Civic Centre, Riverside, Stafford

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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 29 September 2026 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

29 SEPTEMBER 2026

Chair - Councillor R A James

AGENDA

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2 Apolgies

3 Officers' Reports

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Chair - Councillor R A James

J A Barron
M G Dodson
R A James
A R McNaughton
A Nixon
D P Rouxel

AZETS

Stafford Borough Council

External Audit Plan

Year ended 31 March 2026

September 2026

Your key team members

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Manager
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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.

Management responsibility

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

Introduction and audit scope

Introduction and audit scope

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') for the year ended 31 March 2026 for those charged with governance (the Audit and Accounts Committee)

Scope of our audit

The Code of Audit Practice 2024 ('the Code') summarises the responsibilities of auditors and what is expected from the audited body. The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for:

- Financial statements: forming and expressing an opinion on the Council's financial statements, which have been prepared by management with the oversight of those charged with governance; and
- Value for money: considering whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in its use of resources (our value for money work).

Value for money relates to assessing whether arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

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 2024. 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.

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

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

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 2024. 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 audit plan 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.

Introduction and audit scope

Rebuilding assurance following prior year disclaimed audit opinions

The backlog of sign off of local government financial statements has been recognised as a national issue by Government, and a number of steps have now been taken with the objective of addressing this position and rebuilding assurance over previously disclaimed periods:

- On 30 September 2024, Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" came into force. This legislation imposed annual statutory backstop dates up to and including the 2027/28 year of account for the publication by the Council of its audited financial statements. For 2025/26, the statutory backstop date is 31 January 2027.
- On 10 September 2024 the National Audit Office issues the first of six Local Audit Reset and Recovery Implementation Guidance (LARRIG) notes which provide support and guidance for auditors on the approach to rebuilding assurance following disclaimed audit opinions.

The Code of Audit Practice 2024 specifies that auditors are required to issue their auditor's report before the statutory backstop dates set out in legislation, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline. Where audit work is not complete, this will give rise to a disclaimer of opinion.

For Stafford Borough Council, this has now led to the issue of disclaimed audit opinions on the 2021/22 and 2022/23 financial statements by the predecessor auditors, and on the 2023/24 and 2024/25 financial statements by Azets.

We have been working closely with the Council since our appointment as auditors for the 2023/24 financial year to develop a plan for rebuilding assurance in line with LARRIG guidance, and so move away from a disclaimed audit opinion. We started to implement this plan during our 2024/25 financial statements audit. The section on "Building back assurance" sets out more information on our planned approach and procedures for the 2025/26 audit.

Our detailed Build-back Plan, including total estimated fees for the recovery process is presented alongside this Audit Plan.

Introduction and audit scope

Our respective responsibilities

Management responsibilities

Your responsibilities include:

- 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 your financial statements and related disclosures;
- Establishing and maintaining a sound system of internal control;
- Maintaining standards of conduct for the prevention and detection of fraud and other irregularities;
- Maintaining strong corporate governance arrangements and a financial position that is soundly based;
- Establishing and maintaining an effective internal audit function;
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Auditor responsibilities

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.

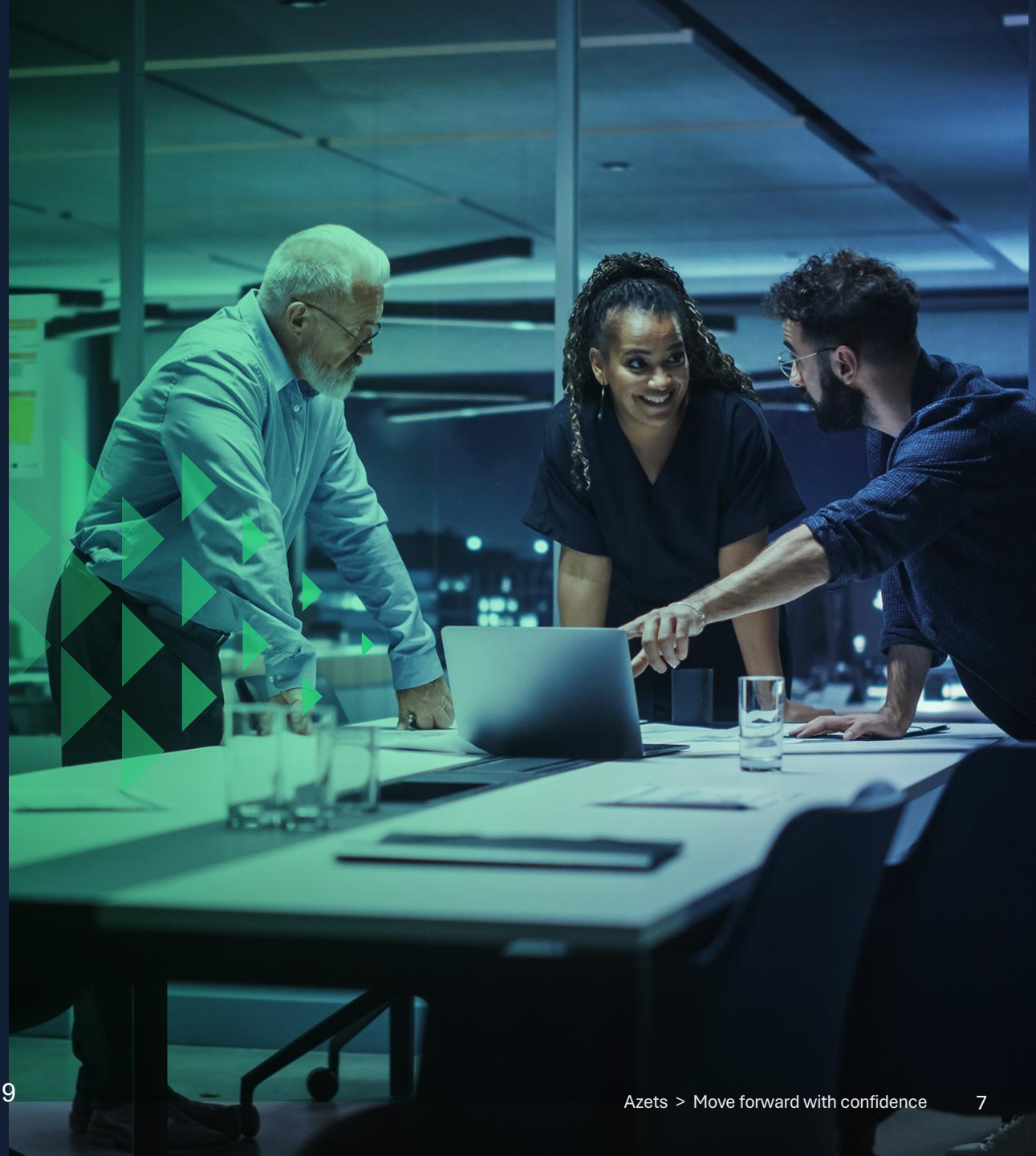
We will issue our Audit Completion Report and an Auditors Annual Report to the Audit and Governance Committee] setting out the findings from our work. The audit does not relieve management or the Audit and Governance Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Statutory powers

Under the Act we have a broad range of reporting responsibilities and powers that are unique to 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 an advisory notice;
- Making an application for judicial review; and
- Giving electors the opportunity to raise questions about your financial statements and considering and deciding upon any objections received in relation to the financial statements.

Audit approach



Audit approach

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 would ordinarily undertake a variety of audit procedures 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. However, as your prior years' financial statements have been disclaimed, we will this year undertake specific procedures to build back assurance in accordance with LARRIG06 and in line with our overarching build back plan.

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.

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.

Audit approach

Other key areas

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.

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.

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/LASAAC Code of Practice 2025/26 (CIPFA Code) and Practice Note 10 (PN10), which focuses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Use of experts

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

- The audit of actuarial assumptions used in the calculation of the defined benefit pension liability/asset; and
- The audit of property valuations, should the need arise during the audit.

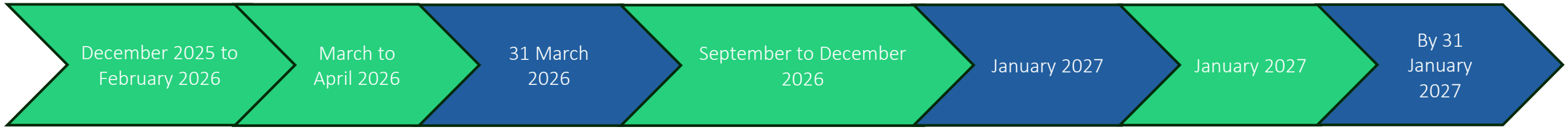
Additional procedures required by the National Audit Office

The National Audit Office (the 'NAO') issues group audit instructions which set out additional group 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 the Council's WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2025/26. 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 comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Audit timeline

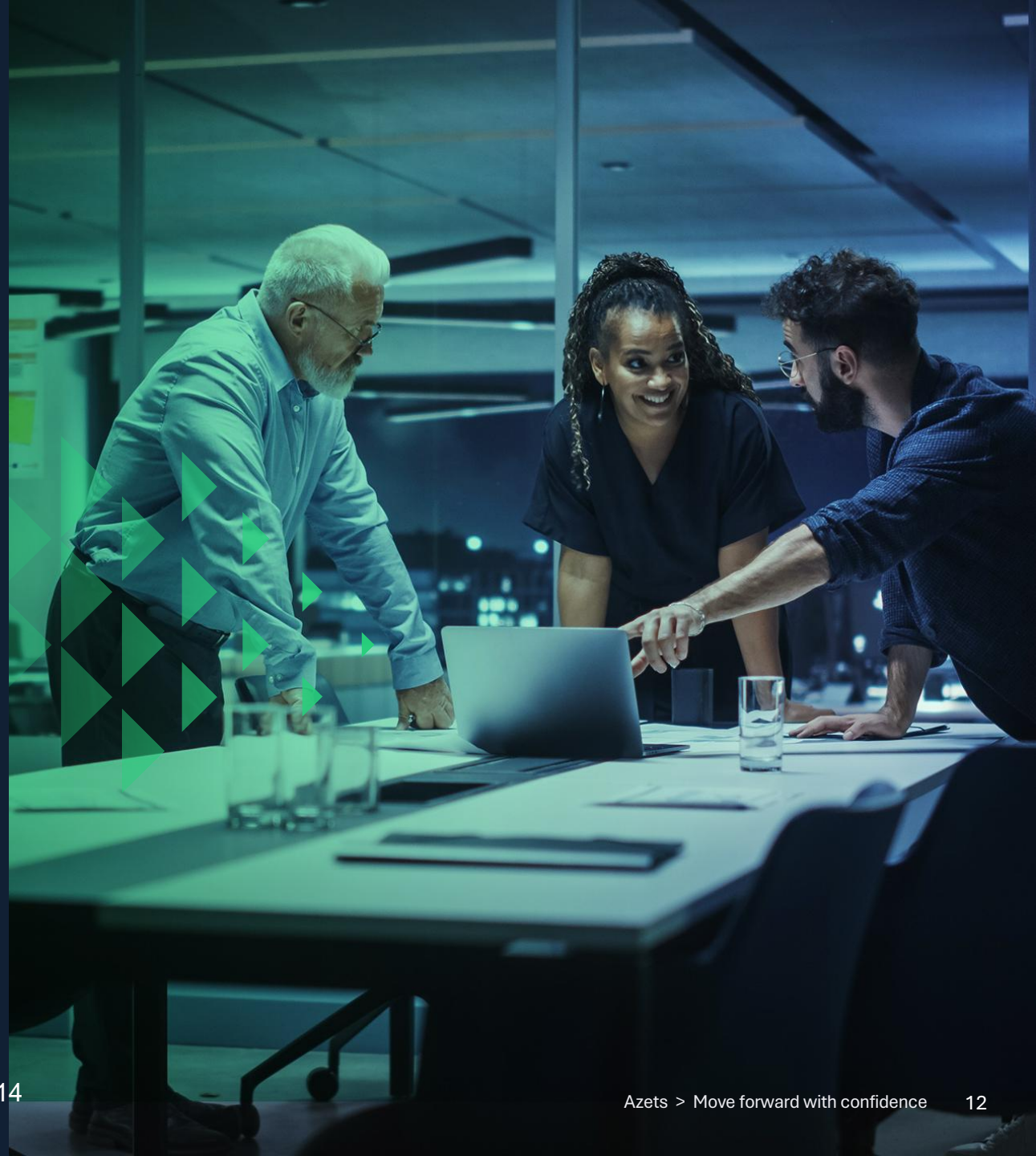
Audit Timeline

The following timeline indicates the key milestones of the audit.



Planning	Interim	Period end: 31st March	Final accounts	Audit Committee	Completion	Sign off
▸ Identify changes in your business environment ▸ Determine materiality ▸ Scope the audit ▸ Risk assessment ▸ Planning meetings with management ▸ Planning requirements checklist to management ▸ Issue Audit Plan	▸ Document control design and effectiveness ▸ Discuss Audit Plan with Audit & Accounts Committee	▸ Management to produce accounts for audit by statutory deadline of 30 June 2026	▸ Regular updates with management ▸ Completion of all audit testing ▸ Review of Narrative Report and Annual Governance Statement ▸ Undertake procedures on significant risk areas ▸ Report observations on other risk areas, management judgements ▸ Draft Audit Completion Report ▸ Close-out meeting with management	▸ Discuss audit findings with Audit & Accounts Committee ▸ Issue draft Audit Completion (ISA260) report	▸ Subsequent events procedures ▸ Management representation letter ▸ Receive IAS19 assurance letter from pension fund auditor ▸ Sign financial statements ▸ Issue Auditor's Annual Report	▸ Sign Audit Report ▸ Issue delayed Audit Certificate

Materiality



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.

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 professional judgements about the size of misstatements which we consider to be material, based on our knowledge of the Council, considering factors such as financial stability, expectations of readers and stakeholders, sector developments and financial reporting requirements. In determining materiality, we consider the level of misstatement that could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our determination of materiality:

- Informs the scope of our audit and audit procedures
- Informs the sample sizes required for substantive testing
- Informs our consideration in evaluation the effect of actual and projected misstatements in the financial statements

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.

We also consider whether any specific items of account require a separate, lower materiality. We have determined that no specific materiality levels needed to be set for this audit.

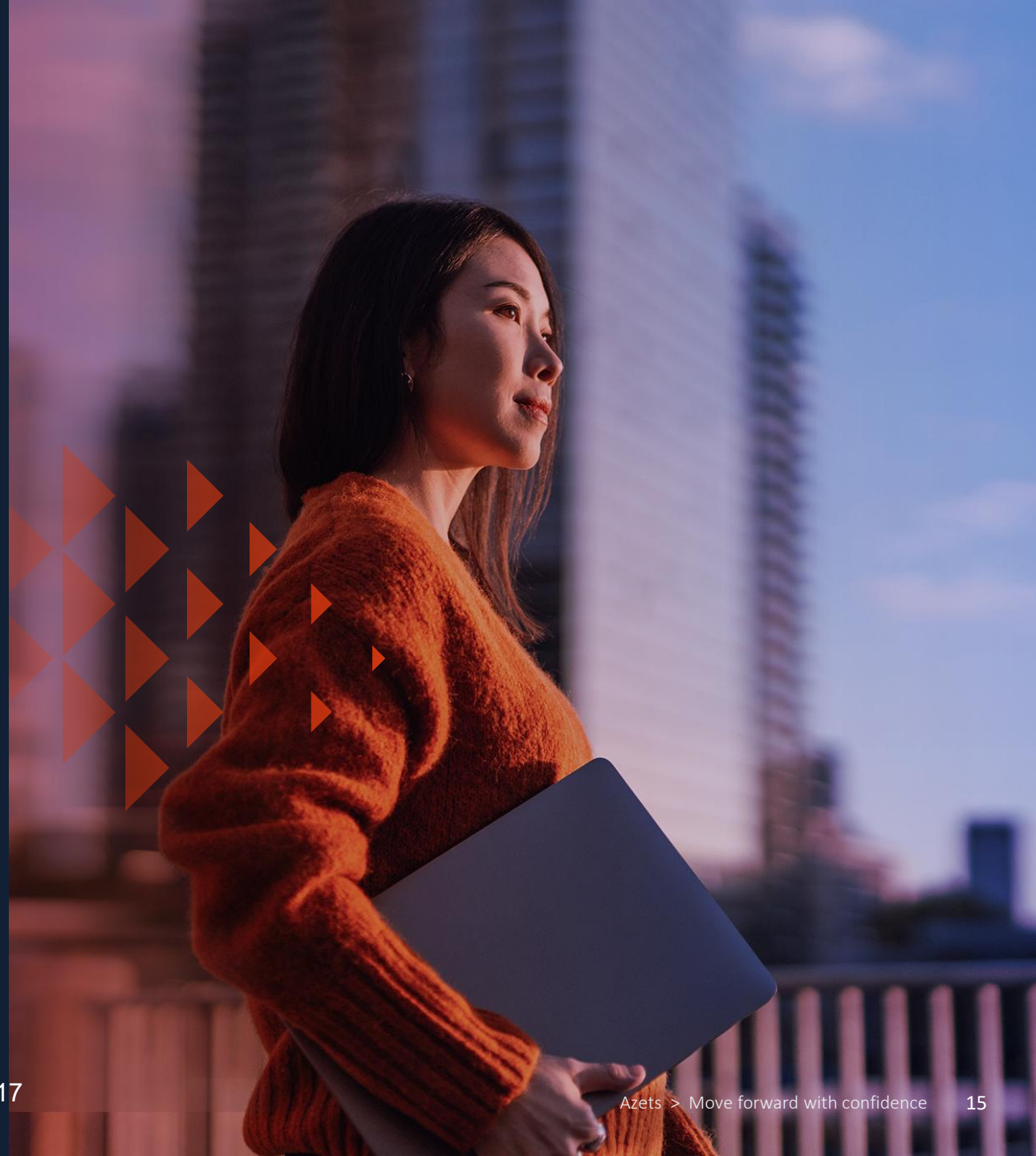
Materiality

The table below highlights the levels of materiality determined at the planning stage of the audit

	Council £000	Explanation
Overall materiality for the financial statements	£1,001	This is 1.8% of gross revenue expenditure based on the 2025/26 draft financial statements. This is a common measure for calculating materiality for councils as the primary interest of users of the Council's financial statements is in the cost of providing services, how the Council manages its spending and where the Council has expended its income during the year.
Performance materiality	£650	Performance materiality has been set at 65% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	£50	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

Clearly trivial: matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
Material: an omission or misstatement that would reasonably influence the users of the financial statements.

Significant and other risks of material misstatement



Significant risks of material misstatement

Significant risks are risks that require special audit consideration

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range 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 auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work proposed is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Inherent risk of material misstatement
Management override of controls	Financial Statement Level	Yes	Very high
Impact of prior year disclaimed audit opinion on the 2025/26 financial statements	Financial Statement Level	No	Very high
Presumption of fraud in revenue recognition	Assertion Level	Rebutted	Low
Presumption of fraud in expenditure recognition	Assertion level	Rebutted	Low
Valuation of land and buildings and investment properties	Assertion Level	No	High
Valuation of the defined benefit pension fund net liability / asset (IAS19)	Assertion Level	No	High
Implementation of IFRS16	Assertion Level	No	High

Significant risks of material misstatement

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement 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	Audit approach
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 we will perform to mitigate risks of material misstatement in this area will include: • Documenting our understanding of the journals posting process and evaluating the design effectiveness and implementation 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

Significant risk	Audit approach
Prior year opinion on the financial statements As a result of the backstop implemented on 27 February 2026, we issued a disclaimed audit opinion on the Council's 2024/25 financial statements. Disclaimed audit opinions have also been provided on the council's accounts for the 2021/22, 2022/23 and 2023/24 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, council dwelling and investment property valuations, amongst others); and • Significant transactions, accounting treatment and management judgements will not have been subject to audits for one or more years. This may include management judgements and accounting treatment in respect of significant 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: • **Prior year opinion on the financial statements**: Very high	Procedures we will perform 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 2025/26 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 2025/26; • Perform a risk assessment in line with the LARRIG 06 guidance; • Determine an approach to rebuilding assurance in line with the LARRIG 06 guidance; and • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risk	Audit approach
Fraud in revenue recognition Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the following: • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; • The culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable Therefore, we do not consider this to be a significant risk for the Council.	We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks of material misstatement

Significant risk	Audit approach
Fraud in expenditure recognition Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks. We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of manipulating revenue. We have therefore considered the risk of fraud in expenditure at the Council for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transactions, the high predictability of certain expenditure streams, such as payroll or interest, or the immaterial nature of the expenditure streams both individually and collectively. Our consideration of expenditure streams also included capital expenditure and similarly concluded that there is not a significant risk. Capital expenditure transactions are likely to be larger and subject to more scrutiny, reducing the risk of improper recognition.	We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks of material misstatement

Significant risk	Audit approach
Valuation of land and buildings & investment properties (key accounting estimate) Revaluation of operational land and buildings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the CIPFA Code. 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 engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake any valuations required as of 31 March 2026. 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. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of operational land and buildings 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 valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material. **Inherent risk of material misstatement:** • Land and Buildings and investment properties (valuation): High	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Evaluating management processes, controls 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 the 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; • 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; • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially misstated; and • Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.

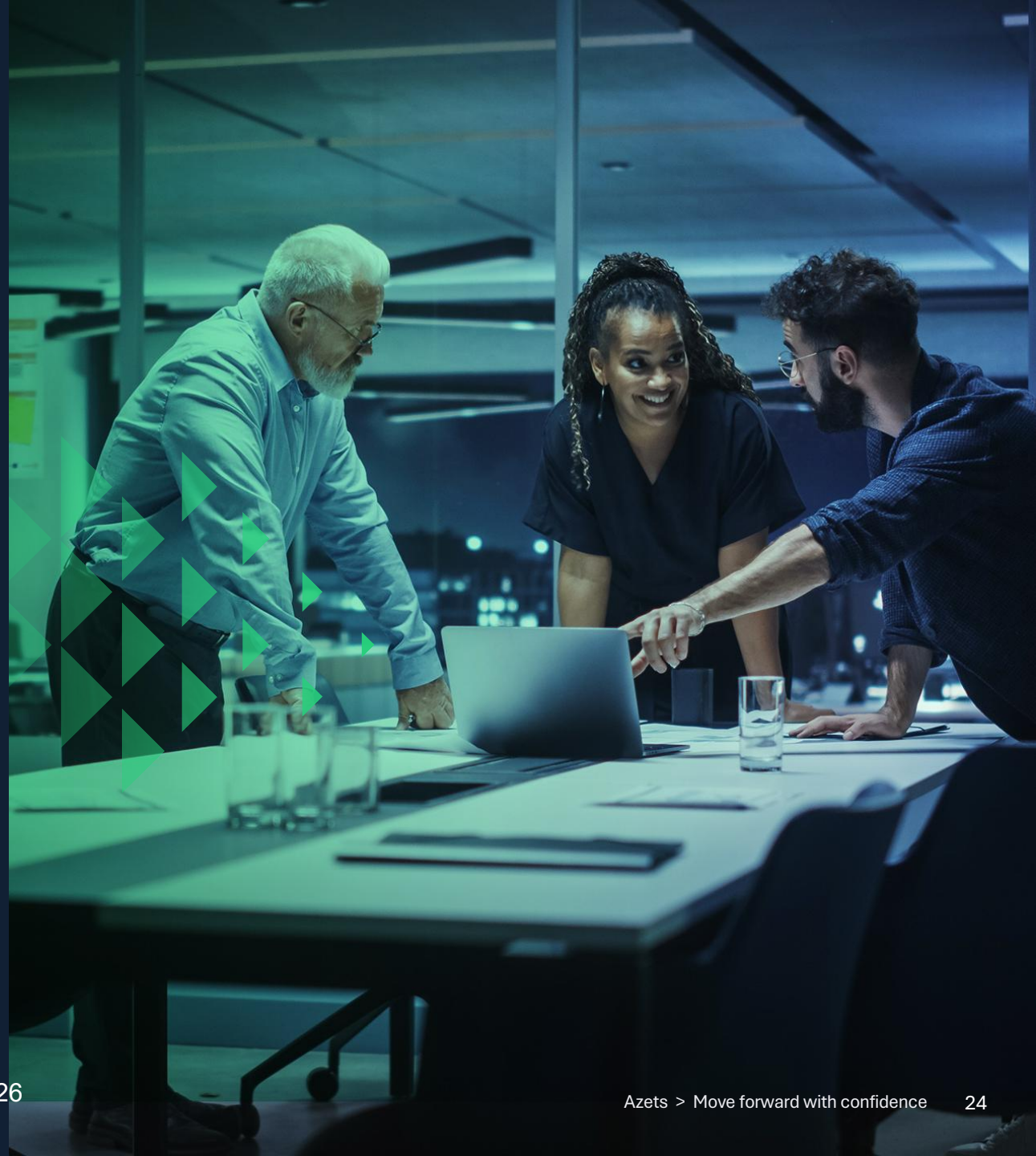
Significant risks of material misstatement

Significant risk	Audit approach
Valuation of the defined benefit pension net liability / asset – IAS19 (key accounting estimate) The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. An actuarial estimate of the net defined benefit 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 (where relevant). 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 gross asset and liability values involved, 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:** • Pension fund net liability / asset (valuation): High	Procedures we will perform 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; • 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; • Testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary. • If the pension fund is in surplus, ensuring that any asset recorded in the financial statements, and any additional liabilities for secondary contributions have been accounted for correctly in line with the requirements of IFRIC 14; • Obtaining assurances from the pension fund auditor as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Significant risks of material misstatement

Significant risk	Audit approach
Implementation of IFRS 16 IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025 onwards. The 2024/25 Code has also changed the accounting treatment for indexation linked payments in liabilities for service concession arrangements. Local authorities must remeasure if there is a change in future lease payments resulting from a change in an index / rate used to determine those payments and ensure that the financial statements accurately reflect the impact of the revised IFRS 16 accounting arrangements. We have therefore identified the implementation of IFRS16 as a significant risk, with the relevant assertions being completeness and completeness of the liability – i.e. the risk that the Council may not have identified all leases which fall within the scope of IFSR16 as part of the implementation of the new accounting standard and the valuation of the liability may be misstated. We were unable to complete testing for this significant risk area for 2024/25, and as such IFRS16 remains a significant risk area for 2025/26. **Inherent risk of material misstatement:** • Right of use assets and corresponding liabilities (completeness, valuation): High	Procedures performed to mitigate risks of material misstatement in this area will include: • Perform a walkthrough of the council's systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16; • Review the council's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard; • Assess the valuation and completeness of the right of use assets and associates lease liabilities, and the related disclosures within the financial statements; and • Evaluate whether right of use assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code.

IT Audit strategy



IT Audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

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

IT Application	Audit area	Planned level of IT audit assessment
General ledger - Civica Financials	Financial reporting, expenditure, payables, income, receivables, journals	ITGC assessment (design and implementation effectiveness only)
Active Directory	Network access and authorisation	ITGC assessment (design and implementation effectiveness only)

Value for money

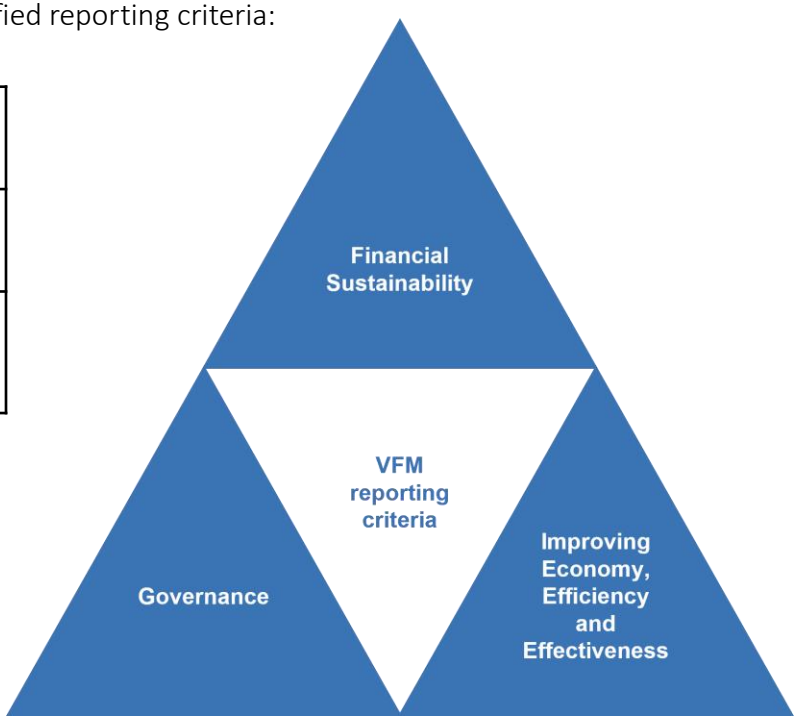
Value for money

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').

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 it makes informed decisions and properly manages risk
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



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. We may make recommendations following the completion of our work.

Value for money

Risks of significant weakness

We have carried out an initial risk assessment to identify any risks of potential significant weakness in respect of the three specific areas of proper arrangements using the guidance contained in AGN 03. 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. For 2025/26 the National Audit Office's draft updated VFM guidance (AGN03) highlights that the arrangements bodies put in place to manage reorganisation fit within the scope of VFM arrangements work. There is a risk that significant weaknesses may increase where an entity is involved in, or planning, for reorganisation.. Our VFM work will therefore be extended in 2025/26 to consider the impact of local government reorganisation on the council's VFM arrangements. The risks we have identified are detailed in the table below along with the further procedures we will perform.

Reporting criteria	2024/25 significant weaknesses reported?	2025/26 planning: risk of significant weakness identified?	Risk based procedures include but are not limited to the following:
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	We have not at this stage identified any risks of significant weakness that require specific audit procedures. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance How the body ensures it makes informed decisions and properly manages risk	Yes	Yes	We will review actions taken by the Council in response to the previously raised significant weaknesses and assess whether these remains areas of significant weakness in 2025/26. We have identified areas of focus in relation to potential local government reorganisaton and the delivery of the town centre regeneration project.
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	No	No	We have not at this stage identified any risks of significant weakness that require specific audit procedures. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

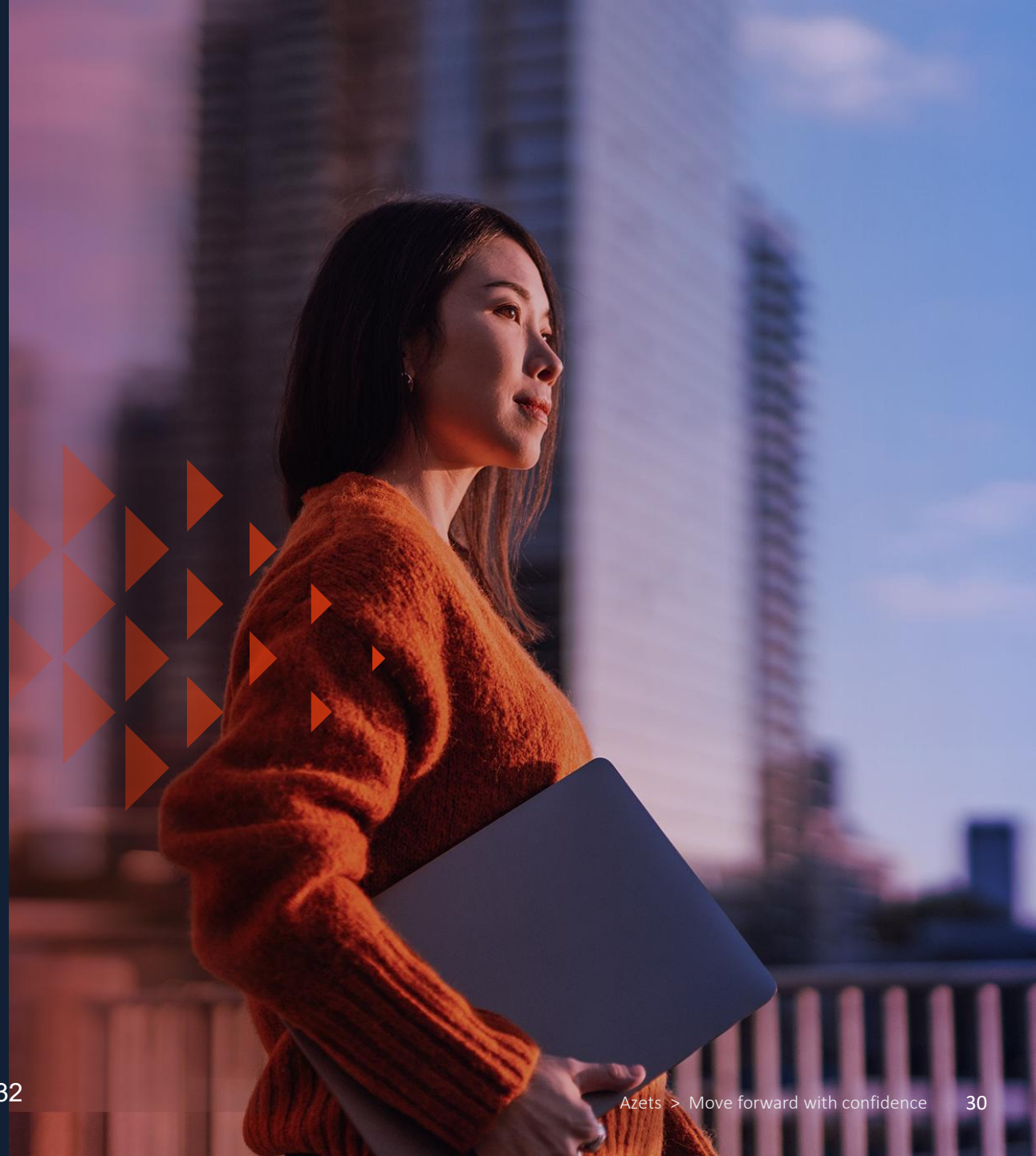
Value for money

Significant weaknesses and key recommendations 2024/25

The significant weaknesses we identified in the prior year, and the key recommendations made are set out below.

Significant weakness identified 2024/25	Criteria	Sub criteria	Key recommendation 2024/25
Governance arrangements in relation to arrangements for financial monitoring and capacity of the finance team.	Governance	How the body 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.	The Council should: • ensure it has adequate capacity in its finance team and ensure that budget holders receive formal financial monitoring reports during the year. • produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively.
Governance arrangements in relation to internal controls relating to fraud.	Governance	How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud.	The Council should update the Anti-Fraud and Bribery Framework and the Confidential Reporting Framework.

Audit team and requirements



Audit team and requirements

Your core audit team

Key Audit Partner	Assistant Manager	Audit senior	Value for money
Laura Hinsley Laura.Hinsley@azets.co.uk Laura is the key contact for senior management and has overall responsibility for audit quality and the audit opinion. Laura took over from Andy Reid as Key Audit Partner in July 2026.	**Manpreet Kaur** Manpreet.kaur@azets.co.uk Shahadot is responsible for the overall management of the audit and quality assurance of audit work. He is the key contact for the finance team management.	**Shahadot Khan** Shahadot.khan@azets.co.uk Shahadot leads the on and off-site audit visits. He is the key day-to-day contact for the finance team.	**Amy Hughes** Amy.hughes@azets.co.uk Amy will lead on our value for money work. She is responsible for meeting with Officers and Members and reviewing the arrangements for obtaining value for money.

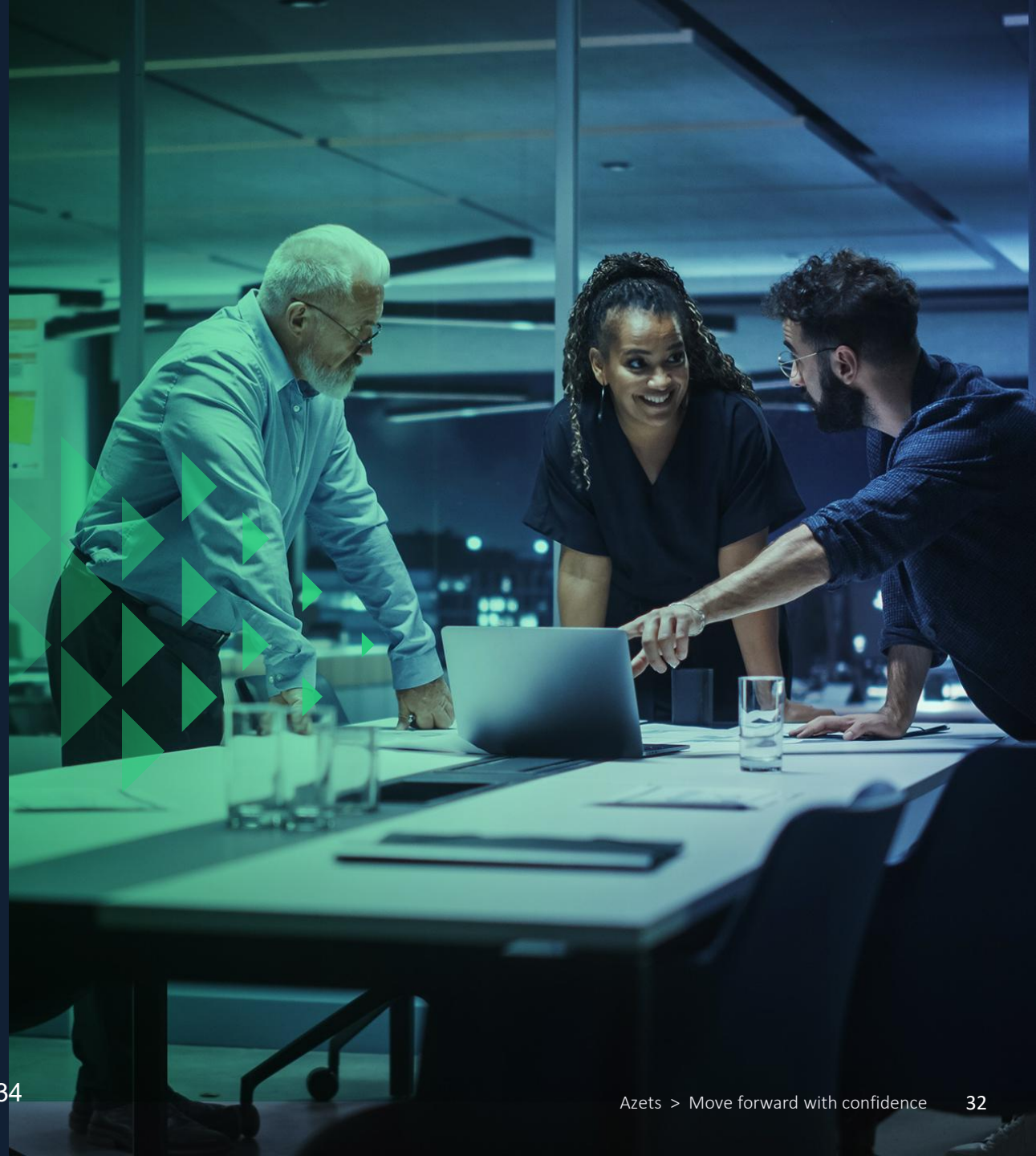
Our expectations and requirements

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 Report 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 3 working days to minimise delays. We acknowledge working patterns of part-time staff and therefore adjust this accordingly.

The audit process is underpinned by effective project management to ensure 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.

Audit independence, objectivity and other services provided



Independence, objectivity and other services provided

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- Non-audit services: We provide assurance services as set out on the next page.
- Contingent fees: No contingent fee arrangements are in place for any services provided.
- Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff.
- Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Independence, objectivity and other services provided

Non-audit service fees

Service	Fee £	Threats identified	Safeguards
Certification of Housing Benefit Assurance Process (HBAP) claim 2023/24 Note – HBAP work is delayed due to the 2022/23 claim not being signed off by the Councils previous grants assurance providers.	28,000 plus 2,000 additional fee for each extended testing workbook required	Self interest (recurring fee) Self review Management	**Self-interest;** The level of this recurring fee in and of itself is not considered a significant threat to independence, given the low level of the fee compared to the total fee for the audit and in particular compared to Azets' UK turnover as a whole. The fee is fixed based on the volume of work required, with no contingent element. These factors, in our view, mitigate the perceived self-interest threat to an acceptable level. **Self review;** We do not complete the associated claim form/ return. The focus of our work is solely testing the data in the claim form/ return prepared by management. **Management;** The claim form/ return 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 our corresponding certification report to DWP/ MHCLG.

Fees

Fees

Our estimated fees for the year ending 31 March 2026 are shown to the right.

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

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.

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 27 and 39 are met.

It is our policy to bill for overruns or scope extensions e.g., 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.

The PSAA contract stipulates that fees must be raised upon completion of specific milestones:

- Issue of prior year's draft Auditor's Annual Report or Opinion issued, but not before 1 December
- Issues of the Draft Audit Plan
- Completion of 50% of planned hours
- Completion of 75% of planned hours

Audit fees	Proposed fee £
Scale fee: for the audit of the Council's financial statements	170,581
IFRS 16 significant risk	10,000
IFRIC 14 assessment	3,000
Build-back costs as per our build-back plan	211,016
Total audit fees	**394,597**

We will prepare a detailed build-back plan including estimated fees for the complete recovery process and share that with you by July 2026.

MHCLG has announced additional funding to Councils to support the cost of building back assurance. This is subject to draft accounts being published by 30 June 2026 and audit fees being paid.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here: Fee Variations Overview - PSAA.

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Actuarial valuation of the defined benefit pension liability
- RICS compliant valuation of land and buildings and investment property

AZETS

Stafford Borough Council

Build-back Plan

September 2026

Your key team members

Laura Hinsley
Key Audit Partner
Laura.Hinsley@azets.co.uk

Manpreet Kaur
Manager
Manpreet.Kaur@azets.co.uk

Shahadot Khan
In-charge auditor
Shahadot.Khan@azets.co.uk

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Executive summary

Executive summary

This section summarises, for the benefit of Those Charged with Governance, the build back plan for our audit of Stafford Borough Council.

Purpose of this report

We have set out our planned approach to the 2025/26 audit in our Audit Plan, which will be presented to the Audit Committee in September 2026.

We are responsible for performing the audit in accordance with International Standards on Auditing (UK), the National Audit Office Code of Audit Practice and associated Auditor Guidance Notes, including the Local Audit Reset and Recovery Implementation Guidance (LARRIG).

An audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit and Governance Committee. However, as a disclaimed auditor's report has been issued on the financial statements of the Council for the financial years from 2021/22 to 2024/25, the LARRIGs recognise that the auditor may need to issue a further disclaimed audit opinion on the financial statements in 2025/26 due to lack of assurance on opening balances caused by prior year disclaimed audits. They also recognise that additional risk-based audit procedures will need to be carried out by the auditor to rebuild missing assurance from the disclaimed audit period.

We are committed to working with audited bodies to design a programme of work which will enable us to rebuild missing assurance over the disclaimed audit period and have heavily invested in the development of a risk-based audit approach for the required work to achieve a clean opinion prior to 1 April 2028.

Executive summary

Summary of approach

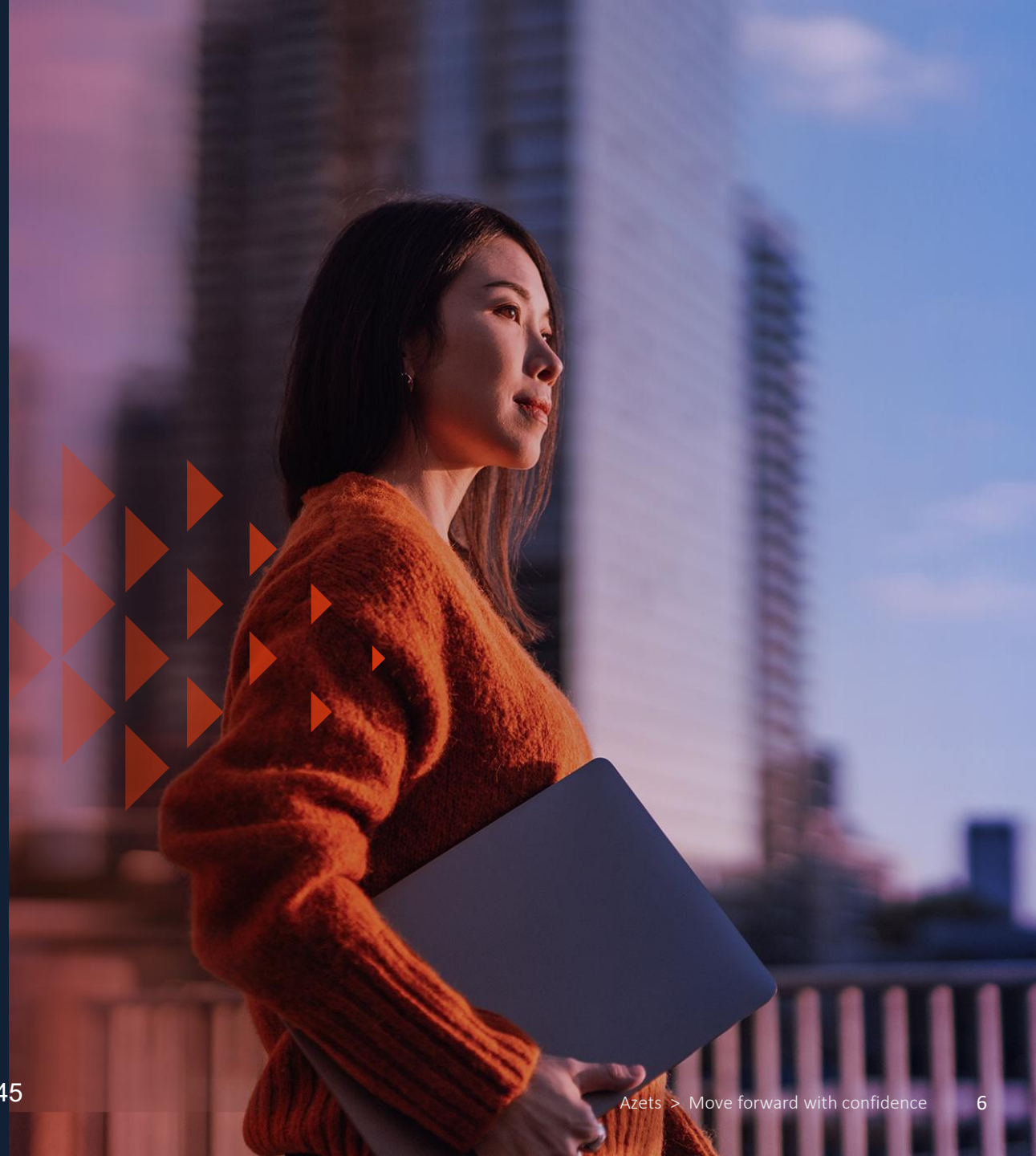
This report sets out our proposed build-back approach for the transactions and balances which occurred during your prior year disclaimed audit period from 1 April 2021 to 31 March 2025 based on our risk assessment of the Council.

The build-back plan provides an overview of the approach and the associated audit fees, which are covered by fee variations, which require review and approval by Public Sector Audit Appointments (PSAA). In setting out our approach we have split the plan across four key elements, which cover:

- Disclaimer planning and reporting;
- Planning and managing delivery of the build-back work;
- Balance sheet/non reserves related testing; and
- CIES/reserves related testing.

This documents sets out the estimated fees; scope of work and anticipated timing of delivery associated with each of these elements of the build-back plan.

Your support for the build-back process



Your support for the build-back process

As set out in this document, the full build-back process to recover from the last clean audit opinion being issued for the 2020/21 financial year involves a significant amount of audit work. In addition, we will also need to complete our required audit procedures for the 2025/26, 2026/27 and 2027/28 financial years (in line with our audit approach determined for in year work on disclaimed audits) alongside the process of rebuilding assurance on previously disclaimed periods. In total, this is likely to require levels of audit input higher than a normal annual audit process and may involve audit work being undertaken at times of the year outside of the normal audit delivery timeframes.

We recognise the ambitious nature of this plan, and we are committed to working with you to deliver this, and to move to the position of being able to issue an unmodified opinion on the Council's financial statements for the 2027/28 financial year. We have set out in this report what we consider to be a realistic plan to accomplish this. However, achieving this will only be possible with the full support and co-operation of the Council.

In particular, in order to achieve this outcome, the Council will need to ensure that:

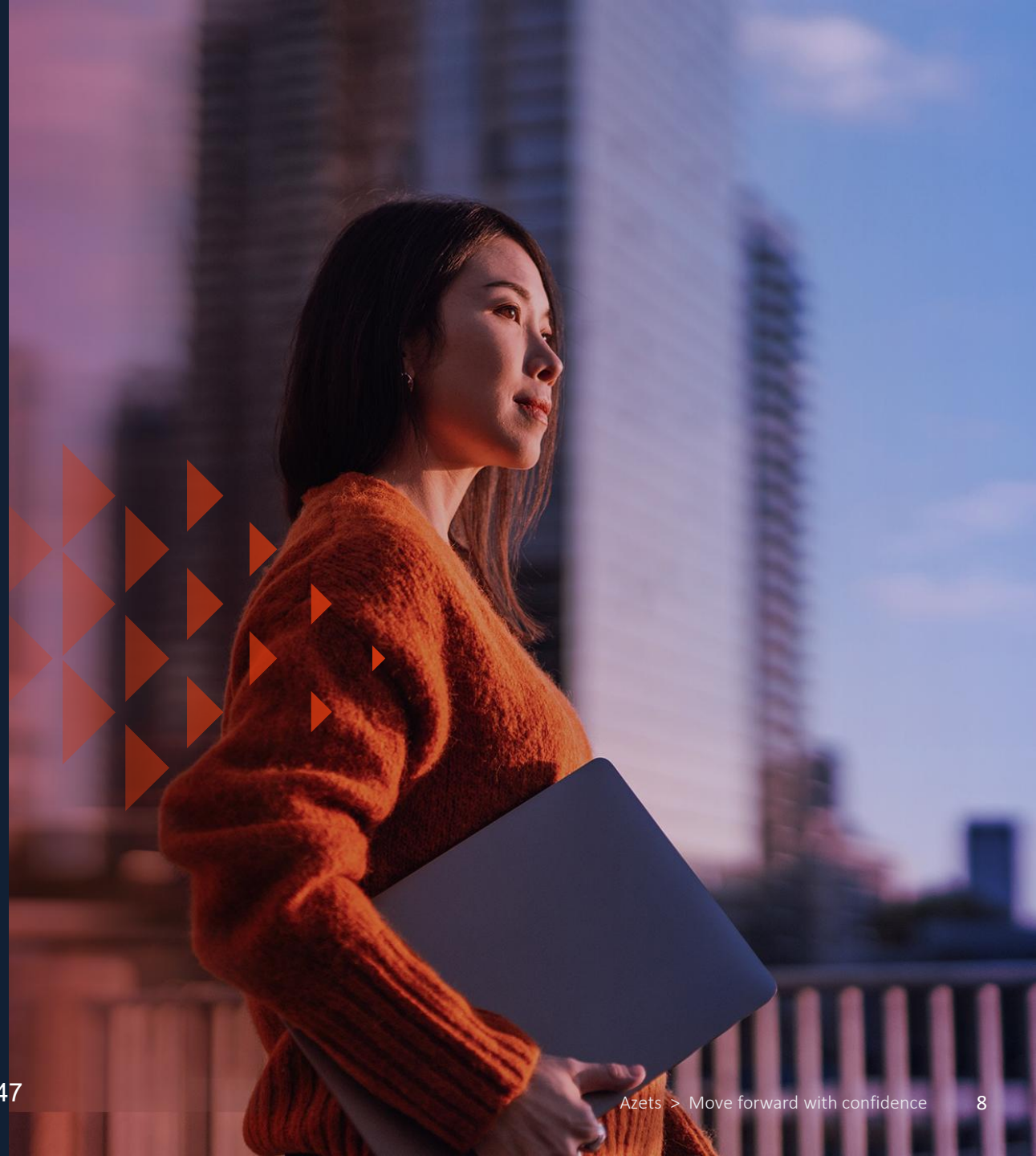
- The Council's finance function allocates sufficient resource to support both the annual audit process for 2025/26 and future financial years, and to support audit build-back testing of previously disclaimed periods
- Good quality supporting information and evidence is made available in response to audit queries raised and sample testing requests issued; and
- Key officers are available to deal with audit queries and requests in line with agreed timescales.

To support the Council and its finance team we will ensure that we:

- Provide clear details of the scope of the build-back work required and the planned timescales for delivery;
- Set out clearly our expectations for supporting audit evidence which we will require in response to audit testing; and
- Share details of progress with you on a regular basis throughout the build-back process.

We will review this Build-back Plan every quarter to monitor progress made and make any adjustments as necessary to future timelines and expectations.

Build-back progress made in 2024/25



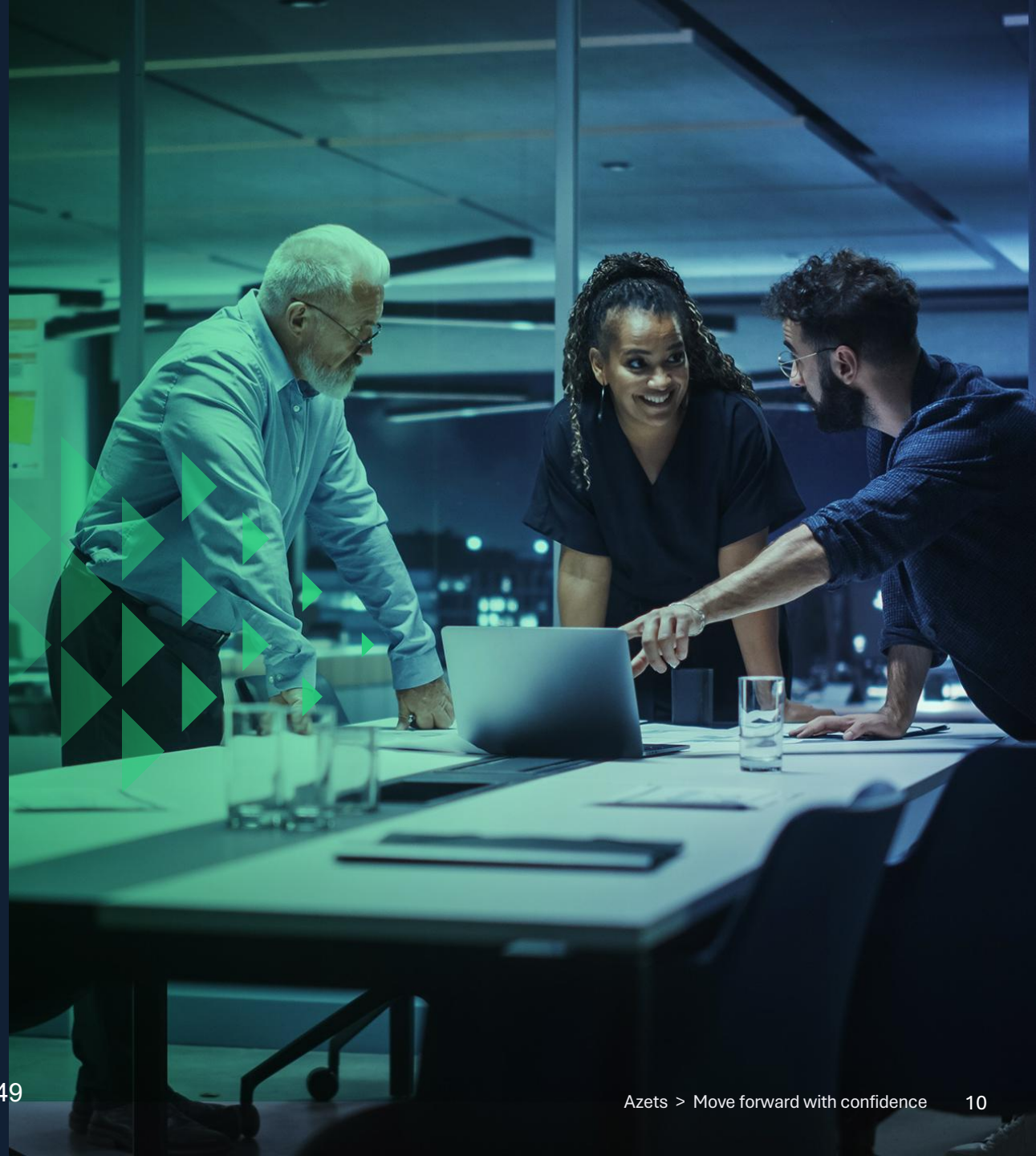
Build-back progress made in 2024/25

We commenced work on rebuilding assurance during our 2024/25 audit and reported details of the areas of work we planned to undertake, and the extent to which we were able to complete this work, in our Audit Completion Report (ISA 260 report).

The following sections on build-back testing for balance sheet/non reserves, and CIES/reserves, set out the level of assurance obtained to date in each area, split by previously disclaimed period. This is based on the level of progress we were able to achieve on build-back testing in 2024/25 and forms the basis of the assessment of further work necessary in each area to fully rebuild assurance.

The fees which were charged for this build-back work for 2024/25 are also included on the summary of estimated fees.

Building back assurance – estimated fees



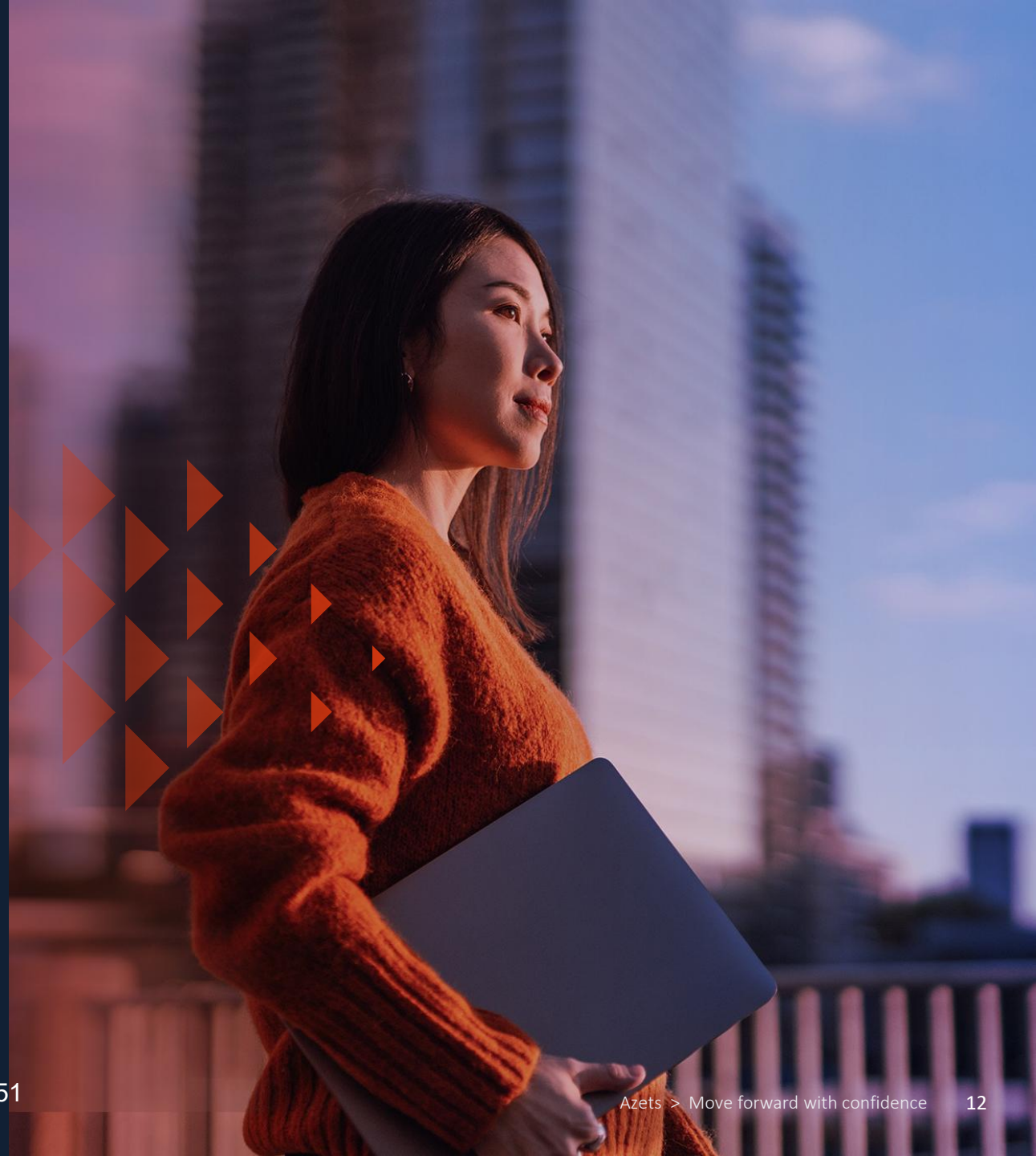
Building back assurance – estimated fees

The estimated fees for completion of the build-back process are set out below. The figures for 2024/25 represent those already agreed and charged as part of the 2024/25 audit; the fees for 2025/26 onwards represent current estimates for completed of further build-back work required.

All fees relating to audit work on build-back and other disclaimer related audit work are raised through the fee variation process and as such are subject to approval by PSAA. These estimates do not cover fee variations for any non-build-back related issues which may be identified during the audit process, and which will be separately reported in our Audit Completion Reports (ISA260s).

	Estimated fees				
	2024/25 (actuals)	2025/26 (estimated)	2026/27 (estimated)	2027/28 (estimated)	Total
Disclaimer planning and reporting	14,940	10,245	10,245	-	35,430
Planning and managing delivery of the build-back work	21,463	41,459	41,459	-	104,380
Balance sheet/non reserves related testing	-	93,488	-	-	93,488
CIES/reserves related testing	44,652	65,825	65,825	-	176,302
Total	81,055	211,016	117,529		409,600

Disclaimer planning & reporting



Disclaimer planning & reporting

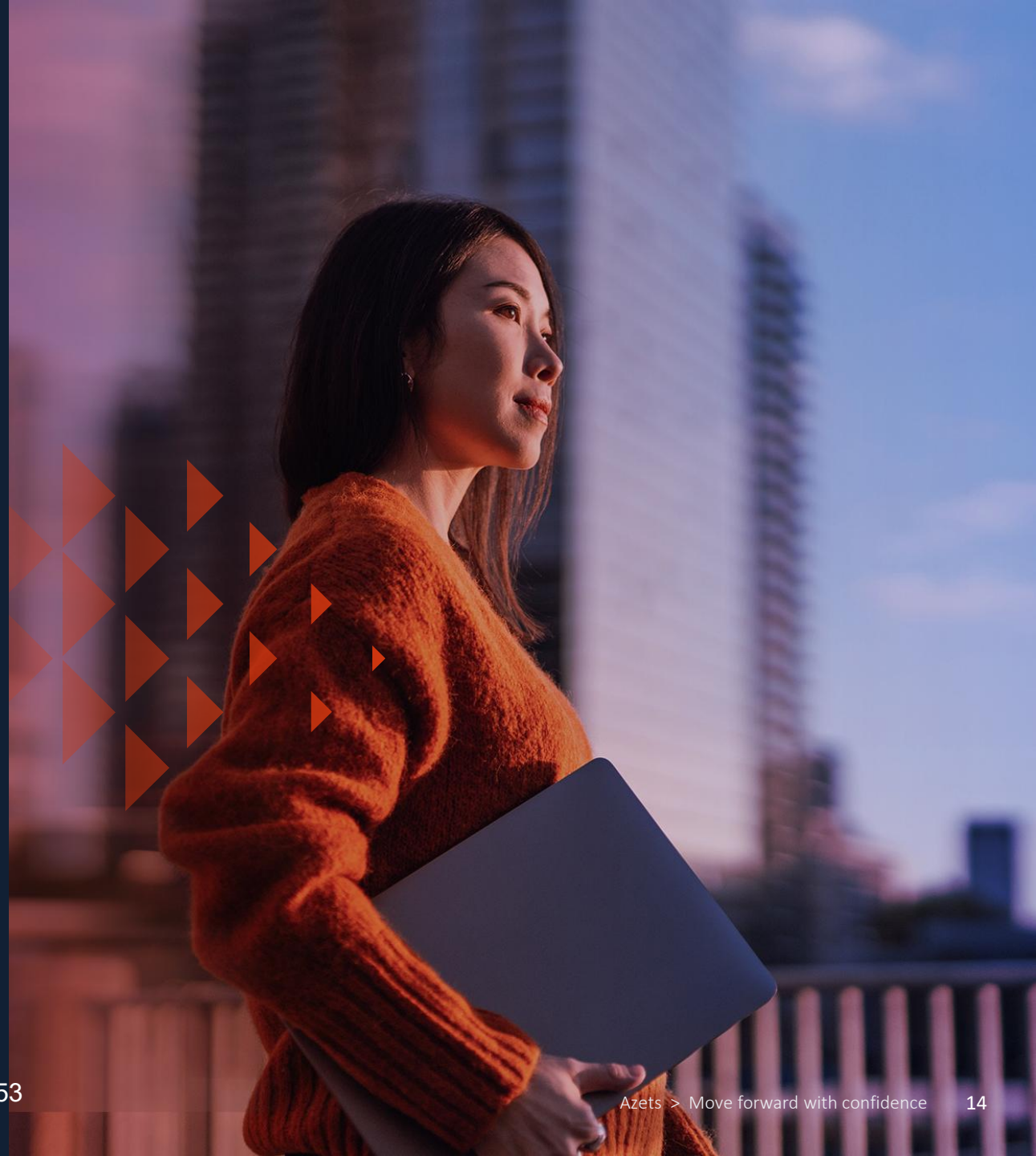
This element of the fee relates to the additional work necessary on a disclaimed audit to determine the nature of the opinion which it is appropriate for us to issue for each financial year.

A key requirement as we move through the build-back plan is to assess at what stage of the process we are able to move from a disclaimed opinion to a modified opinion, and then to an unmodified opinion. This assessment involves considerable input and consultation with the Technical and Compliance teams within Azets to ensure that we are only doing so when appropriate based on the level of assurance obtained.

Our current anticipated timeline, which underpins the rest of this build-back plan, is set out below. Achievement of this indicative timeline is based on completion of all planned work as set out in this plan, and the continued co-operation and support of the Council's finance team.

	2024/25 (actual)	2025/26 (anticipated)	2026/27 (anticipated)	2027/28 (anticipated)
Anticipated audit opinion	Disclaimed	Disclaimed	Modified/"except for"	Unmodified

Planning and managing delivery of the build-back work



Planning and managing delivery of the build-back work

This element of the fee relates to the audit input required to:

- Determine the overall approach required to rebuild assurance in line with relevant NAO Local Audit Reset and Recovery Implementation Guidance (LARRIGs);
- Carry out a detailed risk assessment to support this determination;
- Scope out the work required in each area across the full build-back plan;
- Develop a detailed plan setting out the resource requirements to deliver build-back work;
- Discuss and agreed these requirements and a timescale for delivery with the Council;
- Provide Key Audit Partner and Audit Manager direction and review of the build-back work as it is completed; and
- Carry out an overall assessment of the assurance provided by build-back work completed and the extent to which this supports the recovery of assurance across disclaimed periods.

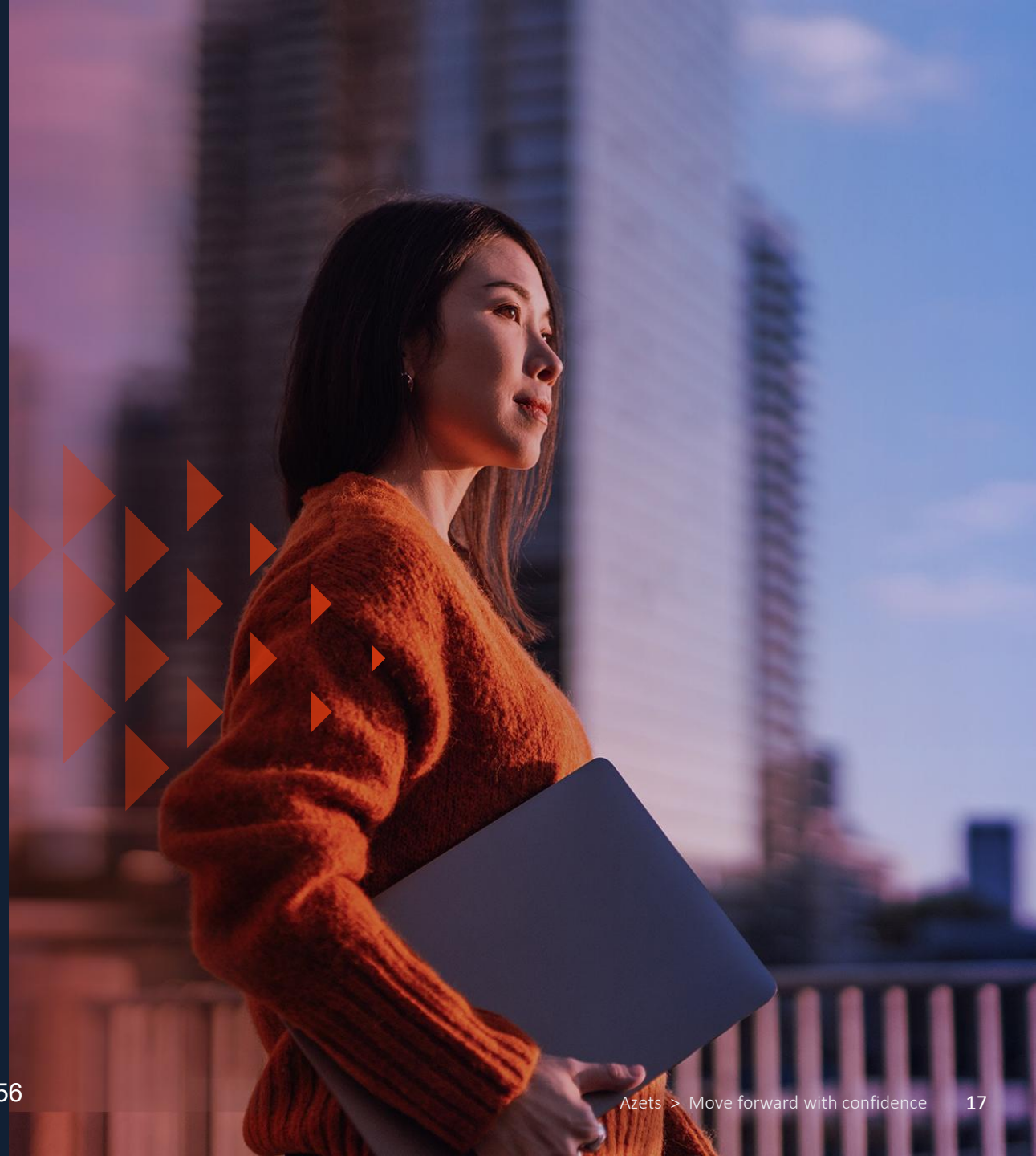
We will need to continually revisit and update our approach and plans to deliver it throughout the course of our build-back process.

Planning and managing delivery of the build-back work (continued)

We completed our initial risk assessment in line with the requirements of LARRIG 06 in 2024/25, which is key to determining the overall approach we need to take to build-back assurance on reserves and so the level of detailed substantive testing required on CIES transactions for previously disclaimed periods. We set out for information a summary of the results of this risk assessment

Component	Activity	Outcome
Planning Risk Assessment (LARRIG 06)	We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening reserve balances following prior year disclaimers. We have completed a detailed assessment, and the scope of our review and conclusions are set out below.	
	Qualitative Risk Assessment We have considered a number of qualitative risk factors (not all of which apply), as set out in LARRIG 06, including: • Whether the Council has a history of timely production of the financial statements; • The number of years for which disclaimed opinions have been issued; • The level of reserves in place during the disclaimed period and their complexity; • The volume of movements in reserves over the disclaimed period; • The strength of the control environment in place at the Council over the period of disclaimed opinions; • Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period; • Any previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements during the disclaimed period; and • Issues reported by Internal Audit and in the Annual Governance Statements.	Our risk assessment has concluded that the Council is at the higher end of the risk spectrum for build-back assurance. Some of the factors leading to this are: the number of years for which disclaimed opinions have been issued, changes to the finance system over that period, weaknesses noted in the control environment and the presence of VFM significant weaknesses. This means extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period. The procedures we have identified that we will need to complete to build back sufficient audit assurance over opening balances are set out from pages 18 to 21 of this report.
	Quantitative Risk Assessment (LARRIG 06) We have also begun a detailed analysis of all the Council's useable and unusable reserves movements over the disclaimed period, assessing the internal consistency of the reserve movements with other transactions and disclosures in the Council's financial statements and the completeness of the expected reserve transactions.	

Build-back testing – Balance sheet/non reserves



Building back assurance – balance sheet/non reserves related

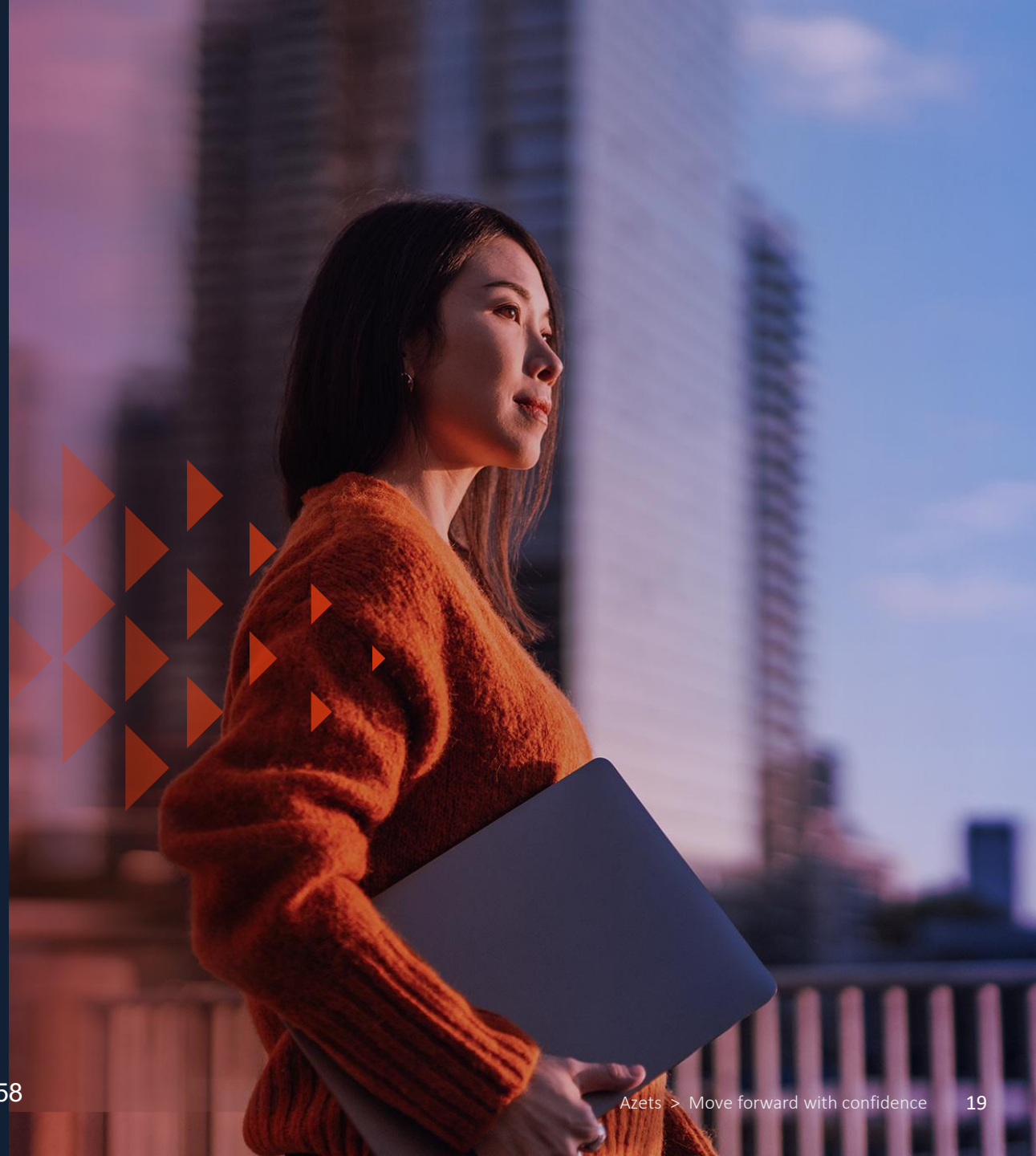
In order to build back sufficient assurance over elements of the Balance Sheet, we need to undertake substantive testing of movements in balances back to the last clean opinion date. We commenced this work in 2024/25 and set out below a summary of the level of assurance obtained to date.

We plan to complete all remaining build-back work on balance sheet/non reserves related areas in 2025/26.

	Current status of build-back work – by disclaimed period				Planning timing of remaining build-back work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Property, plant and equipment (PPE) opening balances	Not started	Not started	Not started	Not started	✓		
PPE and investment property additions	Completed*	Completed*	Completed*	Completed	N/A		
PPE and investment property disposals	In progress	In progress	In progress	In progress	✓		
PPE reclassification movements	Not started	Not started	Not started	Not started	✓		
Right of use asset additions and associated liabilities				Not started	✓		
Revaluation and impairment movements	Not started	Not started	Not started	In progress	✓		
Infrastructure assets					✓		
Grants received in advance	Not started	Not started	Not started	Not started	✓		
Capital Expenditure and Financing (CRF/MRP)	In progress	In progress	In progress	In progress	✓		
Journals testing	Not started	Not started	Not started	Not started	✓		
Estimated fees					£93,488	£0	£0

* Subject to ongoing Audit Manager and Key Audit Partner review procedures.

Build-back testing – CIES/reserves



Building back assurance – CIES/reserves related

In order to build back sufficient assurance over reserves where the closing position is directly influenced by the opening position and movements over the disclaimed period, we need to undertake some substantive testing of the CIES transactions over the disclaimed period.
As set out on page 16 our risk assessment has concluded that the Council is at the higher end of the risk spectrum for build-back assurance. This means extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period. The table below summarises our planned timetable for the completion of prior year CIES testing and any testing completed in full or in part in previous years.

	Current status of build-back work – by disclaimed period				Planning timing of remaining build-back work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Grant income (in cost of services and financing and investing income) • Government grants and contributions • Capital grants and contributions	In progress	In progress	In progress	In progress	✓		
Other fees and charges income	In progress	In progress	In progress	In progress	✓		
Taxation income • Council tax income • NNDR income	Not started	Not started	Not started	Not started		✓	
Interest and investment income	N/A	In progress	In progress	In progress	✓		
Staff costs expenditure	In progress	In progress	In progress	In progress	✓		
Other service costs expenditure	In progress	In progress	In progress	In progress	✓		
Internal recharges	Not started	Not started	Not started	Not started		✓	
Finance and interest expenditure	Not started	Not started	Not started	Not started		✓	

Building back assurance – CIES/reserves related (continued)

	Current status of build-back work – by disclaimed period				Planning timing of remaining build-back work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Depreciation charges	In progress	In progress	In progress	In progress	✓		
Precepts and Levies	In progress	In progress	In progress	In progress	✓		
Housing benefit expenditure	Not started	Not started	Not started	Not started		✓	
Housing benefit income	Not started	Not started	Not started	Not started		✓	
Revenue funded from capital under statute	Not started	Not started	Not started	Not started		✓	
Collection fund	Not started	Not started	Not started	Not started	✓		
Other testing on reserve movements	In progress	In progress	In progress	In progress	✓		
Estimated fees					£65,825	£65,825	£0

Agenda Item 3(c)

Updated Strategic Risk Register

Committee: Audit and Accounts

Date of Meeting: 29 September 2026

Report of: Head of Business Support and Assurance

1 Purpose of Report

1.1 To set out details of the Council's Strategic Risk Register as at 30 June 2026

2 Recommendations

2.1 That Audit Committee reviews the Strategic Risk Register and considers the progress made in the identification and management of the strategic risks.

Reasons for Recommendations

2.2 Audit Committee are responsible for reviewing the Strategic Risk Register produced by Leadership Team and approved by Cabinet to monitor the progress made in relation to the management of the risks identified.

3 Key Issues

3.1 All strategic risks and associated action plans have been reviewed and updated for 30 June 2026, and the Council's risk profile is summarised in the table below

Risk Status	Number of Risks at 1 April 2026	Number of Risks at 30 June 2026
Red (High)	**5**	**5**
Orange (Medium)	**4**	**5**
Yellow (Moderate)	**0**	**0**
Green (Low)	**0**	**0**
Blue (Negligible)	**0**	**0**
TOTAL	**9**	**10**

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 The Strategic Risk Register was refreshed in April 2026 and this is the first quarterly updated since the refreshed risk register was presented to Members. The update Strategic Risk Register is attached as **APPENDIX 1**. Work has continued to enhance and refine the risks and actions identified to manage them as the Strategic Risk Register matures.

5.5 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)

5.6 The summary risk register and detailed information on Red Risks are reported tp Cabinet and the Audit Committee throughout the year. The updated risk register as at 1 April 2026 is attached at **APPENDIX 1** and detailed information on all risks at **APPENDIX 2**.

5.7 Leadership Team monitor the progress on all risks throughout the year and will advise on any changes to risk scores.

5.8 At the 30 June, no risk scores have changed in the quarter and there have been no major revisions to the wording and definitions of the risks, however work has been progressing on the action plans for each risk.

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 June 2026

Appendix 2 - Strategic Risk Register as at 30 June 2026

8 Previous Consideration

None

9 Background Papers

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

Contact Officer:	Stephen Baddeley
Telephone Number:	01543 464415
Ward Interest:	All
Report Track:	Cabinet 17 September 2026
	Audit and Accounts Committee 29 September 2026
Key Decision:	N/A

Appendix 1

Stafford Borough Council
Summary of Strategic Risk Register as at 30 June 2026

Risk Ref	Risk Owner	Risk Name	Inherent Risk Score	Residual Risk Score April	Residual Risk Score June	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 April	Residual Risk Score June	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

Appendix 2

Stafford Borough Council
Strategic Risk Register as at 30 June 2026

Risk Ref	2025-02
Risk Owner	Head of Housing and Corporate Assets
Risk Name	Safety and compliance 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 our control which may lead to accidents, and holding a large property portfolio means that a risk score of 4 is unlikely, as accidents and incidents may still happen.		

Actions

Actions Planned	**Person Responsible**	**Timescale**	**Progress/Comments**
Review of Health and Safety Compliance Records of Contractors	Corporate Asset Manager	Q1 2026-27	The framework has been set up to identify what is required from each contractor as they are all different. The initial correspondence to collate the data has been sent out. Information is being received and collated.

Actions Planned	Person Responsible	Timescale	Progress/Comments
Appoint Contractor to undertake Building Condition Surveys (prioritise top 5 - 60 in total)	Corporate Asset Manager	Q1 2026-27	This action has been delayed due to contractor capacity. 80% of surveys are complete and assurance has been given that the remaining surveys will be completed by the end of September.
Asset reviews will be carried out on all Council properties.	Corporate Asset Manager	Quarter 4 2026-27 (on-going)	Due to limited staffing resources and the implications of LGR this action is on hold.

Progress Updates

Current Position	Fire Compartmentation works are being scheduled for the Civic Centre. The Survey has been completed; remedial actions are being progressed. Due to the nature of actions identified it will take time to reduce the risk score as some of the actions require specialist skill set of which there is limited availability within the existing team.

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 Reorganisation, 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		8
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).		

Actions

Actions Planned	**Person Responsible**	**Timescale**	**Progress/Comments**
Development of action plan for internal preparation, pending decision	Head of Business Support and Assurance	Q1 2026-27	Work plans are being developed, and these include preparatory work for LGR. At present, this primarily focuses on our workforce but as the external work progresses, this will inform our own work plans.

Progress Updates

Current Position	Work continues through the County wide project structure to prepare for LGR, pending a review of this following the Government's decision to create two new unitary councils in Staffordshire. The Council has a representative on all 7 corporate workstreams and work has been focussed on collating baseline data. Our own work planning is also considering the internal preparatory work needed for LGR.

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		12

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.

Actions

Actions Planned	**Person Responsible**	**Timescale**	**Progress/Comments**
Development of work plans for the next 2 years. This will allow us to assess capacity and pinch points and prioritise work accordingly.	Leadership Team	Quarter 1 2026-27	Each Head of Service has developed a summary work plan and a detailed delivery plan for their service area. These are currently being reviewed and will be finalised in Quarter 2.
Monitoring delivery of workplans	Leadership Team	From Quarter 2 2026-27 onwards	Progress monitoring template being developed

Monitoring capacity	Leadership Team	From Quarter 2 2026-27 onwards	A template to monitor vacancies is being developed, and current vacancies are being identified. Sickness reporting being updated
Management of expectations/discussion with Cabinet	Chief Executive/ Leadership Team	Q1 2026-27	Preliminary discussions with Cabinet Members are taking place before the work plans are finalised.

Progress Updates

Current Position	Capacity and workload continue to be an ongoing issue, and this is not expected to change, particularly with the additional work that LGR will bring in the coming months. The intention is to manage this through regular reviews of the workplans which set out the key projects for the next 2 years. As the work required for LGR becomes clearer, the workplans will be reviewed and it may be necessary to stop work on some projects. Leadership Team is continuing to focus on managing capacity within current resources and maintaining the current position so that this does not deteriorate.

Risk Score April 2025	Risk Score April 2026	Direction of Travel in the Year
12	12	↔

Comment on Direction of Travel in the Year	The status quo continues to be maintained, in line with the stated position for this risk.

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.

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Review tree service, TPOs and procedures	Natural Environment Manager	Q3 2026-27	In progress - several requirements identified including tree team, full TPO review.
Joint Tree Team Structure to be developed and implemented	Natural Environment Manager	Q4 2026-27	Structure has been agreed and posts have gone to advert New Tree Team posts were advertised in Q1 2026-27, with interviews scheduled for early Q2 2026-27.

Actions Planned	Person Responsible	Timescale	Progress/Comments
Implement new full risk-based tree management procedure	Natural Environment Manager	Q3 2026-27	In progress, a new tree risk management strategy has been drafted.
Implement new joint tree management ICT GIS based system	Natural Environment Manager	Q3 2026-27	Data cleansing and preparation in progress; this will take several months. Priority to be given to uploading tree data so that inspection work for red zones can be commissioned
Outsource next round of tree inspections for all trees to create new baseline data (78,000 trees) and ongoing inspections	Natural Environment Manager	Q4 2026-27	Trees in red zones are being prioritised. Data for inspections being collated and procurement options being considered
Deliver and monitor tree risk-based works and ongoing inspections	Natural Environment Manager	Ongoing	Progress against Tree Management action plan being monitored and reported to Trees Management Board

Progress Updates

Current Position	Consultant tree officers continue to be used to cover vacant posts until permanent staff can be recruited and a large amount of tree maintenance works are being contracted out. Recruitment to the above posts has begun, with interviews scheduled for early Q2. The limited capacity currently available within the team is being prioritised and focused on responsive inspections and tree works, while recruitment takes place and alternative arrangements are sought, where available. Notwithstanding this, good progress continues to be made to deliver the planned actions to improve the service. Work is in progress to catalogue SBC's area and other Tree Protection Orders for integration into the Council's new ICT tree system. Two officers continue to support the implementation of the new tree management system to allow for the input of tree data which can then be used to inform tree inspection works. Work has commenced on the preparing for the procurement of a contractor to undertake inspections of trees in red zones as a priority, with inspections of other areas to follow. Due to the nature of the risk, it is considered the overall residual likelihood score will not be reduced until the full tree inspection survey has been completed and the majority of the high-risk remedial tree works identified from this has been carried out. This may take upward of 2-3 years.

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 complete 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 • 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. Although the main demolition works to the former Guildhall Shopping Centre and co-op have completed and there has been a strong level of interest in the town centre from potential operators, the residual risk score will remain at 12 until the Council completes the demolition works to the former Wilko site and properties at 10 - 12 Gaolgate Street and secures agreements with developers/operators following a competitive procurement process.
It should be noted that the risk profile of the scheme will change over time as the Council secures development partners/operators to bring forward development on the cleared sites.

Actions

Actions Planned	Person Responsible	Timescale	Progress/Comments
Approval of Development Framework to set out Council's vision for the regeneration opportunity and proposed uses/parameters for development	Head of Economic Development and Planning	Q1 2026-27	Presented to Cabinet for approval on 9 April 2026 Action Complete
Approval of refreshed Governance structure for the project and additional resource/capacity to deliver the project	Deputy Chief Executive - Place Deputy Chief Executive - Resources (S151) Head of Economic Development and Planning	Q2 2026-27	Report being prepared and will be presented to Cabinet for consideration in Quarter 2, which is later than the original timescale of Q1. Further work has been undertaken with statutory officers to ensure that the refreshed structure is robust and reflects the scope of the programme going forward.
Communications to stakeholders, partners and the public - development of Comms Strategy and Plan	Head of Economic Development and Planning, Communications Manager	Q2 2026-27	Initial public engagement plan for the Town Centre Development Framework has been developed. In July/August 2026, it is planned to run drop in events for the public and business community. Furthermore, displays and hoardings surrounding the site will provide further information on the Council's plans and next steps.
Agree approach to securing development delivery	Head of Economic Development and Planning	Q1 2026-27	A Development Framework has been produced and was approved by Cabinet on 9 April 2026. The Development Framework sets out an approach to secure development delivery within each identified plot. Detailed work will now be undertaken to progress the identified sites (see next action). Action completed

Actions Planned	Person Responsible	Timescale	Progress/Comments
Formal procurement process to appoint development partner(s) for residential parcels.	Head of Economic Development and Planning	Q3 - 2026-27 (revised from Q1 June 26)	Officers have completed work to research procurement frameworks and other routes to market that could be used to select developers/operators. Officers are currently preparing a paper setting out a recommended approach to securing developers/operators to build out the 3 residential plots identified in the Framework with the target to commence a process in Q3.
Business cases for the Market Hall proposal and College expansion on the former Wilko site	Head of Economic Development and Planning	Q3 2026-27	Officers have commissioned a markets specialist to prepare a feasibility study on the potential for a new Market Hall development. Officers continue to progress discussions with NSCG regarding the potential expansion of the College.

Progress Updates

Current Position	Whilst the Council has made positive progress with the regeneration scheme during 2025/26, the risk profile and score remains at the same level until the Council moves forward with the recommended development delivery route and secures developers/operators to deliver the regeneration opportunity Performance Dashboards and Risk Registers have been produced and reported to Project Boards and LT. Meetings with developers/operators are being organised to discuss the regeneration opportunity being created by the Council utilising the Future High Street Fund (FHSF) grant. A Development Framework was approved by Cabinet on 9 April 2026, which sets out the Council's vision for the regeneration scheme and proposed uses for the 6 development parcels identified within the red line boundary. Officers are finalising a refreshed governance structure for the project and progressing detailed business cases and technical work to inform delivery of the development plots identified in the Framework.

Agenda Item 3(d)

Governance Improvement Plan - Progress Report for Quarter 1 2026-27

Committee: Audit and Accounts Committee

Date of Meeting: 29 September 2026

Report of: Head of Business Support and Assurance

Portfolio: Resources

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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 1 2026-27.

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 the Audit and Accounts Committee 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 2025-26 were reported to the Audit and Accounts Committee on 25 June 2026. 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 1 2026/27. Of the 8 actions due to be completed, 88% have been completed or are in progress.

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 2025-26 was approved by the Audit and Accounts Committee on 25 June 2026. 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 1 (30 June 2026-27). 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

			No longer applicable	Total Actions
Work on target	Work in progress but behind schedule	Work due but not yet started		
2	**5**	**0**	**1**	**8**

5.5 At the end of quarter 1, of the 8 actions due for delivery:

- 2 (25%) have been completed;
- 5 (63%) are in progress but behind schedule; and
- 1 (12%) target has been revised.

5.6 One of the significant recommendations made by the External Auditors (review of the fraud policy) has now been completed. The 5 actions in progress are now scheduled to be completed in Quarter 2.

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

Report to Audit and Accounts Committee 25 June 2026

Contact Officer:	Judith Aupers
Telephone Number:	01543 464411
Ward Interest:	All
Report Track:	Audit and Accounts Committee 29 September 2026
Key Decision:	No

Governance Improvement Plan - Progress Report

Summary of Progress at 30 June 2026

✓	▲	✖	No longer applicable	Total Number of Actions Due to End of Quarter 1
Action Complete	**Work in progress but behind schedule**	**Work due but not started**	**N/A**	
2	**5**	**0**	**1**	**8**

Commentary on Progress:

The Anti-Fraud and Bribery Framework and the Confidential Reporting Framework have been updated and progress is being made in rolling out the Code of Conduct.

Work is in progress on 5 actions but is slightly behind schedule and will now be completed in Q2.

Two actions have not yet been progressed, due to work on LGR taking precedence.

No	Action	Lead Officer	Timescale	Progress Update	Rating
1	**Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**				
1.1	**Behaving with Integrity** - Code of Conduct for Employees and Values to be rolled out across the Council and awareness training provided	Head of Business Support and Assurance	Rollout in Quarter 1 Training in Quarter 2	Code of Conduct and Values have been launched via staff briefings, weekly notices and email to service managers.	✓
1.2	**Ethical Values** - Update the Anti-Fraud and Bribery Framework and the Confidential Reporting Framework (External Audit - Significant Recommendation 2)	Chief Internal Auditor and Risk Manager	Completed April 2026	Complete	✓
1.3	**Ethical Values** - Develop a fraud risk register (Outstanding action from 25/26)	Chief Internal Auditor and Risk Manager	Quarter 2		
1.4	**Ethical Values** - declaration of conflict of interests - awareness to be raised and annual review to be built into Employee Review process	Head of Business Support and Assurance / HR Manager	Quarter 1 - awareness raising	Work is in progress to build this into the employee review process. Wider communications on the need to declare an interest will be issued in Q2	▲
			Quarter 2 - Employee Review process		
1.5	**Respecting the rule of law -** managers checks on compliance with the law and local policies/guidance needs to be evidenced. Guidance on this to be issued	Head of Business Support and Assurance / Chief Internal Auditor and Risk Manager	Quarter 3		

No	Action	Lead Officer	Timescale	Progress Update	Rating
2	**Ensuring openness and comprehensive stakeholder engagement**				
2.1	Openness - Checklist to be introduced to ensure that Legal, Financial and HR implications in committee reports are completed and signed off by the relevant professional officers	Head of Law and Governance	Quarter 2		
2.2	Reports which are not coming to Leadership Team for consideration prior to going to Cabinet, Council etc must be identified and agreement reached in advance - to be embedded into sign-off checklist (action above)	Leadership Team	Quarter 2		
2.3	Engaging with Stakeholders - plan of key consultation for next 2 years to be developed	Communications Manager	Quarter 2 - dependent on Leadership Team completing work plans		
3.	**Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes**				
3.1	**Ensuring VFM** - Put in place a formal SLA with Staffs County Council re the shared procurement arrangements External Audit - Other Recommendation 4)	Head of Business Support and Assurance	**No further action**	Agreed not to progress this due to the advent of LGR	**N/A**

No	Action	Lead Officer	Timescale	Progress Update	Rating
3.2	**Ensuring VFM** - Provide regular reports to Members on single tender waivers. Waivers to be reported on to the Responsible Council Scrutiny Committee quarterly. External Audit - Other Recommendation 4)	Head of Law and Governance	Quarter 1 onwards	Researching options as to how best to report on waivers and collate the information needed. Considering adopting annual report.	
3.3	**Ensuring VFM** - Update the contracts register and ensure it is compliant with transparency requirements - to be updated as part of the preparations for LGR. This will also include the development of a plan of those contracts which need to be re-tendered in the next 2 years. External Audit - Other Recommendation 4)	Head of Business Support and Assurance and Leadership Team	Quarter 1	Work is in progress and this will be completed in Q2.	
3.4	**Fair access to services** - Equality, Diversity and Inclusion Policy, Equality Impact Assessment Template and guidance to be updated and training provided	Head of Business Support and Assurance and HR Manager	Quarter 2		

No	Action	Lead Officer	Timescale	Progress Update	Rating
4.	**Determining the interventions necessary to achieve the intended outcomes**				
4.1	**Performance Management** - Develop a data quality policy or similar process for providing assurance on KPIS as part of performance management reporting (External Audit - Other Recommendation 3)	Head of Business Support and Assurance	**No further action**	Agreed not to progress this due to limited capacity and LGR.	**N/A**
4.2	Develop work plans for all Heads of Service for the next 2 years to manage the lead up to LGR. To include the development of a performance reporting framework for Leadership Team (Outstanding action from 25/26)	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 1	Draft work plans and delivery plans have been prepared. These are being reviewed and will be finalised in Q2	
4.3	Review of service delivery information (KPIs) and approach to service improvements to identify what information is being collected and to assess and fill any key gaps.	Head of Business Support and Assurance and Leadership Team	Quarter 3		
4.4	Facilitated session with Leadership Team to progress developing a culture of ownership and accountability.	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 3		

No	Action	Lead Officer	Timescale	Progress Update	Rating
4.5	Provide training for key officers (LT, Service Managers and relevant Principal Officers/Team Leaders) on project management. (Outstanding action from 25/26)	Deputy Chief Executive (Resources) and S151 Officer and Head of Business Support and Assurance	Quarter 2		
5.	**Developing the entity's capacity, including the capability of its leadership and the individuals within it**				
5.1	Statutory Officer (Golden Triangle) meetings to be formally established with an agenda designed to cover governance issues	Deputy Chief Executive - Resources	Quarter 1	Have taken place at ad hoc intervals during Q1. To be formalised from Q2 onwards	
5.2	Employee induction process to be refreshed	HR Manager	Quarter 3		
5.3	Employee review process to be refreshed and relaunched	HR Manager	Quarter 2		
5.4	Complete review of hybrid working and develop a hybrid working policy. (Outstanding action from 25/26)	Head of Business Support and Assurance and HR Manager	Quarter 2		
6.	**Managing risks and performance through robust internal control and strong public financial management**				
6.4	**Risk Management** • Put in place directorate/departmental risk registers for all service areas	Head of Business Support and Assurance, Chief Internal Auditor and Risk Manager and Leadership Team	Quarter 2		

No	Action	Lead Officer	Timescale	Progress Update	Rating
	• Risk registers to be subject to regular review to ensure mitigating actions are being taken - to be done quarterly • Process to be put in place to escalate risks to the strategic risk register where appropriate - ant significant risks identified from the quarterly reviews will be reported to Leadership Team for inclusion in the Strategic Risk Register (External Audit - Other Recommendation 2)				
6.5	Deliver the health and safety action plan which aims to embed a pro-active Health and Safety culture. The key actions include: • Update the overarching Health and Safety Policy • Deliver targeted training to Leadership Team and Managers • Determine a programme for reviewing and updating HandS policies	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	Quarter 2 Quarter 2 Quarter 3		

No	Action	Lead Officer	Timescale	Progress Update	Rating
6.1	**Financial Management** - Ensure adequate capacity in the Finance Team - efforts will continue to recruit to vacancies in the Finance Team and/ or to continue to use agency staff where appropriate. Ensure that budget holders receive formal financial monitoring reports - it is unlikely that the resourcing situation will improve sufficiently to increase reporting from half yearly to quarterly. Produce draft financial statements in line with statutory requirements and work with external auditors to deliver the audits effectively (External Audit - Significant Recommendation 1)	Deputy Chief Executive (Resources)	Quarter 2 - End of Summer 2026		
6.2	**Financial Management** - Review the need to implement further savings ahead of LGR given the potential funding gaps identified in26/27 and 27/28 as a result of changes to the financial settlement after the MTFS and 26/27 budgets were approved in January 26 (External Audit - Other Recommendation 1)	Deputy Chief Executive (Resources)	**No further action**	Agreed not to take any further action due to the high uncertainty around the settlement and the previous late interventions by central government to ensure no decrease in core funding. There are sufficient reserves in place to be able to prudently adopt this approach should central government not change the current settlement amounts.	**N/A**

No	Action	Lead Officer	Timescale	Progress Update	Rating
6.3	Review of Financial Regulations and training for managers (Outstanding action from 2025/26)	Deputy Chief Executive (Resources) and S151 Officer	Quarter 2		
6.6	Develop a structured approach / framework to the management of corporate assets	Head of Housing and Corporate Assets and Corporate Asset Manager	Quarter 4		
6.7	**Assurance and Scrutiny** - Development of Assurance Model, to include: • Annual Assurance Report for Health and Safety • Annual Assurance Report for Technology (Outstanding action from 2025/26) • Heads of Service Assurance Statements	Head of Business Support and Assurance and Chief Internal Auditor and Risk Manager	• Quarter 2 • Quarter 1 • Quarter 1	Further consideration has been given to the timing of the production of assurance reports; these will now be completed in Quarter 4 in readiness for the Annual Governance Statement for 2026/27.	N/A
6.9	**Data and IT Security -** AI policy to be developed	Technology Manager	Quarter 2		
6.10	**Data and IT Security** - Ensure that annual refresher training is undertaken	Technology Manager / Data Protection Officer	Quarter 4		

No	Action	Lead Officer	Timescale	Progress Update	Rating
7.	**Implementing good practices in transparency, reporting and audit to deliver effective accountability**				
7.1	Develop a lessons learnt approach eg from projects and complaints. Initial discussion to be held with Leadership Team to establish any current best practice and build on this	Head of Business Support and Assurance and Leadership Team	Quarter 3		
8.	**General / Other**				
8.1	Training and reminders for managers on good governance and key components of the framework (Outstanding action from 2025/26)	Deputy Chief Executive (Resources), Head of Business Support and Assurance and Head of Law and Governance	Quarter 2		

Agenda Item 3(e)

Internal Audit Update - August 2026

Committee: Audit and Accounts

Date of Meeting: 29 September 2026

Report of: Chief Internal Auditor and Risk Manager

Portfolio: Resources

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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 August 2026.

2 Recommendations

2.1 That the Committee considers the progress report.

Reasons for Recommendations

2.2 The Audit and Accounts Committee have responsibility for monitoring the work of Internal Audit and the Council's risk, control and governance arrangements.

3 Key Issues

3.1 Attached is a progress report showing the audits which have been issued between 1 April and 31 August 2026.

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 put in place policies, procedures and controls to help ensure that the system is functioning appropriately. Internal Audit work primarily supports the Responsible Council objective.

5 Report Detail

5.1 This report is a summary of the Internal Audit work between 1 April 2026 and 31 August 2026; full details are given in **APPENDIX 1**.

5.2 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.

5.3 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.
1	**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.
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.

Number of Audits	Assurance	Definition
1	**N/A**	Audit Work and Consultancy Reports which have not been given an Assurance

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

5.5 **APPENDIX 4** shows information relating to follow-ups. Of particular note:

- The IT Asset Management, ICT Service Desk and Streetscene follow-up audits have been revised from Partial to Substantial Assurance.
- The Property Management & Rentals follow-up remains Limited Assurance due to the level of progress made in addressing the recommendations. This is due, in part, to resource issues within the team.
- Pest and Dog Control and Food Safety Arrangements remain Partial Assurance, with further work required to fully implement the remaining agreed actions.

5.6 The current indicative list of areas for review in 2026-27 which have not been started is contained in **APPENDIX 5**.

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 2026 to 31 August 2026

Appendix 2: Audits Completed - 1 April 2026 to 31 August 2026

Appendix 3: Audits in Progress - August 2026

Appendix 4: Follow-ups Completed - 1 April 2026 to 31 August 2026

Appendix 5: Provisional Audit Plan Work for 2026-27 Not Yet Started

8 Previous Consideration

None

9 Background Papers

None

Contact Officer:	Stephen Baddeley
Telephone Number:	01543 464415
Ward Interest:	None
Report Track:	Audit and Accounts 29 September 2026 Only
Key Decision:	No

Appendix 1

Progress Monitoring - 1 April 2026 to 31 August 2026

Audits Completed to Year to Date	Audits In Progress
2	4

The completed and in progress figures include audits from the 2025-26 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	1	0	1

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.

Appendix 2

Audits Completed – 1 April 2026 to 31 August 2026

Audit	Head of Service	Status	Number of High Recommendations	Number of Medium/Moderate Recommendations	Assurance	Comments and Key Issues
Managing Absence	Business Support and Assurance	Final	0	2	Partial ▲	• Return to work forms were not consistently completed and passed to HR following staff absences, and managers were not consistently submitting weekly absence returns for their teams. • There was no current regular reporting to management of absences/sickness data.
Disabled Facilities Grant (County Assurance)	Wellbeing	Final	0	0	N/A	

Appendix 3

Audits in Progress - August 2026

Audit	Head of Service
Delivery of Planning Review Outcomes (Deferred 2025-26)	Economic Development and Planning
Private Sector Housing (Deferred 2025-26)	Regulatory Services
CCTV	Wellbeing
SBC Leisure Contract	Wellbeing

Appendix 4

Follow-ups Completed - 1 April 2026 to 31 August 2026

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Property Management and Rentals (2nd Follow-up)	Housing and Corporate Assets	**Limited** !	1	5	1	7	**Limited** !	Action is still needed around • the establishment of a comprehensive, unified asset register, • reconciliation of property records between teams • production of detailed procedure notes for the function • establishing a schedule of routine inspections for condition and compliance with safety arrangements • establishing a programme of compliance visits to ensure tenants are carrying out their repair and maintenance obligations.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
Pest and Dog Control (4th Follow-up)	Operations/ Regulatory Services	Partial ▲	1	2	0	3	Partial ▲	• A service review has been undertaken but the results still need to be developed into an income policy and breakeven analysis for the service. • There remains a need to develop financial and performance data collection and reporting processes
Food Safety Arrangements (2nd Follow-up)	Regulatory Services	Partial ▲	1	6	0	7	Partial ▲	• There is still a need to review and update the Food Safety Plan • Procedure notes still require updating to reflect the latest Food Law Code of Practice • Work was in progress to review officer authorisations and ensure they are accurate following changes in management structure. • There was still a need to define timescales for complaint investigations and monitor compliance with these. • There was a need to introduce management review of inspection working papers on a sample basis to ensure consistency and conformity of evidence. • Competency assessments and training needs still need to be produced for all staff.

Audit	Head of Service	Original Assurance	Recommendations Implemented	Recommendations In Progress	Recommendations Not Implemented	Total	Revised Assurance	Comments/Key Issues
IT Asset Management (5th Follow-up)	Business Support & Assurance	Partial ▲	1	0	0	1	Substantial ✓	
ICT Service Desk	Business Support & Assurance	Partial ▲	1	0	0	1	Substantial ✓	
Streetscene	Operations	Partial ▲	4	0	0	4	Substantial ✓	

Appendix 5

Provisional Audit Plan Work for 2026-27 Not Yet Started

Audit Area	Head of Service
SBC Regeneration Schemes	Economic Development and Planning
Planning Enforcement (deferred from 2024-25)	Economic Development and Planning
Enviro-crime/Environmental Fines and Misc Enforcement	Regulatory Services
Private Water Supply and Distribution (Deferred 2025-26)	Regulatory Services
Food Safety Arrangements	Regulatory Services
Housing Partnership Arrangements (Deferred 2025-26)	Wellbeing
SBC Housing Provision	Wellbeing
Property Management Compliance/Stock Condition Surveys	Housing and Corporate Assets
Food Waste Project	Operations
Tree Management IT Project	Operations
Tree Preservation Orders	Operations
Waste Management Contracts	Operations
Pest and Dog Control	Operations/Regulatory Services
Recruitment and Selection (Deferred 2025-26)	Business Support and Assurance
Payroll	Business Support and Assurance
Local Government Reorganisation	Corporate

Audit Area	Head of Service
Use of Consultants	Corporate
Bank Reconciliation (Deferred 2024-25)	DCE Resources
Council Tax	DCE Resources
Grants Procedures	DCE Resources
Housing Benefits	DCE Resources
National Non-Domestic Rates	DCE Resources
Public Buildings - (Deferred 2025-26)	Housing and Corporate Assets
Fleet Management Compliance (Deferred 2025-26)	Operations
Land Charges Transfer to Land Registry Project	Regulatory Services