

Kirklees Council

Audit progress and sector updates

2 April 2025



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Audit Progress Update

Introduction

This paper provides the Corporate Governance and Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider as wider knowledge and information..

Members of the Corporate Governance and Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government](#) | [Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Greg.



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Financial Statements Audit

2023-24 audit

As reported in our 2023-24 Audit Findings (ISA260) Report and also explained to Members at the Corporate Governance and Audit Committee meeting on 31 January, we issued an unqualified 'clean' audit opinion on the Council's financial statements for the year ended 31 March 2024 on 7 February 2025. This ensured the Council continues to have fully audited accounts, avoiding any disclaimer or qualified opinions associated with the local government backstop regulations.

2024-25 audit planning:

Since we issued our 2023-24 audit opinion, we have continued to focus on our risk assessments for the 2024-25 audit cycle. Our continuing discussions with senior management is important to our risk assessment approach. We continue to meet with senior management including the Chief Executive, S151 Officer and the Monitoring Officer on a quarterly basis. We find these meetings very useful as part of our overall risk assessment process and to discharge our responsibilities as your external auditor. We also continue to have regular discussions with your key finance team members as part of our planning and audit risk assessment.

We have started our 2024-25 audit planning work. Having completed the 2023-24 audit only recently, we have a reasonable amount for information that can be rolled forward as part of 2024-25 audit planning which can then be validated. We intend to finalise our Audit Plan with management in April and present it to Members and the next meeting of the Corporate Governance and Audit Committee (expected to be in June).

Our 2024-25 audit planning will document our understanding of your key risks, your control environment which will inform our proposed testing strategy. Our Audit Plan will report any key findings from the planning and interim audit work as relevant and set out the key risk areas of focus for our 2024-25 audit work.

We will perform our final accounts audit testing in the Summer and Autumn (to be further discussed and confirmed with management), with the aim to be substantially complete in our audit work by December 2025. We aim to summarise our work in our Audit Findings (ISA260) Report which we will present to you by January 2026. This would be ahead of the 2024-25 backstop date of 27 February 2026.

Value for Money

Under the 2024 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Council "has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources." We will undertake our value for money (VFM) review in accordance with this Code of Audit Practice (2024).

Our initial risk assessment builds on our current understanding of your arrangements, and findings from our 2023-24 VFM work. Our initial VFM risk assessment for 2024-25 will be reported to you as part of Audit Plan in April 2025, against the following reporting criteria which has not changed from previous year:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

We fully completed your VFM work and issued our Final 2023-24 Auditor's Annual Report (AAR) alongside the financial statements audit opinion on 7 February 2025. We also presented this AAR to the Corporate Governance and Audit Committee on 31 January 2025. As discussed, and reported to you in January 2025, we identified three significant weaknesses in the Council's arrangements in achieving value for money. We identified some further improvement recommendations. We will follow up on the recommendations as part of our 2024-25 VFM audit.

Our aim is to complete and report our 2024-25 VFM work to management by 30 November 2025, and to the Corporate Governance and Audit Committee thereafter.

Events

We provide a range of workshops and network events. Events include:

- Webinars covering 2024-25 financial audit, chief accountant's workshops, covering key areas for your senior finance team that would benefit an effective 2024-25 audit process. These were held on 6 and 12 March 2025. We understand your senior finance team colleagues attended this event
- A webinar providing updates on Local Government devolution, re-organisation, and lessons from our 2023-24 value for money audits, will take place on 4 June 2025. We will send the invites in due course to Committee members.

Audit Deliverables

Below are the key audit deliverables planned for 2024-25

2024-25 Deliverables	Planned Date (Corporate Governance and Audit Committee Dates)	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Corporate Governance and Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2024-25 financial statements.</p>	<p>April (with management)</p> <p>June Audit Committee</p>	<p>Not due yet</p>
<p>Audit Findings (ISA260) Report</p> <p>The Audit Findings Report will be reported to the Corporate Governance and Audit Committee.</p>	<p>December 2025 (with management)</p> <p>January 2026 Audit Committee</p>	<p>Not due yet</p>
<p>Auditor's Annual Report on VFM arrangements</p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.</p>	<p>November 2025 (with management)</p> <p>January 2026 Audit Committee</p>	<p>Not due yet</p>
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	<p>Target: January 2026 (prior to national backstop date of 27 February 2026)</p>	<p>Not due yet</p>

Sector Updates

Local audit reform

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that accountability and transparency can be maintained at local level. This looks likely to mean a complete overhaul of the current local audit system.

In December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) published a green paper around local audit reform. In the consultation, the government recognised that just 1% of accounts for 2022/23 were published on time, and that whilst there have been calls since 2018 for a separate, dedicated, specialist local audit body to be established, there has been no such body in place since the Audit Commission was disbanded in 2015.

The consultation has now closed, and primary legislation is likely to be introduced in May 2025. The ambition is to establish a new Local Audit Office in the Autumn of 2026 and for the Local Audit Office to begin contract management and other elements of a new oversight role by 2028.

MHCLG statement on the backlog:

1 % audited accounts published on time 2022/23

Source: MHCLG green paper, December 2024

The government has committed that when it arrives, the new Local Audit Office (“LAO”) will:

- Be statutory and independent, with a remit to streamline and simplify the system;
- Assume the functions of appointing and contracting auditors for local authorities (meaning that authorities would no longer have the power to appoint their own auditor);
- Adopt ownership of the Code of Audit Practice from the NAO and deliver relevant training;
- Hold responsibility for quality oversight of local audit, including overseeing an inspection programme, enforcement and some elements of supervision;
- Publish national insight reports on local audit health, which could include emerging trends, quality, market sustainability, VFM arrangements and statutory recommendations and public interest reports; and
- Oversee professional bodies with regard to their remit for the qualification, registration and conduct of local auditors.

MHCLG describes the current system as “complex and dysfunctional” and “broken” but states that it is “determined to get the house in order”. To a large degree, the future of local audit will depend on the extent to which the new body is given appropriate scope, powers and responsibilities. We are contributing actively to stakeholder groups and will work constructively with the new body as it comes into existence.

For a full copy of MHCLG’s intentions, see [Statement of intent and consultation](#) .

Devolution and reorganisation

5 February 2025 saw two significant steps taken by the government in its devolution process: Successful bids for the Devolution Priority Programme were announced; and legislation came into force establishing new combined authorities.

The six successful areas joining the Devolution Priority Programme are picked from across the country: Cumbria; Cheshire and Warrington; Greater Essex; Hampshire and Solent; Norfolk and Suffolk; and Sussex and Brighton. Eight Councils in these areas had local elections due in May 2025 which have had to be cancelled.

At the same time, the three new combined county authorities and one new combined authority established on 5 February are also all from different parts of England: Devon and Torbay; Lancashire; Greater Lincolnshire; and Hull and East Yorkshire.

The shift towards greater local decision-making and governance looks likely to continue:

- The government has committed to support devolution business planning for the thirty-three other areas that applied to be in the Priority Programme but were not successful;
- In one area (Surrey), elections have been cancelled not to support devolution this year, but to enable the reorganisation needed for devolution in future; and
- All councils in two-tier areas and small neighbouring unitary authorities have been invited to make proposals for their own reorganisation – with initial proposals invited by March 2025.

Last year, our Learning from New Unitary Councils report set out key messages for local authorities facing reorganisation. Points to bear in mind now, for areas that want to submit initial proposals successfully are:

- Ensure **sufficient staff and other resources are allocated** to the planning process;
- Review business as usual activities to **create capacity**, and **develop key organisational enablers**;
- Be prepared to invest in significant **programme management capacity and capability**;
- Focus on **culture and communication and hearts and minds** alongside the technical analysis;
- **Tackle finances early**, for example seek clarity on social care allocation or balance sheet split;
- **Engage** with the community to identify meaningful aspirations; and
- **Collaborate** to avoid competing proposals.

Helpful resources:

[Learning from the new unitary councils, September 2024](#)

[English Devolution White Paper, 16th December 2024](#)

[Written statement on English devolution and local government, 5th February 2025](#)

[Invitation to local authorities in two-tier areas, 6th February 2025](#)

[MHCLG explainer – what happens next](#)

The future of financial reporting

The government's consultation on local audit reform also included consultation on the future of local government financial reporting and accounts. The government's December 2024 statement of intent and consultation committed to:

- Review the content and format of accounts;
- Determine an appropriate approach to consistency across the UK;
- Consider primary legislation to separate pension fund accounts from administering authority accounts;
- Guarantee a freely available Accounting Code; and
- Consider the introduction of standardised statements in the longer term.

Work is intended to include ensuring that the accounting code does not require more disclosures than are necessary and to consider the purposes and users of local authority accounts. The statement of intent highlighted that timeliness, comprehension (understandability) and professional capability (capacity) have all been issues in the past, culminating in just 1% of audited accounts being published on time for 2022/23.

Grant Thornton's track record is strong (84% of unqualified opinions signed in full for 2022/23 signed by the 13 December 2024 backstop date), but we welcome the government's new commitments. Better timeliness and more comprehensible reporting across the sector will strengthen accountability and transparency and lead to a firmer platform for decision-making and devolved delivery.

13th December 2024 backstop performance – Grant Thornton compared to sector pre-backstop performance

Sector: % audited accounts published on time (pre-backstop dates being set)	1%
Grant Thornton: % 2022/23 opinions signed in full by the 13 December 2024 backstop date	84%
Grant Thornton: % 2022/23 VFM Auditor Annual Reports published by the 13 December 2024 backstop date	99%

In the meantime, with the 28 February 2025 backstop date now passed for 2023/24 statements of accounts, many will now be turning their attention to getting ready for 2024/25 financial reporting. Unaudited accounts for 2024/25 need to be published by 30 June this year. The backstop publication date for the audited 2024/25 accounts is 27 February 2026. Early consideration of resourcing and timetabling will help.

For a full copy of the statement of intent and consultation, see [Statement of intent and consultation](#)

For the Accounts and Audit Regulations 2024, see [The Accounts and Audit \(Amendment\) Regulations 2024](#)

Standards and conduct

The Ministry of Housing, Communities and Local Government (MHCLG) recently ran an open consultation on [Strengthening the standards and conduct framework for local authorities in England](#).

Specific proposals consulted on for legislative change included:

- The introduction of a mandatory minimum code of conduct for local authorities in England;
- A requirement that all principal authorities convene formal standards committees to make decisions on code of conduct breaches, and publish the outcomes of all formal investigations;
- The introduction of the power for all local authorities (including combined authorities) to suspend councillors or mayors found in serious breach of their code of conduct and, as appropriate, interim suspension for the most serious and complex cases that may involve police investigations;
- A new category of disqualification for gross misconduct and those subject to a sanction of suspension more than once in a 5-year period; and
- A role for a national body to deal with appeals.

In addition, the consultation asked for views on how to empower victims affected by councillor misconduct to come forward; and what additional support would be appropriate to consider for those victims.

With 2025 marking the thirtieth year since the [Nolan Principles](#) were first introduced, this seems a good time for local government to re-appraise the framework it relies on to underpin those Principles.

Since Standards for England was abolished in 2012, local authorities have been required to promote and maintain high standards through their own internal code of conduct arrangements, without any oversight at national level. There has been little in the way of sanction options for poor standards, other than for non-disclosure of pecuniary interests (which has criminal sanctions).

Whilst most councillors do embody the selflessness, integrity, objectivity, accountability, openness, honesty and leadership expected of them, beyond hoping for removal through the ballot box at the next election, there has been little mandatory power since 2012 for managing the minority that do not.

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that high standards can be maintained at local level. Revisiting and strengthening the framework so that it is fit for purpose and something to be proud of feels a logical step to be taking in this thirtieth anniversary year.

Finance settlement 2025/26

The final Local Government Finance Settlement was announced on 3rd February 2025, granting councils access to some £69 billion of funds. Although the government estimates that this was a 6.8% cash terms increase compared to 2024/2025, the settlement was not without severe criticism from across the sector – spanning both “town” and “country”.

London Councils, representing London boroughs, said at least seven councils in the capital will still require exceptional financial support from the government to balance their budgets in 2025/26 because of homelessness and temporary accommodation costs in the capital.

Meanwhile, the County Council’s Network highlighted that only 3% of the £600 million Recovery Grant will be targeted outside urban areas, whilst the removal of the Rural Services Delivery Grant is another blow for rural authorities.

For sufficiency of cost compensation, the Local Government Association (LGA) pointed out that the £515 million allocated to the sector for managing the increase in employer’s national insurance contributions (NIC) falls very far short of the compensation needed. The LGA estimated that directly employed staff costs alone will rise by £637 million. It estimated that the overall cost of increased NIC will be £1.1 billion once costs through commissioned providers are factored in.

For sufficiency of income, whilst six councils were given permission to set Council Tax increases above current referendum thresholds, everyone else was required to remain within the referendum limits that have been in place since 2012. The LGA noted that many Councils will need to go to this limit and still cut services.

We note that a recent consultation on [Local authority funding reform](#) started to pave the way for new funding allocations. There will probably be “losers” as well as “winners” in any re-allocations. However, the consultation also started to pave the way for increased local flexibility, and changes to fees and charges . These are expected to be helpful across the sector and perhaps will reduce some of the dependency on settlements that underpins the criticism we see now.

For a sample of press and other comment on the settlement for 2025/26, see

Local Government Association: [Debate on the Local Government Finance Settlement 2025/26, House of Commons, 5 February 2025 | Local Government Association](#)

Public Finance: [Councils still under strain as local government finance settlement published | Public Finance](#)

CCN News: [County Councils Network responds to final Local Government Finance Settlement - County Councils Network.](#)

Local Government Lawyer: [Unitary mulling legal action over “vindictive” decision to end rural services delivery grant](#)

New financial resilience index published by CIPFA

CIPFA published the Financial Resilience Index 2024 in January 2025. For Councils wanting to check how they compare with others and where their weak spots are, the Index can be found here: [Insights from the Financial Resilience Index](#).

Helpful for this year is that the Index includes an indicator on growth above baseline. This can be used to highlight the risk each council is likely to face when the business rates retention scheme changes.

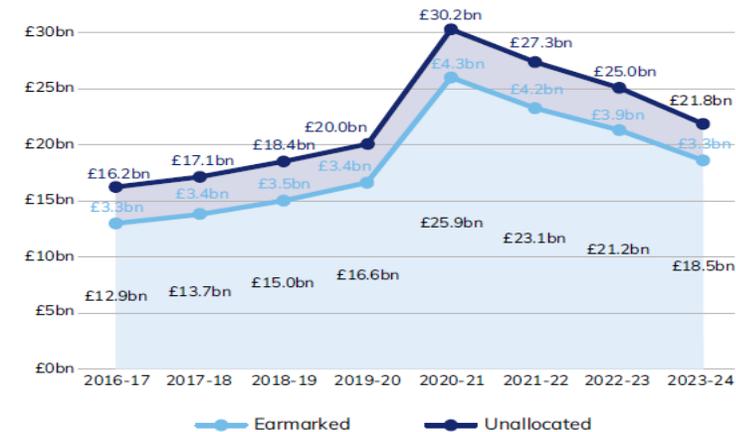
Taking the data for all councils together, the Index highlights that some ongoing national issues are getting rapidly worse rather than better, and that decline is speeding up. The data, when compared to Financial Resilience Index 2023, suggests that:

- Reserves are declining at an accelerated rate. This is the case for unallocated and earmarked reserves and, for the unallocated reserves, suggests that Councils are using reserves more rather than less than in the past to cover budget gaps.
- Other than for London boroughs, average spend for all councils increased sharply as a percentage of net revenue expenditure in 2024 compared to 2023. London boroughs had seen an equivalent sharp increase in 2023, so this seems to be a case of the rest of the country catching up with London's trend; and
- Average homelessness expenditure rose sharply as a proportion of net revenue expenditure for London boroughs and non-metropolitan districts.

Continued demand-led cost pressure, coupled with falling reserves to absorb the pressure is not a new trend – but the rate of increase across the country will be very worrying for many.

On a more positive note, the Index does show that external debt levels have stabilised for the sector, which suggests better understanding of the risks associated with debt. Many must be reading the index and hoping that reserves decline can arrest and stabilise as well now.

Total unallocated and earmarked reserves



CIPFA

Exceptional Financial Support

With so many commenting that the Finance Settlement for 2025/26 was inadequate for their council, it was perhaps no surprise to many that the government went on to approve exceptional financial support for thirty councils on 20th February 2025. This covered nearly ten percent of all English local authorities, rising from 19 approvals for 2024/25 and just eight approvals for 2023/24.

Fifteen of the thirty councils were the same councils that had support approved for 2024/25. For four of the thirty councils it was their third year running of “exceptional” support – they having also had approvals not only for 2024/25 but for 2023/24 as well (Croydon, Cumberland, Thurrock and Slough).

Support agreed in principle for 2025/26 ranges in size from £2 million each for Eastbourne Borough Council and Worthing Borough Council; to £180 million for Birmingham City Council. The total value is well over £1 billion.

Although this is the third year running, there are two important differences to exceptional financial support this year:

- for the first time since exceptional financial support was introduced in 2020, additional expectations have been set out to protect “treasured community assets, culture and identity.” Councils using capitalisation are instructed not to dispose of community and heritage assets; and
- the Government has removed the condition that made borrowing more expensive through a 1% premium.

The heritage asset and premium rate charging changes do seem to herald a new direction and a higher emphasis on the government helping the sector. When the recently consulted on local authority funding reform materialises, then it will be clearer just how far in a new direction the government is going to go.

Councils approved support in principle

February 2025	30
February 2024	19
February 2023	8

For details of the support granted for 2025/26, see

[Exceptional Financial Support for local authorities for 2025-26 - GOV.UK](#)



House of Commons Committee inquiry

Looking more widely at whether the local government finance system in England is fit for purpose overall, the House of Commons Committee on Housing, Communities and Local Government took oral evidence as part of an inquiry into the system on 11th February 2025; and published 48 written evidence submissions as part of its inquiry on 19th February 2025.

Oral evidence was taken from a selection of academics, as well as representatives from the Local Government Information Unit; the Institute for Government; the Institute for Fiscal Studies; and the Reform think tank.

The written evidence submissions came from a wide range of organisations, including government and public bodies, councils, charities, and academic experts. Organisations submitting evidence to the Committee's inquiry included charities such as Mencap, Terrence Higgins Trust, and the National AIDS Trust; groups such as Libraries Connected and the Chartered Institute of Library and Information Professionals; the trade union UNISON; the Chartered Institute of Housing and the Royal Town Planning Institute; and the Local Government and Social Care Ombudsman.

Government and public bodies including the Ministry for Housing, Communities and Local Government, Food Standards Agency, and Historic England also submitted evidence; as did a number of councils and local authority groups.

Under the inquiry, cross-party MPs are asking questions about council tax, business rates, and the funding available from central government; cost and income pressures on the local government sector; and the likely effectiveness of the planned move to multi-year funding settlements.

The wide range of written evidence submissions gives excellent insight into what stakeholders from across the spectrum have to say about the sector today.

Details of oral evidence received by the inquiry can be found here: [11th February 2025 - The Funding and Sustainability of Local Government Finance - Oral evidence - Committees - UK Parliament](#)

A full copy of all 48 submissions can be found here: [The Funding and Sustainability of Local Government Finance - Written evidence - Committees - UK Parliament](#)



Adult Social Care

Government announcements on 3rd January 2025 paved the way for significant changes around adult social care provision – with immediate support and the start of deep reform both announced on the same day.

For immediate support, the government announced:

- An £86 million immediate uplift to the Disabled Facilities Grant (DFG) for 2024/25;
- An equivalent additional amount of £86 million to be added to the DFG allocation for 2025/26 (since confirmed in the final settlement);
- a shared digital platform to allow up-to-date medical information to be shared between the NHS and care staff, including when someone last took their medication; and
- Commitment to support care workers taking on further duties to deliver health interventions, such as blood pressure checks, at home.

This last two points are intended to reduce pressure on the NHS whilst upskilling the care sector. This would compare well with current arrangements. In February, the [National Audit Office 24](#) highlighted that local authorities aren't at present even given effective support to commission the health checks they have a statutory duty to provide.

For the start of deep reform, the government announced:

- Baroness Louise Casey of Blackstock to lead an independent commission, expected to start in April 2025 and to be run in two phases;
- Phase 1 to report in 2026, identifying the critical issues facing adult social care and setting out recommendations for improvement in the medium term; and
- Phase 2 to report in 2028, identifying a fair and affordable model of care for the ageing population and setting out longer-term transformation recommendations.

Shortly afterwards, on 6th February 2025, better accountability for current users of the system was introduced when the Local Government and Social Care Ombudsman launched a new guide for complaints about adult social care services. The guide sets out how local authorities in England should handle complaints about adult social care and includes a new model for complaints handling which allows councils to try to resolve complaints early, before moving on to having a closer look at issues raised where this is not possible.

Helpful resources:

[Government announcements](#)

[Adult Social Care Complaints, Reviews and Appeals: A good practice guide for local authorities - Local Government and Social Care Ombudsman](#)

Special Educational Needs (SEN)

The government confirmed in December 2024 that it will not enter any more safety valve agreements to support local authorities with dedicated schools grant (high needs block) deficits. The government states that it will instead provide additional capital investment for making classrooms more accessible for SEN children.

The Public Accounts Committee (PAC) reported on 15th January 2025 that the “system to support children and young people with special educational needs (SEN) in England is reaching, or, arguably, has already reached, crisis point”.

PAC highlighted that:

- The current system is inconsistent and not delivering in line with expectations;
- The Government does not fully understand why demand has risen over the last decade and cannot fully articulate what inclusive education is;
- There is no potential solution to the “critical and immediate” financial challenges facing local authorities; and
- Based on the Department’s current forecasts for the need for SEN support, the annual gap between funding and forecast costs across local authorities will grow to between £2.9 billion and £3.9 billion in 2027/28.

Citing a 140% increase over the last decade in the number of children with education, health and care plans; and 1.9 million children and young people aged 0 to 25 years having special educational needs (in January 2024), PAC’s “crisis” reporting will be surprising to few people. A deeper overhaul of the system seems likely to be needed in the next few years, rather than simply spending more on capital for classrooms. This PAC report is unlikely to be the last we hear on SEN.

For a full copy of the report, see [Support for children and young people with special educational needs](#).



Homelessness

The Public Accounts Committee (PAC) expressed their concern in January 2025 that homelessness levels are at their highest since records began. The Committee concluded that:

- Local authorities are insufficiently resourced to focus on preventing households from becoming homeless;
- It is unacceptable that bed and breakfast accommodation is being used routinely to house people rather than as a last resort;
- Too many people’s lives are disrupted by being placed in temporary accommodation outside of their local area;
- Local Housing Allowance rates may have been set without due consideration of their impact on homelessness;
- The absence of a joined up, cross-government approach makes it hard to tackle homelessness in England;

- The homelessness problem is exacerbated by a severe shortage in housing supply, and especially affordable housing; and
- There are weaknesses in oversight of the supported housing sector.

PAC recognised that multiple funding streams have been a challenge for local authorities; that the Home Office has competed against local authorities for access to much-needed accommodation in the past; that the national standards for support envisaged in the Supported Housing (Regulatory Oversight) Act 2023, have not been implemented by MHCLG; and that, faced with crisis levels of demand, local authorities are less and less able to spend money on prevention.

PAC notes that MHCLG states the Government is committed to producing a strategy and associated metrics in 2025; and that an inter-ministerial group on homelessness, chaired by MHCLG, has been created. However, PAC also questions “how this arrangement will achieve results that the existing cross-government boards with a remit relevant to homelessness have failed to achieve”. Citing a cost increase for temporary accommodation from £1.6 billion in 2022/23 to around £2.1 billion in 2023/24, PAC does not make the outlook for any future prevention seem positive.

For a full copy of the report, see [Tackling homelessness](#).

Sector Developments- have your say

With the important consultations around Local Audit Reform (including financial reporting), Funding Reform, and Standards and Conduct now closed, it is worth remembering that there are other important debates shaping the sector that your council can still have a say on:

- GOV UK: Funding arrangements for homelessness prevention grant – closes 11.45 pm on 11th March 2025

[Funding arrangements for the Homelessness Prevention Grant from 2026/27 onwards - GOV.UK](#)

- GOV UK: Land use in England – closes 11.59pm on 25th April 2025

[Land use in England - GOV.UK](#)

- GOV UK: Improving the way Ofsted inspects education – closes 11.59pm on 28 April 2025

[Improving the way Ofsted inspects education - GOV.UK](#)

- CIPFA: Updated guidance on the annual review and preparation of an annual governance statement – closes 25th April 2025

[Consultation on updated guidance on the annual review](#)



Preparing for 2024/25 financial audit

It is critical for authorities to plan for the financial audit process as early as possible. It's helpful to think ahead about how you can prepare for the independent audit process and to discuss this with your audit team.

Your audit team can provide these tools to ensure that key areas are considered before your audit is underway:

- Accounts consistency checker – to help authorities to check consistency of key accounting entries and disclosures within the financial statements; and identify any anomalies so that that you can address these before you publish draft statement of accounts; and
- Financial reporting issues checklist – this covers the most frequent issues arising from our reviews of local authority financial statements and sets out some questions to help you with your own quality checks as you prepare your financial statements.

Further, we hold annual local government accounts webinars to help preparers and auditors to work together effectively to meet their statutory deadlines and to rebuild assurance over time where authorities have received modified or disclaimed opinions for earlier years.

The webinars are presented by our technical team, who all have substantial experience with public sector audits and financial reporting in local government. At our annual webinars we set out those aspects of financial reporting that are complex or areas that may be challenging this year.

As part of these sessions, authorities can gain an insight into elements of our audit approach, why we ask certain questions, and tips to help finance teams prepare for the financial statements audit, including some practical aspects of working with your auditor and providing appropriate information for audit testing.

Specific aspects of the webinars will include:

- Practical aspects of audit after backstop, working with your auditors and reminders of what good supporting analysis and evidence looks;
- Reminders in areas such as grants, capital accounting and financing, cash and cash flow, and other common accounting and disclosure issues;
- Focus on the new accounting and audit requirements for IFRS 16 on leases; and
- Reminders and tips for those preparing group accounts.

In the meantime, when preparing for the 2024/25 audit – questions to ask are:

- Did your chief accountants/finance teams attend the Local Government Accounts Webinar?
- Have you considered areas which may be complex/challenging in 2024/25 and discussed these with your auditor?
- Have you discussed the impact of the new accounting requirements for IFRS 16 on leases with your auditor, where this is significant?
- Have you requested and completed the accounts consistency checker and the financial reporting issues checklist from your local audit team?

Value for money webinar for Audit Committee members

We plan to hold the second in a series of Value for Money (VFM) webinars for members of Audit Committees on 4th June 2025 from 4:00pm until 5.30pm. See page 5. Invitations will be available on the Grant Thornton website shortly. Alternatively, please speak to your audit Engagement Lead or Engagement Manager.

Delivered by Grant Thornton specialists and drawing on experience from across the sector, the webinar will cover:

How to prepare for devolution and reorganisation:

- Shared experience from other reorganisations, with a focus on:
- Setting up new strategic authorities;
- Preparing successful final November 2025 proposals;
- Programme management;
- Organisational enablement;
- Robust evidence for costs and benefits analysis;
- Setting out your vision; and
- Successful engagement with people and culture.

Lessons learnt from 2023/24 and how to get ready for 2024/25:

- Review of findings from more than 100 Auditor Annual Reports to identify common findings and what those tell us about areas where more scrutiny is needed;
- Year on year trends across the sector; and
- How to prepare for VFM audit 2024/25.

We look forward to welcoming you.



Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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