North West Leicestershire District Council

ANNUAL GOVERNANCE STATEMENT 2025/26

Version Control	Revision Date	Summary of Changes
1.0	5 May 2026	Draft – review by S151 Officer and CLT
1.1	1 June 2026	Draft version for Audit and Governance Committee
1.2	23 June 2026	Draft Version for Publication with Statement of Accounts

Annual Governance Statement 2025/26

Executive summary

This Annual Governance Statement (AGS) explains how North West Leicestershire District Council has reviewed the effectiveness of its governance arrangements for 2025/26 and provides an overall opinion on whether those arrangements were fit for purpose. It is prepared in line with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (including the 2025 addendum on the annual review and AGS). For detailed descriptions of our governance arrangements, please refer to our Local Code of Corporate Governance and Constitution.

Overall conclusion for 2025/26: our governance framework is substantially in place and supports decision-making, transparency, stewardship and delivery of our priorities. However, our annual review identified areas where governance arrangements need to operate more consistently and provide stronger assurance, particularly around (1) delivery and closure of internal audit recommendations, (2) the operation and control environment of the Unit 4 finance system and associated key financial controls, and (3) continued strengthening of the end-to-end closedown and accounts process to meet statutory reporting expectations to ensure the Statements of Accounts were published by the deadline.

Governance outlook: during 2026/27 the Council will continue to strengthen the assurance framework that supports our governance (including the three lines model), maintain clear accountability for improvement actions, and increase the pace of embedding agreed controls and ways of working in practice. This includes working closely with internal and external audit and ensuring members have clear visibility of progress.

This AGS should be read alongside the Statement of Accounts and the Narrative Report. It is intended to be clear and accessible for members, staff and the public, focusing on what matters most: the results of our annual governance review and the actions we will take to improve.

Scope and statutory context

North West Leicestershire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has duties under the Local Government Act 1999 (best value duty) to make arrangements to secure continuous improvement in the exercise of its functions.

In discharging these responsibilities, the Council maintains a governance framework which includes arrangements for decision-making, risk management, internal control, performance management, and accountability.

The Council has approved and adopted a Local Code of Corporate Governance which is consistent with the CIPFA/SOLACE Delivering Good Governance in Local

Government: Framework (2016) and the 2025 addendum on the annual review and AGS. The Code is reviewed annually and is published on the Council's website.

This Statement explains how the Council has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015. The Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework.

Our assessment of effectiveness

The Council undertakes an annual review of the effectiveness of its governance arrangements, including the system of internal control. The review is evidence-based and considers whether arrangements are (a) aligned to support delivery of planned outcomes and best value and (b) in place and operating effectively across the seven governance principles.

The annual review draws on a range of assurance sources (the Council's assurance framework), including: internal audit's annual opinion and significant audit findings; assurances from statutory officers and senior management; governance, risk and performance reporting (including the corporate risk register); reports from members and key committees (including Audit and Governance Committee); and the findings and recommendations of external assurance providers (including external audit and regulators/inspectorates where applicable).

The review reflects different perspectives across the three lines model: operational management assurance (first line), risk/compliance and other oversight functions (second line), and independent assurance from internal audit (third line). The results were considered through the Council's senior officer governance arrangements and reviewed through the Audit and Governance Committee before final approval.

Our vision, priorities and values

The Council's vision, priorities and values are set out in its Council Delivery Plan. Our vision is to support a clean, green and prosperous place where people want to live, work and visit. Our priorities are: Planning and regeneration; Communities and housing; Clean, green and Zero Carbon; and A well-run council.

- **Planning and regeneration** This is about economic growth and physical development of the district.
- **Communities and housing** This is about looking after our tenants and keeping our communities safe.
- **Clean, green and Zero Carbon** This is about looking after the environment we live in.
- **A well-run council** This is about making sure our services are provided in a positive and friendly way, that we provide good value for money and that our finances are in good order.

The Council has adopted an overarching value of “One Council, one team” supported by the following five values:

- Excellence – we will always work to be the best we can be
- Trust – We are honest fair and transparent, and we value trust
- Respect – We respect each other and our customers in a diverse, professional and supportive environment
- Pride – We are proud of the role we play in making North West Leicestershire a happy healthy and vibrant place to live and work
- Growth – We will work together to grow and continually improve.

These values are integrated into employment lifecycle from recruitment to performance and learning and development.

Summary of our governance framework

Our governance framework comprises the Council’s Constitution (including schemes of delegation and procedure rules), the Local Code of Corporate Governance, member and officer standards and protocols, the risk management framework, performance management arrangements, internal and external audit, and scrutiny/oversight arrangements. Together these support effective decision-making, transparency, stewardship and delivery of outcomes.

The Council operates a cabinet style system of governance with separation of executive and scrutiny functions. All Cabinet members have been allocated a specific portfolio by the Leader and are responsible for driving forward the Council’s key strategic aims.

The Council has a Constitution which sets out how it operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. The Constitution is reviewed annually by a working group of members from the Council’s Audit and Governance Committee supported by the Monitoring Officer.

The Constitution of the Council sets out matters reserved to Council, Cabinet and Committees for decision, with all other decisions delegated to Officers. The Constitution is subject to a continuous review process and was reviewed in 2025/26 by members of the Audit and Governance Committee. The new version was adopted in March 2026 following approval by Council in February 2026 (with some final amendments coming into force in May 2026 following the Annual Council meeting).

The Council’s arrangements for governance and scrutiny follow appropriate codes and guidance.

There are various layers of management within the organisation and each management team each play an important role in governance framework.

The Council's Statutory Officers who consist of the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Legal and Support Services) and the Section 151 Officer (Strategic Director of Resources) fulfil the statutory duties associated with their roles, including ensuring that the Council's activities are in accordance with the law and legislative requirements, and that financial budgets are set appropriately and are monitored regularly.

Monthly Corporate Leadership Team (CLT) comprising the Chief Executive, Directors and Heads of Service consider strategic and operational matters relevant to specific directorates).

Extended Leadership Team (ELT) meetings take place monthly which involve all Team Managers. They support the Corporate Leadership Team by providing valuable operational insight to inform the strategic and operational direction of the Council.

Team Managers support ELT and contribute to effective management of their respective departments.

During 2025/26, the Corporate Leadership Team (CLT) and Extended Leadership Team (ELT) held joint meetings to ensure that key strategies were considered collaboratively by both leadership groups. These sessions addressed important topics to promote effective communication and alignment between the two teams, strengthening the Council's governance framework. The Strategic Director of Resources chaired the ELT meetings, facilitating both upward and downward communication across the organisation to reinforce transparency and engagement at all levels.

The Council also operates an Employee Forum, providing a structured route for two-way communication between staff representatives and senior management. This supports openness, engagement and organisational learning by enabling staff feedback on policies, change programmes and ways of working, and by sharing responses and actions back to the wider workforce.

Role of the Council

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Part 2 (Section C) of the Council's Constitution. Part 3 (Section E) provides that the Council is responsible for setting the policy and budgetary framework.

The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Role of Cabinet

The Cabinet has responsibility for all executive functions and for making recommendations to Council within the Budget and Policy Framework. Its remit is clearly set out in the Constitution, and it plays a major role in reviewing key aspects of overall service delivery, including monitoring its effectiveness and related governance issues.

Role of Audit and Governance Committee

The Audit and Governance Committee is responsible for ensuring that the Council's systems for internal control are sound by reviewing control mechanisms and guidelines (both internal and external) and ensuring continued probity and good governance of the Council's operations. The Committee meets the external auditor to discuss findings in the Annual Audit Management Letter and reports. The Committee is also responsible for dealing with member conduct and standards issues, along with reviewing the Council's Arrangements for Dealing with Councillor Complaints and the Constitution.

Azets, Auditor's Annual Report Years ending 31 March 2024 and 31 March 2025 stated that 'The Council has an Audit and Governance Committee whose role is to provide independent assurance of the adequacy of the Council's risk management framework and the associated internal control environment. The Audit and Governance Committee meets regularly and has an annual programme of work to support the achievement of the committees' objectives, for example the Corporate Risk Register is presented to the committee on a quarterly basis. Our attendance at the Audit and Governance Committee has confirmed there is an appropriate level of challenge by members on information they have been provided with.'

Role of Scrutiny Committees

The Community and Corporate Scrutiny Committees carry out the Council's scrutiny function.

The main tasks of the Scrutiny Committees are:

- Performance Monitoring;
- Holding the Cabinet to account;

- Policy review and development; and
- External Scrutiny.

The Scrutiny Committees also have an opportunity to ‘Call-in’ decisions under provisions within the Constitution where they feel that the decision has been taken outside the principles of decision making set out in Section A of Part 2 of the Constitution:

a) proportionality (i.e. the action must be proportionate to the desired outcome).
b) due consultation and the taking of professional advice from officers.
c) respect for human rights.
d) a presumption in favour of openness.
e) clarity of aims and desired outcomes.
f) explaining what options were considered and giving the reasons for the decision.”

Risk Management

The overall objective of the Council’s risk management strategy is the identification, analysis, management and financial control of those risks which can most impact on the Council’s ability to pursue its approved delivery plan.

The Risk Management Policy was approved by Cabinet on 23 September 2025, following consultation with the Audit and Governance Committee on 6 August 2025 and all reports to Council, Cabinet and Committees have a risk management section. A Corporate Risk Register has been developed and approved at both Corporate Leadership Team and by Audit and Governance Committee. The Corporate Risk Register is accepted as a live document constantly under review for progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process. The Council has decided that Service Plans will contain identified risks which was introduced for the Service Planning for 2025/26.

The Audit and Governance Committee has raised several key issues regarding risk management during this period. Firstly, they have emphasised the need for greater clarity and transparency in risk reporting, ensuring that any changes to the risk register are clearly highlighted for ease of review. The Committee has also expressed concerns about the adequacy of controls surrounding key financial systems, notably the continued issues relating to the Unit 4 financial system, which have prevented the implementation of outstanding recommendations. Furthermore, the Committee has called for improvements in housing compliance, particularly around contract management and gas safety as well as IT security management, with specific attention to the Information Security Policy and the use of live data systems for testing.

These issues have prompted the development and monitoring of targeted action plans to address these issues and ensure the effectiveness of the Council’s risk management strategy throughout 2025/26.

The Corporate Risk Group (CRG) is represented by each of the Council's services. The CRG identifies new risks and reviews the corporate risk register. Review of corporate risks is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Audit and Governance Committee on at least a quarterly basis. The Committee receives the risk register in a detailed format, with any changes clearly highlighted for ease of review.

Role of Internal Audit

Internal Audit is a key component of the Council's governance framework, providing independent and objective assurance on the adequacy and effectiveness of governance, risk management and internal control processes. It operates in accordance with the Global Internal Audit Standards and supports the Council in achieving its strategic objectives by evaluating whether risks are appropriately identified and managed.

It delivers a risk-based audit plan focused on key areas of risk and reports progress and findings to the Audit and Governance Committee. Individual reviews provide assurance opinions, identify control weaknesses, and agree improvement actions with management.

Internal Audit also monitors the implementation of agreed recommendations, with regular reporting to the Committee and oversight by the Corporate Leadership Team to ensure timely delivery and accountability.

Beyond formal assurance work, Internal Audit plays an important advisory role by sharing good practice, supporting service improvement, and contributing to the development of governance arrangements across the Council, while maintaining its independence.

Internal Audit also provides an overall annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. This opinion is a key source of assurance informing the Annual Governance Statement and highlights areas where improvements are required.

The Internal Audit annual opinion report for 2025/26 will be incorporated once finalised.

External Audit

Azets were appointed by the Public Sector Audit Appointments (PSAA) as the Council's external auditor for the 2023/24 financial year onwards. The auditor's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities. The Council has built good working relationships with Azets and regular meetings are held between Internal Audit and Azets.

External Audit provides an opinion on the Council's financial statements and assess the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources).

The Council is actively working in partnership with Azets to rebuild and strengthen assurance over the next few years. This collaborative approach is designed to ensure that the Council's assurance framework is robust and fully aligns with statutory requirements, supporting continuous improvement and compliance with best practice standards.

Azets have presented a report to the Audit and Governance Committee during the audit completion stage, outlining their approach and progress towards rebuilding assurance within the Council. The report details the commencement of this work in the 2025/26 financial year, with an emphasis on thorough reconciliation activities initiated in early 2026. This phase includes meticulous examination and validation of financial records, designed to address previous gaps and reinforce the integrity of the Council's financial statements.

There is now a renewed focus on rebuilding assurance, with Azets working closely alongside the Council's finance team. This collaborative effort is underpinned by regular meetings between the finance team and Azets, ensuring ongoing dialogue, effective coordination, and prompt resolution of any issues identified during the assurance process. The partnership is intended to strengthen the Council's assurance framework, align practices with statutory requirements, and support both continuous improvement and compliance with best practice standards.

Governance principles in practice (CIPFA/SOLACE)

This section summarises how the Council's governance arrangements operated in practice during 2025/26 against the seven principles of the CIPFA/SOLACE Framework. It focuses on key features and evidence of effectiveness. More detailed descriptions of arrangements are set out in the Council's Local Code of Corporate Governance and Constitution.

Principle A: Integrity, ethical values and the rule of law

- Member and officer codes of conduct, registers of interests and gifts/hospitality, and arrangements for standards complaints are in place and overseen through the Monitoring Officer and member governance arrangements.
- Statutory officers (Head of Paid Service, Section 151 Officer and Monitoring Officer) meet regularly to support lawful, ethical and well-governed decision-making and to address emerging governance issues.
- Whistleblowing/confidential reporting arrangements are in place and apply to staff and relevant third parties, with reports investigated in line with the policy.
- Member development and targeted governance/audit training took place during the year to support effective challenge and compliance.

Principle B: Openness and stakeholder engagement

The Council has in place appropriate Confidential Reporting policies and procedures which are regularly reviewed and updated where required. The Whistleblowing Policy is one of a suite of corporate governance policies which were reviewed in 2025.

Staff are aware of the Whistleblowing policy through the Council's intranet, a mandatory training programme and as an integral part of the induction process for new starters. There is also a well- established and responsive complaints procedure to deal with both informal and formal complaints from customers and residents.

The Council reviews and adopts Arrangements for Dealing with Councillor Complaints annually, which include the option of an informal resolution stage facilitated by the Monitoring Officer.

The Audit and Governance Committee has oversight of the complaints process and receive quarterly reports from the Monitoring Officer.

The Council supports openness and engagement through transparent decision-making and publication of key information, consultation and engagement activity, scrutiny arrangements, and a corporate communications approach that uses appropriate channels to reach residents and stakeholders. Internally, two-way engagement is supported through regular team and leadership communications and forums (including the Employee Forum), helping staff to understand decisions, priorities and changes and to provide feedback.

The Governance Toolkit was enhanced to include a new section, ‘Choose Your Own Adventure – Key Governance Processes’. This provides interactive guides to help officers:

- navigate decision-making
- identify approvals and consultation routes
- follow correct governance steps

Principle C: Defining outcomes (sustainable economic, social and environmental benefits)

The Council defines and communicates its intended outcomes through the Council Delivery Plan and associated strategies and uses performance reporting to monitor delivery. Where outcomes are delivered through partnerships and collaborations, the Council seeks to ensure proportionate governance arrangements (including clear roles, decision rights, and appropriate reporting) so that accountability and risk management are maintained.

Principle D: Determining interventions to optimise achievement of outcomes

The Council Delivery Plan and Medium-Term Financial Strategy set out how resources (financial and workforce) are planned to deliver priorities. Performance against the Delivery Plan is monitored and reported, enabling members and officers to review progress and take corrective action where required.

The Council maintains a performance management framework to support delivery, learning and improvement. Financial monitoring and service/performance reporting are used to support budget management, prioritisation and transparency. The Council also uses learning from complaints, audit findings and reviews to improve services and strengthen governance.

Principle E: Developing capacity and capability

- The Council maintains clear governance roles and responsibilities, including statutory officer arrangements (Head of Paid Service, Section 151 Officer and Monitoring Officer) and schemes of delegation set out in the Constitution.
- Induction and development is provided for members and officers to support effective leadership, scrutiny and informed decision-making.
- Workforce planning, organisational development and learning and development arrangements support service resilience and delivery of priorities.
- Health and wellbeing and values-led behaviours are promoted to support a positive culture and effective governance in practice.

Principle F: Managing risks and performance through robust internal control and strong public financial management

- Risk management: a corporate risk register is maintained and reviewed through officer and member arrangements, supporting oversight of strategic risks and mitigation actions.
- Internal control: policies, procedure rules and management controls support compliant decision-making and service delivery; internal audit provides independent assurance and tracks recommendations.
- Financial management: budget setting and monitoring arrangements support stewardship and transparency, supported by treasury management arrangements and professional advice from the Section 151 Officer.
- Information governance and security: ICT and information security arrangements are in place and are subject to review and improvement actions where needed.

The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias.

The Audit and Governance Committee undertake the functions of an audit committee as identified by CIPFA guidance. It receives regular reports and presentations from the External Auditor and is independent of Cabinet.

The Council has a customer feedback complaints system, and this information is used to improve service delivery and customer satisfaction (see above).

The Council has a Risk Management Policy in place. The strategic risk register is reviewed and updated and scrutinised by the Audit and Governance Committee on a quarterly basis.

The risks identified have been linked to Council priorities/strategic aims and lead officers have been identified to manage each risk. Risk Management also forms a key element of the Council's Delivery Plan, and the Service Planning process and risk management is an integral part of the Council's performance management arrangements.

As part of the Council's Corporate Project Management Framework, all major projects have their own risk log. All reports going to members include the risk implications associated with the decision members are being asked to make.

The Council is committed to the effective use of IT and has an ICT strategy and IT Security Policy which were reviewed during 2024.

Key area of focus in 2025/26: the implementation and ongoing operation of the Unit4 finance system has continued to require significant management attention. The annual review identified the need to further strengthen elements of the control environment (including key reconciliations, system administration and the pace of implementing related audit recommendations). This remains a priority in our governance improvement plan.

The Council's 2025/26 Treasury Management Strategy Statement was approved by Council in February 2025, respectively, and risks are fully evaluated as part of this Strategy.

Principle G: Transparency, reporting and audit to deliver effective accountability

- External audit: the Council works constructively with its external auditor and provides information and support to enable timely audit work and appropriate challenge.
- Internal audit: the internal audit function provides independent assurance, reports significant findings, and follows up delivery of recommendations reporting to the Audit and Governance Committee.
- Audit and Governance Committee: provides oversight of governance, risk, internal control and financial reporting, and supports transparency through public reporting and scrutiny of assurance.
- Learning and improvement: the Council's governance arrangements include mechanisms to respond to external challenge and implement agreed recommendations and improvement actions.

Where our governance needs to improve (including action plan)

The annual review concluded that, while the Council's governance framework is in place, there are specific areas where governance needs to operate more effectively and consistently to provide stronger assurance. Internal audit's annual opinion continues to identify areas where controls and the implementation of agreed actions need to improve, and the Council recognises the importance of demonstrating sustained progress.

Key governance improvement themes for 2025/26 (and into 2026/27):

1. **Financial reporting and closedown:** strengthening the end-to-end closedown and accounts process to support timely completion and approval.
2. **Key financial controls and Unit4:** strengthening the control environment and delivering outstanding recommendations linked to the finance system and core reconciliations.
3. **Delivery of internal audit recommendations:** improving the pace, quality and evidence of implementation (including SMART actions, clear ownership and escalation where delivery stalls).
4. **Governance culture and assurance:** ensuring governance arrangements are consistently understood and applied, and that member oversight has clear, transparent reporting on progress and outcomes.

Progress against these actions is monitored through management arrangements and reported to the Audit and Governance Committee as appropriate.

The Council did not meet the 2024/25 backstop date, despite officers and the external auditors working together to secure approval of the Statement of Accounts by 27 February 2026. Although the Audit and Governance Committee approved the accounts on 26 February 2026, the final signing was not completed following the

meeting. The Statement of Accounts were subsequently approved and signed at a reconvened Committee meeting on 10 March 2026.

The Council is working collaboratively with Azets in ensuring that it meets its statutory reporting requirements for the Statement of Accounts 2025/26. The Council has already commenced this work as part of its ongoing commitment to strengthening governance and financial integrity. By proactively engaging with external auditors and developing action plans, the Council is laying the groundwork for more robust financial reporting. These efforts are designed to restore confidence amongst stakeholders and ensure that statutory requirements are met in a timely and effective manner.

In light of the above, the Council is developing appropriate action plans to address the identified weaknesses and drive improvement. It will be working closely with its external auditors, Azets, to rebuild assurance over the next two years, with the aim of moving towards an unqualified opinion on its statement of accounts. This includes ensuring that there is sufficient technical capacity within the finance team to meet the statutory reporting deadlines. The Council will also explore how the finance system can be enhanced to improve financial reporting at year-end.

The Council recognises the need to learn from the issues experienced with the finance system, and is now focusing on enhancements to the system, including engaging a new supplier for ongoing support and maintenance of the contract.

The key financial system action plan is monitored as part of outstanding audit recommendations, with updates provided regularly and oversight by the Audit and Governance Committee to ensure robust progress and accountability.

The Council acknowledges the comments made by the external auditors regarding the procurement of the finance system, specifically noting that there were underlying issues and that monitoring and reporting of system costs could have been more robust. In response, the Audit and Governance Committee has formally requested further detail on these matters. The Council's Statutory Officers are committed to working closely with the Chair of the Audit Committee to establish the correct approach for capturing and reflecting lessons learned, ensuring that future procurement and cost monitoring processes are strengthened and fully transparent.

Despite having received a limited assurance opinion for three consecutive years, the Council continues to demonstrate strong risk management and governance arrangements. The systems in place provide a sound framework for the identification and management of risks, as well as oversight of key processes. Nevertheless, it is acknowledged that further effort is required to ensure timely implementation of recommendations arising from internal audit reports and to strengthen internal controls so that they remain robust and fit for purpose. Where capacity issues present a barrier to the delivery of outstanding recommendations, the Council will consider the allocation of additional resources to those areas, with appropriate funding to be made available to support improvement.

How we have improved our governance arrangements in 2025/26

This section summarises progress against improvement actions identified in previous Annual Governance Statements.

Area for Improvement	Expected date for completion	Outcome
The Corporate Leadership Team (CLT) will ensure all outstanding internal audit recommendations are reviewed and addressed, with progress and barriers discussed during dedicated quarterly sessions scheduled in April, July, October 2025 and January 2026. For any recommendations that are consciously tolerated (i.e., not actioned), the CLT will require that clear justifications and associated risks are documented and reported within departmental and Corporate Risk Registers at each review session.	March 2026	**Completed** The Corporate Leadership Team (CLT) has maintained a routine of regular quarterly audit meetings, during which all outstanding internal audit recommendations are discussed in detail. These sessions enable the CLT to monitor progress, address any obstacles to delivery, and ensure that justifications and associated risks for any recommendations not actioned are properly recorded.
The Head of Internal Audit will take responsibility for monitoring all outstanding audit recommendations, requesting regular updates from the teams involved, and ensuring timely follow-up so that issues are actively chased and resolved. Progress will be tracked through monthly monitoring, with updates consolidated into reports that highlight the number of recommendations outstanding, the proportion with updates received, and those closed. These will be shared with both the Corporate Leadership Team and Extended Leadership Team. This process will be embedded into existing audit follow-up arrangements, supporting accountability and strengthening governance, with quarterly reporting to the Audit Committee to demonstrate progress and reduce overdue actions.	March 2026	**Completed** The Head of Internal Audit has engaged with service areas regarding outstanding audit recommendations. These discussions ensure that updates are regularly provided, timely follow-up is undertaken, and any issues are actively resolved, supporting strong governance and accountability across the Council. Heads of Service are involved in these processes, helping to ensure that recommendations are tracked, reported, and appropriately addressed within their respective areas.

Area for Improvement	Expected date for completion	Outcome
The Finance Team will develop and implement a detailed action plan to address all outstanding recommendations relating to key financial systems. This plan will be aligned with ongoing financial systems enhancements and will include clearly defined actions, assigned responsibilities, and measurable milestones. Progress will be tracked through monthly review meetings, with status updates recorded in a central monitoring log. The log will capture actions completed, those in progress, and any barriers encountered, with summary reports submitted quarterly to the Corporate Leadership Team and the Audit Committee. Any recommendations not actioned will require documented justification and associated risks, which will be reported during each quarterly review session.	July 2026	**Completed** Significant progress has been made in delivering the actions set out in the key financial systems action plan. In recognition of this, the Audit and Governance Committee will be provided with a comprehensive update on all developments and improvements at its meeting scheduled for April 2026. This update will detail the steps taken to address outstanding recommendations, outline completed milestones, and summarise any ongoing work, ensuring transparency and robust oversight of financial system enhancements. Any outstanding recommendations will be identified during the completion of the 2025/26 key financial systems audits and will be incorporated into the normal recommendations process.
The recent security audit in respect of Unit4 identified a number of weaknesses in the administration of the system. The Director of Resources sees this as a key priority and will procure a third party to ensure all recommendations are completed by the end of June 2026.	December 2026	**Ongoing** To strengthen the administration of the Unit4 system and ensure robust governance, the Council has commissioned Vision ERP as an external specialist to conduct a comprehensive review. Vision ERP's remit will involve a thorough assessment of the current administrative arrangements, identification of weaknesses, and the provision of practical recommendations for improvement. This review is expected to

Area for Improvement	Expected date for completion	Outcome
		encompass system configuration, user access controls, process efficiency, and compliance with relevant security standards.
The general fund budget for 2026/27 will include a budget proposal to provide investment in the system for the next phase of enhancements. It is recognised that end-user training will be a key focus during the financial year 2026/27.	March 2026	**Completed** Budget has been allocated in the 2026/27 to enable further enhancements.
The Council will cease its contract with the previous implementation partner and move to a new provider for support and maintenance effective from December 2025. It is anticipated that the new provider will bring enhanced awareness and expertise in the Unit4 system, supporting improved system administration and knowledge transfer across the organisation by the end of December 2026.	March 2026	**Completed** The support and maintenance contract with a new provider commenced in December 2025.
The Corporate and Extended Leadership Teams will complete dedicated governance training sessions. Attendance will be monitored and recorded, with feedback collected from participants to evaluate effectiveness and identify further training needs.	November 2025	**Completed** Training was delivered in November 2025.
Officers to attend Audit and Governance Committee meetings to present updates and respond directly to member questions, following a newly developed protocol.	March 2026	**Completed** Officers attended where appropriate and provided updates on internal audit reports where the opinion was limited. This will continue.
The Head of Internal Audit will collaborate with Heads of Service to develop and refine comprehensive responses to all outstanding audit recommendations, ensuring each response includes specific, measurable, achievable, relevant, and time-bound actions.	June 2026	**Ongoing** Not all service areas have engaged fully with this process and therefore this is ongoing.

Area for Improvement	Expected date for completion	Outcome
The S151 officer will deliver targeted training during the scheduled November 2025 governance sessions, with a focus on the formulation of SMART actions. Detailed guidance will be drafted to support services in drafting SMART actions to audit recommendations. This will be shared with Team Managers and will be available on the Council's Governance Toolkit on the Council's intranet.	November 2025	**Completed** Audit recommendations training was delivered by the S151 officer as part of the governance training delivered in November 2025. It now is part of the suite of documents in the Governance toolkit that sits on the Council's intranet site. Comprehensive training focused on audit recommendations was delivered by the S151 officer as an integral component of the Council's governance training programme, which took place in November 2025. This training session was specifically designed to enhance understanding across all relevant teams regarding the importance of addressing audit recommendations with clear, actionable, and measurable responses. Following its delivery, the training materials, including detailed guidance and supporting documentation, were incorporated into the Governance toolkit. This toolkit now forms part of a comprehensive suite of resources available to all Council staff via the Council's intranet site, ensuring ongoing access to information and support for continuous improvement in audit response and internal governance processes.
All members of the Corporate Leadership Team actively participate in the drafting of the Annual Governance Statement, in accordance with Chartered Institute of	June 2026	**Completed**

Area for Improvement	Expected date for completion	Outcome
Public Finance and Accountancy guidance, by attending scheduled workshops and contributing to at least one section of the statement each.		The Corporate Leadership Team contributed to the review of the AGS 2025/26 during May 2026.
Publish the Statement of Accounts for 2024/25 in full compliance with financial reporting requirements, ensuring it is completed and publicly available by the statutory backstop date of February 2026.	February 2026	**Completed** Officers published the 2024/25 Statement of Accounts in line with reporting requirements. Although the Audit and Governance Committee approved the accounts on 26 February 2026 to meet the backstop date, these were not signed following the meeting, leading to the Council not meeting the deadline. A reconvened meeting of the Audit and Governance Committee was held on 10 March 2026, following this, the accounts were approved and signed.
Publish the Statement of Accounts for 2025/26 in line with all statutory reporting requirements within the mandated timescales, demonstrating timely and accurate financial governance.	January 2027	**Ongoing** The Draft Statement of Accounts have been published in line with the statutory deadline. The end of January deadline for the publication of the audited Statement of Accounts is expected to be met.
The Council will collaborate with Azets to promptly provide all relevant information upon request, facilitating the efficient progression of Azets' assurance rebuilding activities. This will include supporting Azets as they undertake a comprehensive review of financial processes, controls, and reporting practices. Azets will	January 2027	**Ongoing** Work has already commenced on rebuilding assurance with Azets requesting detailed information on the Council's key reconciliations and assets.

Area for Improvement	Expected date for completion	Outcome
work closely with Council officers to identify gaps, recommend improvements, and validate the implementation of enhanced controls. Regular updates and feedback sessions will be held, ensuring transparency and alignment with governance priorities throughout the assurance rebuilding process.		
The Council will work collaboratively with its new Unit4 support and maintenance partner to implement an automated bank reconciliation function, ensuring this is fully operational by the end of January 2026.	October 2026	**Ongoing** Work has begun to automate the bank reconciliation process, and several benefits have already been realised. Further work is required to complete the automation.
The Council will work in partnership with Azets to rebuild assurance over the coming years, with a detailed plan of work developed and agreed by January 2026. This plan will set out the scope, milestones, and responsibilities for assurance activity, ensuring progress can be monitored and delivered in line with governance priorities.	January 2026	**Complete** Azets have presented their report to the Audit and Governance Committee setting out a timetable for rebuilding assurance over the coming years.

Forward look on governance (2026/27)

The annual review also considers the governance challenges and risks that may affect the Council in future years. Our key governance priorities for 2026/27 are set out below, with clear ownership to support delivery and accountability.

Area for Improvement	Expected date for completion	Responsible
Brought forward from 2025/26		
The Council will respond to the recent Unit4 security audit by completing all recommendations relating to system set-up, thereby strengthening financial controls and compliance.	December 2026	Director of Resources
The Head of Internal Audit will collaborate with Heads of Service to develop and refine comprehensive responses to all outstanding audit recommendations, ensuring each response includes specific, measurable, achievable, relevant, and time-bound actions.	June 2026	Chief Executive Director Heads of Service
Publish the Statement of Accounts for 2025/26 in full compliance with financial reporting requirements, ensuring it is completed and publicly available by the statutory backstop date.	January 2027	Director of Resources
The Council will continue to collaborate with Azets to promptly provide all relevant information upon request, facilitating the efficient progression of Azets' assurance rebuilding activities. This will include supporting Azets as they undertake a comprehensive review of financial processes, controls, and reporting practices. Azets will work closely with Council officers to identify gaps, recommend improvements, and validate the implementation of enhanced controls.	January 2027	Director of Resources

Area for Improvement	Expected date for completion	Responsible
Regular updates and feedback sessions will be held, ensuring transparency and alignment with governance priorities throughout the assurance rebuilding process.		
The Council will work collaboratively with its new Unit 4 support and maintenance partner to implement an automated bank reconciliation function.	October 2026	Head of Finance
The Council will respond to the recent Unit4 security audit by completing all recommendations relating to system set-up by the end of March 2026, thereby strengthening financial controls and compliance.	December 2026	Head of Finance
New for 2026/27		
The Corporate Leadership Team (CLT) will ensure all outstanding internal audit recommendations continue to be reviewed and addressed, with progress and barriers discussed during dedicated quarterly sessions scheduled in April, July, October 2026 and January 2027. For any recommendations that are consciously tolerated (i.e. not actioned), the CLT will require that clear justifications and associated risks are documented and reported within departmental and Corporate Risk Registers at each review session.	March 2027	Chief Executive Directors Heads of Service
The Head of Internal Audit will take responsibility for monitoring all outstanding audit recommendations, requesting regular updates from the teams involved, and ensuring timely follow-up so that issues are actively chased and resolved. Progress will be tracked through monthly monitoring, with updates consolidated into reports that highlight the number of recommendations outstanding, the proportion with updates received, and those closed. These will be shared with both the Corporate Leadership Team and	March 2027	Head of Internal Audit

Area for Improvement	Expected date for completion	Responsible
Extended Leadership Team. This process will be embedded into existing audit follow-up arrangements, supporting accountability and strengthening governance, with quarterly reporting to the Audit Committee to demonstrate progress and reduce overdue actions.		
The Head of Internal Audit will present the annual audit opinion report in a different format with separate focus on governance, risk and internal controls.	August 2027	Head of Internal Audit
The Head of Internal Audit will commence a comprehensive audit of the procurement arrangements relating to Unit4, ensuring all findings and recommendations are documented and presented to the Corporate Leadership Team and Audit and Governance Committee in the subsequent quarterly review session.	September 2026	Head of Internal Audit
The Corporate and Extended Leadership Teams will complete dedicated governance training sessions. Attendance will be monitored and recorded, with feedback collected from participants to evaluate effectiveness and identify further training needs.	November 2026	Chief Executive Director of Resources Head of Legal and Support Services
Officers continue to attend Audit and Governance Committee meetings to present updates and respond directly to member questions, following the appropriate protocols.	March 2027	Directors Heads of Service
Ensure that all members of the Corporate Leadership Team actively participate in the drafting of the Annual Governance Statement, in accordance with Chartered Institute of Public Finance and Accountancy guidance, by attending scheduled workshops and contributing to at least one section of the statement each.	June 2026	Chief Executive Director of Resources Head of Legal and Support Services Heads of Service & Monitoring Officer

Area for Improvement	Expected date for completion	Responsible
The Council will continue to work in partnership with Azets to rebuild assurance over the coming years.	January 2027	Director of Resources
The Council has approved a sum of £2m for the Legacy Grant. Governance needs to be the anchor point: the Council should establish a clear decision-making framework, with published criteria, transparent scoring, and delegated authority that can withstand scrutiny. Monitoring reports should track delivery, risks, and value for money, ensuring members can see how projects were selected, how funds are being used, and whether outcomes align with the Council's strategic priorities. This approach provides a defensible audit trail and protects the fund from challenge while demonstrating responsible stewardship of public money.	December 2026	Director of Resources
Preparing for local government reorganisation requires governance that is structured, evidence-based, and risk-led. The Council should complete a full mapping of services, assets, contracts, liabilities, and statutory duties, ensuring each area has a clear owner and assurance route. A transition board with monthly reporting will provide oversight, escalate risks, and ensure decisions are documented and aligned with regional timelines. By identifying high-risk contracts and governance gaps early, the Council can protect service continuity and demonstrate to partners that it is a reliable, well-prepared organisation entering the new unitary arrangements.	March 2027	Corporate Leadership Team
Building organisational readiness for change is fundamentally a governance exercise: the Council needs a clear framework for how decisions about workforce, leadership development, and structural change are made,	March 2027	Corporate Leadership Team

Area for Improvement	Expected date for completion	Responsible
monitored, and assured. A skills and capacity assessment should inform a corporate change-readiness plan, with progress reported quarterly to members to maintain transparency and accountability. Strengthening leadership capability, reducing critical-role vacancies, and embedding scenario planning all contribute to a more resilient governance environment, ensuring the organisation can manage uncertainty and maintain high standards of decision-making throughout the transition period.		

Overall opinion and conclusion

Opinion: based on the annual review and the assurances available for 2025/26, the Council concludes that its governance arrangements were broadly fit for purpose and that the core framework was substantially in place. Significant work has been undertaken on the closedown and accounts process to ensure the Draft Statement of Accounts 2025/26 were published by the statutory deadline. However, further improvements are needed to strengthen assurance and the consistent operation of key controls, particularly in relation to implementing internal audit recommendations and aspects of the finance system control environment. The Council is committed to delivering the improvement actions set out above and will monitor and report progress through the appropriate governance routes.

Signed:

Cllr Richard Blunt
Leader

Allison Thomas
Chief Executive