



Audit Progress Report

Newark & Sherwood District Council

February 2026

2025/26 Audit Progress and Indicative Audit Plan

Audit progress

Purpose of this report

This report aims to provide the Audit & Accounts Committee with information about progress in delivering our responsibilities as the Councils' external auditors for the 2025/26 financial year.

Conclusion of 2024/25 Audit and issue of Audit Certificate for 2023/24

As communicated as verbal update to the Audit & Accounts Committee in December 2025, we completed our work and issued our audit opinion for the year ended 31 March 2025 on 23 January 2026, ahead of the statutory deadline of 27th February 2026. Our opinion on the statement of accounts was unqualified and we did not identify any significant weaknesses in the Council's arrangements for securing Value for Money.

We have not yet received confirmation from the NAO that the group audit of the Whole of Government Accounts has been completed and that no further work is required from us. Once this confirmation has been received, we can complete the formality of issuing the audit certificate. It should be noted that this has no impact on the statutory February deadline and applies to all local authorities nationally.

NAO confirmation was received and our audit certificate was issued in respect of 2023/24 on 18 September 2025.

2025/26 Audit Progress

Our annual accounts workshop for finance team members will take place in March 2026 (date to be confirmed).

Since our last progress report to Members we have:

- submitted our list of required deliverables to the Council for the planning and interim stages of the audit
- had ongoing discussions with management to organise audit timing and logistics and to integrate lessons learned from the prior year audit

We will present our formal Audit Strategy Memorandum in Spring 2026 and will continue to keep the committee updated with progress.

The expected areas of focus will include:

Financial statement risks:

- Risk of management override of controls (mandatory risk on all audit engagements)
- Revaluation of Land & Buildings (Property, Plant & Equipment)
- Valuation of the local government pension scheme asset and liability

Value for money arrangements:

- Financial sustainability
- Governance
- Improving Economy, Efficiency and Effectiveness

Engagement and responsibilities summary

We are appointed to perform the external audit of Newark & Sherwood District Council (the “Council”) for the year to 31 March 2026. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Council Accounting.

Our audit does not relieve management or Audit & Accounts Committee, as those charged with governance, of their responsibilities.

The Director of Finance & Corporate Services (s151 Officer) is responsible for the assessment of Newark & Sherwood District Council’s ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the s151 Officer’s use of the going concern basis of accounting in the preparation of the financial statements.

Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Newark & Sherwood District Council’s internal control.

Whole of Government Accounts

We report to the NAO on the consistency of the Council’s financial statements with its Whole of Government Accounts (WGA) submission.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Value for money

We are also responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in the ‘Value for Money’ section of this report.

Wider reporting and electors’ rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Council and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

Your audit team



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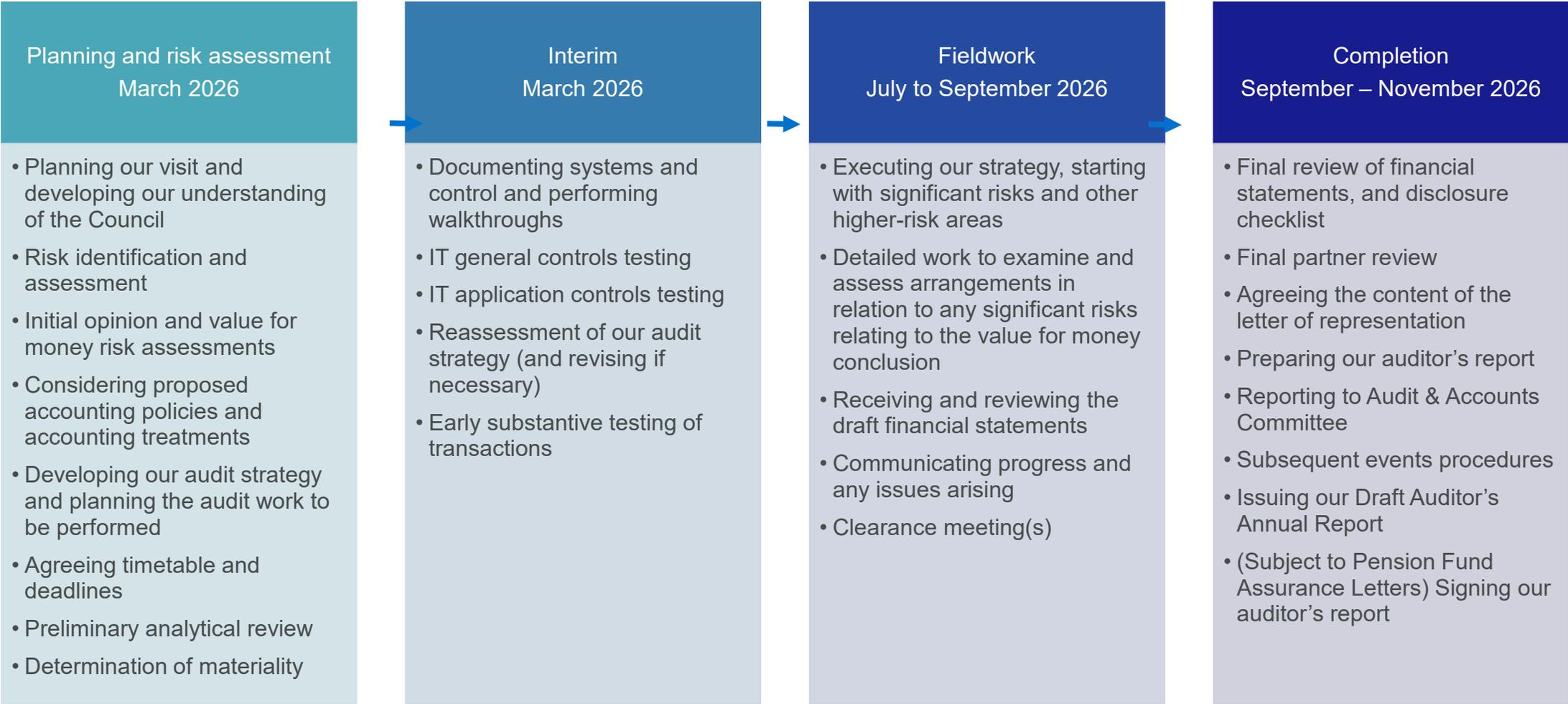
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Audit scope, approach, and timeline

Risk-based Approach



Audit scope, approach, and timeline



Value for money

The framework for value for money work

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.

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.

The 2024 Code of Audit Practice requires us to issue our Auditor's Annual Report for the year ending 31st March 2026 to you in draft by the 30th November 2026. 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).

Specified reporting criteria

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

1. **Financial sustainability** – how the Council plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Council ensures that it makes informed decisions and properly manages its risks; and
3. **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.

Our approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Council and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	<p>Obtaining an understanding of the Council's arrangements for each specified reporting criteria. Relevant information sources will include:</p> <ul style="list-style-type: none">• NAO guidance and supporting information• Information from internal and external sources including regulators• Knowledge from previous audits and other audit work undertaken in the year• Interviews and discussions with staff and members
Additional risk based procedures and evaluation	<p>Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.</p>
Reporting	<p>We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor's Annual Report.</p> <p>Our commentary will also highlight:</p> <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement; and• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

Audit fees and other services

Fees for work as the Council's appointed auditor

Our proposed fees (exclusive of VAT) as the Council's appointed for the year ended 31 March 2026 are outlined below. Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

Area of work	2025-26 Fees	2024-25 Fees*	2023/24
Code Audit Work (Scale Fee)	£167,540	£162,977	£148,208
Introduction of ISA315r – controls	N/A included in scale fee	N/A included in scale fee	£9,410
Additional costs of group audit work	TBC if included in scale	£3,662	£3,244
Additional costs of introduction of ISA600R on group audits which requires significantly more work on scoping, controls and evaluation by the Partner and Manager	TBC – expected to be less than 2024/25	£15,948	N/A
Increased audit risks compared to 2023/24 in relation to income and expenditure cut-off	N/A	£8,838	£5,426
Additional fees in respect of additional work on: <ul style="list-style-type: none"> Impact of control findings and additional testing arising (journals, IT controls, leases and related parties) Bank letter delays 	N/A	£13,490	£21,048
Additional fees in respect of additional work from the introduction of new accounting standards (IFRS 16 Leases). Covers work on planning, with new requirements under ISA240 estimates, ISA315 planning and risk, plus consideration of completeness, disclosures and testing of the accounts, including work on leases disclosed and evaluation of impact	TBC – expected to be less than 2024/25	£8,548	N/A
Total fees	£TBC	£213,157	£187,336

*Our proposed fee variation has been submitted to PSAA for final approval

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