

AUDIT AND STANDARDS COMMITTEE

Monday, 10th November, 2025
Time of Commencement: 7.01 pm

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Present:	Councillor Gillian Burnett -Faulkner (Chair)		
Councillors:	Holland Whieldon	Stubbs Lewis	Reece
Apologies:	Councillor(s) P Waring		
Officers:	Craig Turner Anthony Harold	Service Director - Finance / S151 Officer Service Director - Legal & Governance / Monitoring Officer	
Also in attendance:	Councillor Stephen Sweeney	Deputy Leader of the Council and Portfolio Holder - Finance, Town Centres and Growth	

1. APOLOGIES

Apologies were shared as listed above. The Chair welcomed the newly appointed Service Director for Finance (S 151 Officer).

2. DECLARATIONS OF INTEREST

There were no declarations of interest stated.

3. MINUTES OF PREVIOUS MEETING

Resolved: That the minutes of the previous meeting held on 29th September 2025 be agreed as a true and accurate record.

4. AUDITED STATEMENT OF ACCOUNTS 2024/25

The Deputy Leader / Portfolio Holder for Finance, Town Centres and Growth introduced the report on the final Statement of Accounts, External Audit Annual Report and Audit Findings Report for the financial year 2024-25.

The External Auditor (KMPG) reminded members of the procedure in relation to the finalisation and publication of the documents.

Cllr Lewis wondered whether the Council's financial resilience and reserves were sufficient considering the strategic risks that had been outlined.

The External Auditor (KMPG) advised that the audit was looking at processes and arrangements in place to manage risks and that the figures themselves were determined the Council.

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Cllr Lewis also asked if assurance could be given that the Council had the right capacity and governance in place to deliver the capital projects in 2025-26 without further slippage.

The Service Director for Finance (S 151 Officer) responded that a review was currently being undertaken and the situation was much better than that of the previous year. While some delays had to be factored in the projects were on their way to be completed.

Cllr Stubbs enquired about the steps that could be taken to manage the volatility of the collection fund and accurate forecasting and budgeting for the future.

The Service Director for Finance (S 151 Officer) advised that the Council Tax collection fund for 2024/25 was as accurate as it would ever get and that the nature of business rates made that part of the collection fund volatile.

A surplus largely due to a reduction in the appeals provision had been recorded the previous year. This was due to the end of the cycle re-valuations. The surplus that had been generated was paid into a business rates volatility reserve for which a balance was being retained to address volatility and to offset any deficit in future periods.

Cllr Stubbs asked about the governance and risk management processes, including the measures in place to monitor and mitigate the risk as well as the role of the Financial Efficiency Board.

The Service Director for Finance (S 151 Officer) responded that the incomes losses were addressed through both a proportion of the General Fund Reserve as well as an allowance in the MTFS (Medium Term Financial Strategy). The situation was improving and the risks decreasing.

Cllr Reece wondered about the implications of the pension scheme surplus and related liability resulting from the asset ceiling adjustment on the long-term financial planning and potential impact on future contributions.

The Service Director for Finance (S 151 Officer) advised that the pension fund was in a significant surplus position and had enabled the Council to reduce its pension contributions.

Cllr Reece asked how the devolution reorganisation would impact the Council's assets and liabilities.

The Service Director for Finance (S 151 Officer) responded that consultants had been hired and the result of their work would be brought in to Full Council on 19th November.

Cllr Whieldon wished to acknowledge the progress made since the previous year and thank both auditors and the team for their input.

Cllr Lewis enquired about the consequences of the £1.5 million from the business rate reset over the next three year for the Council's financial sustainability and asked what contingencies were in place.

The Service Director for Finance (S 151 Officer) said that the team was currently in the middle of the budget preparation process with the first Draft Savings and Medium-Term Financial Strategy to be delivered shortly to Cabinet and the Finance, Assets and Performance Scrutiny Committee.

Cllr Lewis asked about the recurring underspent in the Capital programme and what steps were being taken to improve the forecasting of delivery and monitoring of projects to ensure budgets were realistic and achievable.

The Service Director for Finance (S 151 Officer) responded that there had been a midyear estimate and that on this occasion the service directors had been asked to review what capital projects they had and when they anticipated the money would be spent in order to profile their spend in the current and future years.

Cllr Stubbs wondered about the partnership with Capital and Centric and how the Council was ensuring that governance arrangements remain robust and that any risks were effectively managed through the delivery life cycle.

The Service Director for Finance (S 151 Officer) said that all projects were subject to a full risk assessment and modelling was undertaken to make sure they were affordable. A regular dialogue with the contractor and legal advisers was also maintained throughout the delivery of projects.

Cllr Stubbs asked what internal controls were in place to ensure timely and accurate updates especially in the light of the material misstatement identified and adjusted in the defined benefit obligation valuation.

The Service Director for Finance (S 151 Officer) advised that there hadn't been any misstatement. An estimated report had been produced for the purpose of issuing the draft statement of accounts on time. The actual report had subsequently followed with adjustments.

It had been agreed that going forward and with the Chair's permission the draft accounts would be submitted to the Committee at the end of June with the actual figures so that an estimate report would not be needed.

Cllr Reece wondered how the Council was ensuring that its small procurement team had sufficient capacity and expertise to manage the increasing volume and complexity of the contracts.

The Service Director for Legal and Governance (Monitoring Officer) commented that additional resources were to be expected in the coming months, with a full-time procurement officer joining the team to work alongside the Council's experienced procurement manager. External input from law firms was also received as required as well as expertise from the County Council.

Cllr Lewis asked what assurance could be provided that the Council had robust internal controls in place to review and validate asset valuations in light of the control deficiency identified around valuation work in papers and formula errors.

The Service Director for Finance (S 151 Officer) responded that the team had both experienced valuers and an experienced property manager who reviewed all of the valuations. Regular meetings were scheduled during the closedown process to review the assumptions made.

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Cllr Reece enquired about steps taken to ensure full compliance with the Council's declaration of interest process given that some member declarations were missing and could impact the completeness of related party disclosures.

The Service Director for Finance (S 151 Officer) advised that a robust process was in place however this relied on information shared by members about their appointments which was correlated with that held by the Companies House.

The Service Director for Legal and Governance (Monitoring Officer) added that it was members' responsibility to do their due diligence in declaring these matters and that members and officers should work together to be as transparent as possible.

Cllr Stubbs asked who was ultimately responsible in case of information not communicated.

The Service Director for Legal and Governance (Monitoring Officer) reiterated that it was a legal obligation for members to declare any interests, adding that failure to do so could result in a criminal inquiry.

Cllr Whieldon supported officers' comments on the importance for members to take responsibility for their own actions and respect the Code of Conduct.

- Resolved:**
1. That the final Statement of Accounts for the financial year 2024/25 be received.
 2. That the External Audit Annual Report for the financial year 2024/25 be received.
 3. That the Audit Findings Report (ISA 260 report) for the financial year 2024/25 be received.
 4. That the issue of the representation letter from the Service Director for Finance (Section 151 Officer) confirming that its responsibilities in connection with the audit of the Statement of Accounts have been met, be agreed.

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5. TREASURY MANAGEMENT HALF YEARLY REPORT 2025/26

The Deputy Leader / Portfolio Holder for Finance, Town Centres and Growth introduced the Treasury Management Half Yearly Report in line with the Treasury Management Strategy approved by full Council in February 2025 and as recommended by the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice.

Cllr Stubbs enquired about the Council's strategy to increase borrowing needs alongside the continuing internal borrowing and short term loans to fund capital programmes.

The Service Director for Finance (S151 Officer) advised that in the medium term the Council would need to borrow externally as well as use internal borrowing which helped to keep the costs down.

Cllr Lewis asked how the Council was preparing to manage potential reductions in investment income.

The Service Director for Finance (S151 Officer) responded that the Council did not currently budget to receive interest income. As borrowing was undertaken interest paid would increase.

Resolved: That the Treasury Management Half Yearly Report for 2025/26 be received.

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6. CORPORATE RISK MANAGEMENT REPORT QUARTER 2 2025/26

The Service Director for Legal & Governance (Monitoring Officer) introduced the Corporate Risk Management Report for quarter 2.

Cllr Stubbs asked how the Council was mitigating the financial and reputational risks associated with delayed Town Deal Projects and notably in Kidsgrove.

The Service Director for Legal & Governance (Monitoring Officer) referred to Appendix A of the report and advised that the risk register was the gold standard for managing risks within the Council. There was also an added level of governance in Kidsgrove with the Town Council.

Cllr Reece wondered what financial provisions or contingencies were in place to manage any legal costs arising from third party legal action in reference to Walleys Quarry.

The Service Director for Finances (S151 Officer) responded that there was still money in a reserve to offset any potential legal costs that might incur with no anticipation for that money to be reallocated anywhere else.

Cllr Lewis asked what assurance could be provided that procurement and contractor appointment processes were robust enough to prevent further delays or failures in project deliveries.

The Service Director for Legal & Governance (Monitoring Officer) advised that the Council had an excellent procurement team working closely and sharing best practice with other authorities in the county along with robust regimes ensuring compliance with procurement processes. On occasions when procurement processes could not be applied, WARN notices were issued as a way of transparency and explanations were provided as required.

Cllr Whieldon expressed her satisfaction at the traffic light system used for risk management which was simple and effective.

Resolved:

1. That there were currently NO risks that are more than 6 months overdue for a review up to end of Q2 2025/26, be noted.
2. That that there had been NO risk level increases, be noted.
3. That there had been 5 new risks added, be noted.
4. That the Corporate Risk Register profile be noted.

5. That officers be advised of any individual risk profiles that the Committee would like to scrutinise in more details at its next meeting.

6. That whilst the likelihood of a risk materialising may be mitigated, the likely impacts may not change, be noted.

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7. INTERNAL AUDIT PROGRESS UPDATE QUARTER 2 2025/26

The Audit Manager (Staffordshire County Council) presented the update report on the Internal Audit Progress for quarter 2.

Cllr Lewis asked what assurance could be provided that the outstanding audit recommendations particularly number 64 not yet implemented were being actively monitored and would be addressed within a reasonable time frame.

The Audit Manager responded that this was part of the internal management. A portal was sending notifications to officers twice a month and the progress made was tracked when meeting with the Service Director for Finance (S151 Officer) with dashboards being currently developed.

Cllr Reece referred to the Cyber Incident Preparedness and Response Effectiveness Final Internal Audit Report and asked what steps were being taken to strengthen the council's cyber resilience and assure a timely implementation of the recommendations that had been made.

The Service Director for Finance (S151 Officer) advised that this would be discussed as a confidential item.

Cllr Stubbs wondered how confident officers felt about the Council's financial controls' robustness and the identification and mitigation of any emerging risks within the financial year.

The Audit Manager responded that the field work was now complete and reports were up-to-date.

Resolved:

1. That the progress against the 2025/26 Internal Audit Plan be noted.
2. That the progress on the implementation of audit recommendations be noted.

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8. WORK PROGRAMME

Resolved: That the work programme be noted.

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9. URGENT BUSINESS

There was no urgent business.

10. DISCLOSURE OF EXEMPT INFORMATION

Resolved: That the public be excluded from the meeting during consideration of the following reports, because it was likely that there would be disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972.

**11. CYBER INCIDENT PREPAREDNESS AND RESPONSE EFFECTIVENESS
CONFIDENTIAL APPENDIX**

Resolved: That the content of the confidential appendix be noted.

**Councillor Gillian Burnett -Faulkner
Chair**

Meeting concluded at 7.56 pm