

Stafford Borough Council

Auditor's Annual Report

Year ended 31 March 2024

September 2025



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

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

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

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

Key messages

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

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

Area of work	Our responsibilities	Conclusions
Financial statements	<p>We were appointed as auditors to perform an audit of the financial statements of the Council in accordance with International Standards on Auditing (UK) (ISAs (UK)), which are directed towards forming and expressing an opinion on the financial statements.</p> <p>However, The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Amendment) Regulations 2024, impose a statutory backstop date of 28 February 2025 for the publication by the Council of their audited Statement of Accounts for 2023/24. The Code specifies that (except in a few exceptional circumstances) auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with this statutory reporting deadline.</p> <p>We have therefore considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support our audit opinion in compliance with the ISAs (UK). These time constraints were further restricted by the earlier statutory backstop date of 13 December 2024, which led to the financial statements for 2021/22 and 2022/23 being disclaimed by the predecessor auditor.</p>	<ul style="list-style-type: none">The disclaimed audit opinions issued by the predecessor auditor on each of the last two years' financial statements resulted in a lack of assurance on the Council's opening balances at 1 April 2023. The lack of assurance over opening balances, together with the requirement for the Council to publish its audited financial statements for the year ended 31 March 2024 as soon as reasonably practicable after the statutory backstop date of 28 February 2025, impacted on the audit procedures that we had planned to undertake to gain assurance on the 2023/24 financial statements. There was insufficient time and resource available for us to gain sufficient assurance during the 2023/24 audit, including recovering missing assurance from earlier years, due to the conditions created back the statutory backstop date.We have therefore disclaimed our opinion on the Council's 2023/24 accounts.The responsibilities of the Council, the Audit Committee and management remain unchanged. The Council's Responsible Finance Officer has a responsibility under The Accounts and Audit Regulations 2015 to confirm that the Accountability Statements included in the Statement of Accounts give a true and fair view. The Audit Committee have an essential role in ensuring that they have assurance over the quality and accuracy of the financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.As part of our 2024/25 audit, we will work with management to develop a recovery plan setting out the work required to return to unmodified audit opinions in the coming years.

Key messages

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

Key messages

Area of work	Our responsibilities	Conclusions
Public interest report	Under Section 24, Schedule 7(1)(1) of the Local Audit and Accountability Act 2014 the auditor of the Council must consider whether to make a report in the public interest if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public.	<ul style="list-style-type: none"> We did not identify any matters for which we considered a public interest report to be required as part of our external audit for 2023/24.
Statutory recommendations	Under Section 24, Schedule 7(2) of the Local Audit and Accountability Act 2014 the auditor of a Council can make written recommendations to the Council which need to be considered by the Council and responded to publicly.	<ul style="list-style-type: none"> We did not identify any matters for which we considered statutory recommendations are required as part of our external audit for 2023/24.
Application to the court	Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think than an item of account is contrary to law, they may apply to the court for a declaration to that effect.	<ul style="list-style-type: none"> We did not make an application to the court.
Advisory notice	Under Section 29, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if they think that the Council, or an officer of the Council, is about to make, or has made, a decision which involves or would involve the Council incurring unlawful expenditure, is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or is about to enter an item of account, the entry of which is unlawful.	<ul style="list-style-type: none"> We did not issue any advisory notices.
Judicial review	Under Section 31, Schedule 8 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure to act by an authority, which it is reasonable to believe would have an effect on the accounts of that body.	<ul style="list-style-type: none"> We did not make an application for judicial review.

Financial statements

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

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

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

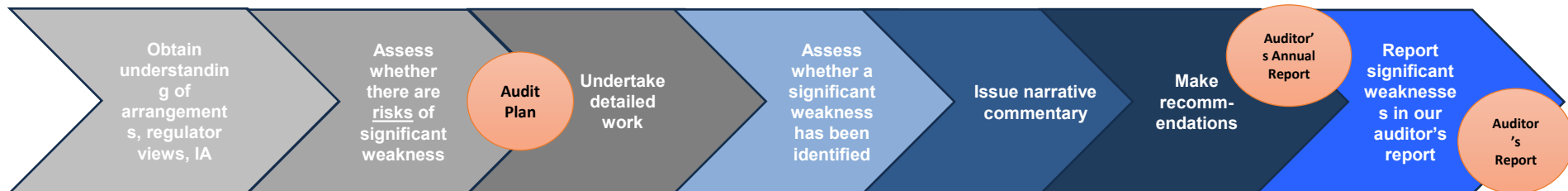
Area of work	Conclusions
Audit opinion on the financial statements	We issued a disclaimer of opinion on the Council's financial statements for 2023/24 on 11 June 2025.
Whole of Government Accounts (WGA)	<p>We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation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

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

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

Value for money

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



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

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

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

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

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

Value for money 2023/24 outcome

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

Value for money

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

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

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

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

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

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

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

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

Summary of findings

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

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

Summary of significant weaknesses for 2023/24

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

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

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

Financial sustainability and governance

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

Financial sustainability

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

Summary of significant weaknesses for 2023/24

Governance

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

Economy, efficiency and effectiveness

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

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

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

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

Financial sustainability

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

We considered the following areas:

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

Follow up of prior year weaknesses identified and recommendations made

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

Improve its financial planning and financial monitoring arrangements by:

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

Financial sustainability (continued)

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

Develop a corporate saving and transformation programme:

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

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

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

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

Financial sustainability (continued)

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

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

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

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

Governance

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

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

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

Follow up of prior year weaknesses identified and recommendations made

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

Improve its financial monitoring arrangements:

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

Improve internal controls relating to Information Technology:

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

Governance

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

Improve internal controls relating to fraud by:

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

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

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

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

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

Governance

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

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

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

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

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

Improving economy, efficiency and effectiveness

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

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

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

Follow up of prior year weaknesses identified and recommendations made

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

Improve its procurement and contract management arrangement by;

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

Improving economy, efficiency and effectiveness

Follow up of prior year weaknesses identified and recommendations made

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

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

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

Key recommendations

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

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

Key recommendations

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

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	<p>We recommended that the Council ensure it has adequate capacity in its finance team to be able to:</p> <ul style="list-style-type: none">• Provide budget holders with formal financial monitoring reports during the year• Produce draft financial statements in line with statutory requirements and work with external auditors to deliver audits effectively.	<p>Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council for the full 2023/24 financial year.</p> <p>The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan.</p> <p>The Council has agreed a restructure of the finance team and has produced financial statements up to 2023/24.</p>	<p><i>The need to increase the capacity of the finance team is acknowledged. This was reflected in the 2024/25 budget setting with investment totalling £300k for the two Councils being included in the base budget to increase the capacity in the finance team.</i></p> <p><i>A review of the Finance Team structure has been undertaken. Attempts to recruit to the 2 new senior posts were unsuccessful but 3 new staff have been appointed to cover vacancies/new posts elsewhere in the team. Capacity continues to be an issue due ongoing difficulties in recruiting experienced staff, but agency staff have been brought in to cover specific pieces of work, including the preparation of the accounts.</i></p>

Key recommendations

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

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

Key recommendations

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

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	<p>We recommended that the Council address significant weaknesses in its internal controls relating to IT by ensuring</p> <ul style="list-style-type: none">• Systems are fully supported by IT, Cyber and Network Security and all policies are up to date• Regular performance monitoring addresses any evolving security weaknesses identified• Appropriate arrangements to meet information governance requirements• ICT controls and information governance are embedded in procurement and commissioning decisions	<p>Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council for the full 2023/24 financial year.</p> <p>The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan.</p> <p>The Council has now addressed some elements of the recommendations:</p> <ul style="list-style-type: none">• Completion of staff cyber security training• Approval of the IT change management strategy and Information Governance Framework• Update of IT security and cyber security policies	<p><i>At the time of the 2022/23 audit it was acknowledged that the focus had been on putting controls in place and ensuring the security of our systems. But since then the IT team has also been working to update its policies and procedures.</i></p> <p><i>Our key priorities of updating the Security Policy and ensuring that refresher training for staff have been completed. The last key action of developing an assurance reporting framework is being progressed.</i></p>

Key recommendations

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

Criteria	Recommendation	Observation and implication / impact	Management response
Governance	<p>We recommended that the Council address its significant weaknesses in its internal controls relating to fraud by:</p> <ul style="list-style-type: none">• Ensuring there is central coordination for the National Fraud Initiative (NFI) matches.• Putting in place a dedicated counter fraud officer.• Updating the anti-Fraud and Bribery Framework and the Confidential Reporting Framework.• Ensuring work to detect fraud is extended to cover the finance system and procurement arrangements in the Council.	<p>Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council in for the full 2023/24 financial year.</p> <p>The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan.</p>	<p><i>We have had a central co-ordinator for the NFI Data Matching in place since 2007.</i></p> <p><i>We do not consider it realistic to have a dedicated Counter Fraud Officer given the size of the Council, the nature of our spending and we don't have a high incidence of fraud.</i></p> <p><i>The Anti- Fraud and Bribery Framework and the Confidential Reporting Framework are scheduled for review and updating in 2025/26. As part of the review of the framework , we will ensure that this is extended to cover all aspects of the Council's financial processes and procurement.</i></p>

Key recommendations

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

Criteria	Recommendation	Observation and implication / impact	Management response
Economy, efficiency and effectiveness	<p>The Council needs to improve its performance management arrangements by:</p> <ul style="list-style-type: none">Establishing a golden thread for the Council, by creating a performance management framework at corporate and service levels linking outcomes to expected annual measuresDeveloping annual delivery plans aligned with the Corporate Planagreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework;Improving performance reporting and project managementdeveloping a strategic approach to assessing the levels of statutory services needed to save money:Agreeing corporate programme and project management methodology and ensuring its understood and applied across the Council and when commissioning these services.Developing a data quality policy and ensuring the quality of the Council's core datasets.Developing a strategic approach to asset management including putting in place a comprehensive asset register and a detailed improvement plan for asset management.Ensuring the Council learns from complaints and external Ombudsman recommendations to improve its performance	<p>Recommendation was raised in 2022/23 by the predecessor auditor and was not fully addressed by the Council in for the full 2023/24 financial year.</p> <p>The Council has developed a detailed action plan to implement the recommendations raised and is continuing to monitor delivery of this action plan.</p> <p>Review of actions taken to date in this area indicate that the Council plans to implement the majority of actions in 2024/25 and beyond.</p>	<p><i>The Council has performance management arrangements in place to deliver the Corporate Business Plan. This includes annual delivery plans which set out key actions to be delivered against each of the 4 key priorities in the Corporate Business Plan. The Delivery Plans are monitored and performance is reported to the Cabinet and relevant Scrutiny Committees. It is intended to review the current arrangements in 2025/26 and formalise them into a documented Performance Management Framework which will include guidance on ensuring data quality.</i></p>

Appendices

Appendix I: Financial statements audit risks and findings

Appendix I: Financial statements significant risks

Significant risks at the financial statement level

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

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

Significant risks, response and outcome

Identified risk	Audit procedures completed	Outcome
<p>Prior year opinion on the financial statements</p> <p>In our audit plan we highlighted that we had not yet obtained a copy of the audit opinion from your predecessor auditor for the 2022/23 and 2021/22 financial years. We therefore reported that:</p> <ul style="list-style-type: none"> There was a risk that issues not yet identified in these audit years could impact the current audit year; There was a further risk that an audit backstop may prevent the prior year audits from being completed, resulting in prior year audit opinions being qualified by a 'limitation of scope' or disclaimed in full. <p>As a result, we reported the significant risk that:</p> <ul style="list-style-type: none"> there may be limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pensions valuations and property, plant and equipment valuations, amongst others). significant transactions, accounting treatment and management judgements may not have been subject to audit for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed periods. 	<p>In response to this risk, we have:</p> <ul style="list-style-type: none"> considered the findings and outcomes of your prior year audits and their impact on our 2023/24 audit; considered the impact on our 2023/24 audit of the prior year disclaimed audit opinions you have now received from your predecessor auditor, with particular regard to opening balances and 'unaudited' transactions and management judgements made in previous disclaimed years which continue into 2023/24; and considered the impact of any changes in the CIPFA Code requirements for financial reporting in previous and current audit years. 	<p>The audit opinions in the Council's accounts for 2022/23 and 2021/22 were all disclaimed. This means we have no assurance over the comparators in the 2023/24 financial statements and no assurance over transactions occurring in those years which impact the figures reported in the financial statements for 2023/24.</p> <p>Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 28 February 2025. The Council is required to publish audited financial statements by this date or, if this is not possible, as soon as reasonably practicable after this date.</p> <p>We have considered whether the conditions created by the backstop arrangements allow us to complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).</p> <p>Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs (UK) and we have issued a disclaimer of opinion.</p>

Significant risks of material misstatement

Identified risk	Planned audit procedures
<p>Impact of the Local Government accounts backlog and statutory backstop arrangements</p> <p>Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", imposes a statutory backstop date of 28 February 2025 for the publication by the Council of its final Statement of Accounts for 2023/24. The Code of Audit Practice specifies that auditors are required to issue their auditor's report before this date, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline. The Council is required to publish audited financial statements by the backstop date or, if this is not possible, as soon as reasonably practicable after the backstop date.</p> <p>For 2023/24, the work required to complete the audit has increased greatly because the statutory backstop date of 13 December 2024 for outstanding periods to 31 March 2023 – all preceding audit periods – resulted in the issue of disclaimed audit opinions by the Council's predecessor auditor for the financial years ended 31 March 2022 and 31 March 2023 on 29 November 2024. This means we have no assurance on the Council's opening balances as at 1 April 2023.</p> <p>Under Local Audit Reset and Recovery Implementation Guidance (LARRIG) guidance issued by the NAO in September 2024, the approach we have taken to the 2023/24 audit for the Council has been to:</p> <ul style="list-style-type: none"> • Commence the engagement with the intention of meeting all the relevant objectives of the audit, in accordance with ISA (UK) 200. This has meant we have undertaken planning and risk assessment procedures to the extent possible. • Assess whether it is possible to complete all necessary audit procedures to allow for the issue of an unmodified audit opinion on the 2023/24 financial statements given the combination of the lack of assurance on opening balances as at 1 April 2023 and the time constraints created by the imposition of the statutory backstop date of 28 February 2025. In particular, in order to issue an unmodified audit opinion on the 2023/24 financial statements we would need to rebuild the missing assurance over the preceding two years on which disclaimed audit opinions have been issued. 	<p>Our assessment is that the conditions created by the backstop arrangements mean we are unable to complete all necessary procedures, including rebuilding the missing assurance over the preceding two years on which disclaimed audit opinions have been issued, to obtain sufficient, appropriate audit evidence in line with the requirements of ISAs (UK) to support an unmodified audit opinion for 2023/24.</p> <p>We have therefore determined that we cannot meet the objectives of the ISAs (UK) and have issued a disclaimer of opinion in our auditor's report for 2023/24.</p>



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