procedure	Natural Environment Manager	Q3 2025/26	
Implement risk-based programme of tree works around inspection results	Natural Environment Manager	Q3 2025/26	
Implement new joint tree management ICT GIS based system	Natural Environment Manager	Q3/Q4 2025/26	
Outsource next round of tree inspections for all trees to create new baseline data (78,000 trees)	Natural Environment Manager	Q4 2025/26	
Implement procedure for on-going risk-based inspections of trees	Natural Environment Manager	Q4 2025/26	
Deliver and monitor tree risk-based works and ongoing inspections	Natural Environment Manager	Q1 2026/27	

Progress Updates

Current Position	Report presented to Cabinet 24 July 2025 to secure funding for joint integrated ICT tree system and outsourced routine health and safety tree inspections. Procurement framework signed for new joint tree management system 15.10.25. Tree management is still heavily reliant upon the use of consultant tree officers and contracted tree maintenance works, at both SBC and CCDC. The Tree Management structure across both Councils is being finalised with HR and finance, and posts should be advertised during Q3 or early in Q4. Due to the nature of the risk, it is considered the overall residual likelihood score will not be reduced until the tree inspections have been completed and the majority of the high-risk remedial tree works identified has been completed. This may take upward of 2-3 years.
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Risk Ref	2025-16
Risk Owner	Head of Economic Development and Planning
Risk Name	Delivery of Town Centre Regeneration Project
Risk Description	There is a risk that the high profile large regeneration projects may not deliver as anticipated, to time or to budget, leading to reputational risks to the Council and creating financial risks that impact on the Council's financial position and could impact on service delivery and hinder the Council's wider ambition to secure economic prosperity for the District. There is a risk that either the Council may not be able to deliver the demolition phase of the project or secure a development partner to re-develop the cleared sites.
Consequences	• Major reputational risk for the Council in terms of not delivering the schemes that local residents expect; potential that Council may be unsuccessful with future funding bids • Reduced growth and economic prosperity for local residents • Decline of town centres/impact on major redevelopment proposals • Council exposed to unplanned financial risks and pressure on revenue resources which impacts on delivery of core services • Clawback of funding for non-delivery • Increased pressure on already stretched services/functions of the council which have capacity issues. • Cleared sites could sit empty for indeterminate period if developer interest doesn't materialise
Corporate Objective SBC	Prosperous Economy
Main Risk Category	Reputation, Customer/Public Perception

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	Residual Likelihood	Residual Risk Score
4	3	12
	Target Score	8

Comment on Target Score:

Inherent nature of the risk profile of the regeneration schemes makes it difficult to reach a score of 4, therefore a target score of 8 has been set at this stage. External influences may affect the ability to secure operators/end users to build out development within the agreed footprint of the scheme. There has been a strong level of interest in the town centre from potential operators but the residual risk score will remain at 8 until the Council agrees the overall Development Framework for the scheme and secures agreements with operators.

It should be noted that the risk profile of the scheme will change over time as the Council completes the demolition works and

secures development partners/operators to bring forward development on the cleared sites.

Controls	Assurances
Monitoring/finance returns being prepared and submitted to MHCLG in line with timescales in agreed memorandum of understanding	Project Sponsor Statutory Officer Meetings
Key decisions taken by Cabinet in relation to the project with relevant delegations and budget approvals in place	Statutory Officer Meetings Project Sponsor
Business cases to support key acquisition with quantification of costs and risks	Review by Statutory Officers Project Sponsor
Procurement using approved frameworks to select and appoint key contractors	SCC Procurement team Internal Audit Reviews Project Sponsor
Detailed risk registers and project plans to Operational Group	Project Board Project Sponsor Internal Audit reviews. External Audit overview Statutory Office Meetings
Governance arrangements to ensure oversight of programme delivery, spend and risks; with Programme Boards, Steering groups and project delivery meetings taking place on a regular basis	Project Board Project Sponsor Internal Audit reviews. External Audit overview. Statutory Officer Meetings External Audit
Ensure that the Council is effectively managing contractors and consultants	Project Sponsor Statutory Officer Meetings
Ensure that the Council has sufficient Programme/project management arrangements and capacity to deliver the projects	Statutory Officer Meetings Project Sponsor
Ensure that the Council's Health and Safety/CDM requirements are met, and demolition/construction works are managed safely and in line with regulations	Review by Statutory Officers Project Sponsor

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Monthly Risk Registers and Dashboards to Leadership Team and Project Board	Head of Economic Development and Planning	Q1 2025/26	Action completed. Performance Dashboards and Risk Registers have been produced and reported to LT and Project Boards.

Actions Planned	Person Responsible	Timescale	Progress/Comments
Communications to stakeholders, partners and the public - development of Comms Strategy and Plan	Head of Economic Development and Planning, Communications Manager	Q3 2025/26 (Revised from Q1 to Q2 June 25 and from Q2 to Q3 Sept 25)	Target date needs to be revised to Q3. The revised date is necessary due to a change in the project, with the Council acquiring additional properties which expand the scale of the regeneration opportunity.
Finalise town centre investment prospectus to set out the Council's vision for the cleared site and undertake soft market testing/early market engagement	Head of Economic Development and Planning	Q2 2025/26	Action completed. Town Centre prospectus was produced for the UKREiiF event in May 2025; the prospectus was well received with the Council organising meetings with 12 x developers and operators.
Agree approach to securing development delivery	Head of Economic Development and Planning	Q3 2025/26	The Council is producing a Development Framework which can be used to guide development within the cleared regeneration site. This will be reported to Cabinet in Quarter 4.
Formal procurement process to appoint development partner(s)	Head of Economic Development and Planning	Q1 - 2026/27	Officers have completed work to research procurement frameworks and other routes to market that could be used to select developers/operators.

Progress Updates

Current Position	Performance Dashboards and Risk Registers have been produced and reported to Project Boards and LT. Meetings with developers/operators are currently taking place as part of the soft market testing to discuss the regeneration opportunity being created by the Council utilising the regeneration funding. Procurement frameworks are currently being researched with the view to understand the optimum route to the market. The Council is currently producing a comprehensive Development Framework which sets out a vision and set of parameters for the
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	cleared development site and this will guide the proposed uses in this area. It is intended that a report will be taken to Cabinet in February 2026 to seek approval for the Development Framework and to recommend a preferred approach to selecting operators/end users for the scheme. During 2026/27 it is anticipated that the Council will be in a position to formally select developers/operators to deliver proposals that accord with the uses set in the Development Framework. The risk profile of the scheme will begin to shift with risk transferred to third party developer/operators rather than the Council and this will impact on the overall risk score.
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Agenda Item 3f**Annual RIPA Review**

Committee: Audit and Accounts Committee

Date of Meeting: 25 November 2025

Report of: Head of Law and Governance

Portfolio: Resources

1 Purpose of Report

- 1.1 This annual report provides details of the use of powers under the Regulation of Investigatory Powers Act (RIPA) by the Council.

2 Recommendations

- 2.1 That the report be noted.

Reasons for Recommendations

- 2.2 This is an annual report to members, in accordance with good practice, and is for information only.

3 Key Issues

- 3.1 Local authorities carry out investigations for a variety of regulatory services. In carrying out these duties, they have general powers to conduct surveillance of individuals suspected of committing offences. The Regulation of Investigatory Powers Act 2000 (RIPA) was introduced to regulate public authority use of covert surveillance powers to ensure that any use is compliant with human rights.
- 3.2 The Home Office Code of Practice for Covert Surveillance and Property Interference, recommends that elected members of an authority should review the authority's use of RIPA and set the policy at least once a year.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:

- (i) Regular review of the Councils use of surveillance ensures that enforcement is carried out lawfully and proportionately and assists in improving community wellbeing

5 Report Detail

- 5.1 The Regulation of Investigatory Powers Act 2000 (RIPA) regulates the use of certain surveillance powers by public authorities, including:
 - Directed Surveillance (covert surveillance conducted as part of a specific investigation likely to result in obtaining private information about an individual),
 - Use of Covert Human Intelligence Sources (CHIS), and
 - Access to communications data (e.g. details of subscribers to telephone numbers or email accounts)
- 5.2 The Council is a very rare user of these powers. However, it is important that it has sufficient oversight of its activities to ensure that any considered use is compliant with the subject's human rights.
- 5.3 The Home Office publishes national Codes of Practice on the use of RIPA powers by public authorities. The Council must have regard to the relevant Code of Practice whenever exercising powers covered by RIPA. The Investigatory Powers Commissioner conducts regular inspections of all public authorities to ensure compliance with RIPA, and the Codes of Practice. The Commissioner undertook a paper evaluation of the Councils RIPA functions in August 2023 and was satisfied that there was assurance of ongoing RIPA compliance at the Council. The next inspection will be due in 2026.
- 5.4 The Council has adopted its own Surveillance Policy to advise officers on RIPA obligations and to regulate any use of these powers. The Policy was last updated by Cabinet in September 2019 to reflect changes in the law and Codes of Practice. The policy is therefore up to date in that respect.
- 5.5 The Head of Law and Governance acts as the Senior Responsible Officer for RIPA, with oversight of the Councils internal procedures. The Legal Services Manager acts as the RIPA Co-ordinating Officer, ensuring that any request to use RIPA powers is co-ordinated through, and recorded in, a central register. The Legal Services Manager also acts as a source of advice to regulatory officers and supports the Senior Responsible Officer in keeping the Councils policy up to date.

5.6 As part of the policy, the use of any RIPA powers must first be approved by a Chief Officer trained to be a RIPA Authorising Officer. The number of Authorising Officers certified to act is limited to a maximum of three to ensure consistency and experience in procedures. The Council has three Chief Officers who received suitable training in November 2025. If the Chief Officer gives approval, then an application must still be made to the Magistrates Court for independent judicial approval before the surveillance takes place (NB. the Office for Communications Data Authorisations gives judicial approval in respect of accessing communications data).

5.7 The Council has not used RIPA powers in the last 12 months.

6 Implications

6.1 Financial

None

6.2 Legal

Set out in the report

6.3 Human Resources

None

6.4 Risk Management

None

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7 Appendices

None

8 Previous Consideration

None

9 Background Papers

None

Contact Officer: Ian Curran

Telephone Number: 01785 619220

Ward Interest: None

Report Track: Audit and Accounts Committee 25 November 2025 (Only)

Key Decision: N/A