



# Audit Completion Report

Newark & Sherwood District Council – year ended 31 March 2025  
October 2025

Audit and Accounts Committee  
Newark and Sherwood District Council  
Castle House  
Great North Road  
Newark  
NG24 1BY  
September 2025

Forvis Mazars  
2 Chamberlain Square  
Birmingham  
B3 3AX

Dear Committee Members,

## **Audit Completion Report – Year ended 31 March 2025**

We are pleased to present our Audit Completion Report for Newark & Sherwood District Council (“the Council”) for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for Audit and Accounts Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any exact, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

We appreciate the courtesy and co-operation extended to us by Newark & Sherwood District Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully

Mark Surridge

Forvis Mazars LLP

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Terms of Appointment and further guidance' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Newark & Sherwood District Council. It has been prepared for the sole use of Audit and Accounts Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

# 01

Executive Summary

# Executive summary

## Scope

We have been engaged to audit the financial statements of Newark & Sherwood District Council for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

We have conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs'), relevant ethical and professional standards, and the terms of our engagement communicated in our engagement letter.

## Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

Please refer to the '*Status of our audit*' section for a list of significant audit matters outstanding at the date of this report. We will provide an update to Audit and Accounts Committee on completion of those outstanding matters by way of a follow-up letter.

## Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to Audit and Accounts Committee in our Audit Strategy Memorandum.

## Significant control deficiencies

We did not identify any significant deficiencies in internal control.

## Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the '*Summary of misstatements*' section.

## Audit opinion

At the time of issuing this report and subject to the satisfactory conclusion of our remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix C.

## Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. Further details have been provided in the '*Value for Money*' section of this report.

## Wider reporting powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts.

## Reporting to the group auditor

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.

# Executive summary

## Qualitative aspects of Council’s accounting practices

We have reviewed the Council's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Council’s circumstances.

Draft accounts were received from the Council on 30 June 2025 and were of a good quality.

## Significant matters discussed with management

During our audit, we communicated the following significant matters to management:

- Progress against, and implementation of IFRS16 Leases for the first time.
- Development of the medium-term financial plan and overall financial sustainability of the Council.
- Development and impact to the Council of local government reorganization.
- Audit findings and errors, including any control recommendations.

## Significant difficulties during the audit

We have not encountered any significant difficulties and we have had the full co-operation of management.

## Other matters of significance

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and Audit and Accounts Committee during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.

## Status of the audit

# Status of our audit

Our audit work is substantially complete and, except for the matters set out below. There are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

|                                                                                                                                                                                                                             |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <div>Group Accounts</div> <div>We are completing our review procedures over the consolidation process.</div>                                                                                                                | <div></div> |
| <div>Pensions</div> <div>Awaiting responses from the pension fund auditors to provide assurances required over the IAS19 assets and liabilities. This is expected mid-October.</div>                                        | <div></div> |
| <div>Leases</div> <div>Review of corrections made by the Council arising from our audit work.</div>                                                                                                                         | <div></div> |
| <div>Valuation of Land &amp; Buildings</div> <div>Finalisation of evidence compilation following responses from the external valuer.</div>                                                                                  | <div></div> |
| <div>Housing Benefit Expenditure</div> <div>Finalisation of testing and review of evidence.</div>                                                                                                                           | <div></div> |
| <div>Completion procedures</div> <div>Final audit procedures in order to complete the financial statement audit, including review of final set, checklists, post balance sheet events and management representations.</div> | <div></div> |
| <div>Overall quality control procedures, including manager and partner review of the work performed is ongoing and will continue up to the point of full completion.</div>                                                  | <div></div> |

## Status

|             |                                                                                                                  |
|-------------|------------------------------------------------------------------------------------------------------------------|
| <div></div> | Likely to result in a material adjustment or a significant change to disclosures in the financial statements.    |
| <div></div> | Potential to result in a material adjustment or a significant change to disclosures in the financial statements. |
| <div></div> | Not considered likely to result in a material adjustment or a change to disclosures in the financial statements. |

## Audit approach and risk summary

# Audit approach and risk summary

## Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 16 April 2025.

## Materiality

Our provisional materiality at the planning stage of our audit was set at £2.889m (single entity) using a benchmark of 2% of gross operating expenditure as per the Audit Strategy Memorandum.

Based on the final financial statement figures and other qualitative factors the final overall materiality we applied was £2.39m (final performance materiality: £1.65m; final clearly trivial threshold: £0.07m).

## Group audit approach

Our provisional materiality at the planning stage of our audit was set at £3.69m using a benchmark of 2% of gross operating expenditure as per the Audit Strategy Memorandum.

Based on the final financial statement figures and other qualitative factors the final overall materiality we applied was £2.5m (final performance materiality: £1.75m; final clearly trivial threshold: £0.075m).

## Audit approach and risk summary

|                                                  | Audit risk/ key area of judgement                                      | Fraud risk | Judgement | Error | Misstatement identified | Control recommendations | Conclusion                                                                                                                                      | Page ref to finding |
|--------------------------------------------------|------------------------------------------------------------------------|------------|-----------|-------|-------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Significant Risks                                | Management override of controls                                        | ●          | ●         | ●     | ○                       | ○                       | Risk satisfactorily addressed.                                                                                                                  | 14                  |
|                                                  | Valuation of the Council Dwellings and Other Land & Buildings          | ○          | ●         | ●     | ●                       | ○                       | Items outstanding still to be completed in advance of Audit and Accounts Committee meeting – refer to the section titled 'Status of our audit'. | 15                  |
|                                                  | Valuation of the Net Defined Benefit Liability                         | ○          | ●         | ●     | ○                       | ○                       | Items outstanding still to be completed in advance of Audit and Accounts Committee meeting – refer to the section titled 'Status of our audit'. | 14                  |
| Other key areas of judgement, and enhanced risks | The recording of income and expenditure in the correct financial year. | ○          | ○         | ●     | ○                       | ○                       | Risk satisfactorily addressed.                                                                                                                  | 16                  |
|                                                  | Application of IFRS 16                                                 | ○          | ●         | ●     | ●                       | ●                       | Items outstanding still to be completed in advance of Audit and Accounts Committee meeting – refer to the section titled 'Status of our audit'. | 16                  |

# Audit approach and risk summary

## Overview of our group audit approach

You engaged us to audit the group financial statements of Newark & Sherwood District Council. Based on our risk assessment and the financial information for the year ending 31 March 2025, we determined that certain components consolidated into the group financial statements should be subject to either a full scope audit or a specific scope audit, as set out in the table below.

In addition, to address risks of material misstatement in the group financial statements across components, we also determined that certain components that are not individually material to the group and which do not, at a component-level, possess risks of material misstatement of the group financial statements on an individual component basis, should be subject to audit procedures, as set out in the table below along with the scope of the audit procedures performed.

| Component name                     | % of total expenditure | Auditor       | Scope                                                                                                                                                                           | Changes to scope since planning? |
|------------------------------------|------------------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| Newark & Sherwood District Council | 95%                    | Forvis Mazars | A full audit of the financial information.                                                                                                                                      | No                               |
| Arkwood Development Limited        | 2%                     | Wright Vigar  | An audit of one or more of the component’s account balances, classes of transactions, or disclosures, performed by Forvis Mazars through the consolidation of accounts process. | No                               |
| Active4Today                       | 3%                     | Wright Vigar  | An audit of one or more of the component’s account balances, classes of transactions, or disclosures, performed by Forvis Mazars through the consolidation of accounts process. | No                               |
| RHH Newark Limited                 | 0%                     | Wright Vigar  | Not in scope.                                                                                                                                                                   | No                               |

## Audit scope definitions

**Full scope audit:** an audit of the component’s financial information prepared for group reporting purposes using component performance materiality.

**Audit of account balance(s), class(es) of transaction, and/ or disclosures(s):** an audit of specific account balance(s), class(es) of transaction, and/ or disclosure(s) included in the component’s financial information prepared for group reporting purposes, using component performance materiality.

Significant findings

# Significant findings

## Significant risks

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

### Valuation of the net defined benefit liability

#### Description of the risk

The Council’s accounts contain material liabilities relating to the local government pension scheme. The council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk in this area.

#### How we addressed this risk

We have:

- Assessed the competency, objectivity and independence of the Nottinghamshire Pension Fund’s Actuary, Barnett Waddingham LLP;
- Liaised with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation to complete and accurate;
- Reviewed the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PwC, the consulting actuary engaged by the National Audit Office (NAO); and
- Agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council’s financial statements.

#### Audit conclusion

As set out in Section 02, we are finalising our work in this area. Our work to date has not identified errors for reporting and we will issue a follow up letter to share our conclusions once the residual work has been completed.

### Management override of controls

#### Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

#### How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.

#### Audit conclusion

Subject to the completion of residual procedures as set out in Section 2, our work have obtained the assurances sought with no significant issues arising.

# Significant findings

## Significant risks continued

### Valuation of Council Dwellings and Other Land & Buildings

#### Description of the risk

The Council's accounts contain material balances and disclosures relating to its holding of property, plant and equipment with the majority of land and building assets required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we have determined there is significant risk in this area.

#### How we addressed this risk

We have

- Critically assess the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;
- Considered whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;
- Assessed whether valuation movement are in line with market expectations by reference to alternative sources of valuation data to provide information on regional valuation trends;
- Assessed the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice;
- Reviewed that assets not subject to revaluation in 2024/25 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuer; and
- Selected a sample and substantively test a sample of assets to form an opinion on the reasonableness of the valuations.

#### Audit conclusion

As set out in Section 02, we are finalising our work in this area. Our work to date has identified some errors as set out in Section 06. We will issue a follow up letter to share our conclusions once the residual work has been completed.

# Significant findings

## Other key areas of management judgement/ enhanced risks

### Application of IFRS 16

#### Description of the risk

IFRS 16 is applicable from 1 April 2024, designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. The Council is required to account for its lease arrangements in line with this new standard for the first time in the 2024/25 accounts. This requires the Council to re-classify their leases and account for a right of use asset.

In addition, IFRS16 applies to service concession arrangements. Under IFRS16, the annual Unitary Payment must be separated between an amount for services and an amount for the property. The services element must be recognised in operating expenses to reflect the services received. The liability for the property element must be calculated and subsequently revalued.

#### How we addressed this risk

We have substantively test lease balances recognised under IFRS 16 and seek evidence to support that they have been correctly classified and accurately measured under the new standard.

We have:

- Obtained an understanding of the approach taken by the Council in valuing the right of use asset;
- Obtained copies of the leases to confirm that details are correct
- Recalculated the lease liability for ROUA to confirm cost model valuations are correct;

In addition, we will review the work the council has carried out for the implementation of IFRS16 for service concession arrangements and review the IFRS16 model and test inputs to ensure they are consistent with the underlying PFI contracts

#### Audit conclusion

The total effect of right of use assets brought into the balance sheet as a result of the implementation of IFRS16 was £0.9m and immaterial. From the work performed, we identified disclosure errors and have made a control recommendation.

### The recording of income and expenditure in the correct financial year.

#### Description of the risk

In our 2023-24 audit we noted a number of errors which related to transactions being recorded in the incorrect period in our testing of fees, charges income and other income and other services which was communicated in our Audit Completion Report.

#### How we addressed this risk

We substantively tested both of these transaction lines with an enhanced risk meaning our sample size will be larger. We have also reviewed any internal control follow ups the Council have implemented to reduce the risk of transactions being recorded in the incorrect year.

#### Audit conclusion

Subject to the completion of residual procedures as set out in Section 2, our work have obtained the assurances sought with one error noted on page 19.

# Significant findings

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2024/25 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such questions have been raised.

## Summary of misstatements

# Summary of misstatements

## Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued on 16 April 2025. Any subsequent changes to those figures are set out in the 'Audit approach and risk summary' section of this report.

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to Audit and Accounts Committee unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

| Description                                                                                                                                                                                                                                                                                                                                                                       | Entity | Nature | Comprehensive Income and Expenditure Statement |             | Balance Sheet |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|------------------------------------------------|-------------|---------------|-------------|
|                                                                                                                                                                                                                                                                                                                                                                                   |        |        | Dr (£ '000)                                    | Cr (£ '000) | Dr (£ '000)   | Cr (£ '000) |
| Dr: Assets Held for Sale<br><br>Cr: Other Comprehensive expenditure<br><br>One asset was included in the financial statements at a valuation provided by the external valuation expert resulting in a decrease in the balance sheet value of £0.87m. However, an offer for the asset had been received at a higher value, and therefore the balance sheet is understated by £410k |        |        |                                                | (410)       | 410           |             |
| Dr: Fees, Charges and Other Service Income<br><br>Cr: Receipts in Advance<br><br>Extrapolated error noted in our Fees Charges and Other Services Income due to income recognised in 2024/25 that related to 2025/26.                                                                                                                                                              |        |        | 276                                            |             |               | (276)       |
| Aggregate effect of unadjusted misstatements                                                                                                                                                                                                                                                                                                                                      |        |        | 276                                            | (410)       | 410           | (276)       |

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

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# Summary of misstatements

## Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Audit and Accounts Committee should be made aware of.

| Description                                                                                                                                                                                                                      | Entity | Nature | Comprehensive Income and Expenditure Statement |             | Balance Sheet |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|------------------------------------------------|-------------|---------------|-------------|
|                                                                                                                                                                                                                                  |        |        | Dr (£ '000)                                    | Cr (£ '000) | Dr (£ '000)   | Cr (£ '000) |
| Dr: Other Operating Income & Expenditure                                                                                                                                                                                         |        |        | 874                                            |             |               |             |
| Cr: Cost of Services - Expenditure                                                                                                                                                                                               |        |        |                                                | (874)       |               |             |
| The Council incorrectly accounted for the fall in the assets fair value less costs to sell as a charge to cost of services rather than to other operating expenditure. This represents the reclassification of that expenditure. |        |        |                                                |             |               |             |
| Note that, as per the table of unadjusted misstatements, this value is overstated and should be £410k.                                                                                                                           |        |        |                                                |             |               |             |
| Aggregate effect of adjusted misstatements                                                                                                                                                                                       |        |        | 874                                            | (874)       | 0             | 0           |

# Summary of misstatements

## Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Amendments to the lease liability Note 23 due to a reclassification between later than one year, and not later than 5 years.
- Related parties note amended following an omitted transaction with a related parties.
- Change in classification over the class of income & expenditure in the group consolidation. Nil impact overall.
- The Council's Balance Sheet and group notes have amended the comply with the Code showing only a total column, and specific disclosure notes are needed where material differences exist between single entity and group balances—particularly for items like property, debtors, and expenditure.
- Amendments to the Cash Flow Statement following the misclassification of two figures.
- Amendment to the Expenditure and Income Analysed by Nature following the reclassification of Fees, Charges and Other Services income to Interest and Investment income.

We identified no disclosure misstatements during our audit that have not been corrected by management:

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

# 07

Fraud considerations

# Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

## Your responsibilities

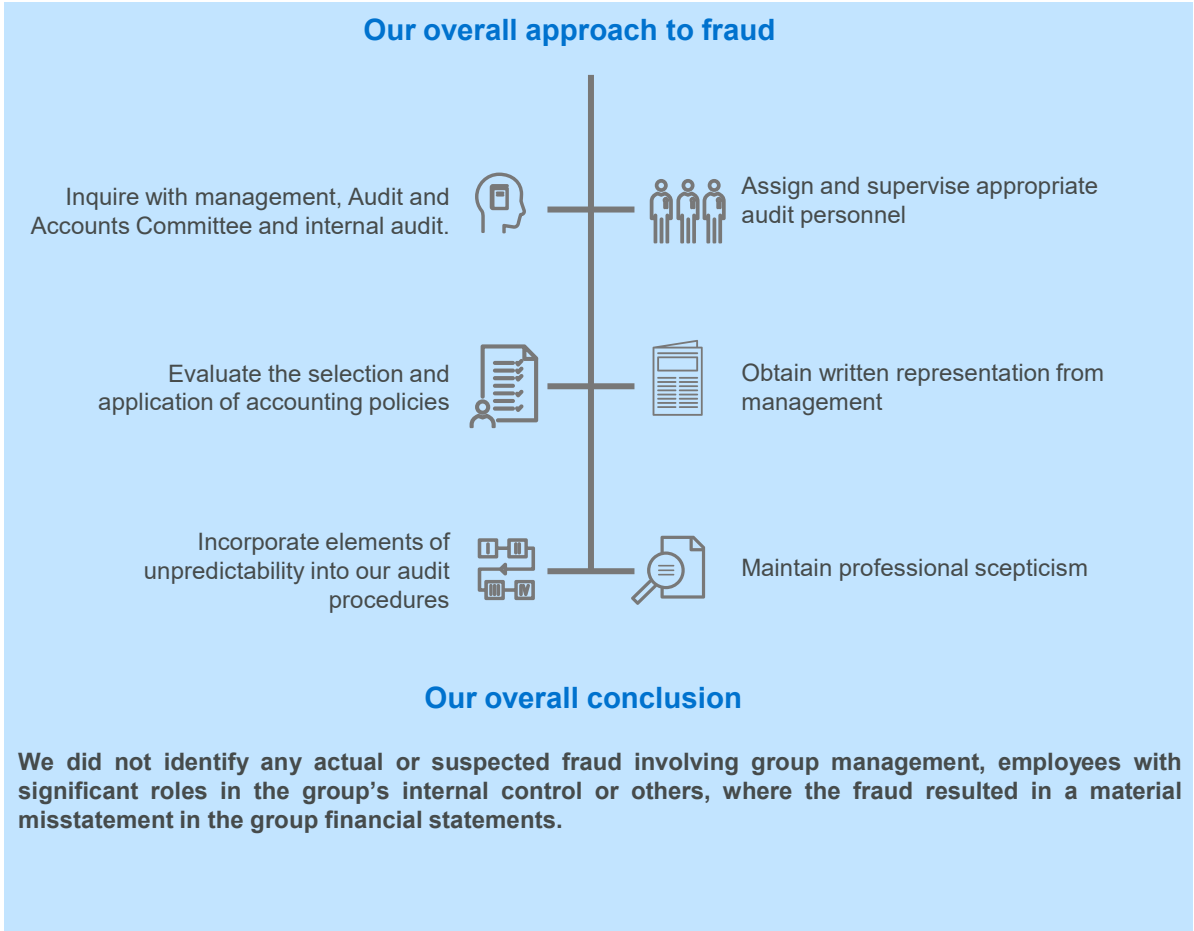
Management has primary responsibility for the prevention and detection of fraud. It is important that management, with Audit and Accounts Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by Audit and Accounts Committee's active oversight.

## Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

## ISA presumed fraud risks

As set out in the 'Audit approach and risk summary' section, the risks of fraud in management override of controls were identified as significant risks.



08

Value for Money

# Value for Money

## Approach to Value for Money

We are required to form a view as to whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

This is the first audit year where we have undertaken our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Council has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Council's arrangements in the Auditor's Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report).

The Code requires us to structure our commentary to report under three specified criteria:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness** - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other

matters that do not represent significant weaknesses but still require attention from the Council. To confirm, there were none for 2024/25.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report in October/November 2025.

## Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2025 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report will confirm that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report in October/November 2025.

# Appendices

A: Internal control conclusions

D: Confirmation of our independence

C: Other communications

# Appendix A: Internal control conclusions

## Other deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Council's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

# Appendix A: Internal control conclusions

## Other deficiencies in internal control

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.}

### Agreement of Rent to Lessors

#### Description of deficiency

Through our work on IFRS16, we noted there a number of leases had been subject to a rent review, but there was no audit trail to agree the amount paid by the Council to any signed/agreed supporting documentation.

#### Potential effects

In the event of dispute, the Council does not have the contractual agreement for amounts paid.

#### Recommendation

The Council ensure an audit trail is kept and accessible for rent contracts and rent reviews that have taken place.

#### Management response

Management acknowledges the finding regarding the lack of audit trail for rent reviews. We recognise the importance of maintaining clear and accessible documentation to support all rent payments, particularly where rent reviews have taken place. Going forward, all future rent review outcomes will be formally documented, and a standardised procedure will be established to ensure consistent recording and retention of supporting evidence.

### Admin Users in eFinancials can post and approve their own journals

#### Description of deficiency

Through our ITGC testing we have noted that admin users have the capability to post and approve their own journals.

Note this is a recurring deficiency that we are required to report to the Audit & Accounts Committee as it is directly linked to the risk of management override of controls, which is a presumed fraud risk under auditing standards

#### Potential effects

Increased risk of fraud from a lack of segregation of duties. Users could manipulate financial data without oversight

#### Recommendation

The Council ensure that posters do not approve their own journals, and these are reviewed and approved by a separate user.

#### Management response

For finance staff with admin access, we will reiterate that they should not post journals exceeding our internal agreed limit of £100k. To support this, Senior Finance Officers conduct a quarterly review of journal entries posted by staff with admin access, using a dedicated journal report to monitor compliance and identify any exceptions.

# Appendix A: Internal control conclusions

## Follow up on previous internal control points

We set out below an update on internal control points raised in prior periods.

### Related Parties

As part of our testing of related party disclosures in the accounts, we reviewed declaration forms completed by members and officers. Through this testing we noted that 3 members had not completed these forms at the point

in which the financial statements were being prepared. A subsequent review was carried out when these were received.

#### Current year update:

No exceptions were noted in our review of related parties for 2024/25.

### Potential effects

The related party's disclosure could be incomplete and there is a risk if there were related parties that these transactions were not carried out at arms length.

### Recommendation

Council to ensure all of these have been received when preparing the financial statements to ensure all related parties are captured.

### Description of deficiency

As part of our 2023/24 journal's walkthrough, we noted that the system has two flaws with the £100k posting limit which can be bypassed if the journal is a historic one (GH) and if the staff member has admin access.

#### Current year update:

Finance staff no longer have access to post historical journals; this capability will be restricted to senior finance officers only.

For finance staff with admin access, we will reiterate that they should not post journals exceeding £100k. Additionally, senior finance officers run quarterly journal report to review the journals posted by staff with admin access.

### Potential effects

That posting limit is breached and could lead to large unverified transactions and/or an increase of fraud opportunity.

### Recommendation

Council to implement controls to prevent this from being bypassed.

## Appendix B: Confirmation of our independence

We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

# Appendix C: Other communications

| Other communication                                                              |                                      | Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Compliance with Laws and Regulations | <p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>                                                                                                                                                                            |
|  | External confirmations               | <p>We did not experience any significant issues with respect to obtaining external confirmations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|  | Related parties                      | <p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> <li>they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ol> |
|  | Going Concern                        | <p>We have not identified any evidence to cause us to disagree with the Chief Financial Officer that the Council will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p>                                                                                                                                                                                                                                 |

# Appendix C: Other communications

| Other communication                                                              |                          | Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | Subsequent events        | <p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|  | Matters related to fraud | <p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled ‘Fraud considerations’ for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, Audit and Accounts Committee, confirming that</p> <ol style="list-style-type: none"> <li>they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> <li>management;</li> <li>employees who have significant roles in internal control; or</li> <li>others where the fraud could have a material effect on the financial statements; and</li> </ol> </li> <li>they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ol> |

# Appendix C: Other communications

| Other communication                                                              |                                     | Response                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <b>System of Quality Management</b> | <p>To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including:</p> <ul style="list-style-type: none"><li>• Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership</li><li>• Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities</li><li>• Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.)</li><li>• Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall quality</li><li>• Evaluating responses and remediating control gaps or deficiencies</li></ul> <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website <a href="#">here</a>.</p> |

# Contact

## Forvis Mazars

### Mark Surridge

Partner

Tel: +44 (0)7875 974 291

Mark.Surridge@mazars.com

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at [www.auditregister.org.uk](http://www.auditregister.org.uk) under reference number C001139861. VAT number: GB 839 8356 73

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