



External Audit Progress Report Newark & Sherwood District Council

July 2026

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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 2026.

Audit for the year ending 31 March 2026

Financial statements audit

On 22 April 2026, 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 6 July 2026. 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.

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 2025/26, 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 2026.

02

National publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Bulletin 22 - Indexation application guidance	Practical guidance on applying indexation to non-investment assets under the 2025/26 Code, including selecting indices, accounting treatment, disclosures, depreciation, audit expectations and when desktop/full valuations are needed. For information only.
2	CIPFA Bulletin 23 - Closure of the 2025/26 financial statement	Provides closure guidance for 2025/26 accounts, including clarification on issues arising during implementation of the 2025/26 Code, FAQs from practice, and corrections to the Code. For information only.
Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))		
3	Local audit reform: Government response to the consultation to overhaul local audit in England	Confirms the direction of reform in local authority auditing including the establishment of the Local Audit Office, review of local authority accounts, review of Key Audit Partner eligibility criteria and strengthen and support audit committees. For information only.
4	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.
National Audit Office ('NAO')		
5	Whole of Government Accounts 2024-25 - NAO report / press release	The NAO again issued a disclaimed opinion on the Whole of Government Accounts 2024-25, citing continuing issues with assurance over English local authority accounting data. Highlights the broader impact of local authority reporting and audit delays on consolidated public sector accounts. For information only.
6	Local Government Financial Sustainability	Highlights that funding has not kept pace with demand, need and cost pressures; notes 42 authorities had exceptional financial support since 2020/21. For information only.
Other		
7	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.
8	Forvis Mazars - Mapping public sector risk, resilience and readiness	Based on insights from 100+ senior leaders across the UK public and social sector, our latest report captures a sector navigating competing priorities. For information only.

National publications and technical updates

CIPFA

1. CIPFA Bulletin 22 - Indexation application guidance

The bulletin covers the application of indexation to non-investment assets under the 2025/26 Code, including selecting indices, accounting treatments, disclosures and when full/desktop valuations are needed.

Link: CIPFA Bulletin 22: [CIPFA Bulletin 22 - Indexation Application Guidance](#)

2. CIPFA Bulletin 23 - Closure of the 2025/26 financial statement

The bulletin covers the closure of the 25/26 accounts and gives practical guidance to for local authority finance teams to prepare their accounts. The bulleting covers 4 main areas indexation of assets, accounts production deadlines, future grant accounting issues, and corrections/publication updates.

Link: [CIPFA Bulletin 23 – Closure of the 2025/26 financial statement | CIPFA](#)

3. Local audit reform: Government response to the consultation to overhaul local audit in England

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: [Local Audit Reform: Government Response](#)

National publications

MHCLG

4. 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](#)

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

The NAO has published the Whole of Government accounts for 2024/25, issuing a disclaimed opinion on the financial statements as sufficient appropriate audit evidence could not be obtained. Reasons for the opinion being disclaimed:

- 338 entities were included in the WGA (280 in 2023/24), 145 entities did not submit data (201 in 2023/24) of which 128 (186 in 2023/24) were local government entities
- HM Treasury estimates that the impact of this missing data on the 2024-25 accounts is that net liabilities are overstated by £59.2bn (£50.6bn in 2023/24) and net expenditure is understated by £14.8bn (£37.7bn in 2023/24).
- The definition and application of the accounting boundary – HM Treasury's accounting policy for consolidation had not been applied consistently in the WGA, leaving out significant bodies, such as English Further Education Institutions. In 2024/25 the omission of these Institutions has an estimated impact of a £14.2bn (2023/24: £14.3bn) understatement of gross assets and a £1.8bn (2023/24: £2.0bn) understatement of gross liabilities.
- Inconsistencies in the application of accounting policies for infrastructure assets, local government values these on historical cost as per the CIPFA Code while Central Government uses depreciated replacement cost as per the FReM. The estimated impact is that assets are understated by at least £114.2bn (£112.2bn in 2023/24).

Link: [Whole of Government Accounts 2024-25 - NAO report](#)

National publications and technical updates

NAO

6. Local Government Financial Sustainability

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](#)

Other

7. Forvis Mazars – Annual Local Government Risk Report 2025/26

Forvis Mazars have issued a report for local government, covering the known and emerging local authority risks, including financial pressures, workforce recruitment and retention, data and AI.

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

8. Forvis Mazars – Mapping public sector risk, resilience and readiness

Based on insights from 100+ senior leaders across the UK public and social sector, our latest report captures a sector navigating competing priorities. The findings reveal a sector that has turned a corner in sentiment but remains under significant structural pressure. Leaders are adapting, but the gap between ambition and capacity continues to shape decision-making..

Link: [Mapping public sector risk, resilience and readiness - Forvis Mazars](#)

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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 under reference number C001139861. VAT number: GB 839 8356 73

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