



Audit Progress Report

North East Lincolnshire Council

April 2026

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Audit progress

Audit progress

2024/25 Audit

The Independent Auditor's Report for the 2024/25 audit was signed on 22nd December 2025. This marked the completion of our 2024/25 external audit. The audit certificate remains outstanding as we await confirmation from the NAO that no further audit procedures are required.

2025/26 Audit

Following Gavin Barker's retirement in March 2026, we have appointed a new Engagement Lead for the 2025/26 audit. Nicola Hallas will be the Engagement Lead. We are also introducing a new manager, Makhosi Mazibia will replace Leah Parsons. Joel Jossy will remain as Team Leader, ensuring audit continuity between years. Nicola and Makhosi have completed a detailed handover with Gavin and Leah and have already met with officers to ensure a smooth transition.

We have commenced our work on the planning and risk assessment of the audit. We are also in the process of conducting some interim sample testing for areas such as expenditure and payroll.

Our Audit Strategy Memorandum will set out our plan for the audit of the Council. We will present our Audit Strategy Memorandum at the next Audit & Governance Committee. At this stage, we do not anticipate significant changes to our risk assessment and audit approach compared to 2024/25.

We anticipate the significant risks for the 2025/26 audit to be

- management override of controls;
- valuation of land and buildings and investment properties; and
- valuation of the net defined benefit asset/liability. No enhanced risks for this financial year.

Based on the 2024-25 audited financial statement figures, the materiality we have set at the planning stage is shown below:

Audit progress

2025/26 Audit (continued)

Based on the 2024-25 audited financial statement figures, the materiality we have set at the planning stage is shown below:

Financial Statements	Year 2025/26 Planning £'000s	Year 2024/25 Actual £'000s
Overall materiality	8,240	8,394
Performance materiality	6,590	6,715
Clearly trivial	240	251
Specific materiality: Senior Officers' Remuneration	5	5

Value for money (VFM) arrangements

We have requested that Management complete a self-assessment questionnaire, and we are currently awaiting their response. As part of our planning procedures we are currently completing our own risk assessment.

We will continue to keep Audit Committee updated as the audit progresses and will report our commentary and findings on the Council's value for money arrangements by 30 November 2026, in line with the national deadline.

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Publications and other updates

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Publications Subscription 2025/26	This annual subscription provides councils with access to all CIPFA's authoritative 2025/26 guidance and technical updates, designed to support local authorities in responding to legislative change and best-practice requirements. For information only.
2	2025/26 Code of Practice on Local Authority Accounting	The 2025/26 Code introduces updated requirements for local authority accounting, including IFRS-aligned changes such as revisions to asset valuation, accounting policies, and depreciation treatment. For information only.
3	2025 Workforce Action Plan – Progress Update	This update outlines national progress on addressing finance workforce challenges in councils, focusing on leadership development, recruitment, retention, and mentoring for s151 officers. For information only.
4	CIPFA Financial Resilience Index 2024 (reported Apr 2025)	The Index provides councils with an independent assessment of their financial stress indicators, helping authorities benchmark risk levels and inform medium-term financial planning. For information only.
Ministry of Housing, Communities and Local Government ('MHCLG') (formerly the Department for Levelling Up, Housing and Communities ('DLUHC'))		
5	MHCLG Main Estimates 2025–26	This explanatory memorandum outlines MHCLG's national spending priorities for 2025–26, detailing budgets for local government services, housing, planning and infrastructure, and how these support the wider mission of modernising local government and improving public services. For information only.
6	Draft Guidance for Faster and Clearer Local Plan-Making	This draft guidance supports councils in implementing a new streamlined 30-month local plan-making system designed to make plan production faster, clearer and more consistent. For information only.
7	Local Government Reorganisation – Ministerial Statement	This statement outlines the national programme to reorganise 21 two-tier areas into more sustainable unitary councils, emphasising decentralisation, data-sharing, financial sustainability, and strengthened local engagement. For information only.

National publications

	Publication/update	Key points
Other		
8	FRC 3-Year Strategy 2025–28	Sets out the FRC’s strategic objectives for audit quality, corporate reporting, governance and regulatory reform for 2025–28—relevant to councils due to its impact on auditor expectations and public audit oversight. For information only.
9	Annual Local Government Risk Report 2026 – Forvis Mazars	Analyses emerging risks facing councils including SEND deficits, temporary accommodation pressures, AI adoption and structural reform; provides internal-audit-focused insight. For information only.

National publications

CIPFA

1. CIPFA Publications Subscription 2025/26

This subscription is published annually by CIPFA to :

- Offer councils and public bodies a single, simplified way to access all statutory, regulatory, and guidance publications for the year.
- Ensure finance teams stay compliant with new legislation, accounting standards, and sector developments.
- Reduce admin overhead by replacing multiple individual publication purchases with one consolidated subscription.

<https://www.iasab.org/home/policy-and-guidance/publications/c/cipfa-publications-subscription-lower-tier>

2. 2025/26 Code of Practise on Local Authority Accounting

The Code of Practice on Local Authority Accounting is the mandatory framework that all UK local authorities must follow when preparing their annual financial statements. It is based on IFRS, adapted for the public sector.

<https://www.iasab.org/home/policy-and-guidance/publications/c/code-of-practice-on-local-authority-accounting-in-the-united-kingdom-202526>

3. 2025 Workforce Action Plan – Progress Update

The progress update summarises actions taken across England to address workforce pressures in local government finance teams. It also focuses on leadership development, recruitment, retention and mentoring for s151 officers.

<https://www.local.gov.uk/our-support/workforce-and-hr-support/recruitment-and-retention/workforce-planning/local-0>

National publications

CIPFA

4. CIPFA Financial Resilience Index 2024 (reported Apr 2025)

The CIPFA Financial Resilience Index is an annual tool designed to assess the financial health and relative risk of every local authority in England. CIPFA uses core indicators (reserves, debt, social care spending pressure, interest costs, etc.) to identify where councils may be exposed to financial stress. CIPFA notes that risks have not reduced since the previous year's index, with many councils still under heavy pressure from surging service demand, declining reserves and rising homelessness-related spending.

<file:///C:/Users/JZJ22/Downloads/CIPFA-Financial-Resilience-Index-2024.pdf>

MHCLG

5. MHCLG Main Estimates 2025-26

The Main Estimates are the annual request to Parliament for permission to spend money during the financial year. For the Ministry of Housing, Communities & Local Government (MHCLG), the 2025–26 Estimates set out: Strategic Objectives of MHCLG, Breakdown of Departmental Spending Controls, Overview of Planned Spending for 2025-26

committees.parliament.uk/publications/48048/documents/251258/default/

6. Draft Guidance for Faster and Cleaner Local Plan-Making

The draft guidance aims to deliver a faster, clearer, simpler local plan-making system, responding to the long-standing problem that local plans take years to produce and cost councils millions, delaying homes and infrastructure.

<https://mhclgdigital.blog.gov.uk/2025/12/08/new-draft-guidance-published-to-support-faster-and-clearer-local-plan-making/>

National publications

MHCLG

7. Local Government Reorganisation – Ministerial Statement

The statement announces the biggest reform of local government in a generation, with the government formalising its policy to end the two-tier system and replace it with new single-tier unitary councils. Details included around vision and purpose of reorganisation and why reorganisation is needed.

<https://questions-statements.parliament.uk/written-statements/detail/2026-03-25/hcws1455>

Other

8. FRC 3-Year Strategy 2025-28

The 2025–28 strategy is the FRC’s first full three-year plan since 2023 and sets out how the regulator intends to support the UK’s economic growth agenda through proportionate, high-quality regulation. The plan is based on extensive stakeholder consultation

<https://www.frc.org.uk/news-and-events/news/2025/03/frc-backs-growth-in-new-three-year-plan/>

9. Annual Local Government Risk Report 2026 – Forvis Mazars

The Annual Local Government Risk Report 2026 provides a comprehensive view of the most significant and emerging risks facing councils in 2026. We believe local authorities are operating in one of the most challenging environments in decades, with multiple pressures converging at once.

<https://www.forvismazars.com/uk/en/industries/public-social-sector/our-public-and-social-sector-reports/annual-local-government-risk-report-2026>

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