



External Audit Progress Report

Newark & Sherwood District Council

June 2025

Contents

1. [Audit progress](#)
2. [National publications](#)

01

Audit progress

Audit progress

Purpose of this report

This report provides the Audit and Governance Committee with information about progress in delivering our responsibilities as your external auditors for Newark & Sherwood District Council (the Council) for the year ending 31 March 2025.

Audit for the year ending 31 March 2025

Financial statements audit

On 16 April 2025, we presented our Audit Strategy Memorandum (ASM) to the Audit & Governance Committee, outlining the upcoming phases of our audit work. According to the ASM, our fieldwork is scheduled to commence on 26 June 2025. Whilst some areas of planning remain to be finalised, the audit team is focused on resolving these issues before transitioning to the "responses to risk" phase of the audit.

To date, our preliminary review has revealed no errors or control deficiencies. Our audit approach will remain largely consistent with that of previous years. However, due to the Council's first-time adoption of IFRS 16 for the 2024/25 period, additional procedures will be undertaken to review its application. In addition, we will expand our group audit procedures in line with the revised guidance in ISA 600.

Finally, it is important to note that the Council will remain unaffected by the rebuilding assurance guidance published by the NAO

Value for money arrangements

The NAO's revised Code of Audit Practice from 2024/25, requires auditors to issue their Auditor's Annual Report, which includes commentary on the Council's Value for Money arrangements, by 30 November each year. We plan to complete our work on the VFM arrangements and present this report to the Audit and Governance Committee in advance of 30 November 2025.

National publications

National publications

| | Publication/update | Key points |
|--|---|--|
| Chartered Institute of Public Finance and Accountancy ('CIPFA') | | |
| 1 | Standards & Audit and Governance Committee Update issue 41 – the local audit backstop | A guide for Standards & Audit and Governance Committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how Standards & Audit and Governance Committee members can help. For information only. |
| 2 | CIPFA Better Reporting Group consultation | CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting. For information only. |
| Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC')) | | |
| 3 | Code of Audit Practice 2024: Explanatory memorandum | This explanatory memorandum has been prepared by the Ministry of Housing, Communities and Local Government and laid before Parliament in accordance with the Local Audit and Accountability Act 2014. For information only. |
| 4 | MHCLG Addressing the local audit backlog in England: Non-compliance lists | MHCLG has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024. For information only. |
| National Audit Office ('NAO') | | |
| 5 | NAO insight: Financial management in government: monitoring and forecasting | This guide is for senior finance leaders in government departments and other public bodies. It sets out insights and good practice on monitoring and forecasting for better financial management in government. For information only. |
| 6 | NAO Report: Good practice in annual reporting | The NAO has published its insight guide on Good practice in annual reporting. For information only. |
| 7 | NAO report: Local government financial sustainability | The NAO has published its report Local government financial sustainability. For information only. |
| Other | | |
| 8 | Major Local Audits Reports | The FRC have published their annual report on their inspection findings of Audit Quality Reviews of Major Local Audits. For information only. |
| 9 | Forvis Mazars - Annual Local Government Risk Report 2025/26 | The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans. For information only. |
| 10 | Forvis Mazars – Public Sector in Focus Report | Forvis Mazars report for the public and social sector outlining the top priorities and risks shaping the future of the sector. For information only. |

National publications and technical updates

CIPFA

1. Standards & Audit and Governance Committee Update issue 41 – the local audit backstop

A guide for Standards & Audit and Governance Committee members at English local authorities to explain the local audit backstop arrangements. It covers key terms, dates, roles and responsibilities and how Standards & Audit and Governance Committee members can help.

Link: [Standards & Audit and Governance Committee Update issue 41 – the local audit backstop](#)

2. CIPFA Better Reporting Group consultation

CIPFA's Better Reporting Group (BRG) has been set up to identify and address challenges in local authority financial reporting either through proposing amendments to the Code of Practice on Local Authority Accounting for the United Kingdom (the Code) or assisting to develop practical guidance to enhance its application.

Link: [Better Reporting Group](#)

National publications

MHCLG

3. Code of Audit Practice 2024: Explanatory memorandum

The draft Code of Audit Practice 2024 has been developed by the Comptroller and Auditor General (C&AG) and laid in Parliament on his behalf by the government. The government has produced this accompanying explanatory memorandum.

The changes in the Code are part of wider measures to address the significant backlog of unaudited local body accounts in England. This backlog affects non-NHS bodies within the Code's remit including local authorities, National Park authorities, fire authorities, police and crime commissioners, waste authorities and transport authorities

Link: [Code of Audit Practice 2024: Explanatory memorandum](#)

4. MHCLG Addressing the local audit backlog in England: Non-compliance lists

The Ministry of Housing, Communities and Local Government (MHCLG) has published a list of local bodies that did not publish one or more audited accounts for financial years up to and including 2022 to 2023 by the statutory backstop date of 13 December 2024.

Link: [Addressing the local audit backlog in England: Non-compliance lists - GOV.UK](#)

National publications and technical updates

NAO

5. NAO insight: Financial management in government: monitoring and forecasting

Good financial management is critical in the public sector. For public services to be efficient and productive, the effective management of public finances is essential. This guide outlines how finance leaders across government can monitor budgets and their performance and ensure forecasting is effective. It focuses on three principles:

- Promote a culture of accountability – leadership emphasises the importance of budget holders being accountable for monitoring financial performance and ensuring forecasts are accurate and realistic.
- Develop the right skills and capabilities – finance professionals possess the skills and capabilities to monitor effectively and forecast with precision and leverage these to elevate the quality of the organisation's decision-making.
- Make the best use of data and information – high-quality data and information is used to enable better monitoring and more accurate forecasting, helping decision-makers respond to events quickly and effectively.:

Link: [Financial management in government: monitoring and forecasting](#)

6. NAO Report: Good practice in annual reporting

The NAO has published its insight guide on Good practice in annual reporting which showcases real-world examples of good practice for annual reporting from organisations from the public sector who are leading the way. The examples are laid out in relevant sections of an annual report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance
- External factors

The list is not definitive but should provide ideas on content and format for all bodies in both the public and private sector as they plan their annual reporting for 2024-25.

Link: [Good practice in annual reporting - NAO insight](#)

National publications and technical updates

NAO

7. NAO report: Local government financial sustainability

The NAO has published its report Local government financial sustainability. The Ministry of Housing, Communities & Local Government, (MHCLG) is responsible for the accountability framework for local government and distributes core funding to local authorities. It leads on oversight of financial risk in individual local authorities and the system overall while responsibility for the services local authorities deliver is spread across government departments.

This report focuses on MHCLG as the department responsible for the framework within which local authorities operate, and provides transparency over the current position of local government finances. By examining the current finance system and context for local government finances, the NAO aims to help inform MHCLG's consideration of future reforms. The report considers:

- the context of local government finances in 2024;
- service and financial pressures; and
- the government's approach to local government financial sustainability.

The report concludes that funding for local government has increased in recent years, reversing the long-term downward trend of the previous decade. However, while real terms funding has grown by 4% between 2015-16 and 2023-24, it has not kept pace with population growth or the demand for services, the complexity of need, or the cost of delivering services to people most in need of support.

Proposed reforms of the local government finance system have been repeatedly delayed. Some services are showing the strain, and more local authorities are requesting financial support, some due to the increasing costs of delivering essential frontline services such as homelessness and social care. Despite short-term measures to address acute funding shortfalls, there has been insufficient action to address the systemic weaknesses in local government financial sustainability.

As the government turns its attention to local government reforms, it is essential that this is part of a whole-system, cross-government approach to ensure local authorities are financially sustainable and can continue to provide essential services. This approach needs to ensure effective local accountability for the service and financial performance of each local authority, including robust independent assurance.

Link: [Local government financial sustainability - NAO report](#)

National publications

Other

8. Major Local Audits Reports

The FRC publish an annual report on the inspection findings of Audit Quality Reviews of major local audits in England, which includes large health and local government bodies. The audit of a relevant authority becomes a major local audit if it:

- has total income or expenditure of at least £500 million; or
- administers a local government pension scheme with at least 20,000 members or assets over £1,000 million.

In the 2023/24 inspection cycle, the FRC inspected six NHS and two local government audits. The results of these inspections are included in this report. The FRC acknowledge the unprecedented circumstances facing the local audit sector and have updated their regulatory approach to the monitoring of audit quality to support the reset measures and recovery period.

Link: [Major Local Audits Reports](#)

National publications and technical updates

Other

9. Forvis Mazars - Annual Local Government Risk Report 2025/26

The report deep dives into the known and emerging risks for Local Authorities in 2025/26, as well as what they should include in their internal audit plans.

Link: [Annual Local Government Risk Report for 2025/26](#)

10. Forvis Mazars – Public Sector in Focus Report

Forvis Mazars have issued a report for the public and social sector, Public sector in focus: Charting the road ahead. With over 390 responses from across the UK public and social sector, the study reveals the top priorities and risks shaping the future of the sector.

Link: [Public sector in focus: Charting the road ahead - Forvis Mazars - United Kingdom](#)

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