



Governance Scrutiny Group

Thursday, 18 June 2026

External Audit Annual Plan 2025/26

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 2025/26. This report was circulated to members of the Governance Scrutiny Group in April and there have been no changes made between issuing the draft and this final version.
- 1.2. Mazars highlight four significant risks concerning management override of controls, valuation of investment properties, valuation of the LGPS defined benefit pension and valuation of land and buildings (see pages 17 to 19 of Appendix 1).
- 1.3. Mazars will conduct a Value for Money (VFM) review in line with the 2024 Code of Audit Practice reporting on financial sustainability, governance and improving economy, efficiency and effectiveness. A key change in the 2024 Code of Audit Practice requires Forvis Mazars to issue a draft Auditor's Annual Report to the Council for the year ending 31 March 2026 by 30 November 2026, regardless of whether the audit has been completed. Where the audit work is still ongoing, the report will outline the current status of the audit and summarise any findings identified to date, including those arising since the previous Auditor's Annual Report was issued.
- 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 scrutinise the 2025/26 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 31 January 2027 (backstop dates).
- 4.2. On page 11 of the Audit Plan, Mazars have set the completion target date as September to November 2026. To meet the backstop dates, the approval of the Audit Completion Report must be considered at the Governance Scrutiny Group meeting on the 26 November 2026.
- 4.3. The attached report details the approach that Mazars will use when auditing the 2025/26 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 investment properties
 - valuation of the LGPS defined benefit pension
 - valuation of land and buildings.
- 4.4. It should be noted that the audit fees for 2025/26 are currently set at £146,459. The 2025/26 scale fee represents 2.8% increase on the 2024/25 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 £17,991 additional grant funding as part of a Government funding package to help with the costs of meeting the 2025/26 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. The increase in fees for 2025/26 of 2.8% is lower than in previous years although cumulatively over the past few years the fees have increased significantly and moving forward it is difficult to predict what the fees will be given Local Government Reorganisation.. 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.

6.6. Local Government Reorganisation

There are no Local Government Reorganisation implications associated with this report.

7. Link to Corporate Priorities

The Environment	There is no link to this corporate priority within this report.
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.

8. Recommendations

It is RECOMMENDED that the Governance Scrutiny Group scrutinise the 2025/26 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 2025/26