Please ask for:	Matt Berry
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9 June 2025

Dear Councillor,

Audit & Governance Committee
6:00pm, Tuesday 17 June 2025
Esperance Room, Civic Centre, Cannock

You are invited to attend this meeting for consideration of the matters itemised in the following Agenda.

Training for all Members of the Committee will be taking place from 4:30pm in the Esperance Room. There will be a short comfort break before the formal meeting commences at 6pm.

Yours sincerely,

T. Clegg
Chief Executive

To: Councillors

Hill, J.O. (Chair)
Thornley, S. (Vice-Chair)

Gaye, D.   Hughes, G.
Hill, J.   Johnson, J.

Agenda

Part 1

1. Apologies

2. Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members

To declare any interests in accordance with the Code of Conduct and any possible contraventions under Section 106 of the Local Government Finance Act 1992.

3. Minutes

To approve the Minutes of the previous meeting held on 25 March 2025 (enclosed).

4. VFM Progress Report - Quarter 4 / End of Year for 2024/25

Report of the Head of Transformation and Assurance (Item 4.1 - 4.27).

5. Internal Audit Annual Report 2024-25

Report of the Chief Internal Auditor & Risk Manager (Item 5.1 - 5.25).

6. Updated Strategic Risk Register

Report of the Head of Transformation and Assurance (Item 6.1 - 6.26).

7. Annual Governance Statement 2024-25

Report of the Head of Transformation and Assurance (Item 7.1 - 7.20).

Cannock Chase Council

Minutes of the Meeting of the

Audit and Governance Committee

Held on Tuesday 25 March 2025 at 6:00pm

In the Esperance Room, Civic Centre, Cannock

Part 1

Present:
Councillors

Hill, J.O. (Chair)
Thornley, S. (Vice-Chair)

Gaye, D.   Hughes, G.

30. **Apologies**

Apologies were noted for the S151 Officer.

31. **Declarations of Interests of Members in Contracts and Other Matters and Restriction on Voting by Members**

No Declarations of Interests were made in addition to those already confirmed by Members in the Register of Members' Interests.

32. **Minutes**

Resolved:

That the Minutes of the meetings held on 19 November 2024 and 19 February 2025 be approved.

33. **Value for Money Progress Report - Quarter 3 2024-25**

Consideration was given to the report of the Head of Transformation & Assurance (Item 4.1 - 4.29).

The Head of Transformation & Assurance raised the following points in respect of the report:

- 75% of actions were completed or in progress, nine actions had some slippage.

- The action marked as more than three months being progress was the 'lessons learnt from the implementation of the finance system'. A discussion had been held with the S151 Officer as to whether this recommendation should still be progressed as the system had been in place for circa four years now. It was agreed to still do this work, but would be deferred to quarter 1 2025/26 to allow Finance team to complete the end of year accounts closedown.

- Steady progress was being made overall with various policies having been updated.

- The Finance team was still experiencing capacity issues but had recently managed to recruit two new members of staff.

- The External Auditors would be downgrading the value for money statutory recommendations, so the narrative in future reports would be amended to reflect this, but progress on delivering the action plan would still be monitored and reported to the Committee. The dynamic may change on some actions owing to local government reorganisation, so a separate report would be brought forward to the Committee if any changes were required for approval.

The Head of Housing and Corporate Assets reported that in respect of the housing stock condition survey, 3,000 individual surveys had been completed so far, for which interim analysis was being undertaken. It was still aimed for all the surveys to be completed by the end of quarter 4 2024/25, although the results from these would not be available until at least June.

Resolved:

That the progress at the end of quarter 3 2024/25 in the delivery of the Value for Money Improvement Plan, as set out in report appendix 1, be noted.

34. Internal Audit Update - February 2025

Consideration was given to the report of the Chief Internal Auditor & Risk Manager (Item 5.1 - 5.14).

The Chief Internal Auditor & Risk Manger raised the following points in respect of the report:

- The summary table of audits completed as set out in report paragraph 5.5 showed that the majority had been given a substantial assurance rating, which was pleasing to report.

- Appendix 1 provided an overview of the number of audits completed and in progress for the period 1 April 2024 to 28 February 2025, along with the assurance ratings given for the completed audits and the number of audits issued since the last update was given to the Committee.

- Appendix 2 set out the details of the audits completed between 1 September 2024 to 28 February 2025, with Members attention being drawn to the Tree Management audit which had been given a limited assurance rating for the reasons as set out.

- Appendix 3 listed the audits that were currently in progress.

- Appendix 4 set out details of the follow-up audits completed since the last Committee update. In respect of the Asset Management Strategy & Records second follow-up audit, it was felt that not enough progress had been made to change the assurance rating from limited.

The Head of Housing and Corporate Assets provided the following update in respect of the Asset Management Strategy audit:

- The Corporate Assets team had been carrying vacant posts for some time now, but an advert had been put out yesterday to recruit a Corporate Assets Manager for both Cannock Chase Council and Stafford Borough Council.

- Some asset reviews had been undertaken, including Stile Cop Cemetery and the Coroners Court in Cannock through the appointment of an interim surveyor.

- An Asset Management Strategy had previously been developed but would be reviewed by the new manager as this was one of the actions set out in the value for

money improvement plan. Linked to this, the asset management plans could not be developed until the Strategy was in place.

- o In respect of the Corporate Landlord model, some work had been done to centralise budgets into the Corporate Assets team, but owing to local government reorganisation, a decision would have to be made on whether this model should be implemented fully.

- o Purchase of an asset management system had been looked into but would be expensive to do so and owing to local government reorganisation, had been put on hold as it was not known what systems other councils had in place and they may be more fit for purpose for this Council's needs.

- o All current asset information was saved on a spreadsheet which was continually updated and monitored.

- o £100,000 had been provided to deal with some of the compliance issues, including with the Council's 120 leased buildings which needed to be checked and their compliance records reviewed. This work would help the Council to understand the condition of each building and so provide full sight of the commercial dwellings across the District.

In response to a query from a Member as to why the checks on leased properties could not just be done anyway, the Head of Housing and Corporate Assets advised this was the starting position for the Council and the tenants of those properties were obliged to complete compliance works on their properties under the agreed lease arrangements.

The Chief Internal Auditor & Risk Manager noted it would be helpful for the Internal Audit team if the Committee was happy for the team to have dialogue with the head of service about what actions in the asset management audit should/could still be taken forward, with a focus on any higher level risks that needed to be addressed.

A Member noted that if the Council was going to hand over its assets to whatever new authority was formed following reorganisation, then should it not do so in the best state possible.

The Head of Transformation & Assurance advised that a corporate view had been taken that compliance issues would be addressed across service areas where there was a need to do so, but judgements would be taken on what other actions and/or improvements needed to be made. It was highly unlikely now that the transformation strategy and shared services would be delivered as previously planned, but there was still a commitment to deliver and improve services where able to do so. A report would be submitted to Cabinet on the transformation process and setting out what needed to be done for the Council to be in the best position for transfer to the new authority when that time came.

The same Member then raised that now was the time for the Council to be ambitious and clear things out the way that held it back and set a good platform for moving over to the new authority.

The Chief Internal Auditor & Risk Manger then continued with his presentation of the report:

- The remainder of Appendix 4 set out details of other follow-up audits completed. The outstanding actions in respect of the Wireless Network Security second follow-up audit were nearly complete, so there was nothing of concern to raise with the Committee.

- Appendix 5 listed the remaining audits planned to be undertaken during 2024/25. It was now unlikely this would happen so they would be rolled over into 2025/26. Clarity was however being sought on whether the grant for weekly food waste collections audit was required as no request had been received for this to be done.

In response to a query from a Member on the Payroll audit given previous concerns raised, the Head of Transformation & Assurance advised that a lot of work had been done to resolve the issues with a member of staff in the team being trained to deal with the outstanding actions and ensure they were addressed.

Resolved:

That the progress report be noted.

(The Head of Housing and Corporate Assets left the meeting at the end of this item.)

35. Revised Internal Audit Standards

Presentation from the Chief Internal Auditor & Risk Manager (Item 7).

The Chief Internal Auditor & Risk Manger delivered a presentation on revised internal audit standards which covered:

- Current Position
- New Standards
- Global Internal Audit Standards
- Application Note: Global Internal Audit Standards in the UK Public Sector
- Code of Practice for the Governance of Internal Audit in Local Government
- Internal Audit Mandate
- Other Clarifications in the Code
- '3 Lines' Model

In response to a query from a member as to whether the standards and documents referred to in the presentation could be used to deliver training for the Committee, the Chief Internal Auditor & Risk Manager advised that training was already provided to the Committee at the start of each municipal year, but the standards and documents could be reviewed to see if anything additional could be included in the training.

Resolved:

That the presentation be noted.

36. Internal Audit Plan 2025-26

Consideration was given to the report of the Chief Internal Auditor & Risk Manager (Item 6.1 - 6.7).

The Chief Internal Auditor & Risk Manger raised the following points in respect of the report:

- The Plan had been developed so that the Chief Internal Auditor could be satisfied that enough work had been carried out during the year for an assurance statement to be given as part of the annual report.

- Paragraph 5.12 listed the areas that would be the main focus of internal audit work for 2025/26.

- In producing the plan all resources available had been looked at. The Internal Audit team was fully staffed again which meant the number of available audit days had been increased in the plan. Report paragraphs 5.5 and appendix 1 provided an overview of how the resource would be split across both Cannock Chase Council and Stafford Borough Council.

- The resource allocation for Cannock Chase was higher than for Stafford owing to Cannock Chase having its own housing stock and therefore audits were required to be done in the relevant service areas.

- Appendix 2 listed the services/functions to be audits, grouped broadly according to the corporate objectives of both Councils.

In response to a query from a Member as to whether there were any significant differences in processes and procedures between the two Councils, the Chief Internal Auditor & Risk Manager advised there was because both had been standalone authorities for a long time, but for those services that had been operating on a shared basis for several years worked broadly along the same lines. Some services had not integrated quite as quickly owing to different working arrangements and terms & conditions being in place at both Councils. Work was being done to try and harmonise processes and this should be helped by their being a shared senior management team in place.

The Chief Internal Auditor & Risk Manger then continued with his presentation of the report:

- It was intended to make the plan a more reactive and living document, which would be helped by the Strategic Risk Register being updated on a quarterly basis moving forward and issues being picked up with heads of service to address higher risk areas where able to do so, which may mean items being added to or removed from the plan during the year.

The Head of Transformation & Assurance confirmed that the Committee would receive quarterly progress reports and in future quarterly risk register updates, rather than the half-yearly updates as at present.

The Chief Internal Auditor & Risk Manager advised that the revised plan methodology adopted for 2024/25 had worked well, and so was keen to continue with this approach in the next and future years. Training was also going to be provided to Cabinet and Audit Committee members in 2025/26 on the updated risk management strategy.

Resolved:

That the Internal Audit Plan methodology for 2025-26 be approved.

The meeting closed at 6:56 p.m.

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Chair

VFM Progress Report - Quarter 4 / End of Year for 2024/25

Committee: Cabinet / Audit & Governance Committee

Date of Meeting: 5 June 2025 / 17 June 2025

Report of: Head of Transformation and Assurance

Portfolio: Resources and Transformation

1   Purpose of Report

1.1   To advise Members on the progress in the delivery of the VFM Improvement Plan at the end of Quarter 4 2024-25.

2   Recommendations

2.1   To note the progress made in 2024/25 in the delivery of the VFM Improvement Plan set out at Appendix 1.

2.2   To note the proposals for refocusing the improvement plan for 2025/26 as set out in 5.8.

Reasons for Recommendations

2.3   The information allows Cabinet and the Audit & Governance Committee to ensure that all appropriate steps are being taken to address the findings of the External Auditors and improve the Council's governance arrangements.

3   Key Issues

3.1   The Council's External Auditor's Annual Report (AAR) for 2021/22 and 2022/23, highlighted several significant issues relating to the Council's financial, governance and asset arrangements and made recommendations for addressing these.

3.2   An improvement plan to address the issues was drawn up and approved by the Audit & Governance Committee (7 February 2024) and subsequently by Council (21 February 2024). The improvement plan was subsequently updated with two additional actions arising from the Annual Governance Review for 2023-24.

3.3   This report sets out the progress made up to the end of 2024/25. Of the 50 actions due to be completed, 68% have been completed or are on target.

4   Relationship to Corporate Priorities

4.1   Good governance and financial management specifically links to the Council's priority to be "a modern, forward thinking and responsible Council". It also underpins the delivery of the Council's other corporate priorities and operational services.

5   Report Detail

5.1   As part of the work of the External Auditors, they are required to undertake a review of the Council's arrangements for Value for Money and their finding are set out in the Annual Audit Report for 2021/22 and 2022/23.

5.2   The AAR for 2021/22 and 2022/23 identified several areas of concern relating to the Council's financial, governance and asset arrangements and made recommendations for addressing these. Three statutory recommendations have been made, and these are being progressed as a priority.

5.3   The External Auditors acknowledged that there has been a lack of capacity in key service areas to address these issues. The Council has sought to address this by agreeing additional funds as part of the budget process for the Finance and Transformation Teams. Additional resources have also been approved to address the HRA issues.

5.4   A VFM improvement plan has been produced to address the issues raised in the AAR. The timescales for implementation were revised in discussions with the Council's new External Auditors and approved by Cabinet in November 2024. A commentary on progress for each of the actions up to the end of Quarter 3 2024/25 is set out in Appendix 1. Overall progress is summarised in the table below:

Table 1: Summary of Progress - VFM Improvement Plan

Quarter	★	✔	▲	✖	No longer applicable	Total Actions
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule		
Q4 2023/24	16					16
Q1 2024/25	3			3		6
Q2 2024/25	2			1		3
Q3 2024/25	4	1	3	2	2	12
Q4 2024/25	4	4	5			13
TOTAL	29 (58%)	5 (10%)	8 (16%)	6 (12%)	2 (4%)	50

5.5   At the end of 2024/25 of the 50 actions due for delivery:

•   34 (68%) have been completed or are in progress;

•   14 (28%) of actions are behind schedule; and

•   2 (4%) are no longer applicable/outstanding.

5.6   Steady progress continues to be made in completing the actions set out in the improvement plan. The key achievement in quarter 4 is the publication of the statement of accounts for 2023/24. This means that all of the Council's outstanding accounts have been published in 2024/25, although they have not been audited. All of the actions for quarter 4 (2023/24) through to quarter 2 (2024/25) have now been completed in full. There has been some slippage in quarters 3 and 4 due to ongoing capacity issues within the Finance Team and for the Head of Transformation & Assurance. The proposals for Local Government Reorganisation are also going to have an impact on capacity and the delivery of a number of the actions set out in the improvement plan.

5.7   Housing have continued to make progress with their actions. A Housing Improvement Plan has been developed, and this was approved by Cabinet on 24 April 2025. Work on the stock condition survey is in progress but started later than was planned. It is estimated that this will now be completed by the end of June 2025.

5.8   In preparation for reporting on progress in 2025/26, it is proposed to remove all of the actions that have been completed up to the end of 2024/25 from the improvement plan to allow us to focus on the work that still needs to be done. It is also proposed to re-title the action plan as the Governance Improvement Plan as all of the actions are related to the Council's governance arrangements and indeed many of the External Auditor's recommendations emanated from our Annual Governance Statement. The updated Governance Improvement Plan will be approved as part of the Annual Governance Statement process for 2024/25, and this will allow us to add any actions arising from this year's Annual Governance Review.

5.9   Progress in delivering the actions set out in the improvement plan will continue to be overseen by:

-   The Leadership Team; and

-   Audit & Governance Committee.

The Audit & Governance Committee will escalate any concerns to Cabinet and the Cabinet will also receive periodic updates.

5.10   The actions relating to Housing will also be removed from the Improvement Plan as they have been included in the new Housing Improvement Plan. Progress in delivering the Housing Improvement Plan will be reported to Cabinet, the Housing Board and Health, Wellbeing, and the Community Scrutiny Committee for 2025/26 onwards.

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: VFM Improvement Plan - Summary of Progress.

8   Previous Consideration

None.

9   Background Papers

Report to Audit & Governance Committee 7 February 2024

Contact Officer:	Judith Aupers
Telephone Number:	01543 464 411
Ward Interest:	All Wards
Report Track:	Cabinet: 05/06/25 and Audit & Governance Committee 17/06/25
Key Decision:	No

VFM Improvement Plan - Progress Report

Summary of Progress at 31 March 2025

Quarter	⭐	✓	🔺	❌	No longer applicable	Total Number of Projects
	Action completed	Work on target	Work < 3 months behind schedule	Work > 3 months behind schedule		
Q4 2023/24	16					**16**
Q1 2024/25	3			3		**6**
Q2 2024/25	2			1		**3**
Q3 2024/25	4	1	3	2	2	**12**
Q4 2024/25	4	4	5			**13**
Q1 2025/26						**12**
Q2 2025/26						**11**
Q3 2025/26						**7**
Q4 2025/26						**4**
TOTAL	**29**	**5**	**8**	**6**	**2**	**50 at end of Q4**

Commentary on Progress

Steady progress continues to be made, though there is some slippage due to ongoing capacity issues.

The key achievements in quarter 4 are the publication of the statement of accounts for 2023/24 and the updating of the procurement regulations.

Progress is being made on the stock condition survey, albeit behind schedule. An interim report has been received on the 45% of the stock assessed so far. It is anticipated that the survey will be completed in June 2025.

Two of the actions from Q3 have been changed from being on target to no longer applicable. These relate to the work on transformation. Although considerable work has been undertaken and the transformation strategy has been approved, further work is now under review due to the proposals for Local Government Reorganisation. It is considered that a more modest change programme is likely to be delivered and a report is to be prepared for Cabinet in quarter 1 setting out the revised plans for the future.

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
	QUARTER 4 2023/24					
1.	Financial Sustainability (Statutory Recommendation 1)	Medium Term Financial Strategy for 2024/25 to 2026/27 drafted and approved by Cabinet. Due for approval at Council 21 February 2024. Modelling, assumptions and risk assessment included as part of the budget report. MTFS includes assessment of likely future government funding.	Deputy Chief Executive (Resources) & S151 Officer		Completed	★
3.	Financial Sustainability (Statutory Recommendation 1)	Bring treasury strategy and its reporting to members up to date	Deputy Chief Executive (Resources) & S151 Officer		Completed	★
4.	Financial Sustainability (Statutory Recommendation 1)	Produce draft financial statements in line with statutory requirements and working with external auditors to deliver audits effectively. (Decision to be made on outstanding audits as there is a consultation taking place as to how to clear the backlog of audits nationally at present)	Deputy Chief Executive (Resources) & S151 Officer	This is to be discussed with Azets as to approach	Agreed with GT/Azets not to audit the 21/22 and 22/23 accounts. This is in line with the national statutory dispensation which has been approved by Parliament. The Accounts for both years have been completed and reported to the Audit & Governance Committee (19 November 2024).	★
5 (a)	Financial Sustainability (Statutory Recommendation 1)	Draft accounts published up to 2023/24	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2023/24	The draft accounts for 2021-22 and 2022-23 have been published.	★

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
6.	HRA (Statutory Recommendations 2 & 3)	Appointment of additional senior resource (HRA Recovery Lead) to support the delivery of the HRA action plan and implement recovery actions (starting 26/2/24).	Deputy Chief Executive (Place)		Completed	★
7.	HRA (Statutory Recommendations 2 & 3)	Liaise with other HRA providers to determine best practice to aid our work and use this information to undertake appropriate benchmarking.	Head of Housing and Corporate Assets	Quarter 4 - 2023/24	Completed. Members of HouseMark and annual Benchmarking exercise undertaken. Visit to Wolverhampton Homes and discussions with Housing Plus & WHG across subject areas	★
8.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Provision to be included in the capital programme for 2023/24 and 2024/25 to fund the stock condition survey.	Deputy Chief Executive (Resources) & S151 Officer Head of Housing and Corporate Assets	Completed	Approval as part of budget in February 2024	★
9.	HRA 30 Year Business Plan (Statutory Recommendation 2)	• Review of Housing Register to ensure it is maintained up-to-date • Larger scale review completed in October 2023; and • Ongoing monthly review of application forms on the anniversary of the application form date.	Head of Housing and Corporate Assets Tenancy Services Manager		Completed On-going monthly review letters sent out and applicants removed from the list that do not re-register	★

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
10.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Align the MTFS to the corporate priorities in the Council's Business Plan including the costed climate change actions	S151 Officer and Head of Transformation & Assurance		Completed as part of budget setting 2024/25	★
11.	Risk Management (Key Recommendation 2)	Review of risk management policy and framework - includes review of format of the SRR	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2023/24	Approved by Leadership Team. To be approved by Cabinet on 28 November 2024.	★
12.	Risk Management (Key Recommendation 2)	Review of guidelines on risk implications for committee reports	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2023/24	Approved by Leadership Team.	★
13.	Risk Management (Key Recommendation 2)	Review of risks in annual budget report to be consistent with corporate process	Deputy Chief Executive (Resources) & S151 Officer		Completed	★
14.	IT (Key Recommendation 3)	Implement outstanding recommendation from Cyber and Network Security Audit - staff to complete cyber training	Chief Technology Officer and Information Manager	Quarter 4 - 2023/24	Staff have completed cyber training	★
15.	IT (Key Recommendation 3)	Finalise the change management strategy.	Chief Technology Officer	Quarter 4 - 2023/24	Change Management Strategy has been approved by Leadership Team	★

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
16.	IT (Key Recommendation 3)	Finalise Information Governance Framework	Head of Law & Governance	Quarter 4 - 2023/24	Completed - approved by Cabinet	★
18.	Other Related Actions	Review of Audit Reporting to Leadership Team and escalation protocols	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 2023/24	Completed - quarterly progress reports to be discussed at Leadership Team	★
	QUARTER 1 2024/25					
19.	Financial Sustainability (Statutory Recommendation 1)	Restructure of the Finance Team and creation of additional capacity	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2024/25	Restructure agreed.	★
22.	HRA 30 Year Business Plan (Statutory Recommendation 2)	A review of the stock condition survey work undertaken to date will be used to help inform investment and the programme of works.	Head of Housing and Corporate Assets

Housing Property Services Manager | Quarter 1 - 2024/25 | • Rapleys initial survey report has been shared with Savills who have presented initial basis of HRA business plan May 2024.

• Stock Condition survey work by Rapleys commenced but started later than planned. Currently discussing the data outcomes as an adequate volume of data now received. Rapleys to provide final batch of data by end of Quarter 1 2025/26. | ✖ |

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
23.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Procurement of contractor to deliver the stock condition survey. Award notice planned for February 2024 with contractor to start March.	Head of Housing and Corporate Assets Housing Property Services Manager	Quarter 1 - 2024/25	Final Version of contract agreed August 2024 and signed by Rapleys	⭐
23 (a)	HRA 30 Year Business Plan (Statutory Recommendation 2)	Delivery of the stock condition survey	Head of Housing and Corporate Assets Housing Property Services Manager	• 10% by end Q2 • 50% by end of Q3 • 100% by end of Q4	Rapley commenced survey work with batch 1 & 2 surveys totaling 878 homes Delayed start of October 24 when contracts were finally signed. Rapleys have achieved 45% at the end of Q4 and it is estimated that the survey will be completed in June (Q1 25/26). See action 70 for further details.	❌
24.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Review and update of the Housing Allocations Policy. Consultation complete, Policy going to Cabinet in March 2024 with implementation in April 2024.	Head of Housing and Corporate Assets Tenancy Services Manager	Quarter 1 - 2024/25	Completed. Approved at Cabinet 28 March 2024. Implementation Phase commenced.	⭐

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
25.	HRA Compliance (Statutory Recommendation 3)	Regular inspections of properties and blocks will continue to be undertaken and will be reported to Housing Board and Cabinet. This includes gas safety, electrical safety, asbestos, water hygiene and fire safety.	Head of Housing and Corporate Assets Housing Property Services Manager	Quarter 1 - 2024/25	Regular Inspections of properties and Blocks in HRA continue to be undertaken and recorded. KPIs included in quarterly corporate performance reports to Cabinet and Scrutiny Committee and will be reported to Housing Board from Q1 25/26. Work continues to obtain Compliance Documentation from Shop Leaseholders - 17 occupied units in 4 blocks. Recruitment process underway for additional compliance (Building Safety) staff resources. All new posts and vacancies expecting to be filled in Q1 2025-26. Additional Building Safety operative posts will carry out the internal inspections and remediate where possible.	❌
	QUARTER 2 2024/25					
32.	Financial Sustainability (Statutory Recommendation 1)	Commence recruitment to new Finance team structure	Deputy Chief Executive (Resources) & S151 Officer and Deputy S151 Officer	Quarter 2 - 2024/25	Recruitment for 2 senior posts was unsuccessful. The team are now reviewing the future needs of the department and considering whether trying to recruit to these posts again would be the best course of action. Recruitment for 2 finance business partner posts has been successful; one has commenced their employment and the other starts on 14 April.	⭐

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
38.	HRA (Statutory Recommendations 2 & 3)	A review is to be undertaken of existing systems and processes in the HRA and General Fund to align them to ensure that we have a standardised approach to building safety inspections.	Head of Housing and Corporate Assets Housing Property Services Manager Corporate Assets Manager	Quarter 2 - 2024/25	Savills were commissioned to undertake a review of HRA compliance systems and processes. 4 new posts have been recruited to in the HRA to undertake the compliance checks. The TIO system has been installed in communal blocks. The Compliance checks within the Corporate Assets Team are complete and we haven't yet aligned the approaches across the two teams.	❌
51.	Other Related Actions (from AGS 2023-24)	Review of project management arrangements and project planning for the delivery of the town centre schemes.	Head of Economic Development & Planning	Quarter 2 - 2024/25	Additional interim consultancy resource has been appointed to support the programme management of the town centre regeneration project. Board meetings, steering groups and weekly project team meetings have been re-established; with regular review of project plans.	⭐
	QUARTER 3 2024/25					
2.	Financial Sustainability (Statutory Recommendation 1)	Capital Strategy to be updated in accordance with the revised Prudential Code.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	The capital strategy was submitted to Council for approval in February 2025.	⭐

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
20.	Financial Sustainability (Statutory Recommendation 1)	Regular performance monitoring to be re-established with budget managers and Leadership Team.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	Period 6 monitoring for 2024-25 has been completed and has been reported in the budget setting report for 2025/26.	▲
21.	Financial Sustainability (Statutory Recommendation 1)	Reporting on the delivery of savings to be established and discussed at Strategic Leadership Team meetings. Where appropriate, project plans will be developed to support the delivery of significant/complex savings.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	The savings will be reported on as part of budget monitoring from 2025/26.	▲
27.	IT (Key Recommendation 3)	Update IT security policy and adopt a cyber security policy	Head of Transformation & Assurance and Chief Technology Officer	Quarter 3 - 2024/25	The policy has been reviewed and is to go to Leadership Team for approval in May 2025.	▲
28.	IT (Key Recommendation 3)	Provide refresher training to ensure compliance with process for 3rd party data transfers and completion of privacy impact assessments	Chief Technology Officer and Information Manager	Quarter 3 - 2024/25	The Data Transfer Policy has been reviewed. The refresher training has been delivered.	★
29.	IT (Key Recommendation 3)	Complete the IT strategy	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	Completed. Approved by Cabinet 28 November 2024	★

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
31.	HR related issues (Improvement Recommendations 1 and 2)	Complete review of hybrid working. This will inform the development of the workforce strategy and the review of the Code of Conduct as well as support the development of an asset strategy.	Head of Transformation & Assurance and HR Manager	Quarter 3 - 2024/25	A report has been drafted and is still with the Head of Service for review. Progress on this has slipped again due to work on the Local Government Reorganisation submission taking precedence. The report will now be presented to Leadership Team in Q1 2025/26	❌
33.	Financial Sustainability (Statutory Recommendation 1)	Lesson learnt exercise to be undertaken of implementation of the finance system	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	Work on this has been deferred due to the ongoing capacity issues in the Finance Team and the need to prepare the budget. It has now been rescheduled for Q1.	❌
34.	Financial Sustainability (Statutory Recommendation 1)	Training of managers in budget management and use of the new finance system.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	The first session has been delivered to Leadership Team. The sessions with managers will be delivered during Q1 25/26.	✔️
46.	Performance Management (Key Recommendation 5)	Establish corporate project resources to support transformation work (funding allocated in 2024/25 budget)	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25	The team structure was approved as part of the report to Cabinet on the Transformation Strategy (5 December 2024). However, this work is under review in light of the Local Government Reorganisation (LGR) proposals. A report will be prepared for Cabinet's consideration in Q1 2025/26.	N/A

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
55.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Process to be established for developing savings options - this will comprise a service reduction programme and a service transformation/ efficiency programme. Initial steps for both: • a discussion with the Cabinet after the May elections to review priorities and key projects. • engagement with Heads of Service and Service Managers to review current service levels for statutory and discretionary services (to include high level benchmarking) - this will be a pre-cursor to bringing the services together and establish the baseline for service transformation (this will build on the initial work done on SLAs). • Range of options for service reduction and efficiency savings/ transformation. Service Reduction: • Savings options to be assessed for impact and deliverability and discussed with Cabinet. • Range of options to be refined and consultation exercise to be undertaken with public and partners where relevant. • Outcome of consultation to be used to inform savings options to be progressed as part of development of budget.	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25	A review of key priority projects has been undertaken, and this was approved by Cabinet on 24 October 2024. A transformation strategy and plan has been developed. This was approved by Cabinet on 28 November 2024. The report also sets out the proposals for creating a transformation team. As referred to above, the work on Transformation is under review in light of LGR.	N/A

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
		Transformation: • Transformation options to be assessed and added to transformation programme for prioritisation. Will need to consider any investment required to deliver savings/service improvements; resourcing to deliver the changes, etc • Project Manager and Project support officer to be recruited to support delivery of transformation programme, funding allocated in budget 2024/25 to fund posts. • Training of managers and key officers in transformation techniques.				
82.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Review current corporate plan and priorities to determine if an update is required and if so, engage with stakeholders as appropriate	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance		Interim review of corporate plan completed. Priorities remain unchanged but underpinning projects have been revised. Report to Cabinet 24 October 2024.	★
	QUARTER 4 2024/25					
5 (b)	Financial Sustainability (Statutory Recommendation 1)	Draft accounts published up to 2023/24	Deputy Chief Executive (Resources) & S151 Officer	Quarter 4 - 2024/25	The draft accounts were published on 16 January 2025.	★
17.	Procurement and Contract Management (Key Recommendation 7)	Update the contracts register and ensure it is compliant with transparency requirements	Head of Transformation & Assurance and Leadership Team	Quarter 4 - 2024/25	Work on this has slipped and will now commence in Q1.	▲

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
26.	Risk Management (Key Recommendation 2)	Training for Leadership Team, managers, team leaders/principal officers on risk management	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2024/25	Risk management training and workshops completed with Leadership Team and dates arranged for workshops with managers.	✔️
30.	HR related issues (Improvement Recommendations 1 and 2)	Establish our culture, values and type of organisation we want to be. This work will inform the following actions	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 4 - 2024/25	Put on hold pending further discussion in light of Local Government Reorganisation. Considering a light touch approach.	🔺
37.	HRA (Statutory Recommendations 2 & 3)	Set up the new Housing Board to enhance governance and oversight of delivery of the improvement plan. The Board will comprise: • The Deputy Chief Executive - Place; • Head of Housing & Corporate Assets; • Cabinet Member for Housing; • Shadow Cabinet Member for Housing; • Tenant representatives from across the District; and • independent person with housing expertise.	Deputy Chief Executive (Place) Head of Housing and Corporate Assets	Quarter 4 - 2024/25	Board set up approved by Cabinet. An initiation meeting has been held, as well as a tour of the district, during Q4. Calendar of meetings for 2025/26 arranged.	⭐

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
40.	HRA Compliance (Statutory Recommendation 3)	A review of compliance against the housing consumer standards (July 2023), has been undertaken and an action plan is to be developed from this which will improve tenant engagement. A residents engagement officer post has been established.	Head of Housing and Corporate Assets Strategic Housing Manager	Quarter 4 - 2024/25	Housing Services Improvement Plan (HSIP) contains the arising actions. The HSIP will be delivered across 2025/26 onwards. Resident Engagement post is currently being covered by a secondment, following previously appointed post holder leaving.	★
43.	IT (Key Recommendation 3)	Develop assurance reporting for IT e.g. report on outcome of annual health check / penetration testing to Leadership Team and Audit Committee.	Head of Transformation & Assurance and Chief Technology Officer	Quarter 4 - 2024/25	Work has commenced on the IT Assurance report, and this will be reported to Leadership Team in May and the Audit Committee in June 2025.	✔
44.	IT (Key Recommendation 3)	Review of what we include in procurements re ICT controls and information governance	Head of Transformation & Assurance, Chief Technology Officer, Head of Law & Governance and Information Manager	Quarter 4 - 2024/25	Work is in progress and will be completed in Q1	✔
47.	Performance Management (Key Recommendation 5)	Review of all projects, the current governance arrangements and establish project reporting to Leadership Team	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 4 - 2024/25	Work on this has not yet commenced - review to be undertaken in Q1 to set the framework for 2025/26.	▲

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
48.	Procurement and Contract Management (Key Recommendation 7)	Review and update the Procurement Regulations	Deputy Chief Executive (Resources), Head of Transformation & Assurance and Head of Law & Governance	Quarter 4 - 2024/25	Completed. Revised Procurement Regulations approved by Council 11 February 2025.	★
49.	Procurement and Contract Management (Key Recommendation 7)	The key elements of the procurement strategy will be built into the procurement regulations rather than as a stand-alone document.	Head of Transformation & Assurance	Quarter 4 - 2024/25	Completed as part of the review of the Procurement Regulations.	★
70.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Undertake a full stock condition survey. • An approach to delivering the full stock condition survey has now been developed with the contractor on a phased basis. • Performance and programme delivery to be monitored on monthly and quarterly basis and reported to Housing Board.	Head of Housing and Corporate Assets Housing Property Services Manager	Quarter 4 - 2024/25	Stock Condition Survey project is progressing well but has been extended due to mobilisation delays. Project extended and to be complete by June 2025. Two batches of data have been provided by Rapleys with a final batch to be provided by June 2025. Planning for a new role of Data and Energy Officer to manage the data from the stock condition survey. An interim report has been provided by Rapleys setting out what the data looks like so far and the trends.	▲

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
72.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Development of a place-based housing strategy, working in conjunction with key partners. This will be part of a longer-term project to understand the needs of the area and our tenants. It will also link in with the Local Plan process. • Housing Needs Assessment completed. • SHLAA and Brownfields register completed. • Draft Local Plan has well informed evidence base (proposed submission Summer 2024).	Deputy Chief Executive (Place) Head of Wellbeing Head of Housing and Corporate Assets Head of Economic Development & Planning	Quarter 4 - 2024/25	Strategy brief ready to go out to procurement, this was delayed as an opportunity to do the work in house was explored but unfortunately didn't come to fruition.	▲
	QUARTER 1 2025/26					
35.	Financial Sustainability (Statutory Recommendation 1)	Review of Financial Regulations	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2025/26		
41.	Risk Management (Key Recommendation 2)	Develop risk registers for each Directorate, the HRA and ICT	Deputy Chief Executive (Resources), Deputy Chief Executive (Place), Head of Housing & Corporate Assets and Head of Transformation & Assurance	Quarter 1 - 2025/26		

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
42.	Risk Management (Key Recommendation 2)	Establish escalation process between other risk registers and the SRR e.g. services, projects	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
50.	Procurement and Contract Management (Key Recommendation 7)	Provide training for managers on procurement and contract management	Head of Transformation & Assurance	Quarter 1 - 2025/26		
57.	Fraud (Key Recommendation 4)	Review Anti-Fraud & Bribery Policy	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
58.	Fraud (Key Recommendation 4)	Review of Confidential Reporting Policy	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
59.	Fraud (Key Recommendation 4)	Assess compliance against Cipfa 2014 Code for Fraud and develop an action plan as necessary	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
74.	Performance Management (Key Recommendation 5)	Develop and adopt a performance management framework to establish golden thread from Corporate Plan to service plans through to employee reviews. Framework to include protocols for ensuring data quality	Head of Transformation & Assurance	Quarter 1 - 2025/26		
75.	Performance Management (Key Recommendation 5)	Review our performance report style - delivery plans and KPIs. To consider the development of performance outcome measures	Head of Transformation & Assurance	Quarter 1 - 2025/26		

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
76.	Performance Management (Key Recommendation 5)	Performance reporting for waste and leisure: • review of KPIs for monitoring and reporting on performance; • establish internal validation process of contract performance; and • review information reported to Cabinet / Scrutiny	Head of Transformation & Assurance, Head of Operations and Head of Wellbeing	Quarter 1 - 2025/26		
77.	Other Related Actions	Review of Code of Governance.	Head of Transformation & Assurance	Quarter 1 - 2025/26		
79.	Fraud (Key Recommendation 4)	Review the information we report on fraud work (including data matching) to the Audit Committee.	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
	QUARTER 2 2025/26					
36.	Financial Sustainability (Statutory Recommendation 1)	Training for managers on Financial Regulations.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2025/26		
39.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Comprehensive external HRA review to be undertaken including Health & Safety (Compliance) and HRA Business Plan & Capital Investment.	Head of Housing and Corporate Assets	Quarter 2 - 2025/26		

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
45.	Performance Management (Key Recommendation 5)	Establish a Corporate Project Management Methodology. Provide templates, guidelines, and training for key officers (LT, Service Managers and key Principal Officers / Team Leaders).	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2025/26		
53.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Review of HRA reserves to fund planned maintenance, compliance and works arising from the stock condition survey	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2025/26		
56.	Corporate Savings & Transformation Programme (Key Recommendation 1)	Consultation and engagement to be embedded into the planning for the delivery of key projects where appropriate to ensure schemes meet community needs eg regeneration projects, redevelopment of play areas	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2025/26		
64.	HR related issues (Improvement Recommendations 1 and 2)	Develop a hybrid working policy and review other related policies and processes.	Head of Transformation & Assurance and HR Manager	Quarter 2 - 2025/26		
68.	Financial Sustainability (Statutory Recommendation 1)	Implementation of remaining module of the finance system, ongoing development and maximising use of system functionality	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2025/26		

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
69.	Financial Sustainability (Statutory Recommendation 1)	Performance reporting for Cabinet and Scrutiny to be developed. This will be done alongside the review and development of performance and risk reporting.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2025/26		
71.	HRA 30 Year Business Plan (Statutory Recommendation 2)	As stock condition data increases a rolling programme of improvements will be developed and reported on to the Housing Board.	Head of Housing and Corporate Assets Housing Property Services Manager	Quarter 2 - 2025/26		
73.	Fraud (Key Recommendation 4)	Assess fraud risks and include in risk registers as appropriate	Chief Internal Auditor & Risk Manager and Leadership Team	Quarter 2 - 2025/26		
78.	HRA 30 Year Business Plan (Statutory Recommendation 2)	Revision of the 30-year business plan, informed by results of the stock condition survey and housing needs assessment: • Business plan to be updated on a rolling basis as stock condition data increases. • Business plan review to be undertaken on a quarterly basis. • HRA recovery lead to develop and roll out training for housing staff on business plan and assumptions. • Develop HRA asset management strategy.	Head of Housing and Corporate Assets HRA recovery lead Deputy Chief Executive (Resources) & S151 Officer Deputy Chief Executive (Place)	Quarter 2 - 2025/26		

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
	QUARTER 3 2025/26					
52.	Financial Sustainability (Statutory Recommendation 1)	Follow-on zero-based budgeting session with managers to continue work started as part of the 2024/25 budget setting process	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2025/26 for 2026/27 budget setting		
54.	HRA Compliance (Statutory Recommendation 3)	A full review will be undertaken of all records and information held to data cleanse and identify gaps/ weaknesses in the data held. All records will be held electronically so that there is one version of the data record. An on-going reconciliation will be undertaken of the HRA asset register to the health and safety checks completed, compliance data and other inspections. Options for a new single asset register compliance system will be explored.	Head of Housing and Corporate Assets All Housing Service Managers	Quarter 3 - 2025/26		
60.	HRA and Corporate Asset Management (Key Recommendation 6)	A Corporate asset management strategy is in place and an action plan will be developed.	Head of Housing and Corporate Assets Corporate Assets Manager	Quarter 3 - 2025/26		
62.	Procurement and Contract Management (Key Recommendation 7)	Work with managers and the County's Procurement Team to develop a procurement pipeline	Head of Transformation & Assurance and Leadership Team	Quarter 3 - 2025/26		

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
63.	Procurement and Contract Management (Key Recommendation 7)	Process to be established for publication of key data on the Council's website to meet transparency requirements re spend data, contracts register	Deputy Chief Executive (Resources) & S151 Officer

and Head of Transformation & Assurance | Quarter 3 - 2025/26 | | |
| 65. | HR related issues (Improvement Recommendations 1 and 2) | Review and update the Employee Code of Conduct | Head of Transformation & Assurance

and Head of Law & Governance | Quarter 3 - 2025/26 | | |
| 67. | Other Related Actions (from AGS 2023-24) | Review of Scheme of Delegations as part of shared services transformation. | Monitoring Officer and

Leadership Team | Quarter 3 - 2025/26 | | |
| | **QUARTER 4 2025/26** | | | | | |
| 61. | HRA and Corporate Asset Management (Key Recommendation 6) | A full review will be undertaken of all records and information held to data cleanse and identify gaps/ weaknesses in the data held. All records will be held electronically so that there is one version of the data record. An on-going reconciliation will be undertaken of the corporate asset register to the health and safety checks completed, compliance data and other inspections. | Head of Housing and Corporate Assets

Corporate Assets Manager | Quarter 4 - 2025/26 | | |

No	Theme	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
66.	Other Related Actions	Establish an inventory of key policies and a programme of periodic reviews	Leadership Team	Quarter 4 - 2025/26		
80.	HR related issues (Improvement Recommendations 1 and 2)	Development of a workforce strategy that links to long term transformation / shared services	Head of Transformation & Assurance and HR Manager	Quarter 4 - 2025/26		
81.	Other Related Actions	Development of Assurance Model	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2025/26		

Internal Audit Annual Report 2024-25

Committee: Audit & Governance

Date of Meeting: 17 June 2025

Report of: Chief Internal Auditor & Risk Manager

1   Purpose of Report

1.1   To present the Internal Audit Annual Report for 2024-25

2   Recommendations

2.1   That the Committee notes the Internal Audit Annual Report.

Reasons for Recommendations

2.2   The Chief Internal Auditor is required to present an annual report to the Audit Committee setting out a summary of the work they have carried out in the year and an opinion on the

3   Key Issues

3.1   Based on the work undertaken during the year and the implementation by management of the audit recommendations, Internal Audit can provide Limited Assurance that the Council's framework of governance, risk management and internal control was operating adequately during 2024-25

4   Relationship to Corporate Priorities

4.1   The framework of governance, risk management and internal control is a key element of the Council's corporate governance arrangements which cuts across all corporate priorities.

5   Report Detail

Assurance

5.1   Management are responsible for the framework of governance, risk management and internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit review, appraise and report on the effectiveness of the framework of governance, risk management and internal control

5.2   The Internal Audit Annual Report (attached as Appendix 1 is the culmination of the work of the Section during the course of the year and seeks to:

- provide an opinion on the adequacy of the framework of governance, risk management and internal control

- comment on the nature and extent of significant risks; and

- report the incidence of significant control failings or weaknesses.

5.3   Work completed since the last progress update has not previously been presented to committee and this is included in Appendix 1.

5.5   The Internal Audit Annual Report is one of the sources of assurance that is used to support the Council's Annual Governance Statement. The Annual Audit Opinion given in the report is based on the work of the Internal Audit section and other information that the Chief Internal Auditor & Risk Manager is aware of such as performance and risk management information and awareness of other work such as the delivery of projects.

5.6   The Annual Audit Opinion for 2024-25 is **limited assurance** that the Council's framework of governance, risk management and internal control was operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy. The opinion continues to take into account the findings set out in the External Auditor's Value for Money report for 2021-22 and 2022-23. The VFM report re-iterated the findings of Internal Audit and also cited the lack of progress made by management to implement Internal Audit recommendations.

Internal Audit's Performance

5.7   The Audit team completed 70% of the planned work which is below the annual target of 90%; furthermore, a small number of additional audits had been started but not completed by the end of the year and will be rolled forward into 2023-24. Whilst the number of new audits has fallen the section spent significantly more time following-up on the implementation of previous years recommendations and reevaluating assurances in the year in total 29 audit areas were followed up covering 124 recommendations. This has reduced the time for new audits to be completed.

Review of the Effectiveness of Internal Audit

5.8   The Annual Report contains a summary of the outcome of the Review of Internal Audit and the associated action plan.

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 - Summary of Significant Findings March Audits

Appendix 2 - Internal Audit Annual Report for 2024-25

8   Previous Consideration

None

9   Background Papers

File of work held by the Chief Internal Auditor & Risk Manager

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464 415

Report Track: Audit & Governance Committee: 17/06/25

| Internal Audit | March Progress Report 2024-25 |

Appendix 1

Summary of Significant Findings for Audits Issued in March 2025

Audit Reports Issued in March 2025

Audit	Head of Service	Number of High/Medium Recommendations	Assurance	Comments & Key Issues
Tree Preservation Orders	Operations	3	Partial	Key findings relate to - • Evidence of the notice being served was not always on file • Health & Safety Risk Assessments could not be located • Procedures need to be updated and documented.
Website Security	Transformation & Assurance	1	Partial	The recommendation related to the need to perform regular programmed vulnerability scans of the network.
BACS Security and Processing	DCE (Resources)	0	Substantial	

Audit Follow-ups Completed in March 25

Audit	Head of Service	Original Assurance	Implemented	In Progress	Not Implemented	Total	Revised Assurance	Comments
Climate Change	Regulatory Services	Limited ❗	1	5	0	6	Partial 🔺	The key outstanding issues relate to: • Need to produce updated action plans • Actions should be SMART and consider project that could be used to deliver the action • Owners should be assigned to all actions • The working group needs to be reviewed • A frequency for progress updates should be agreed
Utilities Management (4th Follow-up)	Housing & Corporate Assets	Partial 🔺	0	0	6	6	Partial 🔺	No progress has been made since the report was issued in 2020. The key outstanding issues are: • An energy management strategy is required • Procedure documentation is required • Targets for energy reduction are required • An action plan is needed to deliver the Energy Management Strategy • Targets should be set an monitored • Consideration of actions to identify and implement utility cost reductions.

Internal Audit								**March Progress Report 2024-25**

Audit	Head of Service	Original Assurance	Implemented	In Progress	Not Implemented	Total	Revised Assurance	Comments
CDM Compliance (2nd Follow-up)	Housing & Corporate Assets	Partial ▲	2	0	1	3	Partial ▲	The outstanding action relates to the need for a CDM Framework/Policy setting out the Council's approach to deliver its responsibilities under the Construction (Design and Management) Regulations
IT Resilience	Transformation & Assurance	Partial ▲	6	0	0	6	Substantial ✓	
Risk Management	Transformation & Assurance	Partial ▲	5	0	0	5	Substantial ✓	

Cannock Chase District Council Internal Audit Annual Report 2024-25

June 2025

working together

INTERNAL AUDIT – ANNUAL REPORT 2024-25

CONTENTS

INTERNAL AUDIT – ANNUAL REPORT 2024-25

1.   INTRODUCTION

1.1   The Internal Audit Service is a shared service with Stafford Borough Council. This report highlights the work carried out by Internal Audit to deliver the Annual Audit Opinion for Cannock Chase District Council.

The Annual Reporting Process

1.2   Internal Audit is an assurance function that primarily provides an independent and objective opinion to the Council on its governance arrangements, comprising of risk management and internal control. Internal Audit objectively examines, evaluates and reports on the adequacy of the Council's governance arrangements as a contribution to the proper, economic, efficient and effective use of resources. Responsibility for governance rests fully with Managers, who should establish and maintain an adequate system of internal control to enable them to discharge their responsibilities and to ensure that the Council's resources are properly applied in the manner and on the activities intended.

1.3   This report is the culmination of the work of the Internal Audit Section during the course of the year and seeks to:

- provide an opinion on the adequacy of the control environment;
- comment on the nature and extent of significant risks; and
- report the incidence of significant control failings or weaknesses.

1.4   It provides a summary of the work of the Section throughout 2024-25. As such it presents a snapshot picture 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 any relevant areas where significant weaknesses have not been addressed by managers to the attention of the Audit & Governance Committee if and when it is deemed appropriate.

1.5   Internal Audit has adopted an exception based reporting methodology, as such only those areas where weaknesses have been identified are reported on.

Mandate for Internal Audit

1.6   The requirement for an Internal Audit function derives from local government legislation, including section 151 of the Local Government Act 1972 which requires authorities to "make arrangements for the proper administration of their financial affairs". Proper administration is interpreted in this legislation to include Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that a relevant body must "undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance".

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INTERNAL AUDIT – ANNUAL REPORT 2024-25

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Review of Internal Audit

1.7   A review of Internal Audit has been undertaken within the year as part of the Quality Assurance and Improvement Programme as required by the Public Sector Internal Audit Standards.

1.8   The Chief Internal Auditor has conducted a self-assessment of the section in relation to compliance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note (LGAN); and

1.9   The review has also started to consider the revised Global Internal Audit Standards (UK Public Sector) which come into force for the Council from 1st April 2025 and conformance with the new standards will be required as part of the review for 2025-26.

1.10   As previously reported an External Quality Assessment (EQA) was carried out in Autumn of 2022 by Business Risk Management Ltd. The outcome of the review and the agreed action plan was presented to the Audit & Accounts Committee on 16th November 2022. The view of the EQA Assessor was that "The Internal Audit Shared Service is delivering to a standard that generally conforms with the Public Sector Internal Audit Standards with the service demonstrating a high standard of delivery within its peer group". In line with the standards a new External Quality Assessment will be required in 2027.

1.11   The review concluded that Internal Audit is effective and conforms sufficiently with the requirements of PSIAS/LGAN to ensure that the opinion given in this Annual Report can be relied upon for assurance purposes. Where actions have been identified these are attached in Appendix 3 at the end of this report.

1.12   One ongoing area of significant non-conformance with the standards was identified and this relates to PSIAS 1110 Organisational Independence. The standards require the "Chief Audit Executive" to report functionally to the Board and indicate that this includes the Audit Committee Chair and Chief Executive commenting on the Performance Development Review and the Audit Committee setting remuneration for the "Chief Audit Executive".

1.13   This is not a common practice in Local Government where Members do not routinely get involved in detailed employment matters. It is felt that sufficient other safeguards to the independence of Internal Audit are currently in place within the Council such as allowing the Chief Internal Auditor the unfettered right of access to the Audit Committee Chair and Chief Executive to raise any concerns. However, following the EQA in 2022 the Head of Transformation & Assurance has agreed that she would contact both Audit Committee Chairs and have a conversation with them to seek their views in advance of undertaking the Chief Internal Auditor's PDR.

1.14   It is considered that this area of non-conformance does not compromise the effectiveness of Internal Audit but PSIAS/LGAN requires it to be disclosed in the Annual Audit Report. The new GIAS (UK Public Sector) which come into force from 1st April 2025 make allowances to recognise this sectoral issue and there will no longer be a requirement to declare it as a non-conformance for 2025-26 onwards.

INTERNAL AUDIT – ANNUAL REPORT 2024-25

1.15 In order to ensure the quality of each audit, the Senior Auditor, the Principal Auditor or the Chief Internal Auditor carries out a file review for each audit prior to the reports being issued. The Chief Internal Auditor also reviews and signs-off every report before it is issued. These processes form part of the internal quality assurance process and helps to provide a consistent approach between the auditors.

1.16 As part of the Review of Internal Audit a Satisfaction Survey was issued to Managers and Heads of Service. A total of 6 responses were received covering approximately 16% of Managers, this is a slight fall on the 16 responses received for 2023-24. The majority of the questions were consistent with those asked in the 2023-24 survey to allow for trends to be considered. The results of the survey questions are set out below:

Question	2024-25 Average Score (out of 5)	2023-24 Average Score (out of 5)	2022-23 Average Score (out of 5)	Trend
How satisfied are you with the support that you get from Internal Audit?	4.83	4.25	4.2	↑
How satisfied are you that work of Internal Audit Reports adds benefit to your management of the services that you deliver	4.5	4.19	4.2	↑
Do you agree that Internal Audit recommendations are realistic and relevant to the operation of your service	4.5	4.31	4.2	↑

1.17 Whilst the drop in the number responses is unfortunate it is pleasing to be able to report an improvement in the scores for. The overall average scores continue to show an overall high level of satisfaction in the Internal Audit service provided to management.

2. REVIEW OF CONTROL ENVIRONMENT

How the Control Environment is Reviewed

2.1 Internal Audit operates to a risk based audit plan. The audit plan is risk assessed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk.

2.2 This risk based approach to audit planning results in a comprehensive range of audits being undertaken during the course of the year to support the overall opinion on the control environment.

2.3 The Audit Plan for 2024-25 continued the shift in focus away from a plan based solely on the Audit Universe to a totally risk focused plan..

2.4 It is believed that sufficient work has been undertaken on which to provide an opinion.

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Internal Audit Opinion for 2024-25 and the Annual Governance Statement (AGS)

2.5   Regulation 3 of the Accounts & Audit Regulations 2015 require that the Council:-

"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.

2.6   In addition regulation 6 of the Accounts and Audit Regulations 2015 requires that the Council:-

"must, each financial year—
(a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and
(b) prepare an annual governance statement;"

2.7   Internal Audit has a responsibility to provide assurance from the work they undertake during the year in respect of the control environment operating within the Council to feed into this review.

2.8   The results of internal audit work this year has again seen an increase in the number of audits given a limited or partial assurance. In addition the lack of progress in addressing the recommendations made by Internal Audit has demonstrated that management are not addressing the issues fully within a reasonable timeframe.

2.9   It is noted that for work completed over the last 3 years (2022-23 to 2024-25)

- 5 areas have remained Limited Assurance areas; (more information on these is given at paragraph 3.9)
- 4 areas have improved from Limited but remain Partial Assurance; and
- 21 areas remain at their original Partial Assurance.

2.10   No Audits were given No Assurance in the year and 2 Audits was given Limited Assurance. More details on common issues identified in the audit work which have fed into this opinion can be found in paragraph 3.8 below

2.11   In addition to the work carried out by Internal Audit, the Opinion is also based on other knowledge and information collected by the Chief Internal Auditor. This will include key risks of the organisation, other work and activities of the Council such as performance information and accident reports, awareness of the progress and delivery of key projects, topics discussed by Leadership Team and Members.

2.12   The opinion continues to take into account the findings set out in the External Auditor's Value for Money report for 2021-22 and 2022-23. The VFM report re-iterated the findings of Internal Audit and also cited the lack of progress made by management to implement Internal Audit recommendations .

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2.13   Management has developed an improvement plan which has been approved by Cabinet and Audit Committee. Internal Audit has reviewed progress in delivering the improvement plan and whilst good progress is being made, there has been some slippage and there are further actions planned for delivery in 2025-26.

2.14   Based on the work undertaken during the year and the lack of implementation of the audit recommendations promptly by management, Internal Audit can provide **Limited assurance** that the Council's governance arrangements including risk management and systems of internal control were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy.

2.15   No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks. These risks are reflected in the audit plan and are the subject of separate reports during the course of the year.

3.   SIGNIFICANT ISSUES ARISING 2024-25

3.1   Each system/area audited is given a level of assurance based on the presence and effectiveness of the controls in place. Four levels of assurance are currently used and the definitions for each are contained in appendices 1a to 1d.

3.2   A summary of the level of assurance given to each audit is given in the table below.

	Substantial Assurance	Partial Assurance	Limited Assurance	No Assurance
Number of Audits	6	8	2	0
For further information	See Appendix 1d	See Appendix 1c	See Appendix 1b	See Appendix 1a

3.3   In addition to the main audit work the section also followed-up the progress made in relation to Audit Recommendations where the audit was not issued with a Substantial opinion. Follow-ups are generally undertaken around 6 months after the report has been finalised.

3.4   32 Follow-ups were completed for 29 audit areas (3 areas were followed-up more than once in the year). At the end of the year -

- 1 area remained Limited Assurance
- 3 areas had improved from Limited to Partial
- 1 area had improved from Limited to Substantial
- 12 areas remained Partial Assurance.
- 15 areas had improved from Partial to Substantial.

3.5   In total 124 recommendations were followed-up of which at the time of the follow-up:

- 68 recommendations (54.8%) had been implemented;
- 46 recommendations (37.1%) were in progress at the time of the follow-up; and
- 8 recommendations (6.5%) had not been at least partially implemented at the time of follow-up.
- 2 recommendations were superseded at the time of the follow-up

3.6   More details on the follow-ups can be found in Appendix 2. The year has seen an increase in the number of recommendations implemented in full at the time of the follow-up to around 55% compares to 35% in 2023-24. Approximately 6.5% had no progress at all which is an increase compared to 2% last year. 92% of the recommendations followed up were in-progress of implemented or completed in full compared to 98% last year.

3.7   No significant issues were identified in audits of the key financial systems for 2024-25. However, due to capacity issues within the Finance Team, limited work has been done on the finance systems.

3.8   Some common reoccurring themes were identified from the audit work in the year and these mirrored themes found in previous years and were referenced in the External Auditor's VFM Report; there is limited evidence of improvements being made to address the issues. The most significant issues were:

- Procurement processes not always being followed correctly and an overreliance on the use of waivers. This meant that contracts were not always market tested fully or work was issued outside of contractual agreements or on contracts that had expired.

- Lack of knowledge of current contracts, end dates and the timescales needed to re-tender major works.

- Poor project management processes including missing or poor-quality project risk registers and lack of post-implementation reviews.

- Employees lack of awareness of key governance documents including Financial Regulations, Procurement Regulations, Schemes of Delegation and the Code of Conduct.

- Data Protection Impact Assessments and Confidentiality Agreements not always completed when data is transferred to third parties.

- Key policies and strategies not being in place or being out of date leaving employees with limited guidance and lack of clear direction.

- Lack of clarity over responsibilities for buildings and their maintenance and routine compliance inspections.

3.9   There has also been a lack of progress in the implementation of recommendations and improvement of the assurance opinions in areas relating to property management and compliance, leaseholder management, tree management and the use of agency staff.

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INTERNAL AUDIT – ANNUAL REPORT 2024-25

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4 AUDIT PERFORMANCE

4.1 The table below indicates the Section's performance against the audit plan for 2024-25.

	2024-25 Planned	2024-25 Actual	2024-25 Actual %	2024-25 Target %	2023-24 Actual
Audit Plan	23	**16**	**70%**	90%	**106%**

4.2 Included in the completed audits above are 3 Audits which were originally part of the 2023-24 Audit Plan. These are

- Cloud Computing
- Levelling-up Fund Project
- Community Infrastructure Levy and s106 Agreements.

4.3 A further 5 audits had commenced but not been completed in the year. These are:

- Development Management - Receipt of Applications & Validations
- Food & Safety Arrangements
- Development Management - Determinations
- IT Service Desk, 1st Line Support and Incident management
- Civil Contingencies

4.4 Whilst it is pleasing to report two new starters joining the team in the autumn of 2024-25 after a number of years struggling to recruit, the new recruits are not yet fully operational and this impacted on the completion of the work intended for Q3 and Q4.

4.5 In addition, due to the high number of lower assurances given in previous years the section spent significantly more time following-up on the implementation of previous years recommendations and reevaluating assurances in the year. This has reduced the time for new audits to be completed.

4.6 5 audits had not commenced at the end of the year, these were

- UKSPF Grants & Projects
- Planning Enforcement
- Sale of Council Houses
- Civica Finance
- Bank reconciliation

These audits will be rolled-over to 2025-26 audit year.

4.7 An audit was included in the plan to cover the capital transitional grant to support the delivery of weekly food waste collections. No internal audit work was required in the year for this grant and it has been removed from the plan.

4.8 In addition to the audit plan the Section has also carried out a number of other pieces of ad hoc work and consultancy exercises during the year, these included advice on system changes and new systems.

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5   FRAUD & IRREGULARITY WORK

Pro-active Fraud work

5.1   The Internal Audit section has taken a proactive approach to the prevention / detection of fraud and corruption. During the year it has:-

- Continued as a Founding Member of the Staffordshire Counter Fraud Partnership
- Continued membership of the Midlands Fraud Sub Group, and sharing of information at Internal Audit Management Groups;
- Been alert to fraud risks in the audits carried out in the year

Fraud/Irregularity Investigations

5.2   The team has not been involved in any special investigations relating to fraud or irregularities in the year relating to Cannock Chase District Council; but some input has been provided into other investigations relating to the conduct of employees.

5.3   Two allegations has been received via Confidential Reporting or Anti-Fraud & Corruption policies directly. One case was a Housing matter which was picked up by Tenancy Services with no fraud identified, the second case was referred to the Council's grievance process to manage.

National Fraud Initiative Data Matching

5.4   The Council is a statutory participant in the Cabinet Office's National Fraud Initiative (NFI) exercise which is carried out every 2 years. The 2023-24 matches were released in December 2024 and are in the process of being reviewed, some areas have been slow to review the data matches and some areas have not been reviewed at all due to staffing shortages and other work priorities these include the Creditor Data Matches, and Council Tax Single Person Discount Matches, the latter are never reviewed due to the team undertaking alternative data matching which matches to additional information sources.

5.5   No significant issues have been identified from the work carried out to date.

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5.6 **Appendix 1a**

Audits Planned and Completed in 2024-25 by Assurance Level

No Assurance

Definition	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

There were no audits which were classified as No Assurance in the year.

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Appendix 1b

Limited Assurance Audits

Definition	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 9 or higher.
	Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.

Audit Area	**Service Lead Officer**	**No of High/Medium Recommendations**
Levelling-up Fund Project (2023-24 Plan)	Economic Development & Planning	13
Tree Management	Operations	6

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Appendix 1c

Partial Assurance Audits

Definition	One or more Medium (Amber) risks are lacking appropriate controls and/or controls are not operating effectively to manage the risks. The residual risk score for the affected Medium risks are 6 or below. Prompt action is required by management to address the weaknesses identified in accordance with the agreed action plan.

Audit Area	Service Lead Officer	No of High/Medium Recommendations
CCDC Levelling-up (2024-25 Plan)	Economic Development & Planning	10
Community Infrastructure Levy & s106 Agreements	Economic Development & Planning	7
Tree Preservation Orders	Operations	3
Cloud Computing	Transformation & Assurance	2
IT Starters and Leavers Process	Transformation and Assurance	5
Website Security	Transformation and Assurance	1
Disabled Facilities Grants Grant Claim	Wellbeing	2
Homelessness and Housing Options	Wellbeing	3

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Substantial Assurance Audits

Definition	All High (Red) and Medium (Amber) risks have appropriate controls in place and these controls are operating effectively.
✓	No action is required by management.

Audit Area	Service Lead Officer
Housing Benefits	DCE (Resources)
NNDR	DCE (Resources)
Council Tax	DCE (Resources)
Payroll	DCE (Resources)
Chargeable Garden Waste	Operations
BACS Security and Processing	DCE (Resources)

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Results of Follow-ups Undertaken in the Year By Assurance Level

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations Implemented	High/Medium Risk Recommendations In Progress	High/Medium Risk Recommendations Not Implemented	Total	Revised Assurance
Asset Management Strategy & Records	Housing & Corporate Assets	Limited	0	6	0	6	Limited
Climate Change	Regulatory Services	Limited	1	5	0	6	Partial
Housing Property Services	Housing & Corporate Assets	Limited	9	5	0	14	Partial
Payroll	Transformation & Assurance	Limited	1	7	0	8	Partial
Pest and Dog Control	Regulatory Services/ Operations	Limited	1	3	0	4	Substantial
Building Control 2nd Follow-up	Regulatory Services	Partial	0	1	0	1	Partial
CDM Compliance	Housing & Corporate Assets	Partial	2	2	1	5	Partial
CDM Compliance (2nd Follow-up)	Housing & Corporate Assets	Partial	2	0	1	3	Partial
Community Infrastructure Levy & s106	Economic Development & Planning	Partial	1	6	0	7	Partial
Critical Applications security	Transformation & Assurance	Partial	7	2	0	9	Partial
Housing Void Management 3rd)	Housing & Corporate Assets	Partial	2	3	0	5	Partial
IT Strategy Resources and operational plans	Transformation & Assurance	Partial	0	1	0	1	Partial
Office 365 Security	Transformation & Assurance	Partial	3	1	0	4	Partial
Utilities Management (4th Follow-up)	Housing & Corporate Assets	Partial	0	0	6	6	Partial

INTERNAL AUDIT – ANNUAL REPORT 2024-25

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations Implemented	High/Medium Risk Recommendations In Progress	High/Medium Risk Recommendations Not Implemented	Total	Revised Assurance
Wireless Network Security	Transformation & Assurance	Partial	3	2	0	5	Partial
Wireless Network Security 2nd	Transformation & Assurance	Partial	1	1	0	2	Partial
Building Control 3rd Follow-up	Regulatory Services	Partial	1	0	0	1	Substantial ✓
Cloud Computing	Transformation & Assurance	Partial	2	0	0	2	Substantial ✓
Critical Applications security 2nd	Transformation & Assurance	Partial	2	0	0	2	Substantial ✓
CRM Project	Housing & Corporate Assets	Partial	2	0	0	2	Substantial ✓
Cyber & Network Security (4th Follow Up)	Transformation & Assurance	Partial	2	0	0	2	Substantial ✓
Document Retention & IT Records (3rd Follow Up)	Transformation & Assurance	Partial	0	0	0	1*	Substantial ✓
Environmental Protection & Pollution Control	Regulatory Services	Partial	1	0	0	1	Substantial ✓
Housing Consumer Standards Compliance (3rd Follow Up))	Housing & Corporate Assets	Partial	2	0	0	2	Substantial ✓
IT Asset Management	Transformation & Assurance	Partial	0	1	0	1	Substantial ✓
IT Change Control (3rd Follow-up)	Transformation & Assurance	Partial	3	0	0	3	Substantial ✓
IT Resilience	Transformation & Assurance	Partial	6	0	0	6	Substantial ✓
IT Third Party Supplier Management & External Data Sharing (3rd Follow-up)	Transformation & Assurance	Partial	1	0	0	1	Substantial ✓

INTERNAL AUDIT – ANNUAL REPORT 2024-25

Audit	Head of Service	Original Assurance	High/Medium Risk Recommendations Implemented	High/Medium Risk Recommendations In Progress	High/Medium Risk Recommendations Not Implemented	Total	Revised Assurance
Planning & Building Control IT Project	Regulatory Services	Partial ▲	1	0	0	2*	Substantial ✓
Remote Working	Transformation & Assurance	Partial ▲	5	0	0	5	Substantial ✓
Risk Management	Transformation & Assurance	Partial ▲	5	0	0	5	Substantial ✓
Sheltered Housing Schemes	Housing & Corporate Assets	Partial ▲	2	0	0	2	Substantial ✓

*These audits had 1 recommendation each that had been superseded at the time of the follow-up

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Appendix 3

IMPROVEMENT PLAN FOR INTERNAL AUDIT – 2024-25

PROGRESS ON PREVIOUS ACTION PLANS

Ref	Source	Actions	Person Responsible for Implementation	Timescale	Progress Comments
1	Annual Review & EQA 2023-24	Internal Audit will look at progressing some mapping of Assurance provided by others and how this can be taken into account.	Chief Internal Auditor & Risk Manager	Closed	Some work has been undertaken to identify other sources of assurance will be progressed as the new standards place a greater emphasis on Assurance Mapping. This will now be picked up in recommendation 2 below
2	Annual Review 2024-25	Work will continue to develop Assurance Maps in line with the new standards.	Chief Internal Auditor & Risk Manager	Ongoing	
3	Annual Review & EQA 2023-24	The Head of Transformation & Assurance to seek views from the Audit Committee Chairs in advance of the Chief Internal Auditors Performance Development Review	Head of Transformation & Assurance	Next PDR Cycle	This will be picked up as part of the next cycle. Planned for June 2025. PDRs were delayed for Service Managers pending the management restructure
4	Annual Review & EQA 2023-24	Internal Audit to map their work against the Code of Governance, the Risk Management Systems and the Council's Fraud Risks.	Chief Internal Auditor & Risk Manager	September 2023 Closed	Some work has been undertaken to identify other sources of assurance but this has been delayed. Work will be progressed as the new standards place a greater emphasis on Assurance Mapping. This is picked up in recommendation 6 below

INTERNAL AUDIT – ANNUAL REPORT 2024-25

Ref	Source	Actions	Person Responsible for Implementation	Timescale	Progress Comments
5	Annual Review & EQA 2024-25	To review the Global Internal Audit Standards and new Public Sector/Local Government Standards when they are issued, and update processes and documentation as required	Chief Internal Auditor & Risk Manager	March 2025 Closed	Work is still ongoing to put in place changes required. It is recognised within the standards that 2025-26 will be a year of transition and the expectation is conformance should be achieved by the end of the year. This is now picked up in recommendation 6 below
6	Annual Review 2024-25	A revised Audit Charter and updated Audit Manual will be completed with the changes required by the standards. An Internal Audit Strategy will be produced.	Chief Internal Auditor & Risk Manager	September 2025	

Updated Strategic Risk Register

Committee: Audit & Governance Committee

Date of Meeting: 17 June 2025

Report of: Head of Transformation & Assurance

1   Purpose of Report

1.1   To set out details of the Council's Strategic Risk Register as at 1st April 2025 and to provide an update to Cabinet on the implementation of the new Risk Management Framework

2   Recommendations

2.1   That Audit Committee notes the new Strategic Risk Register.

Reasons for Recommendations

2.2   That the Committee note the Strategic Risk Register prepared by Leadership Team and approved by Cabinet to monitor the progress made in the identification and management of the strategic risks.

3   Key Issues

3.1   The Council has adopted a new Risk Management Framework from 1st April 2025. This has led to a fundamental review of the Strategic Risk Register which is enclosed.

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

Risk Status	Number of Risks at 30th September 2024	Number of Risks at 1st April 2025
Red (High)	3	7
Orange (Medium)	6	5
Yellow (Moderate)	N/A	0
Green (Low)	0	0
Blue (Negligible)	N/A	0
TOTAL	9	12

4   Relationship to Corporate Priorities

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

4.2   This report 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 & Audit Regulations 2015 state that:

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

   (a)   facilitates the effective exercise of its functions and the achievement of its aims and objectives;

   (b)   ensures that the financial and operational management of the authority is effective; and

   (c)   includes effective arrangements for the management of risk."

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

Management of Strategic Risks / Opportunities

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

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

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)

   Orange   Medium risk, score 6 to 9 (action plan required to reduce risk)

   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   With the support of an external trainer Leadership Team have received training on the new framework and held a number of risk workshops to identify and capture the highest-level risks that the Council is exposed to. This has led to an increase in the number of residual Red Risks due to capturing a wider range of risk areas in the risk register.

5.7   Risk were first assessed for their Inherent Risk to the Council. This is the risk exposure without any controls in place assessed against the Impact if the risk occurred and the Likelihood of it occurring. The Strategic Risk Register was updated to include all identified Inherent Red Risks.

5.8   These workshops have led to the identification of 12 risks which have an inherent risk score over 12 making them Red Risks. In the workshops Leadership Team then reviewed the Residual Risk scores for these risks by taking into account the current controls in place and their effectiveness.

5.9   The full Strategic Risk Register is being presented to Cabinet for information alongside the residual risks scores showing the current position of the risk. There are 7 Red Risks and 5 Orange risks. The full risk register is attached at **Appendix 2.**

5.10   Cabinet approved a corporate risk appetite statement which set out that it would accept risks which have a Residual Risk Score of Yellow (4 or below). It is accepted that due to factors outside the control of the Council or for other agreed operational reasons it may not be possible to manage all risks to this level. Where the Risk Owner does not believe it is possible to manage the risk to a Yellow on the matrix they will set an appropriate Target Score for the risk and provide an explanation as to why the Council's risk appetite cannot be achieved.

5.11   It is not possible to compare the new risk register with the previous one due to the changes in risk definitions used. However it is possible to see some consistency of topics in the key risk areas from the previous register. These include Council Finances, Capacity, Projects and Housing/Asset risks. There are also newer areas that have been identified including the recognition that Local Government Reorganisation is an area of potential risk.

5.12   Each April the full risk register will be presented to Cabinet. Cabinet will also receive a quarterly update on the progress of managing the risk which have a residual risk that is Red to allow them to focus on the highest risk areas and to ensure that management are working towards addressing the actions to reduce the risk score further if possible. Where risks are Orange or below Leadership Team will monitor the position of the risks quarterly to ensure that the controls are still effective and operating as intended, if the risk score worsens and becomes a Red Risk again it will be escalated for inclusion in the Cabinet report for monitoring.

5.13   As this is a new process and a new risk register it is anticipated that the content and detail in the risk register will develop over time. As Managers get more comfortable with the process they will identify more information to include in the reports and develop more actions to help to manage the risks.

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 – 1st April 2025

Appendix 2 – Strategic Risk Register Key Information – 1st April 2025

8 Previous Consideration

None

9 Background Papers

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

Contact Officer: Stephen Baddeley

Telephone Number: 01543 464415

Ward Interest: All

Report Track: Cabinet 05/06/25

Audit & Governance Committee 17/06/25

Cannock Chase Council

Summary of Strategic Risk Register as at 1st April 2025

Risk Ref	Risk Owner	Risk Name	Inherent Impact	Inherent Likelihood	Inherent Risk Score	Residual Impact	Residual Likelihood	Residual Risk Score
2025-01	Deputy Chief Executive (Resources)	Financial Stability	4	4	16	4	3	12
2025-03	Chief Executive	Local Government reorganisation	4	4	16	4	3	12
2025-09	Head of Operations	Safe Management of Trees	4	4	16	4	3	12
2025-15	Head of Economic Development & Planning	Delivery of Town Centre Regeneration Project	4	4	16	4	3	12
2025-02	Head of Housing & Corporate Assets	Health and safety arrangements for properties	4	3	12	4	3	12
2025-05	Head of Wellbeing	Sustainable leisure provision	4	3	12	4	3	12
2025-06	Chief Executive	Corporate capacity	4	3	12	4	3	12
2025-04	Head of Transformation & Assurance	IT Resilience	4	4	16	4	2	8
2025-07	Head of Housing & Corporate Assets	Failure to meet required housing standards	4	4	16	4	2	8
2025-10	Deputy Chief Executive (Resources)	Failure to deliver good governance	4	4	16	4	2	8
2025-12	Chief Executive	Health and safety arrangements for people	4	3	12	4	2	8
2025-14	Head of Housing & Corporate Assets	HRA Financing	4	3	12	4	2	8

Cannock Chase Council

Strategic Risk Register as at 1st April 2025

Risk Ref	2025-01
Risk Owner	Deputy Chief Executive (Resources)
Risk Name	Financial Stability
Risk Description	Internal - Poor budget planning, over commitment of financial resources or significant use of reserves to fund schemes leading to a financial shortfall, reduced financial resilience or overspends that undermine the Council's ability to deliver services or corporate priorities. External - central government policy changes which impact the Council's financial position.
Consequences	s114 notice / Government intervention Damage to reputation with stakeholders May affect ability to bid for funding Poor PR
Corporate Objective CCDC	Responsible Council
Main Risk Category	Financial

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:

Inherently uncertain environment regarding financial settlements from the government and limited ability to build reserves mean that it is not currently possible to reduce the risk score to 4.

Controls	Assurances
Medium term financial plan in place	Council approval and s151 Officer
Working Balances maintained, with tentative proposals to maintain over the medium term	S151 Officer and Deputy
Review of the capital programme is complete	S151 Officer and Deputy
Evaluation of consultations on changes to government funding regimes	S151 Officer
Financial regulations in place to be followed	Internal Audit periodic checks and Finance Team
Membership of appropriate bodies to gain insights into government funding direction	S151 Officer

Controls	Assurances
Business cases required for drawdown of reserves to ensure VFM and appropriate use of monies	S151 Officer and Deputy / Leadership Team
Internal and audit review of accounts/processes and procedures	Internal Audit Reports

Actions

Actions Planned	Person Responsible	Timescale
Training to be delivered for Budget Managers	Deputy Chief Executive (Resources)	May/June 2025
Quarterly budget monitoring	s151 Officer	Q1 2025/26

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

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:

The are situations outside of the control which will lead to accidents and a large housing and property portfolio means that a risk score of 4 is unlikely as accidents and incidents will still happen.

Controls	Assurances
Compliance data is held for all properties	Monthly data validation by mangers
TIO system for recording regular compliance checks on all Housing blocks	Monitoring of spreadsheets by management
Policies approved by Leadership Team and published online, regularly reviewed.	Internal Audit Reviews Housing Board - monitoring Improvement Plan External Audit - VFM Reviews
Updated policies and procedures for compliance areas.	
Periodic training for staff . Training database records.	
Compliance Checks carried out by appropriately qualified staff	

Actions Housing

Actions Planned	Person Responsible	Timescale
Monthly data validation to be carried out	Assistant Manager (Compliance)	Ongoing
Further policies and procedures to be developed.	Housing Maintenance Manager and HPS Manager	Ongoing
Following results of Stock Condition Survey address identified Category 1 hazards	HPS Manager	Ongoing
NEC Housing Information System to be further developed to ensure data is collected (additional elements/fields to be built).	NEC Consultant / HMIT	Q3 2025/26
Increase third party assurance of inspections and data collection.	HPS Manager	Q4 2025/26
Damp and Mould, Disrepair, HHSRS system data collection to follow (element/fields to be built) further to requirements arising from Awaabs Law.	Housing Maintenance Manager	Q1 2026/27
Spreadsheet information put into NEC, following above element/field system build.	Assistant Manager (Compliance)	Q2 2026/27

Actions Corporate Property

Actions Planned	Person Responsible	Timescale
Monthly validation of corporate assets data (not procuring system so remaining in spreadsheet form)	Interim Asset Manager	Ongoing
Statutory Compliance for all Council owned Buildings	Interim Asset Manager	Q4 2025/26
Lease & Asset Reviews	Interim Asset Manager	Q4 2025/26

Risk Ref	2025-03
Risk Owner	Chief Executive
Risk Name	Local Government reorganisation
Risk Description	The Council has to divert resources to the management of the Council's response plans for Local Government re-organisation which threatens the ability to maintain the quality of services at a time when capacity is already stretched.
Consequences	Core Services and major projects fail to be delivered
Corporate Objective CCDC	Responsible 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).

Controls	Assurances
LGR lead officers identified	Cabinet
	Scrutiny Committee
	Leadership Team

Actions

Actions Planned	Person Responsible	Timescale
Work Plan to be prepared setting out the actions ready for service/function transfers	Head of Transformation & Assurance	tbc
Work plan for LGR Submission	Deputy Chief Executive (Resources)	tbc
Assessment of resources needed to deliver the respective work plans	DCE Resources and Head of Transformation & Assurance	tbc
LGR work to be assessed and prioritised alongside key projects and operational service delivery	Leadership Team	tbc

Actions Planned	Person Responsible	Timescale
Additional resources/support to be commissioned to support specific pieces of work	DCE Resources and Head of Transformation & Assurance	tbc
Working collaboratively with other Staffordshire Councils	Chief Executive and LGR Leads	tbc
Communications and Engagement Strategy to be prepared	Communications Manager	tbc

NB - the timescales for the above actions have yet to be confirmed as the project is still in its infancy. It is anticipated that we will have a clearer understanding by the end of June and timescales will be assigned in the first progress update report.

Risk Ref	2025-04
Risk Owner	Head of Transformation and Assurance
Risk Name	IT Resilience Risk
Risk Description	Risk of unplanned disruptions to the IT infrastructure, network and systems which prevent accessibility and service delivery.. This includes but is not limited to cyber-attacks, equipment failure, natural disasters, and human error.
Consequences	- Data, Systems and Applications inaccessible potentially for several months - Inability to deliver Council services including a reduction of services to the public - Cybercrime/ Fraud/ Ransom demands/ Financial harm - Reputational damage locally and nationally - Data Loss causing a breach of Data Protection Act (DPA) and GDPR. Possible fine from the ICO. - Financial Loss
Corporate Objective CCDC	Responsible Council
Main Risk Category	IT/Technology

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	2	8
Target Score		8

Comment on Target Score:

All reasonable/affordable steps will be taken to manage this risk. However, it is only considered feasible to reduce the likelihood to a 2 giving a residual score of 8, due to the evolving nature of cyber-attacks.

Controls	Assurances
IT Policies and Procedures including the IT Security Policy	External compliance checks - PSN Certification, Cyber Essentials Plus Certification (annual IT Health Check and penetration testing conducted by GCHQ approved consultants). Internal compliance checks by Technology Team and Internal Audit
Access controls to network e.g. complex password configuration and Multi Factor Authentication	Enforced for all users and third parties.

Controls	Assurances
Vulnerability Monitoring - proactive monitoring of our entire network 24/7 to alert us to any signs of threat	
Firewall and Anti-Virus System	
Protective Domain Name Service (PDNS) - prevents access to domains known to be malicious	
Standards Group - regulate any exceptions to the standard software / hardware in use.	
Third Party Agreement - used to manage access to systems by suppliers/contractors.	
Privileged Access Controls - role based access controls (RBAC) are in place for all staff and IT administrators.	
User education and awareness training	
Incident management - response and disaster recovery procedures in place	
IT risk register - assessment, management and monitoring of IT risks	

Actions

Actions Planned	Person Responsible	Timescale
Replacement of network infrastructure hardware	Infrastructure Manager	Q3 2025
Data files will continue to be moved to the cloud (SharePoint) during 2025/26	Technology Service Manager	Ongoing
Decommission of on-premise exchange	Infrastructure Manager	Q2 2025

Risk Ref	2025-05
Risk Owner	Head of Wellbeing
Risk Name	Sustainable leisure provision
Risk Description	Not being able to secure affordable and sustainable leisure provision now and in the future.
Consequences	This could result in the closure of leisure facilities and wellbeing services to the public, directly impacting on the health and wellbeing of residents in the district. It would cause reputational damage to the Council and would negatively impact on staff employed in this sector.
Corporate Objective CCDC	Health & Wellbeing
Main Risk Category	Reputation, Customer/ Public Perception

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:

The impact will remain significant if a sustainable offer can't be secured. The likelihood can never be reduced to a 1 due to external factors which may impact on the affordability of a leisure provision.

Controls	Assurances
Fortnightly partnership meetings with senior representatives of both organisations	Management Oversight
Performance management of the current leisure contract	Annual Report from Contractor Scrutiny Committee
Dedicated Leisure Officer appointed	Regular meetings with the provider

Actions

Actions Planned	Person Responsible	Timescale
Procurement of a new Leisure Contract	Head of Wellbeing / DCE(Resources)	To be able to operate by 01 April 2026
Secure board level commitment from existing provider to fully support the procurement process	Head of Wellbeing / DCE(Resources)	Apr-25

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 statuary 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 CCDC	Responsible Council
Main Risk Category	Capacity / Service Delivery

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

Comment on Target Score:

Due to the limited market in key professions such as Finance, Legal, Planning etc and the uncertainty created by Local Government Reorganisation, it is considered that the likelihood can only be reduced to a 2, giving a target score of 8.

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

Actions

Actions Planned	Person Responsible	Timescale
Assessment of capacity, pinch points and reductions in workload consequentially	Leadership Team	Qtr 1 2025/26
Management of expectations / discussion with Cabinet	Chief Executive / Leadership Team	Qtr 2 2025/26 and ongoing

Risk Ref	2025-07
Risk Owner	Head of Housing & Corporate Assets
Risk Name	Failure to meet required housing standards and not being prepared for inspection.
Risk Description	The current provision of Housing in the District fails to meet the required standards impacting on the health and quality of life of residents leading to a loss of reputation for the Council and meaning that the Council would fail an inspection by the Regulator of Social Housing (RSH).
Consequences	Reputation damage. RSH intervention. Death, serious and minor injury. Not demonstrating VFM with rent income.
Corporate Objective CCDC	Responsible Council/ The Community
Main Risk Category	Service Standards and Management of Performance

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	4	16
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	2	8
	Target Score	4

Comment on Target Score:

Controls	Assurances
Savills review and annual self-assessments against standards carried out.	Housing Board Cabinet Scrutiny Committee
Pro-active discussions with the Regulator of Social Housing on issues arising.	Savills assessment against standards Mock Inspection by Housing Quality Network
Housing Improvement Plan.	RSH Inspection
Service standards in place.	
Housing Ombudsman Complaint Handling Code self-assessment carried out annually and performance report submitted.	Housing Ombudsman Annual Report
Tenancy Agreement	

Actions

Actions Planned	Person Responsible	Timescale
Self-assessment against RSH consumer standards	Housing Services Manager	Q3 2025/26
Action Plan following consumer standards self-assessment (feeds into Housing Improvement Plan)	Housing Services Manager	Q4 2025/26
Housing Ombudsman Complaint Handling Code self-assessment and annual performance report.	Housing Services Manager	Q3 2025/26
Implement learning from complaints	Housing Services Manager	Ongoing
Delivery of the over-arching and ongoing Housing Improvement Plan.	Housing & Corporate Assets	Q4 2025/26 (some actions go into 2026/27 and beyond)
Housemark benchmarking, comparison with peers and learning.	Housing Services Manager	Ongoing
Tenant Profiling exercise	Housing Services Manager	Q4 2025/26
Project approval to be sought for upgrade to ICT system in relation to Repairs.	Housing Maintenance Manager	Q1 2025/26

Risk Ref	2025-09
Risk Owner	Head of 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 server 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 CCDC	The Community
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 increase in the number of severe weather events, it is considered the residual impact sits at a 2, which will make the overall residual risk score an 8, as it is unlikely that the impact score can be reduced below a 4. Therefore, given the circumstances of the risk, while higher than preferred, an overall residual risk score of an 8 is considered as a realistic and acceptable score.

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

Actions

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

Risk Ref	2025-10
Risk Owner	Deputy Chief Executive (Resources)
Risk Name	Failure to deliver good governance
Risk Description	The Council does not have in place or comply with Governance Best Practice processes leading to negative Annual Governance Statement, External Audit or other regulator comment, and/or Statutory Intervention. E.g. Statutory Officer Advice is not complied with, Members and Employees fail to follow Codes of Conduct and the Constitution
Consequences	Government intervention Negative PR/reputation damage
Corporate Objective CCDC	Responsible Council
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	2	8
	Target Score	4

Comment on Target Score:

Controls	Assurances
Code of Governance	Audit Committee
Annual Governance Review / Statement	Scrutiny Committees
Policy & Procedures eg Financial Regulations, Procurement Regulations, HR policies	Statutory Officers / Responsibilities
	Chief Internal Auditor's Annual Report and Opinion

Actions

Actions Planned	Person Responsible	Timescale
Review of Code of Governance	Head of Transformation & Assurance	Quarter 1 2025/26
Regular Statutory Officer meetings - golden triangle	Chief Exec / s151 Officer / Monitoring Officer / Chief Internal Auditor	Quarter 1 2025/26 onwards

Actions Planned	Person Responsible	Timescale
Reminders and training for Leadership Team and Service Managers on key policies, processes and good governance	Deputy Chief Executive (Resources) / Head of Transformation & Assurance / Head of Law & Governance	Quarter 2 2025/26
Delivery of Governance Improvement Plan	Deputy Chief Executive (Resources) / Head of Transformation & Assurance / Head of Law & Governance	Quarter 3 2025/26

Risk Ref	2025-12
Risk Owner	Head of Transformation & Assurance
Risk Name	Inability to demonstrate and implement adequate health and safety arrangements for people
Risk Description	Operational procedures and working practices are not sufficient to adequately ensure the safety of tenants, employees, leaseholders or visitors leading to death or serious injury.
Consequences	HSE Investigation Prosecution, Injury to employees, Personal Injury Claims, Corporate Manslaughter,
Corporate Objective CCDC	Responsible Council
Main Risk Category	Health & Safety

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	3	12
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	2	8
	Target Score	4

Comment on Target Score:

Controls	Assurances
H&S Policies	H&S Officer
H&S Training	H&S Audits
H&S Risk Assessments, COSHH, PPE etc	Accident Reports/Stats
CDM Training	
IOSH Manging Safety for Service Managers	

Actions

Actions Planned	Person Responsible	Timescale
HAVS & Noise procedures reviewed and updated	Head of Operations / Health & Safety Team	30/04/2026
Monitoring to be introduced for CCDC Grounds Maintenance & Housing	Head of Operations / Health & Safety Team	30/04/2026
HAVS testing of equipment	Head of Operations / Health & Safety Team	30/04/2026

Actions Planned	Person Responsible	Timescale
H&S Assessment Refresher training to be delivered to all staff	Chief Internal Auditor & Risk Manager / Health & Safety Team	30/09/2025
H&S Risk Assessment Procedures reviewed and harmonised across both Councils	Chief Internal Auditor & Risk Manager / Health & Safety Team	30/09/2025
IOSH Managing Safety Refresher Training to be considered for managers	Chief Internal Auditor & Risk Manager / Health & Safety Team	30/09/2025
IOSH Safety for Directors to be considered for Leadership Team	Chief Internal Auditor & Risk Manager / Health & Safety Team	30/09/2025

Risk Ref	2025-14
Risk Owner	Head of Housing & Corporate Assets
Risk Name	HRA Financial Sustainability
Risk Description	That the income collected and resources available to the Housing Revenue Account are insufficient to meet the ongoing and future needs of the HRA.
Consequences	The HRA is unable to maintain its stock, deliver services or meet its wider obligations
Corporate Objective CCDC	Responsible Council/The Community
Main Risk Category	Reputation, Customer/ Public Perception, Financial

Inherent Impact	Inherent Likelihood	Inherent Risk Score
4	3	12
Residual Impact	**Residual Likelihood**	**Residual Risk Score**
4	2	8
	Target Score	4

Comment on Target Score:

A robust business plan which can be followed and maintained in the medium term, should lead to a significant reduction in risk levels. This is a self contained fund with clear inflows and outflows of resources which can be planned with a high degree of certainty.

Controls	Assurances
Working Balances maintained, with tentative proposals to maintain over the medium term	S151/Head of Housing
30-year business plan in place	Head of Housing
Robust income collection process and monitoring	Head of Housing

Actions

Actions Planned	Person Responsible	Timescale
Completion of HRA related actions in the VFM Improvement plan (now the Housing Improvement Plan)	Head of Housing	As per the improvement plan
Complete stock condition survey currently in progress	Head of Housing	Q1 2025/26
Regularly reviewed stock condition survey (20% per annum on rolling basis)	Head of Housing	Q3 2026/27
Review and update 30 Year Business Plan	Head of Housing	Q3 2025/26

Risk Ref	2025-15
Risk Owner	Head of Economic Development & Planning
Risk Name	Delivery of Town Centre Regeneration Project
Risk Description	There is a risk that the high profile large regeneration projects may not deliver as anticipated, to time or to budget, leading to reputational risks to the Council and creating financial risks that impact on the Council's financial position and could impact on service delivery and hinder the Council's wider ambition to secure economic prosperity for the District. There is a risk that either the Council may not be able to deliver the demolition phase of the project or secure a development partner to re-develop the cleared sites.
Consequences	• Major reputational risk for the Council in terms of not delivering the schemes that local residents expect; potential that Council may be unsuccessful with future funding bids • Reduced growth and economic prosperity for local residents • Decline of town centres / impact on major redevelopment proposals • Council exposed to unplanned financial risks and pressure on revenue resources which impacts on delivery of core services • Clawback of funding for non-delivery • Increased pressure on already stretched services/functions of the council which have capacity issues. • Cleared sites could sit empty for indeterminate period if developer interest doesn't materialise
Corporate Objective CCDC	Economic Prosperity
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. External influences may affect the ability to get a long term provider.

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

Actions

Actions Planned	Person Responsible	Timescale
Monthly Risk Registers and Dashboards to Leadership Team and Project Board	Head of Economic Development & Planning	June 2025
Communications to stakeholders, partners and the public - development of Comms Strategy and Plan	Head of Economic Development & Planning, Communications Manager	June 2025
Finalise town centre investment prospectus to set out the Council's vision for the cleared site and undertake soft market testing/early market engagement	Head of Economic Development & Planning	May - September 2025
Agree approach to securing development delivery	Head of Economic Development & Planning	October / November 2025
Formal procurement process to appoint development partner(s)	Head of Economic Development & Planning	Quarter 1 - 2026

Annual Governance Statement 2024-25

Committee: Audit and Governance

Date of Meeting: 17 June 2025

Report of: Head of Transformation and Assurance

1.   Purpose of Report

1.1   To set out the Annual Governance Statement for the year 2024-25.

2.   Recommendations

2.1   That the Committee approves the Annual Governance Statement for 2024-25 set out in Appendix 1.

2.2   That the Committee approves the Governance Improvement Plan set out in Appendix 2.

Reasons for Recommendations

2.3   The publication of an annual governance statement is a statutory requirement and the review of the Council's governance arrangements is essential in ensuring that they are maintained up to date and operate effectively.

3.   Key Issues

3.1   The Accounts and Audit Regulations 2015 require the Council to review the effectiveness of its system of internal control and to prepare an Annual Governance Statement (AGS).

3.2   The Council's Annual Governance Statement (AGS) for 2024-25 is attached as Appendix 1.

3.3   The AGS has been compiled by the Leadership Team. The AGS has been drafted using various sources of assurance which together form the review of the Council's governance arrangements. The key sources of assurance are:

(i)   Leadership Team:

(ii)   the 3 statutory officers;

(iii)   the risk management reports;

(iv)   the annual internal audit report / opinion; and

(v)   external assurance reports.

3.4   The review of the Council's governance arrangements has concluded that limited assurance can be given that the framework is operating adequately in practice. The areas identified for improvement are set out in the "Significant Governance Issues" section of the AGS at Appendix 1 and the actions to address these issues are set out in the Improvement Plan at Appendix 2.

4. Relationship to Corporate Priorities

4.1 The Council's corporate governance arrangements and internal control framework cuts across all corporate priorities.

5. Report Detail

5.1 The Council's Code of Governance is based on the guidance from CIPFA/SOLACE. A copy of the full Code of Governance can be found on the Council's website.

5.2 The preparation and publication of an annual governance statement is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2015 which requires authorities to "conduct a review of the effectiveness of system of internal control" and to "prepare an annual governance statement".

5.3 The Annual Governance Statement has been prepared using information from the sources of assurance outlined in 3.3. This year's review has focussed on the core elements of the Council's governance framework and a review of progress in addressing the findings from the External Auditor's Value for Money Report for 2021-22 and 2022-23.

5.4 The Leadership Team has been consulted on the draft AGS to ensure that:

- all of the significant issues have been identified and included, so far as is reasonably possible; and

- all of the issues included are considered to be significant.

5.5 It is not possible to give a single definition as to what constitutes a "significant governance issue" and judgement has to be exercised. CIPFA/SOLACE has not provided guidance on this in their new Framework so reference continues to be made to the guidance given in the previous framework. Factors used in making such judgements include:

- the issue has or could seriously prejudice or prevent achievement of a principal objective;

- the issue has or could result in a need to seek additional funding to allow it to be resolved, or has/could result in significant diversion of resources from another service area;

- the issue has or could lead 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 or could attract significant public interest or seriously damage the reputation of the Council;

- the issue has resulted in formal action being taken by the Chief Financial Officer and/or the Monitoring Officer.

5.6 Whilst progress is being made in delivering the actions set out in the VFM Improvement Plan, the review of the Council's governance arrangements has concluded that limited assurance can be given that the framework is operating adequately in practice.

5.7 The areas identified for improvement are set out in the AGS at Appendix 1 and actions to address the issues have been included in the Governance Improvement Plan attached at Appendix 2. The Governance Improvement Plan supercedes the VFM Improvement Plan (see report to Cabinet and the Audit Committee on the year end VFM progress report for 2024/25) and includes all of the outstanding actions from this and the new actions arising from this year's review.

5.8 Progress in addressing the significant issues identified in the Annual Governance Statement will be monitored through reports presented to the Audit and Governance Committee. The Committee will escalate any concerns to Cabinet and the Cabinet will also receive periodic updates.

5.9 Following approval of the Annual Governance Statement it will be signed by the Chair of the Audit and Governance Committee, the Leader and the Chief Executive.

6. Implications

6.1 Financial

None

6.2 Legal

None

6.3 Human Resources

None

6.4 Risk Management

As set out in report and Appendices

6.5 Equalities and Diversity

None

6.6 Health

None

6.7 Climate Change

None

7. Appendices

Appendix 1: Annual Governance Statement 2024-25

Appendix 2: Governance Improvement Plan

8. Previous Consideration

None

9. Background Papers

Annual Internal Audit Report 2024-25

Strategic Risk Register at 1 April 2025

External Auditors VFM Report 2021-22 and 2022-23 dated January 2024

The Council's Response to the External Auditors VFM Report February 2024

Contact Officer: Judith Aupers

Telephone Number: 01543 464 411

Report Track: Audit and Governance 17/06/25

Cannock Chase District Council
Annual Governance Statement for 2024-25

1. Scope of Responsibility

1.1 Cannock Chase District Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3 The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which require all relevant authorities to prepare an annual governance statement.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, culture, and values by which the authority is directed and controlled and its activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

2.3 The governance framework has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the Annual Governance Statement.

3. The Governance Framework

3.1 The Council has adopted a local Code of Governance, which can be found on the Council's website. The Code is comprised of 6 key principles:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

2. Ensuring openness and comprehensive stakeholder engagement.

3. Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes.

4. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

5. Managing risks and performance through robust internal control and strong public financial management.

6. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

4.   Review of effectiveness

4.1   The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is led by the Head of Transformation & Assurance. The review is informed by the work of Members, the senior officers within the Council and also by comments made by the External Auditors and other review agencies and inspectorates. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is set out below.

4.2   **The Authority -** the Deputy Chief Executive - Resources, the Head of Transformation & Assurance, and the Monitoring Officer, on behalf of the Council, undertake periodic reviews of the Council's governance arrangements on an ongoing basis. Work to support this includes a self-assessment review against the Code of Governance, reviews of the Constitution and key policies, processes, and practices throughout the year.

Some progress has been made in updating key policies that form part of the Council's governance framework (risk management framework, procurement regulations and the digital strategy) but there are still a number awaiting review in 2025/26. There are ongoing concerns with regard to the effective operation of and compliance with key components of the Council's governance framework. A programme of training and monitoring is planned for 2025/26 to raise awareness and improve compliance.

4.3   **The Executive** - the Cabinet monitors the effectiveness of the governance framework through the consideration of regular performance, financial and strategic risk management reports. Individual Cabinet members receive regular feedback from senior officers on the delivery of services and the achievement of objectives and targets.

Issues of strategic and corporate importance are referred to the Cabinet. There is also a formal Shadow Cabinet in place, which provides an opportunity to challenge decisions and how they are made.

4.4   **Overview and Scrutiny committees** - the Council has 3 Scrutiny Committees. The Scrutiny Committees review decisions made by Cabinet and areas of concern. They can "call-in" a decision that has been made by the Cabinet when they consider the decision is not in accordance with the Council's Constitution.

The Scrutiny Committees:

(i) determine their own work programme at the beginning of each year and this includes the provision of updates, briefings, and reviews of services/activities; and

(ii) consider regular performance management information from senior management.

4.5 **The Audit & Governance Committee -** is responsible for overseeing the Council's governance arrangements. The Committee monitors the effectiveness of risk management, reviews corporate governance issues, the work of Internal Audit and the anti-fraud & corruption arrangements throughout the year. The Audit & Governance Committee receives periodic reports on:

- the work of internal audit in reviewing the systems and processes to ensure that they are adequate; and

- updates on the management of the Council's strategic risks. A strategic risk register is in place, which identifies and evaluates the risks faced by the Council in delivering its objectives. Work is ongoing to review and address these risks and update the risk register accordingly.

4.6 **The Standards Committee** - is responsible for the ethical framework of the Council. The Committee works closely with the Monitoring Officer in dealing with complaints about Members conduct and promoting high standards of conduct.

4.7 **Internal Audit –** is responsible for reviewing the effectiveness of the Council's governance arrangements, including the system of internal control, and reporting on its adequacy. Internal Audit is a key source of assurance for the Annual Governance Statement and operates in accordance with the Public Sector Internal Audit Standards. Internal Audit reviews the internal control system following an audit plan based on an assessment of the potential risks for the various systems and procedures. The work on the Audit Plan for 2024-25 has been used to provide an independent view on the adequacy of the governance framework.

In the annual report to the Audit & Governance Committee, the Chief Internal Auditor has independently assessed the Council's internal control environment and given a "**limited assurance**" opinion that the Council's governance arrangements were operating adequately and there were no instances where any breakdown of control resulted in a material discrepancy.

Where deficiencies in internal control were identified during reviews, assurance was provided that these had been or would be resolved in an appropriate manner. Such cases will continue to be followed-up as part of the routine operation of the Internal Audit function.

The Chief Internal Auditor has highlighted a number of recurring issues in the Annual Audit Report, relating to non-compliance with and or awareness of key components of the Council's governance arrangements. These issues align with the findings of the self-assessment of the Governance Framework.

4.8 **Risk Management -** during 2024-25 the Audit and Accounts Committee received regular progress reports regarding the management of strategic risks. A revised approach to risk management is being adopted and as part of this a full review of the strategic risks facing the Council has been undertaken. As at 1 April 2025 there are currently seven red risks for inclusion as significant governance issues:

- Financial Stability - poor budget planning, over commitment of financial resources or inappropriate use of reserves;

- Local Government Reorganisation - the Council has to divert resources to the management of the Council's response plans for Local Government re-organisation which threatens the ability to maintain the quality of services at a time when capacity is already stretched;

- Safe Management of Trees - risk of a tree falling on individuals or property;

- Delivery of Town Centre Regeneration Project - risk that the scheme will not be delivered as anticipated, to time or to budget;

- Health & Safety arrangements for Properties - operational property procedures are insufficient to adequately ensure the health and safety of employees, tenants, visitors etc;

- Sustainable leisure provision - not being able to secure affordable and sustainable leisure provision now and in the future; and

- Corporate Capacity - is insufficient to maintain provision of core services and the delivery of priorities.

4.9 **Assurance from the Statutory Officers** - assurances have been sought, through discussions with the Head of Paid Service (Chief Executive), the s151 Officer (Deputy Chief Executive - Resources) and the Monitoring Officer (Head of Law & Governance) with regard to their responsibilities for governance.

- The Head of Paid Service has overall responsibility for the organisation, appointment, and management of staff.

- The Chief Financial Officer (s151 Officer) has overall responsibility for the financial management of the Council. Throughout the year the s151 Officer ensures that the financial position of the Council is monitored, that consideration is given to financial implications when taking decisions and with the support of internal audit that financial processes are complied with.

- The Monitoring Officer has overall responsibility for:
  - reporting on matters he/she believes are, or are likely to be, illegal or amount to maladministration;
  - matters relating to the conduct of Members and officers; and
  - the operation of the Council's constitution.

The Statutory Officers have identified the following as significant governance issues:

- the ongoing capacity issues within the Finance, Legal and Corporate Assets Teams, combined with an increase in workload arising from the delivery of key projects, primarily the delivery of the town centre transformation work;

- ongoing concerns with regard to the project management arrangements for Town Centre transformation work;

- the need to re-instate regular budget monitoring;

- the lack of a structured and consistent approach to project management; and

- a lack of regard and non-compliance with the Council's governance arrangements.

4.10 **External Audit / Other Review Agencies -** the Council's new External Auditors have not yet concluded their review of the Council's value for money arrangements. However, the Council is continuing to address the issues identified in the previous VFM report for 2021/22 and 2022/23.

4.11 **Leadership Team** – in addition to the Statutory Officers assurances, the members of Leadership Team have been consulted on the draft annual governance statement and the significant governance issues that should be included within it. The Leadership Team has identified the following as significant governance issues:

- capacity to deliver operational and corporate priorities;

- compliance with Health & Safety requirements for the Council's corporate assets;

- sustainable leisure provision; and

- the implications and delivery of Local Government Reorganisation.

5. Opinion on the Governance Framework

5.1 The review of the effectiveness of the governance framework shows that there are a number of significant concerns and as such only **limited assurance** can be given that the framework is operating adequately in practice.

5.2 The weaknesses in the governance framework are outlined in section 6.

5.3 The Audit & Governance Committee will have responsibility for ensuring the delivery of the actions needed to improve the Council's governance framework.

6. Significant Governance Issues

6.1 The Council's key governance issues are outlined below. As the majority of these issues have already been identified and included in the Improvement Plan arising from the VFM review, a separate action plan has not been produced. Any additional issues identified below have been added to the existing improvement plan or are being monitored through the Strategic Risk Register.

The updated Governance Improvement Plan is attached at Appendix 2.

Ref	Issue	Improvement Plan X-Ref
1.	**Governance Framework**	
	(a) Aspects of the Governance Framework are in need of review and updating, these include:	
	• The Code of Governance;	VFM9 - 77
	• Values and Operating Principles;	VFM8 - 30
	• Scheme of Delegations;	VFM9 - 67
	• Financial Regulations;	VFM1 - 35
	• IT Security Policy & Cyber Security	VFM4 - 27
	• Workforce Development Framework;	VFM8 - 80
	• Project Management Toolkit;	VFM6 - 45
	• Performance Reporting Framework;	VFM6 - 74 & 75
	• Contracts Register;	VFM7 - 17
	• Confidential Reporting Framework and Fraud Policy;	VFM5 - 58
	• Employees Code of Conduct.	VFM8 - 65
	(b) Training, awareness raising and compliance with the Council's Governance Framework	GOV1 & GOV2
2.	**Strategic Risks**	Being actioned and monitored via the Strategic Risk Register
	As set out in 4.8, the following have been identified as red risks on the Council's Strategic Risk Register:	
	• Financial Stability;	
	• Local Government Reorganisation;	
	• Safe Management of Trees;	
	• Delivery of Town Centre Regeneration Project;	
	• Health & Safety arrangements for Properties;	
	• Corporate Capacity; and	
	• Sustainable leisure provision.	
3.	**Housing and corporate assets compliance issues**	See Housing Improvement Plan and Strategic Risk Register for Corporate Assets actions
	The External Auditors' VFM report identified a number of compliance issues relating to housing and corporate assets.	

Signed:

…………………………………………………   …………………………

Chair of the Audit & Governance Committee   Date

…………………………………………………   …………………………

Leader of the Council   Date

…………………………………………………   …………………………

Chief Executive   Date

on behalf of Cannock Chase District Council

Governance Improvement Plan

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM	**Significant Governance Issues from the former VFM Improvement Plan**				
VFM1	**Financial Sustainability (Statutory Recommendation 1)**				
20.	Regular performance monitoring to be re-established with budget managers and Leadership Team.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	Period 6 monitoring for 2024-25 has been completed and has been reported in the budget setting report for 2025/26.	▲
21.	Reporting on the delivery of savings to be established and discussed at Strategic Leadership Team meetings. Where appropriate, project plans will be developed to support the delivery of significant/complex savings.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	The savings will be reported on as part of budget monitoring from 2025/26.	▲
33.	Lesson learnt exercise to be undertaken of implementation of the finance system	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	Work on this has been deferred due to the ongoing capacity issues in the Finance Team and the need to prepare the budget. It has now been rescheduled for Q1.	✖
34.	Training of managers in budget management and use of the new finance system.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2024/25	The first session has been delivered to Leadership Team. The sessions with managers will be delivered during Q1 25/26.	✔
35.	Review of Financial Regulations	Deputy Chief Executive (Resources) & S151 Officer	Quarter 1 - 2025/26		

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
36.	Training for managers on Financial Regulations	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2025/26		
68.	Implementation of remaining module of the finance system, ongoing development and maximising use of system functionality	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2025/26		
69.	Performance reporting for Cabinet and Scrutiny to be developed. This will be done alongside the review and development of performance and risk reporting.	Deputy Chief Executive (Resources) & S151 Officer	Quarter 2 - 2025/26		
52.	Follow-on zero-based budgeting session with managers to continue work started as part of the 2024/25 budget setting process	Deputy Chief Executive (Resources) & S151 Officer	Quarter 3 - 2025/26 for 2026/27 budget setting		
VFM2	**Corporate Savings & Transformation Programme (Key Recommendation 1)**				
55.	Process to be established for developing savings options - this will comprise a service reduction programme and a service transformation/ efficiency programme.	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25	A review of key priority projects has been undertaken and this was approved by Cabinet on 24 October 2024. A transformation strategy and plan has been developed. This was approved by Cabinet on 28 November 2024.	N/A

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
				The report also sets out the proposals for creating a transformation team. However, the work on Transformation is under review in light of Local Government Reorganisation. A report will be prepared for Cabinet's consideration in Q1 2025/26.	
56.	Consultation and engagement to be embedded into the planning for the delivery of key projects where appropriate to ensure schemes meet community needs e.g. regeneration projects, redevelopment of play areas.	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2025/26		
VFM3	**Risk Management (Key Recommendation 2)**				
26.	Training for Leadership Team, managers, team leaders/principal officers on risk management	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2024/25	Risk management training and workshops completed with Leadership Team and dates arranged for workshops with managers.	✔️
41.	Develop risk registers for each Directorate, the HRA and ICT	Deputy Chief Executive (Resources), Deputy Chief Executive (Place), Head of Housing & Corporate Assets and Head of Transformation & Assurance	Quarter 1 - 2025/26		

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
42.	Establish escalation process between other risk registers and the SRR e.g. services, projects	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
VFM4	**IT (Key Recommendation 3)**				
27.	Update IT security policy and adopt a cyber security policy	Head of Transformation and Assurance and Chief Technology Officer	Quarter 3 - 2024/25	The policy has been reviewed and is to go to Leadership Team for approval in May 2025.	⚠️
43.	Develop assurance reporting for IT e.g. report on outcome of annual health check / penetration testing to Leadership Team and Audit Committee	Head of Transformation & Assurance and Chief Technology Officer	Quarter 4 - 2024/25	Work has commenced on the IT Assurance report and this will be reported to Leadership Team in May and the Audit Committee in June 2025.	✔️
44.	Review of what we include in procurements re ICT controls and information governance	Head of Transformation & Assurance, Chief Technology Officer, Head of Law & Governance and Information Manager	Quarter 4 - 2024/25	Work is in progress and will be completed in Q1	✔️
VFM5	**Fraud (Key Recommendation 4)**				
57.	Review Anti-Fraud & Bribery Policy	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
58.	Review of Confidential Reporting Policy	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
59.	Assess compliance against Cipfa 2014 Code for Fraud and develop an action plan as necessary	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
79.	Review the information we report on fraud work (including data matching) to the Audit Committee.	Chief Internal Auditor & Risk Manager	Quarter 1 - 2025/26		
73.	Assess fraud risks and include in risk registers as appropriate	Chief Internal Auditor & Risk Manager and Leadership Team	Quarter 2 - 2025/26		
VFM6	**Performance Management (Key Recommendation 5)**				
46.	Establish corporate project resources to support transformation work (funding allocated in 2024/25 budget)	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2024/25	The team structure was approved as part of the report to Cabinet on the Transformation Strategy (5 December 2024). However, this work is under review in light of the Local Government Reorganisation (LGR) proposals. A report will be prepared for Cabinet's consideration in Q1 2025/26.	N/A
47.	Review of all projects, the current governance arrangements and establish project reporting to Leadership Team	Deputy Chief Executive (Resources) and Deputy Chief Executive (Place)	Quarter 4 - 2024/25	Work on this has not yet commenced - review to be undertaken in Q1 to set the framework for 2025/26	▲

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
74.	Develop and adopt a performance management framework to establish golden thread from Corporate Plan to service plans through to employee reviews. Framework to include protocols for ensuring data quality	Head of Transformation & Assurance	Quarter 1 - 2025/26		
75.	Review our performance report style - delivery plans and KPIs. To consider the development of performance outcome measures	Head of Transformation & Assurance	Quarter 1 - 2025/26		
76.	Performance reporting for waste and leisure: • review of KPIs for monitoring and reporting on performance; • establish internal validation process of contract performance; and • review information reported to Cabinet / Scrutiny	Head of Transformation & Assurance, Head of Operations and Head of Wellbeing	Quarter 1 - 2025/26		
45.	Establish a Corporate Project Management Methodology. Provide templates, guidelines, and training for key officers (LT, Service Managers and key Principal Officers/Team Leaders).	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 2 - 2025/26		

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
VFM7	**Procurement and Contract Management (Key Recommendation 7)**				
17.	Update the contracts register and ensure it is compliant with transparency requirements	Head of Transformation & Assurance and Leadership Team	Quarter 4 - 2024/25	Work on this has slipped and will now commence in Q1.	▲
50.	Provide training for managers on procurement and contract management	Head of Transformation & Assurance	Quarter 1 - 2025/26		
62.	Work with managers and the County's Procurement Team to develop a procurement pipeline	Head of Transformation & Assurance and Leadership Team	Quarter 3 - 2025/26		
63.	Process to be established for publication of key data on the Council's website to meet transparency requirements re spend data, contracts register	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 3 - 2025/26		
VFM8	**HR related issues (Improvement Recommendations 1 and 2)**				
31.	Complete review of hybrid working. This will inform the development of the workforce strategy and the review of the Code of Conduct as well as support the development of an asset strategy.	Head of Transformation & Assurance and HR Manager	Quarter 3 - 2024/25	A report has been drafted and is still with the Head of Service for review. Progress on this has slipped again due to work on the Local Government Reorganisation submission taking precedence. The report will now be presented to Leadership Team in Q1 2025/26	✖

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
30.	Establish our culture, values and type of organisation we want to be. This work will inform the other HR related actions	Deputy Chief Executive (Resources) & S151 Officer and Head of Transformation & Assurance	Quarter 4 - 2024/25	Put on hold pending further discussion in light of Local Government Reorganisation. Considering a light touch approach.	
64.	Develop a hybrid working policy and review other related policies and processes	Head of Transformation & Assurance and HR Manager	Quarter 2 - 2025/26		
65.	Review and update the Employee Code of Conduct	Head of Transformation & Assurance and Head of Law & Governance	Quarter 3 - 2025/26		
80.	Development of a workforce strategy that links to long term transformation / shared services	Head of Transformation & Assurance and HR Manager	Quarter 4 - 2025/26		
VFM9	**Other Related Actions**				
77.	Review of Code of Governance	Head of Transformation & Assurance	Quarter 1 - 2025/26		
67.	Review of Scheme of Delegations as part of shared services transformation. (From AGS 2023-24)	Monitoring Officer and Leadership Team	Quarter 3 - 2025/26		

No	Action	Lead Officer	Revised Timescale	Progress Update	Progress Rating
66.	Establish an inventory of key policies and a programme of periodic reviews	Leadership Team	Quarter 4 - 2025/26		
81.	Development of Assurance Model	Head of Transformation & Assurance and Chief Internal Auditor & Risk Manager	Quarter 4 - 2025/26		
	New Significant Governance Issues Arising from the 2024/25 Governance Review				
GOV	**Governance Framework**				
GOV1	Training and reminders for managers on good governance and key components of the framework	Deputy Chief Executive (Resources), Head of Transformation & Assurance and Head of Law & Governance	Initial session Quarter 2 - 2025/26		
GOV2	Monitoring compliance with the governance framework	Deputy Chief Executive (Resources), Head of Transformation & Assurance and Head of Law & Governance	Ongoing		