AUDIT AND STANDARDS COMMITTEE

Monday, 29th June, 2026
Time of Commencement: 7.00 pm

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Present:	Councillor Glenn Tift (Chair)		
Councillors:	SainReiners Lefroy	Saxton Stevenson	Whieldon Holland
Apologies:	Councillor(s) S Tagg		
Officers:	Craig Turner Stephen Heppell	Service Director - Finance / S151 Officer Finance Manager / Deputy S151 Officer	
Also in attendance:	Alex Cannon	Staffordshire County Council KPMG	

1. **DECLARATIONS OF INTEREST**

There were no declarations of interest stated.

2. **MINUTES OF PREVIOUS MEETING**

Resolved: That the minutes of the meeting held on 27 April, 2026 be agreed as a correct record.

3. **PROPOSED ACCOUNTING POLICIES & SOURCES OF ESTIMATION UNCERTAINTY 2025/26**

The Finance Manager / Deputy S151 Officer introduced a report advising Members on the Council's proposed Accounting Policies and the Council's critical judgements in applying those Policies. Also, the Council's assumptions about the future and other major sources of estimation uncertainty that would form part of the 2025/26 Statement of Accounts.

Councillor Holland queried a reference to Appendix D and whether that should be Appendix C. This was confirmed to be the case.

Resolved: (i) That the proposed Accounting Policies that will form part of the 2025/26 Statement of Accounts, be approved.

(ii) That the Council's assumptions made about the future and other major sources of estimation uncertainty that will form part of the 2025/26 Statement of Accounts, be approved.

(iii) That the Service Director for Finance (Section 151 Officer) be given delegated authority to make further changes to the proposed Accounting Policies to reflect the release of new or updated guidance if applicable.

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4. **DRAFT STATEMENT OF ACCOUNTS 2025/26**

The Service Director for Finance/Section 151 Officer introduced a report concerning the financial outturn for 2025/26 which included commentaries on the General Fund outturn, the Balance Sheet, Collection Fund, Capital Programme and the Council's reserves.

Members were advised that the Council had delivered a favourable revenue outturn of £115,000 against the approved budget. The £115,000 had been transferred into the Budget Support Fund to strengthen the Council's financial resilience.

Attention was drawn to paragraphs 2.3 and 2.4 of the report which highlighted positive budget variances and areas where they had been offset.

Councillor Lefroy referred to page 45 of the report, second bullet point from the bottom which began 'To create a *connection*' and queried whether that should be '*collected'*. This was confirmed to be the case. Councillor Lefroy also asked if, at page 89, it could be made clearer what sources of income were being referred to.

Councillor Whieldon stated that it was worth noting how astute the Council had been in reaching the position of being financially sound.

Councillor Saxton, referring to the former Midway Car Park, queried whether the Council would have to buy the building back from Capital and Centric (C&C) if all units were not sold and if that was the case, did the Council have enough money in its reserves to do so.

The Service Director stated that that was not the case. If C&C did not achieve the levels for occupancy which prompted them to buy the building, the Council would have to run the project and have to borrow the funds at that point.

Councillor Saxton asked if a full risk assessment had been carried out as that would be a large amount of money to borrow. It was confirmed that all options were considered.

Councillor Sain-Reiners mentioned the five year plan and asked if there was a further plan, for example a ten year plan.

The Service Director confirmed that as soon as the budget setting process was commenced, the MTFS which looked at medium term (5 years) was produced. This had all the implications of borrowing contained within it.

A full analysis had been carried out ahead of approval of the project and a large amount of external funding had been gained for the project.

Resolved: (i) That the General Fund outturn and key issues in respect of the Council's financial position at 31 March 2026, be noted.

(ii) That the draft Statement of Accounts for 2025/26 for be approved for publication and audit, subject to some wording corrections being made.

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5. **ANNUAL GOVERNANCE STATEMENT 2025/26**

The Service Director for Finance/Section 151 Officer introduced a report seeking approval of the Annual Governance Statement for 2025/26 for inclusion in the financial statements.

The Statement had been prepared using evidence from Service Directors and Managers' Assurance Statements, the work of both Internal and External Audit findings and corporate governance groups.

The Annual Review concluded that the Council's governance framework and system of internal control remained effective and provided reasonable assurance that significant risks were identified and managed appropriately.

Internal Audit had provided a substantial level of assurance over the adequacy of internal controls and the previous years' external audit had provided no significant governance concerns.

Resolved: That the Annual Governance Statement for 2025/26, be approved.

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6. **INTERNAL AUDIT OUTTURN REPORT 2025/26**

Consideration was given to a report looking at the annual report of Internal Audit activity for 2025/26.

The Senior Audit Manager advised that the work carried out through the year had been broken up into three sections.

The table at paragraph 2.5 showed the results of the key financial systems audit, all but Payroll received a positive assurance opinion and the areas for improvement for Payroll were shown at paragraph 2.6.

Paragraph 2.8 showed all other Audit engagements and paragraph 2.11 outline high-level recommendations which had been made.

Due to resource pressures, two audits had yet to be completed and would be processed as soon as possible.

Paragraphs 2.12 to 2.17 summarised the Counter Fraud and Corruption work with further details attached at Appendix 2.

A number of data analytics exercises had been undertaken.

The Senior Audit Manager was pleased to report that, based on the work completed during the year, a substantial assurance opinion could be given on the overall adequacy and effectiveness of the Council's governance, risk management and control framework.

Finally, compliance against the Global and Internal Audit Standards was outlined from paragraph 2.32 and no standards were shown as not being in place. An action plan had been developed to address the few areas that had been assessed as being partially in place but none were significant enough to affect the effectiveness of the Internal Audit standards of service or the annual opinion.

Councillor Lefroy raised concerns about there only being limited assurance on third party excess under 'cyber' and asked what measures had been taken to mitigate against the risks. It was confirmed that those control weaknesses had been addressed.

Councillor Lefroy asked if Internal Auditors were satisfied and had carried out tests to ensure that that was the case. Councillor Lefroy was advised that no immediate follow-ups were done from management responses, but would be taken into account during the year for the annual planning process. Councillor Lefroy asked that that be noted for throughout the year.

Councillor Holland stated that a previous iteration of the Committee had received a detailed report on cyber risk and asked if officers remembered the content of that report. If it was still relevant, would it be worthwhile to share the document confidentially. The Service Director stated that he would be happy to share that, confidentially.

Councillor Whieldon felt that testing should be done sooner rather than later as it could be too late by then. The Senior Audit Manager stated that if that were done, it would require further audit work, creating extra pressure on the Plan. If it was felt that it needed to be put in place it would have to be approved by this Committee.

Councillor Lefroy referred to the paragraph on debt recovery in the table at the bottom of page 141 of the report and asked for assurance that debt recovery was being strengthened. Councillor Lefroy was advised that it was still in a draft reporting stage with findings still ongoing. The Service Director confirmed that the Council had a Debt Recovery Policy which was approved in 2023. Work undertaken on sundry debtors had increased greatly. The Policy had set procedures but they were not always adhered to so work was being carried out to strengthen that.

Resolved: (i) That the outturn report containing the annual internal audit opinion for 2025/26, be received.

(ii) That the 'Substantial' assurance opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework (i.e. the control environment) for the 2025/26 financial year, be noted.

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7. TREASURY MANAGEMENT ANNUAL REPORT 2025/26

The Finance Manager / Deputy S151 Officer introduced a report asking Committee to receive the Treasury Management Annual Report for 2025/26 and to review the Treasury Management activity for that period.

Treasury Management was about how the Council managed its cash, invested surplus funds, managed borrowing and controlled financial risks while ensuring liquidity.

Three key points were made:

- The Council remained compliant with all treasury limits and prudential indicators throughout the year.

- The Council prioritised security of funds with investments made short-term and placed with highly secure counter-parties such as the Debt Management Deposit facility.

- An average return of 3.71% was achieved, generating £231,000 of interest income over the year.

Throughout the year there had been significant economic volatility including global events and inflation uncertainty. At year end, the Council held £4.05m and £8m of borrowing reflecting cash flow and capital programme requirements.

The overriding priority had been the security of the Council's funds.

During 2025/26, treasury activity had been prudent, compliant and aligned with the approved Strategy.

Councillor Lefroy, referring to cash and borrowings, asked if it would be possible in the future to look at a facility with the bank to offset one against the other. The Finance Manager advised that the advice from Arlingclose Ltd was that the Council keep as little as possible in its current account and general fund account, so that was limited to around £1m. At year end, borrowing requirements increase in order to cover everything off. Whilst there was a borrowing of £8m, there were investments of £4.05m. Advisors had not approached the Council regarding offsetting but it was certainly something that they could be asked about.

Resolved: That the Treasury Management Annual Report for 2025/26 be received, ahead of it being reported to Full Council on 30 September 2026.

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8. CORPORATE RISK MANAGEMENT REPORT Q4 2025/26

The Service Director for Finance /Section 151 Officer introduced a report updating the Committee on the current position regarding risk management controls and identified corporate risks.

The final quarter for 2025/26 showed that there were currently no risks that were more than 6 months overdue for a review. There had been no risk level increases or new risks identified. Members' attention was drawn to the Corporate Risk Register that was attached to the report.

Councillor Holland referred to the cyber risk stating that the Council still did not have an insurance policy in place and asked if Members had any particular concerns regarding that element of risk that they would like to see investigated more. The Service Director suggested that, for the next meeting, a report be brought from the Service Director for IT and Digital regarding cyber risk and the insurance around it.

Councillor Lefroy asked for clarification that the Council had no insurance for cyber risk. The Service Director stated that he would find out more details on that matter ahead of the next meeting.

Councillor Holland stated that there was a narrative on page 6 of the risk register, under the action plan, which covered that.

Councillor Lefroy suggested that a cooperative approach across Staffordshire could be considered in order to get a better premium as it was unlikely that authorities would be cyber attacked all at the same time.

Resolved: (i) That it be noted that there were currently NO risks that were more than 6 months overdue for a review up to end of Quarter 4, 2025/26.

(ii) That it be noted that there had been NO risk level increases.

(iii) That it be noted that NO new risks had been added

(iv) That the Corporate Risk Register Profile be noted

(v) That officers be advised of any individual risk profiles that Committee would like to scrutinise in more detail at its next meeting.

(vi) That it be noted that, whilst the likelihood of a risk materialising may be mitigated, the likely impacts may not change.

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9. **WORK PROGRAMME**

Members asked for a report on Local Government Reorganisation and the risks to this Council. The Service Director advised that he would look into the suggestion and liaise with the Chair ahead of the next meeting.

Resolved: That the Work Programme be noted

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10. **URGENT BUSINESS**

There was no urgent business.

Councillor Glenn Tift
Chair

Meeting concluded at 8.02 pm