Agenda Item 9

Leicestershire County Council

CORPORATE GOVERNANCE COMMITTEE – 26 JUNE 2026

EXTERNAL AUDIT OF THE 2025/26 FINANCIAL STATEMENTS - AUDIT PROGRESS REPORT

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. To present the external auditor's progress report on the audit of the County Council and the Pension Fund 2025/26 financial statements.

Background

2. Grant Thornton UK LLP, the Council's external auditor, is responsible for performing the audit of the Council's 2025/26 financial statements (and those of the Pension Fund) and reporting their opinion to those charged with governance.

3. The external auditor presented the Audit Plans to the Committee in March. The external audit includes the 2025/26 financial statements and the annual Value for Money review.

4. The draft 2025/26 financial statements are almost complete and will be published on the Council's website by the 30 June 2026 statutory deadline. Once published a copy can be viewed via the following link: https://www.leicestershire.gov.uk/about-the-council/council-spending/payments-and-accounts/statement-of-accounts

5. The County Council and the Pension Fund are up to date with previous audited financial statements. The 2024/25 financial statements were signed in February 2026 with an unmodified audit opinion. An unmodified audit opinion is where the external auditor considers that the financial statements give a true and fair view.

External Audit Progress Report 2025/26 – at June 2026

6. As set out in the Audit Plans, interim audits (early substantive testing) took place between February and April 2026. Good progress has been made and the final audits will begin, as planned, at the end of June (Pension Fund) and the end of

August (County Council). The audit is planned to be completed by the end of November 2026 and reported to the November Corporate Governance Committee, and the financial statements signed.

7. In addition, the Auditor is also required to report on the value for money (VfM) arrangements of the Council. The Auditor's Annual Report is a detailed review covering the following areas:

- Financial sustainability – how the Council plans and manages its resources.
- Governance - how the Council makes informed decisions and manages risks.
- Improving economy, efficiency and effectiveness – how the Council uses information on its costs and performance to improve.

8. The auditor's work is currently underway with the final report planned to be reported to the Committee in November 2026.

9. The auditor has provided an update on overall progress to date for the Committee, attached as Appendix A. Representatives from Grant Thornton UK LLP will attend the Committee meeting to provide the update and answer any questions.

Sector Update

10. This section of the auditor's report provides updates and further reading for members on a number of different areas, including the role of Audit Committees, devolution and local government reorganisation and lessons from Auditor's Annual Reports on managing Dedicated Schools Grant (DSG) deficits.

Recommendations

11. The Committee is asked to note the progress of the External Audit of the financial statements.

Background papers

Report to the Corporate Governance Committee – 27 March 2026: External Audit Plan 2025/26 (County Council and Pension Fund)
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=8461&Ver=4

Report to the Corporate Governance Committee – 23 January 2026: External Audit of the 2024/25 Accounts
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=8460&Ver=4

Report to the Corporate Governance Committee – 24 November 2025: External Auditor's Annual Report (Value for Money Review) and External Audit of the 2024/25
https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7963&Ver=4

Circulation under the Local Issues Alert Procedure

None.

Equality and Human Rights Implications

12. There are no discernible equality and human rights implications.

Appendices

Appendix A – Audit Progress Report 2025/26

Officers to Contact

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