AUDIT AND GOVERNANCE COMMITTEE

Report subject	**External Auditor – Regaining Assurance Progress Report & Sector Update**
Meeting date	30 July 2026
Status	Public Report
Executive summary	Grant Thornton, as the Council's appointed External Auditors, has produced a report (Appendix A) which provides an update to the Audit & Governance Committee on their progress to date in delivering their responsibilities and provides an update on the following key areas of work: <u>Financial Statements Audit 2025/26</u> • Presented the audit plan for 2025/26 to the Council's Audit and Governance Committee on 19 March 2026. • The expectation was that all Local Authorities would publish their unaudited accounts for 2025/26 by 30 June 2026. The Council achieved this ahead of schedule, publishing its accounts on 12 June 2026 and commencing the public inspection period on the 15 June 2026. This represents a significant achievement and demonstrates the Council's commitment to improving the timeliness of its financial reporting. • Audit fieldwork commenced the same week, and sample selection is already underway. To maintain this positive progress and ensure delivery of the audit by the November deadline, it is important that audit queries receive timely responses and that supporting working papers are of a high quality. <u>Value for Money Work</u> • The audit assesses whether the Council has proper arrangements to secure economy, efficiency and effectiveness, as required by the 2020 Code of Audit Practice. • Work is structured around three areas: financial sustainability, governance, and improving value for money. • Findings will be reported to the Audit & Governance Committee in the interim Auditor's Annual Report in November. <u>After the backstop</u> • Rebuilding assurance across local government accounts remains an ongoing sector-wide challenge. • The next statutory backstop dates are 31 January 2027 for 2025/26 accounts and 30 November 2027 for 2026/27 accounts. • The Council and Grant Thornton have agreed to complete the 2025/26 audit by November 2026 to support timely delivery of the 2026/27 audit.

	Regaining assurance • Local audit recovery – Rebuilding assurance remains the priority, with MHCLG requesting assurance capacity assessments by 31 July 2026. • Previous audits – Audit opinions for 2022/23, 2023/24 and 2024/25 were disclaimed due to the backstop arrangements. • Grant Thornton's Regaining Assurance Strategy (see Appendix B) sets out a phased approach to rebuilding assurance. Sector Updates The report also includes a summary of emerging national issues and developments that may be relevant to the Council.
Recommendations	**It is RECOMMENDED that:** **Audit & Governance Committee notes the External Auditor's progress to date in delivering their responsibilities and the sector update provided.**
Reason for recommendations	To update Audit & Governance Committee on the External Auditor's progress to date in delivering their responsibilities. To advise Audit & Governance Committee of emerging national issues and developments that maybe relevant to the Council.
Portfolio Holder(s):	Cllr Mike Cox, Portfolio Holder for Finance
Corporate Director	Aidan Dunn, Chief Executive
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Wards	Council-wide
Classification	For Information

Background

1. Grant Thornton are the appointed External Auditors for Bournemouth, Christchurch and Poole Council.
2. Grant Thornton, as the Council's External Auditors, have a responsibility to provide regular updates to those charged with governance (Audit & Governance Committee) on progress made in delivering their responsibilities.

Regaining Assurance Progress Report & Sector Update

3. The attached report (Appendix A) outlines the progress made by Grant Thornton in delivering their responsibilities as the Council's external auditor and provides an update on the following key areas of work:

Progress as at July 2026

<u>Financial Statements Audit 2025/26</u>

- Presented the audit plan for 2025/26 to the Council’s Audit and Governance Committee on 19 March 2026.
- The expectation was that all Local Authorities would publish their unaudited accounts for 2025/26 by 30 June 2026. The Council achieved this ahead of schedule, publishing its accounts on 12 June 2026 and commencing the public inspection period on 15 June 2026. This represents a significant achievement and demonstrates the Council's commitment to improving the timeliness of its financial reporting.
- Audit fieldwork commenced the same week, and sample selection is already underway. To maintain this positive progress and ensure delivery of the audit by the November deadline, it is important that audit queries receive timely responses and that supporting working papers are of a high quality.

<u>Value for Money Work</u>

- The audit assesses whether the Council has proper arrangements to secure economy, efficiency and effectiveness, as required by the 2020 Code of Audit Practice.
- Work is structured around three areas: financial sustainability, governance, and improving value for money.
- Findings will be reported to the Audit & Governance Committee in the interim Auditor’s Annual Report in November.

After the backstop, regaining assurance

<u>After the backstop</u>

- Rebuilding assurance across local government accounts remains an ongoing sector-wide challenge.
- The next statutory backstop dates are 31 January 2027 for 2025/26 accounts and 30 November 2027 for 2026/27 accounts.
- The Council and Grant Thornton have agreed to complete the 2025/26 audit by November 2026 to support timely delivery of the 2026/27 audit.

<u>Regaining assurance</u>

- Local audit recovery – Rebuilding assurance remains the priority, with MHCLG requesting assurance capacity assessments by 31 July 2026.
- Previous audits – Audit opinions for 2022/23, 2023/24 and 2024/25 were disclaimed due to the backstop arrangements.
- Grant Thornton's Regaining Assurance Strategy (see Appendix B) sets out a phased approach to rebuilding assurance following the disclaimer opinions issued under the national backstop arrangements. While a disclaimer is expected again for 2025/26, the auditor's current assessment is that BCP Council is on a trajectory towards a qualified opinion in 2026/27 and a return to an unmodified audit opinion in 2027/28, subject to successful completion of the build-back programme and continued support from the Council.

Sector Updates

4. The report also includes a summary of emerging national issues and developments that may be relevant to the Council, as a local authority, including:

- Welcome to new members, and recommended actions
- Webinar for Audit Committees and other interested parties
- Devolution and local government reorganisation
- Latest changes to laws and regulations
- Lessons from Auditor's Annual Reports on Managing Dedicated Schools Grant Deficits
- CIPFA Bulletin 23 –Closure of the 2025/26 financial statements
- Valuing people
- Neighbourhood health frameworks
- Fit for purpose - partnerships and procurement

Options Appraisal

5. An options appraisal is not applicable for this report.

Summary of financial implications

6. The proposed 2025/26 BCP Council total audit fee is £503,951.

Summary of legal implications

7. There are no legal implications from this report.

Summary of human resources implications

8. There are no human resources implications from this report.

Summary of sustainability impact

9. There are no sustainability impact implications from this report.

Summary of public health implications

10. There are no public health implications from this report.

Summary of equality implications

11. There are no equality implications from this report.

Summary of risk assessment

12. There are no direct risk implications from this information report. However, timely completion of the 2025/26 audit remains important to the Council's wider programme of rebuilding audit assurance and meeting future statutory reporting deadlines.

Background papers

None

Appendices

Appendix A – BCP Council - Regaining assurance progress report and sector update
Appendix B – BCP Council - Regaining Assurance Strategy