



Governance Scrutiny Group

Thursday, 25 September 2025

Draft Annual Audit Report

Report of the Director – Finance and Corporate Services

1. Purpose of report

- 1.1. The attached Draft Annual Audit Report from Forvis Mazars summarises progress on the audit process for the 2024/25 financial year. It reiterates the key conclusions of the Audit Completion Report on the 2024/25 Accounts and the Report to those Charged with Governance, which are considered by the Governance Scrutiny Group on this agenda.
- 1.2. Forvis Mazars have completed their work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and the attached report provides commentary on the Council's arrangements. No significant weaknesses in arrangements were identified and there are no recommendations arising.
- 1.3. Forvis Mazars will issue their conclusion to the audit once any outstanding items have been resolved.
- 1.4. The report is very positive particularly given the continued pressures on the finance team, the auditors and across the sector; and still a significant number of final accounts that have to be signed off across the sector. No major concerns have been raised and no actions are required in relation to the report.

2. Recommendation

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Draft Annual Audit Report at Appendix A.

3. Reasons for Recommendation

To ensure that due regard has been given to issues and concerns raised by the Council's external auditors.

4. Supporting Information

- 4.1. The Auditors Annual Report for 2024/25 is attached at Appendix A.
- 4.2. The sector remains under considerable pressure due to a backlog of audits however the Council is in the minority and is up to date with its audit sign off. Delays in Forvis Mazars gaining assurance from the Pension Fund Accounts (Nottinghamshire County Council being the accountable body) mean that the accounts sign-off may again for the sixth year not meet the statutory deadline of 30 September 2025. However, the opinion should be issued well in advance of the Government's 'backstop' date of 27 February 2026. There were no significant issues that arose during the 2024/25 financial year.
- 4.3. Forvis Mazars are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness

in its use of resources. The table below summarises the outcomes of their work against each of the three reporting criteria, including whether they have identified any significant weaknesses in arrangements or made other recommendations. We are pleased to say that we have a clean bill of financial health once again.

Reporting Criteria	Identified risks of significant weakness?	Actual risks of significant weakness?	Other recommendations made?
Financial Sustainability	No	No	No
Governance	No	No	No
Improving economy, efficiency and effectiveness	No	No	No

5. Risks and Uncertainties

There is a risk that due to the aforementioned backlogs and delays in the audit of the pension fund, the Council’s accounts for 2025/26 may not meet the statutory deadline for sign-off by 30 September 2026. Particularly given the delays in gaining this assurance has once again impacted the timeliness of the final sign-off of the 2024/25 accounts.

6. Implications

6.1. Financial Implications

The existing budget covers the scale fee for audit work of £142k (£128k for 2023/24) The fees have been increasing substantially over recent years given both the challenges facing finances in the sector and technical changes such as IFRS16 (introduced for 2024/25). The fee for IFRS16 is to be confirmed and the increase will be met from in-year budget efficiencies and likely reported in the Council’s Quarter 2 finance report presented to both Corporate Overview Group and Cabinet (assuming it has been agreed). The Council can challenge the fees charged with Public Sector Audit Appointments (PSAA) if it believes it has good reason to.

The scale fee is supposed to include fees in relation to new audit requirements which are charged as fee variations (for example the IFRS16 additional charge). This has so far not materialised and our understanding is PSAA are still trying to resolve this with audit firms.

6.2. Legal Implications

There are no direct legal implications arising from the recommendations of this report.

6.3. Equalities Implications

There are no equalities implications connected to the recommendations of this report.

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

There are no Section 17 implications connected to the recommendations of this report.

6.5. **Biodiversity Net Gain Implications**

There are no Biodiversity Net Gain implications connected to the recommendations of this report.

7. **Link to Corporate Priorities**

The Environment	None
Quality of Life	None
Efficient Services	Undertaking a programme of external audit ensures that proper and efficient services are delivered by the Council.
Sustainable Growth	None

8. **Recommendations**

It is RECOMMENDED that the Governance Scrutiny Group note the receipt of the Annual Audit Report at Appendix A.

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