



Friday, 8 May 2026

Dear Sir/Madam,

A meeting of the Governance, Audit and Standards Committee will be held on Monday, 18 May 2026 in the Council Chamber, Council Offices, Foster Avenue, Beeston NG9 1AB, commencing at 6.00 pm.

Should you require advice on declaring an interest in any item on the agenda, please contact the Monitoring Officer at your earliest convenience.

Yours faithfully,

Zulfiqar Darr
Interim Chief Executive

To Councillors:	S J Carr (Chair)	K A Harlow
	K Woodhead (Vice-Chair)	S P Jeremiah
	M Brown	A Kingdon
	R Bullock	J M Owen
	A Cooper	S Webb
	J Couch	E Winfield
	S Dannheimer	

AGENDA

1. APOLOGIES

To receive apologies and to be notified of the attendance of substitutes.

2. DECLARATIONS OF INTEREST

Members are requested to declare the existence and nature of any disclosable pecuniary interest and/or other interest in any item on the agenda.

3. MINUTES

(Pages 3 - 6)

The Committee is asked to confirm as a correct record the minutes of the meeting held on

Council Offices, Foster Avenue, Beeston, Nottingham, NG9 1AB

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4. AUDIT OF ACCOUNTS AND ASSOCIATED MATTERS (Pages 7 - 36)

To receive the Audit Strategy Memorandum from the Council's external auditors and to note progress made with the 2025/26 audit.

5. CORPORATE GOVERNANCE ARRANGEMENTS (Pages 37 - 40)

To inform the Committee of action taken to develop and comply with statutory obligations regarding corporate governance, and to seek approval for the Annual Governance Statement for its inclusion in the Council's published Statement of Accounts for 2025/26.

6. INTERNAL AUDIT PROGRESS REPORT (Pages 41 - 48)

To inform the Committee of the recent work completed by Internal Audit.

7. WORK PROGRAMME (Pages 49 - 50)

To consider items for inclusion in the Work Programme for future meetings.

GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

MONDAY, 23 MARCH 2026

Present: Councillor S J Carr, Chair

Councillors: M Brown
R Bullock
S J Camplin (substitute)
A Cooper
J Couch
S Dannheimer
A Kingdon
D D Pringle (substitute)
P A Smith (substitute)
S Webb
E Winfield

38 APOLOGIES

Apologies for absence were received from Councillors K A Harlow, S P Jeremiah, J M Owen and K Woodhead.

39 DECLARATIONS OF INTEREST

Councillor S Dannheimer declared a disclosable non-pecuniary interest in item 8 as a director of Liberty Leisure, minute number 45 refers.

40 MINUTES

The minutes of the meeting held on 24 November 2025 were confirmed and signed as a correct record, subject to the amendment of the attendance list.

41 ANNUAL CONSTITUTION REVIEW

The Governance, Audit and Standards Committee concluded its Annual Constitution Review on 24 November 2025 following acceptance of the Constitution Task and Finish Group's recommendations. On submission of the report to Council on 17 December 2025, Members resolved to refer the report back to the Committee for reconsideration.

At its meeting on 23 March 2026 the Governance, Audit and Standards Committee resolved to resubmit the report and its recommendations to full Council, with the addition of information included in the change table regarding restrictions around Portfolio Holders' speeches.

RECOMMENDED to Council that the amendments to the Constitution be approved.

42 AUDIT OF ACCOUNTS 2024/25 - AUDITOR'S ANNUAL REPORT

Further to earlier updates, the Council's appointed external auditors, Forvis Mazars, had fully concluded their work on the Statement of Accounts 2024/25. Forvis Mazars has published its Annual Audit Report for the year ended 31 March 2025 which was presented to Members.

It was stated that it was pleasing to report that the auditors had issued an unqualified audit opinion on the 2024/25 accounts and that the accounts and audit process was fully completed inside of statutory deadlines. As reported previously, officers were responding to the auditors' internal control recommendations, with the aim of resolving in time for preparing the 2025/26 accounts.

In terms of the auditors' Value for Money conclusion on whether the Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, it was again pleasing to note that the auditors had not identified any significant weaknesses in the Council's arrangements that would require it to make a recommendation.

43 STATEMENT OF ACCOUNTS 2025/26 – ACCOUNTING POLICIES

The Committee noted the Council's accounting policies in relation to the production of the 2025/26 Statement of Accounts.

Prior to the completion of the Statement of Accounts 2025/26, it is considered good practice that Members are given the opportunity to discuss and comment on the accounting policies to be used in the production of the financial statements. These policies would be applied to the treatment of all transactions that make up the Statement of Accounts to ensure the accounts present a true and fair view of the financial position of the Council as at 31 March 2026.

RESOLVED that the Accounting Policies for 2025/26 be approved.

44 STATEMENT OF ACCOUNTS 2025/26 - UNDERLYING PENSION ASSUMPTIONS

The Committee noted the assumptions made by the Pension Fund Actuary in calculating the IAS19 figures to be reported in the 2025/26 Statement of Accounts.

IAS19 (International Accounting Standard 19 – Employee Benefits) is one of the financial reporting standards with which the Council must comply when producing its annual Statement of Accounts. The basic requirement of IAS19 is that an organisation should account for retirement benefits when it is committed to give them, irrespective of when they are paid out.

In order to calculate the cost of earned benefits for inclusion in the Statement of Accounts, the scheme actuaries use certain assumptions to reflect expected future

events which may affect the cost. The assumptions used should lead to the best estimate of the future cash flows that will arise under the scheme liabilities.

45 LIBERTY LEISURE LIMITED – EXTERNAL AUDIT ARRANGEMENTS 2025/26

Members noted the exemption of Liberty Leisure Limited from the requirement of an external audit for 2025/26.

The accounts of Liberty Leisure Limited must be subject to an audit due to the company being a subsidiary of an entity (i.e. the Council) that does require an audit. Although the company has a turnover of around £2.9 million, it does not meet the small companies' exemption criteria as set out in the Companies Act 2006 due to its relationship with the Council.

RESOLVED that Liberty Leisure Limited be exempt from requiring an external audit for 2025/26 in accordance with Part 16 Section 479 of the Companies Act 2006.

(Having declared a disclosable non-pecuniary interest, Councillor S Dannheimer left the meeting before discussion or voting thereon.)

46 INTERNAL AUDIT PLAN 2026/27

The Internal Audit Plan sets out the proposed coverage for Internal Audit work in 2026/27. The mandate for the plan is derived from the Public Sector Internal Audit Standards produced by the Chartered Institute of Public Finance and Accountancy in collaboration with the Chartered Institute of Internal Auditors.

RESOLVED that the Internal Audit Plan for 2026/27 be approved.

47 INTERNAL AUDIT PROGRESS REPORT

The Committee noted the recent work completed by Internal Audit. Internal Audit had also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits.

48 REVIEW OF STRATEGIC RISK REGISTER

The Committee reviewed the amendments to the Strategic Risk Register and the action plans identified to mitigate risks.

RESOLVED that the amendments to the Strategic Risk Register and the actions to mitigate risks be approved.

49 QUARTERLY COMPLAINT REPORT

The Committee noted the summary of complaints made against the Council. Overall, of the 96 Stage 1 complaints received, 22 were investigated under the Stage 2

complaints procedure and three were investigated by the LGO or HO. Under the Stage 2 complaints procedure, 16 complaints were not upheld, 6 complaints were upheld.

50 FINDINGS OF FAULT DETERMINATIONS REPORTED FROM THE OMBUDSMAN

The Committee noted the recent findings of fault determinations made by the Local Government and Social Care Ombudsman and the Housing Ombudsman.

51 WORK PROGRAMME

The Committee considered the Work Programme.

RESOLVED that the Governance Audit and Standards Committee Work Programme be approved.

Report of the Interim Deputy Chief Executive

Audit of Accounts and Associated Matters

1. Purpose of Report

To receive the Audit Strategy Memorandum from the Council's external auditors and to note progress made with the 2025/26 audit.

2. Recommendation

The Committee is asked to NOTE the Audit Strategy Memorandum for the 2025/26 audit of accounts.

3. Detail

The Council's appointed external auditors, Forvis Mazars, have provided their Audit Strategy Memorandum for the Council's 2025/26 audit in the **Appendix**. The audit plan provides details relating to the auditors' engagement and responsibilities, the engagement team, the scope of the audit, approach and timeline, significant risks and other key judgement areas, materiality and misstatements, value for money arrangements, audit fees and confirmation of the auditors' independence.

A representative from Forvis Mazars will be available at the meeting to introduce this report and to also provide an early update on progress made with the audit.

4. Financial Implications

The comments from the Interim Deputy Chief Executive and Section 151 Officer were as follows:

There are no direct financial implications arising from this report.

5. Legal Implications

The comments from the Head of Legal Services and Deputy Monitoring Officer were as follows:

The legislation in the Accounts and Audit Regulations (2015) sets out the timescales for the production of the Council's accounts, including the dates of the public inspection period. The Statement of Accounts must be published by that date or as soon as reasonably practicable after the receipt of the auditor's final findings.

Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Deputy Chief Executive) has the responsibility for the administration of those affairs, which include responsibility for preparing the Council's statement of accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

The Statement of Accounts is that upon which the auditor should enter his certificate and opinion which is prepared under the Local Government Finance Act 2003.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

Not applicable.

8. Climate Change Implications

Not applicable.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil.



Audit Strategy Memorandum
Broxtowe Borough Council – Year ending 31 March 2026

May 2026

18 May 2026

I am pleased to present our Audit Strategy Memorandum (“ASM”) for Broxtowe Borough Council for the year ending 31 March 2026. This document will be presented at the Governance, Audit and Standards Committee meeting on 18 May 2026. If you would like to discuss any matters in more detail, please contact me on 07881 283 559.

This report provides an overview of the planned scope and timing of our audit, including the significant and enhanced audit risks we have identified. In addition, as it is a fundamental requirement that we are, and are seen to be, independent of Broxtowe Borough Council this report also summarises our considerations and conclusions on our independence.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of our audit and our respective responsibilities,
- Sharing information to assist each of us with fulfilling our respective responsibilities,
- Providing you with constructive observations arising during our audit, and
- Ensuring that we gain an understanding of your attitude and views in respect of the risks facing the Council which may affect our audit, including the likelihood of those risks materialising and how they are monitored and managed.

This report, which we have prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach.

Providing a high-quality service is extremely important to us and we strive to provide technical


excellence with the highest level of service quality, together with continuous improvement to exceed your expectations.

During the meeting, we would be grateful for your views/ knowledge on the following specific matters:

- Whether you have identified any other risks (business, laws & regulation, fraud, going concern, etc.) that may result in material misstatements in the financial statements.
- If you are aware of any significant communications between the Council and its regulators.
- If there are any matters that you consider warrant particular attention during our audit and/ or any areas where you would like additional procedures to be undertaken.

Subject to our prior written agreement or as required by any applicable law or regulation, this report is considered confidential and is intended solely for the Governance, Audit and Standards Committee and should not be disclosed to any other party, used or quoted for any other purpose.

Yours faithfully,


Nicola Hallas (May 5, 2026 14:45:24 GMT+1)

Nicola Hallas
Forvis Mazars LLP

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Your audit team



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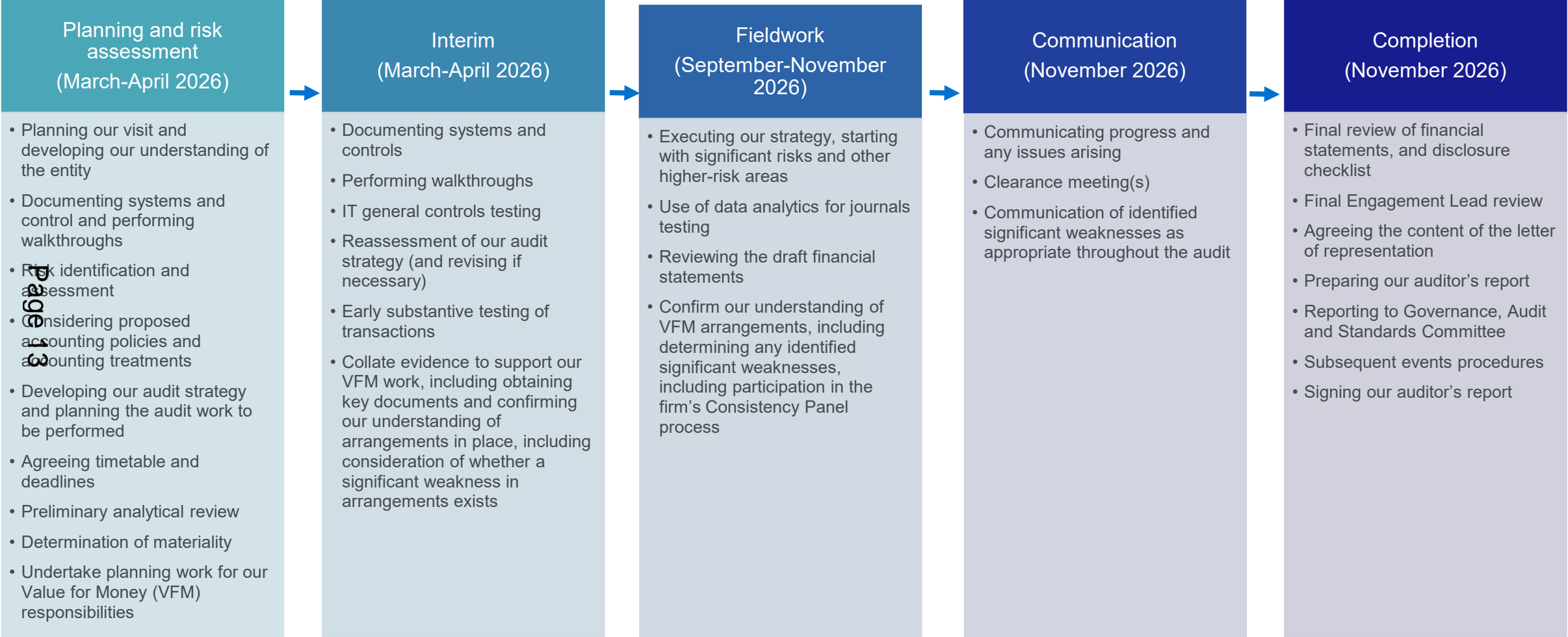


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We will utilise auditor’s experts on this engagement in the following areas:

- Net defined benefit liability valuation

Audit scope, approach, and timeline



Group audit scope

The preliminary scope of our group audit is set out below. When scoping our group audit, we have considered quantitative criteria (the contribution of each of the group’s consolidated components to the group financial statements); qualitative criteria (the risks of material misstatement of the group financial statements that consolidated components may present individually at component level); and we have assessed the risk of material misstatement across the group’s consolidated components in aggregate.

Component	%	Location	Auditor	Scope
Broxtowe Borough Council	95%	Nottingham	Forvis Mazars LLP	Full scope audit
Liberty Leisure Limited	5%	Nottingham	Exempt from Audit	Audit of specific account balances and disclosures

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Group audit scope

The significant financial statement areas in the consolidated financial statements are set out below, including the work that we plan to perform and the coverage we plan to achieve through our group audit approach.

Financial statement area	Consolidated balance 2024-25 £000	Work to be performed	% coverage
<p>1. Management override of controls (a mandatory significant risk for all entities).</p> <p>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 are required by auditing standards to identify a significant risk of management override of controls on our audit.</p>	-	<p>In line with our methodology, we plan to address the management override of controls risk through performing audit work over:</p> <ul style="list-style-type: none"> • accounting estimates; • journal entries; and • significant transactions outside the normal course of business or otherwise unusual. 	100%

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Group audit scope

Financial statement area	Consolidated balance 2024-25 £000	Work to be performed	% coverage
<p>2. Net Pension Liability</p> <p>The net pension asset/liability represents a material value within the Group balance sheet. The Council is an admitted body of the Nottinghamshire Pension Fund, with the latest triennial valuation being conducted as at 31st March 2026.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions and actuarial methodology which results in the overall valuation.</p> <p>There are financial and demographic assumptions used in the calculation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact on the net pension asset/liability in 2025/26.</p> <p>We will also complete audit procedures on the net benefit liability held by Liberty Leisure Ltd.</p>	16,052	<p>We plan to address this risk by carrying out the following procedures:</p> <ul style="list-style-type: none"> • evaluate the competency, objectivity and independence of the scheme actuary, Barnett Waddingham; • liaise with the auditor of the Nottinghamshire Pension Fund to gain assurance over the design and implementation of controls in place to ensure data provided to the actuary by the pension fund for the purposes of the IAS 19 valuation is complete and accurate; • review a summary of the work performed by the Nottinghamshire Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the Council's share of Pension Fund assets; • obtain assurance from the Pension Fund auditor in relation to the data used for the triennial valuation; • review the appropriateness of the pension asset/liability valuation methodologies applied by the actuary and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information from the consulting actuary engaged by the National Audit Office; and • agree the data in the IAS 19 valuation report provided by the actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements. 	100%

Audit risks and other significant matters

Significant risks

In this section, we have set out the significant and enhanced audit risks we have identified and our planned response. If we identify additional risks or change our risk assessment during our audit, we will report this to you. Refer to Appendix A for definitions. We have also set out in this section of the report any other significant matters that we consider should be brought to your attention.

Risk	Description	Our planned response
1. Management override of controls	<p>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.</p> <p>Due to the unpredictable way in which such override could occur, we are required by auditing standards to identify a significant risk of management override of controls on our audit.</p>	<p>In line with our methodology, we plan to address the management override of controls risk through performing audit work over:</p> <ul style="list-style-type: none"> • accounting estimates; • journal entries; and • significant transactions outside the normal course of business or otherwise unusual.
2. Valuation of Council dwellings, land and buildings 2024-25: £301.6m	<p>The financial statements contain material entries on the Balance Sheet as well as material disclosure notes in relation to the Council's holding of land and buildings and surplus assets.</p> <p>Although the Council employs a valuation expert to provide information on valuations, there remains a high degree of estimation uncertainty associated with the revaluation as a result of the significant judgements and number of variables involved.</p> <p>In 2025/26, the Code requires Local Authorities to apply an indexation to assets in the years between professional valuations in order to consider the relative change in value between valuations. The Code has not mandated the use of any particular index and it will require management's judgement to provide a reasonable estimate. of the movement in value.</p> <p>We have therefore identified the revaluation of land and buildings and surplus assets to be an area of significant risk.</p>	<p>To address this risk we will:</p> <ul style="list-style-type: none"> • Liaise with management to update our understanding on the approach taken by the Council in its valuation of council dwellings, and other land and buildings. <p>For assets that have been revalued in the year we will:</p> <ul style="list-style-type: none"> • Assess the scope of terms of engagement of the valuer; • Assess the competence, skills and objectivity of the valuer; • For a sample of valuations, we will <ul style="list-style-type: none"> • test the accuracy of the data used in the valuations; • challenge the assumptions applied by the valuer and the Council; and • review the appropriateness of the valuation methodology used. <p>For assets that have been indexed in year we will:</p> <ul style="list-style-type: none"> • gain an understanding of the approach taken by the Council; • assess the relevance of the indices used; and • considering the reasonableness of the indices used by comparing them to market intelligence. <p>For any council dwellings not revalued in 2025-26, we will use market intelligence data to assess the material accuracy of the valuation at the 31st March 2026.</p>

Audit risks and other significant matters

Significant risks

Risk	Description	Our planned response
<p>3. Net defined benefit liability valuation</p> <p>2024-25: Net Pensions liability of £0.233m</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 18</p>	<p>The net pension asset/liability represents a material value within the Group balance sheet. The Council is an admitted body of the Nottinghamshire Pension Fund, with the latest triennial valuation being conducted as at 31st March 2026.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions and actuarial methodology which results in the Council's overall valuation.</p> <p>There are financial and demographic assumptions used in the calculation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact on the net pension asset/liability in 2025/26.</p> <p>We will also complete audit procedures on the net benefit liability held by Liberty Leisure Ltd.</p>	<p>We plan to address this risk by carrying out the following procedures:</p> <ul style="list-style-type: none"> • evaluate the competency, objectivity and independence of the scheme actuary, Barnett Waddingham; • liaise with the auditor of the Nottinghamshire Pension Fund to gain assurance over the design and implementation of controls in place to ensure data provided to the actuary by the pension fund for the purposes of the IAS 19 valuation is complete and accurate; • review a summary of the work performed by the Nottinghamshire Pension Fund auditor on the Pension Fund investment assets, and evaluating whether the outcome of their work would affect our consideration of the Council's share of Pension Fund assets; • obtain assurance from the Pension Fund auditor in relation to the data used for the triennial valuation; • review the appropriateness of the pension asset/liability valuation methodologies applied by the actuary and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information from the consulting actuary engaged by the National Audit Office; and • agree the data in the IAS 19 valuation report provided by the actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.

Materiality

For the consolidated financial statements, we consider Gross Revenue Expenditure at Surplus/deficit on Provision of Services level to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit on Provision of Service as the benchmark.

For the parent only financial statements, we consider Gross Revenue Expenditure at Surplus/deficit on Provision of Services level to be the key focus of the users of the financial statements. We have therefore determined our initial materiality levels using gross revenue expenditure at surplus/deficit on Provision of Service as the benchmark.

We expect to set financial statement materiality as 2% of gross revenue expenditure at surplus/deficit level for our audit of the consolidated financial statements and, for our audit of the parent only financial statements, as 2% of gross revenue expenditure as surplus/deficit. Based on currently available information (2024-25 Audited financial statements), we anticipate setting our financial statement materiality and performance materiality for our audit of the consolidated and parent only financial statements at the levels set out in the table adjacent. We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

We will accumulate misstatements identified during our audit that are above the reporting thresholds set out in the table adjacent, i.e., any misstatements that we identify that are above the reporting thresholds will be reported to you and management. Any misstatements that we identify that are below those amounts would not need to be reported because we expect that the accumulation of such amounts would not have a material effect on the financial statements and our audit opinion.

Each misstatement above our reporting threshold that we identify will be classified as **adjusted** (corrected by management), or **unadjusted** (not corrected by management). We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on the financial statements and our audit opinion.

We also consider whether there are any financial statement areas or disclosures where a misstatement of an amount lower than overall materiality could reasonably be expected to influence the economic decisions of users of the financial statements. Our assessment of the financial statements and/or disclosures to which this applies and the specific materiality level we have set is shown below.

Misstatements also cover qualitative misstatements and quantitative and qualitative misstatements and omissions relating to the notes of the financial statements. If you have any queries about our reporting threshold, please raise these with me.

Consolidated financial statements		
	2025-26 (£'000)	2024-25 (£'000)
Overall materiality	£1,532	£1,532
Performance materiality	£1,140	£1,140
Clearly trivial	£46	£46

Broxtowe Borough Council financial statements		
	2025-26 (£'000)	2024-25 (£'000)
Overall materiality	£1,460	£1,460
Performance materiality	£1,100	£1,110
Clearly trivial	£44	£44
Specific materiality Senior Officers' Remuneration	£5	£5

Fees

Audit fees and other services provided by Forvis Mazars LLP

Our fees (exclusive of VAT) for the audit of the financial statements for the year ending 31 March 2026, and for any non-audit assurance services or other non-audit services provided by Forvis Mazars LLP in the period, are outlined in the table adjacent.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

The proposed fee reflects the scale fee determined by PSAA and information on how the scale fee is set can be found on PSAA's website. Where an auditor is required to undertake substantially more or less work to deliver their responsibilities a fee variation may be proposed which is subject to approval by PSAA. Examples compiled by PSAA of circumstances that may trigger a fee variation are available on the PSAA [website](#).

We confirm we have not been engaged to carry out non-audit work by the Council.

Nature of service	2025-26 proposed fee	2024-25 actual fee
PSAA Scale fee	£163,842	159,380
Additional fees in respect of land and buildings testing	TBC*	£16,500
Additional testing on the Group accounts		£2,500
Additional work in respect of IFRS16		£2,500
Total fees	TBC	£180,880

*Additional fees for 2025/26 will be dependent on the finding of the audit. Any additional fees will be discussed with management.

Our independence

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships that we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that, in our professional judgement, there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the context of the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration and complete annual ethics training,
- New partners and staff are required to complete an independence confirmation,
- Rotation policies covering audit engagement partners and other key members of the audit team, and
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that Forvis Mazars LLP, the engagement team and others in the firm as appropriate, are independent and comply with relevant ethical and independence requirements. However, if at any time you have concerns or questions about our integrity, objectivity, or independence, please discuss these with me in the first instance.

We have not identified any threats to our independence in connection with the services we have provided to the Council. As indicated on the previous slide, we do not anticipate that we will be providing any non-audit services in the current audit period. We will update our independence assessment if this changes and inform you of the outcome as part of subsequent reporting to you.

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.

We undertake our VFM work in accordance with the 2024 Code of Audit Practice (the Code). Our responsibility, under the Code, is 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.

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.

Value for money

Identified risks of significant weaknesses in arrangements

The Code of Audit Practice and Auditor Guidance Note 03 issued by the NAO require us to carry out work at the planning stage to understand the Council’s arrangements and to identify risks that significant weaknesses in arrangements may exist.

Although we have not fully completed our planning and risk assessment work, the table below outlines the risks of significant weaknesses in arrangements that we have identified to date. We will report any further identified risks to the Governance, Audit and Standards Committee on completion of our planning and risk identification work

	Risk of significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Planned procedures
1 Page 23	<p>Non-compliance with Housing Consumer Standards In January 2026, The Regulator of Social Housing issued a C3 grade for the Council, citing serious failings in the delivering the outcomes of the consumer standards and significant improvements were needed. The RSH’s judgement is an indication of a significant weakness in arrangements for the year ended 31 March 2026.</p>	○	●	●	We will consider the findings of the Regulator of Social Housing, and the actions the Council have taken. We will hold discussions with management and review correspondence between the Council and the Regulator.

Appendix A: Other communications

Audit scope and approach

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are driven primarily by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we identify.

If we conclude that appropriately designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or if we decide that it would be more efficient, we may take a wholly substantive approach to our audit testing if, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required by UK auditing standards to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the 'Materiality' section of this report.

Management's and our experts

Management makes use of experts in specific areas when preparing Broxtowe Borough Council 's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Defined benefit liability	Barnett Waddingham LLP Actuary for Nottinghamshire Pension Fund (LGPS)	National Audit Office's (NAO's) Consulting Actuary (PWC)
Property, plant and equipment and investments properties	Lambert Smith Hampton (LSH) External Valuer (Non-dwellings)	Third-party evidence provided by the NAO to support our challenge of valuation assumptions.
	HEB Properties LLC Council Dwellings	
	Internal Valuer- Estates Manager General Fund Assets	
Financial Instruments	Arlingclose Treasury Management Advisor	None identified at planning
Business Rates Appeals Valuation	Inform CPI Ltd	None identified at planning

Appendix A: Other communications

Responsibilities

We are appointed to perform the external audit of Broxtowe Borough 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 CIPFA Code of Practice on Local Authority Accounting.

Our audit does not relieve management or Governance, Audit and Standards Committee, as those charged with governance, of their responsibilities.

The Section 151 Officer is responsible for the assessment of Broxtowe Borough 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 Sections 151 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 Broxtowe Borough Council’s internal control.



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 and internal audit, 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.

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.

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

Value for money

We are also responsible for forming a view on the arrangements that 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.

Appendix A: Other communications

Required communications

This section of our report sets out the matters that we are required to report to you by UK auditing standards, including which form of our communications satisfy, or will satisfy, those requirements.

Required communication	Where addressed
Our responsibilities in relation to our audit of the company's financial statement and the responsibilities of management and those charged with governance.	Audit Strategy Memorandum and engagement letter
The planned scope and timing of our audit, including any limitations (specifically with respect to significant risks and key audit matters, if applicable).	Audit Strategy Memorandum
<p>With respect to misstatements:</p> <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, • The effect of uncorrected misstatements related to prior periods, • A request that any uncorrected misstatement is corrected, and • In writing, corrected misstatements that are significant. 	Audit Completion Report
<p>With respect to fraud communications:</p> <ul style="list-style-type: none"> • Inquiries with you to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the company, • Any fraud that we have identified or information we have obtained that indicates that fraud may exist, and • A discussion of any other matters related to fraud. 	Audit Completion Report and discussion at Governance, Audit and Standards Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)
<p>Significant matters arising during our audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management, • Inappropriate authorisation and approval of transactions, • Disagreement over disclosures, • Non-compliance with laws and regulations, and • Difficulty in identifying the party that ultimately controls the entity. 	Audit Completion Report

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Appendix A: Other communications

Required communications

Required communication	Where addressed
<p>Significant findings from our audit, including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices, including accounting policies, accounting estimates, and financial statement disclosures, • Significant difficulties, if any, encountered during our audit, • Significant matters, if any, arising from our audit that were discussed with management or were the subject of correspondence with management, • Written representations that we are seeking, • Expected modifications to our auditor’s report, and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified during our audit that we believe are relevant to those charged with governance in the context of fulfilling their responsibilities. 	<p>Audit Completion Report</p>
<p>Significant deficiencies in internal controls identified during our audit.</p>	<p>Audit Completion Report</p>
<p>Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.</p>	<p>Audit Completion Report</p>
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of you into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that you may be aware of.</p>	<p>Audit Completion Report and Governance, Audit and Standards Committee meeting(s)</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the company’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the event or condition constitutes a material uncertainty, • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements, and • The adequacy of related disclosures in the financial statements. 	<p>Audit Completion Report</p>

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Appendix A: Other communications

Required communications

Required communication	Where addressed
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. 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, key steps to assess and conclude on our firm’s system of quality management, including:</p> <ul style="list-style-type: none"> • Ensuring there is an appropriate assignment of responsibilities, • Establishing and reviewing quality objectives each year, ensuring our firm’s quality objectives align with our strategies and priorities, • Identifying, reviewing, and updating quality risks each quarter, taking into consideration multiple input sources (such as FRC/ ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.), • Identifying, designing, and implementing responses to strengthen our firm’s internal control environment and overall quality, and • Evaluating our quality responses and remediating control gaps or deficiencies. <p>We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports.</p>	<p>Audit Strategy Memorandum (the communication adjacent satisfies this requirement)</p>
<p>We are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include:</p> <ul style="list-style-type: none"> • Significant delays in management providing information that we require to perform our audit. • An unnecessarily brief time within which to complete our audit. • Extensive and unexpected effort to obtain sufficient, appropriate audit evidence. • Unavailability of expected information. • Restrictions imposed on us by management. • Unwillingness by management to make or extend their assessment of the company’s ability to continue as a going concern when requested. <p>We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor’s report).</p>	<p>Audit Completion Report, discussion at Governance, Audit and Standards Committee meeting(s), and audit clearance meeting(s)</p>

Appendix A: Other communications

Required communications

Required communication	Where addressed
An overview of the work to be performed at the components of the group and the nature of our involvement in the work to be performed by component auditors.	Audit Strategy Memorandum and Audit Completion Report
Instances where our review of the work of a component auditor gave rise to a concern about the quality of the component auditor’s work, and how we addressed that concern.	Audit Completion Report
Any limitations on the scope of our group audit; for example, significant matters related to restrictions on access to people or information.	Audit Strategy Memorandum and Audit Completion Report, as necessary
Fraud or suspected fraud involving group management, component management, employees who have significant roles in the group’s system of internal control or others when the fraud resulted in a material misstatement of the group financial statements.	Audit Completion Report and discussion at Governance, Audit and Standards Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)

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Appendix A: Other communications

Definitions

Term	Definition
<p>Materiality</p>	<p>An expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.</p> <p>We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to the company. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to you (reporting threshold). Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.</p> <p>An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:</p> <ul style="list-style-type: none"> • Have a reasonable knowledge of business, economic activities, and accounts, • Have a willingness to study the information in the financial statements with reasonable diligence, • Understand that financial statements are prepared, presented, and audited to levels of materiality, • Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events, and • Will make reasonable economic decisions based on the information in the financial statements. <p>We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors. When planning our audit, we make judgements about the size of misstatements we consider to be material. This provide a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks. We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.</p> <p>The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.</p>

Appendix A: Other communications

Definitions

Term	Definition
Significant risk	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by UK auditing standards), including management override of controls and revenue recognition.
Enhanced risk	An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to: <ul style="list-style-type: none">• Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement, and• Risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard risk	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.
Key audit matter	<p>A matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement (whether due to fraud or error) we identified, including those which had the greatest effect on our overall audit strategy, the allocation of resources in our audit, and directing the efforts of our engagement team.</p> <p>It is important that you understand and have the opportunity to discuss with us why something is being communicated as a key audit matter and the way it is described. This report highlights which of the significant and other risks are expected, at this stage, to be determined as key audit matters. It should be noted, however, that other audit areas may be determined as key audit matters during our audit.</p>

Appendix A: Other communications

Definitions

Term	Definition
Key audit partner	<p>(a) An individual who is eligible for appointment as a statutory auditor and who is designated by our firm for a particular audit engagement as being primarily responsible for carrying out the statutory audit on behalf of our firm.</p> <p>(b) In the case of a group audit, any of the following: (i) an individual who is eligible for appointment as a statutory auditor and who is designated by our firm as being primarily responsible for carrying out the statutory audit of the consolidated accounts of the group on behalf of our firm; (ii) an individual who is eligible to conduct the audit of the accounts of any subsidiary undertaking determined by us to be a 'material subsidiary' and who is designated as being primarily responsible for that audit.</p> <p>(c) An individual who is eligible for an appointment as a statutory auditor and who signs the audit report.</p>

Appendix B: Current year updates, forthcoming accounting & other issues

HM Treasury changes to non-investment asset valuation

Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the “Code”)

Following a thematic review of non-current asset valuations for financial reporting in the public sector, HM Treasury has made a number of changes to its requirements for the valuation frequency, valuation methodology and classification of non-investment property assets. The changes are effective from 1 April 2025 as set out in the 2025-26 Code and include:

- A change to the requirements regarding revaluation frequency. Rather than adhering to paragraph 34 of IAS 16 which requires an asset to be revalued whenever its carrying value differs materially from its current value, entities will be required to revalue assets on a quinquennial basis, i.e. every five years, supplemented by annual indexation in the intervening years. This requirement can be adhered to either as part of a full revaluation or as part of a rolling programme. The Code requires bodies to use the best index available to them. Should management determine that there is no appropriate index to use, then the quinquennial valuation is supplemented by a valuation in the third year.
- Revaluations carried out prior to 2025/26, in line with former requirements of the Code, remain valid throughout the transition period (being 1 April 2025 to the date the next revaluation is due for a given asset). During the transition period, the maximum period between revaluations must not exceed five years.
- The requirement to consider indicators of impairment under IAS 36 remains, so management will still be required to undertake an annual assessment of whether there are indicators of impairment, and where these are present, it may be necessary to undertake valuations outside of the 5-yearly valuation programme.

When management will no longer need to consider annually whether it is necessary to revalue non-investment assets, they will need to be satisfied that they have appointed a suitably qualified valuer to undertake the valuation of assets whenever they fall due either as part of a full valuation or a rolling programme. If local indices are used, management will need to have sufficient evidence to demonstrate that the indices are appropriate and relevant to the entity's circumstances, and to provide this evidence to the auditor.

Appendix B: Current year updates, forthcoming accounting & other issues

Effective for accounting periods beginning on or after 1 January 2027

IFRS 18 Presentation and Disclosure in Financial Statements

The standard was UK-adopted in December 2025, and the date of incorporation into the Code is not confirmed, though expected to be within the 2028/29 financial year. It is not yet confirmed what interpretations and adaptations HMT will determine are necessary for implementation in the public sector. We have provided an outline of the main changes arising from IFRS 18 as unadapted and without interpretation and will provide an update on the expected impact on the Broxtowe Borough Council as and when detail is available as to when and how the standard is incorporated into the Code.

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

New categories and subtotals for inclusion within the statement of profit or loss

- Income and expenses are to be classified into three new defined categories: operating, investing and financing, in addition to the income taxes and discontinued operations categories.
- All companies are to present new defined subtotals – operating profit and loss, and profit or loss before financing and income taxes.

New reporting requirements on Management Performance Measures (MPMs)

New requirements are introduced for management-defined performance measures (MPMs), which may also be called Alternative Performance Measures (APMs). These are described as subtotals of income and expenses that an entity: (a) uses in public communications outside financial statements; (b) uses to communicate to users of financial statements management's view of an aspect of the financial performance; and (c) are not listed within IFRS 18 or specifically required to be presented or disclosed by another IFRS Accounting Standard.

- All MPMs are required to be disclosed in a single note in the financial statements setting out:
 - an explanation of why the MPM is reported, and
 - a reconciliation to a directly comparable GAAP measure within IFRS 18 or another IFRS Accounting Standard.

Enhanced requirements for aggregation & disaggregating information

- Enhanced requirements are set out for the aggregation and disaggregation of items based on similar and dissimilar characteristics. Items that have dissimilar characteristics must be disaggregated when the resulting information is material. Guidance is also included on how to describe items within the financial statements, requiring an entity to label items presented or disclosed as 'other' only if a more informative label cannot be found.
- New guidance is provided on whether information should be reported in the primary financial statements or the notes. This includes guidance on presentation and disclosure of expenses classified in the operating category, alongside introducing more prescribed requirements for an entity that classifies expenses by function as well as the requirement to disclose expenses by nature in a single note for certain amounts - depreciation, amortisation, employee benefits, impairment and write-downs of inventories

Many principles and requirements have been brought forward from IAS 1 to IFRS 18 such as frequency of reporting, comparative information, offsetting, capital disclosures and the requirements for the statement of financial position and for the statement of changes in equity.

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Joint report of the Interim Chief Executive, Interim Deputy Chief Executive and the Monitoring Officer

Corporate Governance Arrangements
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1. Purpose of Report

To inform the Committee of action taken to develop and comply with statutory obligations regarding corporate governance, and to seek approval for the Annual Governance Statement for its inclusion in the Council's published Statement of Accounts for 2025/26.

2. Recommendation

The Committee is asked to:

1. **RESOLVE** that the draft Annual Governance Statement be approved in principle for inclusion in the Council's Statement of Accounts.
2. **RESOLVE** that responsibility be delegated to the Interim Chief Executive, in consultation with the Chair of this Committee, to make any further amendments deemed necessary.
3. **NOTE** compliance with the Code on Delivering Good Governance in Local Government.

3. Detail

The Accounts and Audit Regulations 2015 require authorities to conduct a review, at least once in each financial year, of the effectiveness of its system of internal control and to include an Annual Governance Statement report on the review with its statement of accounts. The Statement will be circulated separately to the agenda. To support this process, the Council follows proper practice as set out in the CIPFA/SOLACE publication *Delivering Good Governance in Local Government: Framework*. This Framework was initially produced in 2007 with a revised version published in April 2016.

CIPFA guidance has requested that authorities include the following additional information in their versions of the Annual Governance Statement:

- An executive summary – including an overall opinion on whether governance arrangements were fit for purpose
- An assessment of effectiveness, setting out how the overall opinion was arrived at
- Where governance needs to improve, including an action plan
- How governance has been improved over the current financial year
- A forward look at governance.

These elements are included to ensure the CIPFA requirements are met.

The Statement includes an explanation of the Council's governance arrangements and an update on the implementation of previously identified improvement actions. It concludes with the draft Annual Governance Statement and the Significant Governance Issues Action Plan for 2026/27. Once approved, it will be signed by the Leader of the Council and the Interim Chief Executive prior to inclusion with the published accounts.

The Chief Audit and Control Officer has confirmed that he considers that the current internal control environment is satisfactory such as to maintain the adequacy of the governance framework.

4. Financial Implications

The comments from the Interim Deputy Chief Executive were as follows:

The production of the Annual Governance Statement is a key component of the Council's governance framework and part of the statutory requirements under the Accounts and Audit Regulations 2015. The approved Annual Governance Statement will be included in the latest Statement of Accounts.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows.

Not applicable.

6. Human Resources Implications

There were no comments from the Human Resources Manager.

7. Union Comments

There were no Union comments.

8. Climate Change Implications

The climate change implications are contained within the report.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As this is not a change to policy or a new policy an equality impact assessment is not included.

11. Background Papers

Nil.

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Report of the Chief Audit and Control Officer

Internal Audit Progress Report

1. Purpose of Report

To inform the Committee of the recent work completed by Internal Audit.

2. Recommendation

The Committee is asked to NOTE the report.

3. Detail

Under the Council's Constitution and as part of the overall corporate governance arrangements, this Committee is responsible for monitoring the performance of Internal Audit. A summary of the reports issued and progress against the agreed Internal Audit Plan is included at **Appendix 1**. A summary narrative of the work completed by Internal Audit since the previous report to this Committee is also included.

Internal Audit has also reviewed progress made by management in implementing agreed actions within six months of the completion of the respective audits. Details of this follow-up work are included at **Appendix 2**. Where agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

Further progress reports will be submitted to each future meeting of this Committee. A final report detailing the overall performance of Internal Audit for 2025/26 will be presented to this Committee in July 2026.

4. Financial Implications

The comments from the Interim Deputy Chief Executive and Section 151 Officer were as follows:

The work of Internal Audit continues to provide crucial and independent assurance to management and Members over the key aspects of the Council's governance, risk management and internal control arrangements. The cost of Internal Audit is included within the established Finance Services budgets.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

This report already sets out the legal framework for Internal Audit to provide a summary of Internal Audit work. It addresses the statutory obligations for local audit processes. The Local Government Act 1972 and subsequent legislation sets out a duty for the Council to make arrangements for the proper administration of its financial affairs. This report also complies with the requirements of the following:

- Local Government Act 1972
- Accounts and Audit Regulations 2015
- CIPFA/IIA: Public Sector Internal Audit Standards (PSIAS)
- CIPFA/IIA: Local Government Application Note for the UK PSIAS 33.

The provision of an Internal Audit service is integral to financial management at the Council and assists in the discharge of its duties.

6. Human Resources Implications

Not applicable.

7. Union Comments

Not applicable.

8. Climate Change Implications

No climate change implications have been identified in relation to this report.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As there is no change to policy an equality impact assessment is not required.

11. Background Papers

Nil.

Appendix 1

Internal Audit Reports

The following table summarises the audit assignments and similar work completed by Internal Audit since the last meeting of this Committee.

Audit Title	Report Issued	Assurance Opinion	Actions (High Priority)	Actions (Other)
Financial Appraisal – Capital Works	04/03/26	Advisory Report Only		
Financial Appraisal – Prospective Tenant	05/03/26	Advisory Report Only		
Capital Works	10/03/26	Reasonable	-	3
Bramcote Leisure Centre – Governance Review	17/03/26	Substantial	-	-
Income Receipting System	30/03/26	Substantial	-	1
Information Management	08/04/26	Substantial	-	1
Financial Appraisal – Capital Works	14/04/26	Advisory Report Only		
Financial Appraisal – Prospective Tenant	14/04/26	Advisory Report Only		
Financial Appraisal – Prospective Tenant	14/04/26	Advisory Report Only		
Council Tax	16/04/26	Substantial	-	-
Financial Appraisal – Prospective Tenant	16/04/26	Advisory Report Only		
Hickings Lane Pavillion Planning Income	At the time of writing, it is anticipated that these audits will be completed (or substantially completed) by the date of this meeting. A verbal update will be provided by the Chief Audit and Control Officer at this meeting.			

Remaining Internal Audit Plan 2026/27

Audit Title	Progress
Environmental Health	In progress
Housing Acquisitions	In progress
Process Improvement Follow-Up	In progress
Shared Ownership (Housing)	In progress
Transport and Fleet Management	In progress
Asbestos Risk Management (Housing)	Not yet commenced
Benefits	Not yet commenced
Business Support (Invoicing)	Not yet commenced
Commercial Property Income	Not yet commenced
Community Engagement	Not yet commenced
Complaints Reporting and Responses	Not yet commenced
Creditors and Purchasing	Not yet commenced
Fire Risk Management (Housing)	Not yet commenced
Human Resources	Not yet commenced
Key Reconciliations	Not yet commenced

Audit Title	Progress
Leisure Centre Operations	Not yet commenced
Lettings (Housing)	Not yet commenced
Licensing	Not yet commenced
NNDR (Business Rates)	Not yet commenced
Payroll	Not yet commenced
Public Sector Housing Enforcement	Not yet commenced
Rents (Housing)	Not yet commenced
Tenancy Records Management (Housing)	Not yet commenced
Tenancy Sustainment (Housing)	Not yet commenced
Treasury Management	Not yet commenced
Waste Management (Trade and Residual)	Not yet commenced

Completed Audits

A report is prepared for each audit assignment and issued to the relevant senior management at the conclusion of a review that will:

- include an overall opinion on the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the specific identified key risks relating to the area under audit. This opinion is categorised as either 'Substantial', 'Reasonable', 'Limited' or 'No' assurance;
- identify inadequately addressed risks and ineffective control processes;
- detail the actions agreed with management and the timescales for completing those actions; and
- identify issues of good practice.

Recommendations made by Internal Audit are prioritised, with the agreed actions being categorised accordingly as follows:

- High Priority – Action considered necessary to avoid unmitigated exposure to significant risks
- Medium Priority – Action considered necessary to avoid unmitigated exposure to other key risks
- Best Practice – Action recommended in order to improve existing procedures and other systems of internal control

The following audit reports have been issued with key findings as follows:

1. Financial Appraisals **Advisory Reports Only**

Internal Audit is frequently requested to provide financial appraisals of companies, non-incorporated businesses and other organisations as part of the Council's 'due diligence' processes prior to the commencement of any commercial or similar relationship with the organisation in question. For each appraisal, Internal Audit provides a confidential report which summarises the results of a review of information provided by the organisation, information provided by third-party organisations (such as credit-referencing agencies and the National Anti-Fraud Network) and any other publicly available information.

2. Capital Works **Assurance Opinion – Reasonable**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Housing properties may not be maintained in line with the Decent Homes Standard.
- Higher-value contracts may not be procured in accordance with the current regulatory framework.
- Contract Management processes may be ineffective.
- Appropriate attention may not be directed towards ensuring Value for Money.
- Performance Monitoring and Reporting may be inadequate.
- Budget Control and Monitoring may be inadequate.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with three recommendations relating to system data quality ('medium priority'), survey documentation ('medium priority') and contract management ('best practice') being proposed to and agreed with management.

3. Bramcote Leisure Centre Project Governance Review **Assurance Opinion – Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Decision making processes may be inappropriate.
- Risk management processes may be inadequate.
- Procurement of required goods and services may not be compliant with current legislation and/or Council policy.
- Appropriate budgetary control and monitoring arrangements may not be in place.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with no specific recommendations to address deficiencies in internal control being made.

4. **Income Receipting** **Assurance Opinion – Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Income Receipting processes may not be operating in an appropriate, efficient and timely manner.
- Reconciliation processes may not be operating in an appropriate, efficient and timely manner.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with one recommendation ('best practice') relating to the signoff of reconciliations being proposed to and agreed with management.

5. **Information Management** **Assurance Opinion – Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Information submitted as part of the annual Senior Information Risk Owner (SIRO) reporting process may be inaccurate.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with one recommendation ('best practice') relating to the retention of supporting documentation being proposed to and agreed with management.

6. **Council Tax** **Assurance Opinion – Substantial**

The primary purpose of the audit was to provide assurance over the effectiveness of the policies, procedures and other systems of control implemented by management in mitigation of the following specific identified key risks:

- Council Tax may not be correctly calculated and/or bills may not be accurately and efficiently raised and distributed.
- Billed amounts may not be collected in an efficient manner and/or may not be accounted for correctly.
- Outstanding debts may not be managed efficiently and effectively.

- Applied reliefs and discounts to accounts may not be valid and/or managed efficiently.
- Refunds and write-offs may not be valid and may not be appropriately authorised.
- Robust arrangements for detecting and managing fraud risk may not be in place.

Internal Audit was pleased to report that no significant issues were identified in the course of this review with no specific recommendations to address deficiencies in internal control being made.

Current Audit Performance

Progress on the Internal Audit Plan for 2026/27 is considered to be satisfactory. A final report on the performance of the Internal Audit Service for 2025/26 will be presented to this Committee in July 2026.

Appendix 2

Internal Audit Follow-Up

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the audit and is pleased to report that there are no such actions currently outstanding.

Report of the Deputy Chief Executive

Work Programme

1. Purpose of Report

To consider items for inclusion in the Work Programme for future meetings.

2. Recommendation

The Committee is asked to consider the Work Programme and RESOLVE accordingly.

3. Detail

Items which have already been suggested for inclusion in the Work Programme of future meetings are given below. Members are asked to consider any additional items that they may wish to see in the Programme.

20 July 2026	<ul style="list-style-type: none">• Audit of Accounts 2025/26 and Associated Matters• Statement of Accounts 2025/26 – Going Concern• Internal Audit Review 2025/26• Internal Audit Progress Report• Review of Strategic Risk Register• Complaints Report Quarter 4• Annual Complaints Report
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4. Financial Implications

The comments from the Head of Finance Services were as follows:

There are no financial implications as a result of this report.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

The terms of reference are set out in the Council's constitution. It is good practice to include a work programme to help the Council manage the portfolios.

6. Human Resources Implications

The comments from the Human Resources Manager were as follows:

Not applicable.

7. Union Comments

The Union comments were as follows:

Not applicable.

8. Climate Change Implications

The climate change implications are contained within the report.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

As this is not a change to policy and no Equality Impact Assessment is required.

11. Background Papers

Nil.