



Governance Scrutiny Group

Thursday, 19 June 2025

External Audit Annual Plan 2024/25

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached report from Forvis Mazars (Mazars) summarises their approach to external audit activity with regard to the final accounts process and their approach to value for money work in relation to the financial year 2024/25.
- 1.2. Mazars highlight four significant risks concerning management override of controls, valuation of the LGPS defined benefit pension, valuation of land and buildings and IFRS16 (see pages 15 to 19 of Appendix 1).
- 1.3. Mazars will conduct a Value for Money (VFM) review in line with the 2020 Code of Audit Practice reporting on financial sustainability, governance and improving economy, efficiency and effectiveness.
- 1.4. Mazars staff will be available at the meeting to answer any detailed questions arising from the report.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group accept the 2024/25 External Audit Annual Plan.

3. Reasons for Recommendation

To comply with the Audit Commission's Code of Audit Practice and relevant legislation and accord with good governance.

4. Supporting Information

- 4.1. Councillors will be aware that the Council has a legal requirement to produce a draft Statement of Accounts by the 30 June which is then subject to review by the Authority's external auditors, Mazars, and approval by 'those charged with governance', the Governance Scrutiny Group, by the 27 February 2026 (backstop dates).
- 4.2. On page 11 of the Audit Plan, Mazars have set the completion target date as November 2025, which may allow for approval of the Audit Completion Report at the Governance Scrutiny Group meeting on the 26 November. If this deadline is not met then the report will have to be presented to the February

Committee, assuming the work is completed by the deadline to submit reports for this meeting.

- 4.3. The attached report details the approach that Mazars will use when auditing the 2024/25 Statement of Accounts. It specifies the work they will undertake, when they anticipate undertaking this work, and how they will liaise with Council staff. It also details the key risks with regards to both the year-end accounts and the Council achieving value for money. These are:
- management override of controls
 - valuation of the LGPS defined benefit pension
 - valuation of land and buildings
 - IFRS16- (New Leasing Standard that requires operating leases to be recognised as assets with a corresponding liability for lease payments).
- 4.4. It should be noted that the audit fees for 2024/25 are currently set at £142,471. The 2024/25 scale fee includes additional fees in respect of the auditing standard ISA315. The 2024/25 scale fee represents 11% increase on the 2023/24 scale fee. PSAA review the scale fee each year and make adjustments to reflect new requirements such as IFRS16 (Leases) and is therefore subject to change.
- 4.5. The Council received £18,082 additional grant funding as part of a £15m Government funding package to help with the costs of meeting the 2024/25 audit requirements and fees.
- 4.6. Audit fees have risen significantly over recent years due to increased audit requirements and cost pressures across the sector. These increases have been challenged by management where appropriate. It is hoped that recent initiatives by the Government to address the backlog will mean that audit fees stabilise. Any future rationalisation of audit requirements could result in reduced fees although it is not known when or if this may happen.

5. Risks and Uncertainties

The Mazars report highlights relevant risks (stated at paragraph 4.3 above).

6. Implications

6.1. Financial Implications

The audit fee (paragraph 4.4) relating to the costs of the audit work will be met from existing budgets.

6.2. Legal Implications

The Governance Scrutiny Group plays a key role in supporting the Council's governance controls by supporting and contributing to the Council's responsibility to maintain an adequate and effective system of internal control.

6.3. Equalities Implications

There are no equalities implications.

6.4. **Section 17 of the Crime and Disorder Act 1998 Implications**

There are no Section 17 implications.

6.5. **Biodiversity Net Gain**

There are no Biodiversity Net Gain implications.

7. **Link to Corporate Priorities**

Quality of Life	There is no link to this corporate priority within this report.
Efficient Services	Undertaking an external audit of the financial accounts ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	There is no link to this corporate priority within this report.
The Environment	There is no link to this corporate priority within this report.

8. **Recommendations**

It is RECOMMENDED that the Governance Scrutiny Group accept the 2024/25 External Audit Annual Plan.

For more information contact:	Peter Linfield Director - Finance and Corporate Services 0115 9148439 plinfield@rushcliffe.gov.uk
Background papers available for Inspection:	None.
List of appendices:	Appendix 1 – External Audit Annual Plan 2024/25