| This report is public | |
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| **External Audit Reports 2025/26** | |
| **Committee** | Audit and Governance Committee |
| **Date of Committee** | 30 September 2026 |
| **Portfolio Holder presenting the report** | Councillor David Hingley, Portfolio Holder for Finance |
| **Date Portfolio Holder agreed report** | 21 September 2026 |
| **Report of** | Assistant Director of Finance (Section 151 Officer) Michael Furness |

## Purpose of report

To receive two reports setting out the auditors' Audit Completion Report for 2025/26, the draft Annual Auditor's Report and a draft Letter of Representation.

## 1. Recommendations

The Audit and Governance Committee resolves to:

1.1 Note the contents of the Audit Completion Report for 2025/26 from our external auditors, Bishop Fleming (Appendix 1).

1.2 Note the contents of the draft Auditor's Annual Report for 2025/26 (Appendix 2)

1.3 Note the draft Letter of Representation for 2025/26 (Appendix 3)

1.4 Agree that, once the final audit opinion for 2025/26 is received, the Assistant Director Finance (S151 Officer), in consultation with the Chair of the Audit and Governance Committee (or Deputy Chair in their absence), be authorised to make any further changes to the accounts agreed with the auditors and sign the accounts. Any further changes will be brought to the Committee's attention at its next meeting following the signing.

1.5 Agree that the Assistant Director of Finance, in consultation with the Chair of the Committee (or Deputy Chair in their absence), be authorised to make any further changes to the letter of representation agreed with the auditors that may arise during completion of the audit. Any further changes will be brought to the Committee's attention at its next meeting following the signing.

## 2. Executive Summary

2.1 The draft 2025/26 accounts were published in June 2026 and reported to the committee at its meeting in July 2026. The audit of the 2025/26 statement of accounts by the council's auditors, Bishop Fleming, began in August. The auditors, with the support of officers, have made good progress and both are confident that the accounts will be finalised by the backstop date for 2025/26 accounts stipulated by government of 31 January 2027 (please see Appendix 4 for frequently asked questions about the audit backlog and backstop dates).

2.2 The Letter of Representation is an important part of the audit process whereby the Council, via the Section 151 Officer provides representations around the operation of the Council that allows and helps the auditors to form their opinion as to whether the financial statements give a true and fair view. A draft of the letter for 2025/26 has been provided by the auditors and is found at Appendix 3.

2.3 The next meeting of the Audit and Governance Committee is in November 2026 but, as audit of the 2025/26 statement of accounts is very nearly ready to be finalised, the committee is asked to delegate authority to the S151 Officer and the Chair of the committee (or the Deputy Chair in the Chair's absence) to do so rather than wait until very near the backstop deadline.

## Implications & Impact Assessments

| **Implications** | **Commentary** | | | |
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| **Finance** | There are no finance implications arising directly from this report.<br>Joanne Kaye, Head of Finance (Deputy S151), 17/09/2026 | | | |
| **Legal** | The obligations in law are as set out in the report and there are no legal implications in connection with this report.<br>Denzil Turbervill, Head of Legal Services 17/09/2026 | | | |
| **Risk Management** | There are no risk implications arising directly from this report.<br>Celia Prado-Teeling, Performance Team Leader, 17/09/2026 | | | |
| **Impact Assessments** | Positive | Neutral | Negative | Commentary |
| **Equality Impact** | | x | | There is no impact to equality as a direct consequence of this report.<br>Celia Prado-Teeling, Performance Team Leader,<br>17/09/2026 |
| **A** Are there any aspects of the proposed decision, | | x | | N/A |

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| including how it is delivered or accessed, that could impact on inequality? | | | | |
| **B** Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users? | | x | | N/A |
| **Climate & Environmental Impact** | | | | N/A |
| **ICT & Digital Impact** | | | | N/A |
| **Data Impact** | | | | N/A |
| **Procurement & subsidy** | | | | N/A |
| **Council Priorities** | N/A | | | |
| **Human Resources** | N/A | | | |
| **Property** | N/A | | | |
| **Consultation & Engagement** | N/A | | | |

# Supporting Information

## 3. Background

3.1 The draft statement of accounts for 2025/26 were noted by the committee at its meeting in July 2026.

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## 4. Details

4.1 External Audit undertakes its work in line with the Local Audit and Accountability Act 2014, the National Audit Office’s 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments Ltd and auditing standards.

4.2 The Audit Completion Report (Appendix 1) summarises the audit conclusions, highlights the key findings arising from the auditors' work and details a number of points that they would like to discuss further with council officers. It sets out the methodology, approach and timescales that Bishop Fleming has taken in relation to undertaking the work required for the audit of the Statement of Accounts 2025/26.

4.3 Section 4 covers the areas of audit risk that were identified in the Audit Plan presented to the committee at its meeting in March 2025. There are currently no issues to report.

4.4 Section 5 covers other audit and financial reporting matters. There is one prior year adjustment to the group balance sheet required to reflect the consolidation of an entry made between draft and final during the 2024/25 audit. The auditors have identified that the loan early redemption discount which we received has been included on the incorrect line within the Comprehensive Income and Expenditure Statement. The final matter in this section is in relation to implementation of the new requirements for the council around valuation of assets.

4.5 Section 6 covers audit adjustments between the published draft accounts and the expected final statement of accounts. Audit adjustments fall into three categories:

- Adjusted Prior Year – currently one (mentioned in section 4.4 above)
- Adjusted – currently two (including the one mentioned in section 4.4 above)
- Misclassifications – currently five
- Unadjusted - There are currently no unadjusted items
- Prior year unadjusted misstatements – listed but no impact on the 25/26 audit

4.5 Section 7 covers internal controls. Several issues were raised with officers during the audit, all of which have been discussed, and management responses have been provided.

4.6 The draft Auditor's Annual Report (Appendix 2) summarises the work that they have completed for the council for the year ended 31 March 2026. The Draft Audit Opinion sets out the overall assessment of the Statement of Accounts produced. The draft opinion is a qualified opinion, which was expected due to the issues discussed in Appendix 2 in relation to the audit backlog, and is an improvement on the disclaimed opinion given in the previous two audits. The council can reasonably expect, all being well with the audit, to be in a position to receive an unqualified opinion on its 2026/27 accounts as the auditors should have gained assurance over all aspects of the council's balances.

4.7 This opinion is not a reflection on the quality of the council's accounts but has arisen due to the auditors' inability to rely upon opening balances following the lack of substantial audit work undertaken on the 2022/23 accounts. This draft opinion is subject to completion of the outstanding matters laid out in Section 5.

4.8 The Auditor's Annual Report also provides their opinion on the council's value for money. This year, the auditors concluded that there are no significant weaknesses identified in relation to financial sustainability and governance. However, they identified a significant weakness in relation to Improving economy, efficiency and effectiveness as a result of the designation of the local planning authority by government in respect of applications for planning permission for major development. The council's response can be found in Section 8 of Appendix 2.

## 5. Alternative Options and Reasons for Rejection

5.1 None.

## 6 Conclusion and Reasons for Recommendations

6.1 The Audit and Governance Committee is invited to note the two reports provided by the council's auditors as we approach the end of the audit. They are also invited to note the draft letter of representation and approve delegated authority to the S151 Officer and Chair of the committee to finalise the accounts as soon as possible.

## Decision Information

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| **Key Decision** | N/A |
| **Subject to Call in** | N/A |
| **If not, why not subject to call in** | N/A |
| **Ward(s) Affected** | All |

## Document Information

| **Appendices** | |
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| **Appendix 1** | Audit Completion Report 2025/26 |
| **Appendix 2** | Draft Auditor's Annual Report 2025/26 |
| **Appendix 3** | Draft Letter of Representation 2025/26 |
| **Appendix 4** | Audit Backlog FAQ |
| **Background Papers** | None |
| **Reference Papers** | None |
| **Report Author** | Mary Denedo, Strategic Finance Business Partner |
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| **Executive Director Approval (unless Executive Director or Statutory Officer report)** | Report of Statutory Officer, Section 151 Officer |