

Agenda

MUNICIPAL YEAR 2025-2026



HYNDBURN

The place to be
an excellent council

Audit Committee

Monday, 16 February 2026 at 4.00 pm,
Scaitcliffe House, Ormerod Street, Accrington

Membership

Chair: Councillor Bernard Dawson MBE
Vice-Chair: Councillor Noordad Aziz

Councillors Peter Edwards, Danny Cassidy, Heather Anderson and Mike Booth

AGENDA

1. Apologies for Absence, Declarations of Interest, Dispensations and Substitutions

2. Minutes of the Last Meeting (Pages 3 - 6)

The Minutes of Audit Committee held on the 8th of December 2025 were submitted for approval as a correct record.

Recommended – That the minutes be received and approved as a correct record.

3. Internal Audit Plan Progress Update (Pages 7 - 12)

To inform members of the Audit Reports issued during the period December 2025 to January 2026 and bring to the attention of the Committee what the key issues were.

Recommended - That Audit Committee note the content of this report for informational purposes.



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4
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Published on Friday, 6 February 2026

Page 1 of 2

4. Follow Ups Update *(Pages 13 - 18)*

To inform members of the outcome of routine follow-ups following the previously agreed action plans for completed audit reports. The follow-ups detailed within this report are those carried out during the period December 2025 to January 2026.

Recommended - That Audit Committee notes the content of this report for informational purposes.

5. Internal Audit Plan 2026/27 *(Pages 19 - 36)*

To inform Audit Committee about the Internal Audit Plan for the financial year 2026/27 and to request that Audit Committee approves the proposed Internal Audit Plan for 2026/27.

Recommended - That Audit Committee Approve the Internal Audit Plan for the financial year 2026/27.

6. External Audit Update *(Pages 37 - 78)*

To present the Audit Strategy and Completion Report for Hyndburn Borough Council for the year ended 31 March 2025. The purpose of this document is to summarise the audit and to explain how the statutory backstop arrangements introduced by the Accounts and Audit (Amendment) Regulations 2024, have affected the completion of our work and the reporting consequences

Recommended – That the Audit committee notes the report.

AUDIT COMMITTEE

Monday, 8th December, 2025

Present: Councillor Bernard Dawson MBE (in the Chair), Councillors
Danny Cassidy, Noordad Aziz (Vice Chair) and Mike Booth

Apologies Councillor Peter Edwards

244 Apologies for Absence, Declarations of Interest, Dispensations and Substitutions

Apologies for Absence were given by Councillor Peter Edwards.

245 Minutes of the Last Meeting

The Minutes of the last Audit Committee held on the 22nd of September 2025 were submitted for approval as a correct record.

Resolved – That the minutes be received and approved as a correct record.

246 Risk Management Monitoring Report

Mrs Susan Gardner, Policy and Scrutiny Officer, presented the report to the committee.

Mrs Gardner informed the committee of the outcome of the Strategic, Generic and Operational risk register review and highlighted the changes that had been made to the risk register as per pages 9 to 14 of the agenda.

There are a total of 107 risks:

- 17 Generic Risks – 0 high, 5 medium and 12 low
- 70 Operational Risks – 0 high, 23 medium and 47 low
- 23 Strategic Risks – 4 high, 9 medium and 10 low

2 Major changes had been made to the Strategic risk register.

- Risk 2052 had been added to the Strategic register as a Medium risk.
- Risk 1027 had been amended from Medium to High.

2 Major changes had been made to the Operational risk register and 1 Minor change.

- Risk 2051 had been added to the Operational risk register as a Low risk.
- Risk 2053 had been added to the Operational risk register as a Medium risk.
- Risk 2032's date had been amended.

1 Major change had been made to the Generic risk register.

- Risk 2016 had been reduced from a High risk to a Medium risk.

In total there were 4 risks rated as High and all were Strategic risks as follows:

- Strategic Risk 1027 – 'Substantial reduction in grant from Government' Page 8 of 12
- Strategic Risk 2001 – 'Failing to recruit and retain suitably qualified staff'
- Strategic Risk 2035 – 'Failure to deliver on Council's Climate Declaration pledge and achieve Council operations Carbon Zero by 2030'
- Strategic Risk 2045 – 'Uncertainty around funding for weekly food waste collection'.

Members Discussed the presented risks and asked for more detail on some of the changes in the report.

Risk 2045 was highlighted by members and clarification was asked of Mr Martin Dyson, Executive Director (Resources), as to the grant due to be received by the MHCLG. Mr Dyson advised that there is uncertainty about the amount due to be received as this is included in the ongoing Fair Funding Review.

Risk 1027 was also raised by members of the committee with Mr Dyson advising that the council should know more in the next few weeks about the funding due to be received.

Resolved – The Audit Committee noted the content of the report and the changes to the risk register. The committee also noted the Risk Management Policy and Framework.

247 Audit Plan Progress Update

Ms Angela Kelly, Senior Auditor, presented the Progress report to the committee. Informing the committee that the update was regarding reports issued between the period of September 2025 and November 2025.

The target in place is to complete 98% of the Audit Plan by the end of the financial year. The current projected out turn position for 2025/2026 is 96.33%.

The following Audits were carried out for the September to November 2025 period:

Procurement Arrangements – Comprehensive Assurance
No issues reported.

Risk Management Policy & Framework–Substantial Assurance
2 Recommendations were made as detailed on page 34 of the agenda.

Creditors – Comprehensive Assurance
No issues reported.

Household Support Fund 7 – Comprehensive Assurance
No issues reported.

Resolved – The committee noted the information.

248 Follow Ups Update

Ms Angela Kelly, Senior Auditor, presented an update to the committee of the previously agreed action plans for completed audit reports for the period of September 2025 and November 2025.

The 3 areas reviewed were:

Homelessness – 3 actions.

Ms Kelly advised the committee that 2 of the actions had been implemented but the final action marked as implemented for the renewal of Locatapro was still outstanding due to officer absence resulting in no update by the meting deadline.

Environmental Protection – 2 actions.

The addendum report is underway and due to be completed by March 2026 and so is partially completed, however a meeting of all Local Authorities has not taken place this year and so this action is still outstanding.

Rent Reviews – 2 actions.

A short-term action has been partially implemented by manually creating quarterly reports. With a new software system being investigated by the Finance Team, implementing the recommended action.

Page 40 of the agenda highlighted the areas which were reviewed and their corresponding actions.

Resolved – The committee noted the report for information.

249 Economic Crime & Corporate Transparency Act 2023

Ms Angela Kelly, Senior Auditor, presented to the committee the Economic Crime & Corporate Transparency Act 2023 document which became applicable on the 1st of September 2025.

Ms Kelly explained that Section 199 of the Economic Crime and Corporate Transparency Act 2023 creates a new offence that will hold Hyndburn Borough Council to account for fraud committed by their employees, agents, subsidiaries, or other associated persons who provide services for or on behalf of the Council. Where the fraud was committed with the intention of benefiting the Council or its clients.

Under the Act, Hyndburn Borough Council may be criminally liable if it did not have reasonable fraud prevention procedures in place

Ms Kelly advised that the overall risk to Hyndburn Borough Council of a fraud which falls within the remit of this legislation is believed to be relatively low, as the fraud must have the basis to directly benefit the Council or its clients and not just the perpetrator of the fraud which is the most common result of most frauds.

However, the Council must have a policy in place which sets out the Council's position to the Legislation and how it deals with it.

Ms Kelly informed the committee that refresher training will be provided on Fraud, Corruption and Bribery including the new Economic Crime and Corporate Transparency Act 2023 for staff in due course.

Resolved - The committee noted the report.

250 Draft Auditors Annual Report - External Audit Update

Mr Daniel Watson, Partner at Forvis Mazars, advised the committee that they anticipate issuing a disclaimed audit opinion on the 2024/25 financial statements due to there being insufficient time available to complete all the work required to issue an unqualified opinion on the 2024/25 financial statements ahead of the national deadline at the end of February 2026.

Value for Money arrangements work is ongoing with 3 key areas to report on: Financial Sustainability, Governance and Improving Economy, efficiency and effectiveness. This is detailed on pages 72 to 82 of the agenda.

No significant weaknesses have been reported for any of the above criteria.

Mr Watson advised that the final report will be brought to the 16th of February 2026 Committee.

Members of the committee were pleased to see that no significant weaknesses had been identified as in previous years and were happy to see the progress made by the finance team. Mr Martin Dyson, Executive Director (Resources), echoed this message and thanked Mr Watson and his staff for their work.

The committee also questioned Mr Watson on the impact Local Government Reorganisation is likely to have on the council's accounts. Specifically what impact any changes in funding may have on the council's statements. Mr Watson advised that as long as the council has a plan in place to cover any resulting gaps in funding and complies with the guidance issued that this should not impact the opinion made by the external auditors. However, Mr Watson caveated this with the advise that this was a purely theoretical scenario and in practice the impact would depend on the details.

Resolved – The committee noted the report.

N.B. – A briefing note was circulated to members of the committee in advance of the meeting breaking down the external auditors report to provide members with a better understanding the work being completed.

Signed:.....

Date:

Chair of the meeting
At which the minutes were confirmed

Agenda Item 3.

REPORT TO:		AUDIT COMMITTEE	
DATE:		16 February 2026	
PORTFOLIO:		Councillor Vanessa Alexander - Resources and Council Operations	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		AUDIT REPORTS & KEY ISSUES – PROGRESS REPORT FOR THE PERIOD DECEMBER 2025 – JANUARY 2026	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 To inform members of the Audit Reports issued during the period December 2025 to January 2026 and bring to the attention of the Committee what the key issues were.

2. **Recommendations**

- 2.1 I recommend that Audit Committee:
- note the content of this report for informational purposes.

3. **Reasons for Recommendations and Background**

- 3.1 This report covers the period of December 2025 to January 2026. The audit areas and any key issues detailed at Appendix 1.
- 3.2 Members should be aware that the number of audit reports that are issued between each Committee meeting is subject to variation dependent on the size of the audit and any non-routine audit work, such as investigations, that the Team may be involved in. Therefore, for the purpose of reporting, only the audit reports fully completed, issued and agreed will be included.
- 3.3 Any investigations that may be carried out will not be included as a matter of routine in this report, particularly if they relate to a specific individual or individuals.

3.4 There is a target of 98% of the audit plan to be completed by the end of the current financial year in terms of audit days completed. As the audit team complete timesheets which then feed into the audit plan, it is possible to state the progress to date and the projected end of year position if that data is extrapolated. Therefore:-

Position as at end of January 2026 = 80.53% of the plan completed
 Projected out-turn position for 2025/26 = 96.63% of the plan completed

3.5 The position at the end of January 2026 can be broken down as follows:-

Month	% of the Plan Completed that Month
April 2025	7.35%
May 2025	6.57%
June 2025	5.40%
July 2025	8.06%
August 2025	8.19%
September 2025	12.15%
October 2025	8.47%
November 2025	7.97%
December 2025	7.23%
January 2026	9.14%

4. Alternative Options considered and Reasons for Rejection

4.1 Not applicable as the report is for informational purposes only.

5. Consultations

5.1 No consultations required as this report is based on data and information held by the audit team based on the work completed.

6. Implications

Financial implications (including any future financial commitments for the Council)	There are no financial implications arising from this report
Legal and human rights implications	There are no legal or human rights implications arising from this report.
Assessment of risk	Risks are taken into consideration during the audit process itself; there is no direct risk implication from this report.
Equality and diversity implications	This report is produced for information awareness of the progress of the Audit Team

A [Customer First Analysis](#) should be completed in relation to policy decisions and should be attached as an appendix to the report.

against the annual Internal Audit Plan. The Audit Planning process has had an equality impact assessment which remains valid, and it is not necessary to update this with a Customer First Analysis currently. The individual audit assignments may, in some cases, feed into the needs of equality and diversity issues within individual service areas of the Council

7. **Local Government (Access to Information) Act 1985:**
List of Background Papers

7.1 No background papers were necessary for the preparation of this report.

APPENDIX 1

AUDIT COMMITTEE – 16 February 2026

Summary of the main issues arising from audits carried out December 2026 – January 2026

Leasing Arrangements:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is generally a sound system of internal control designed to meet service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.

- The audit found that whilst there were good overall records kept of the process, there had been 6 disposals of vehicles where the Asset Register had not been updated to reflect the disposal. It was agreed with Management that the Asset Register would be updated to reflect the disposals that had not been removed and steps taken to ensure it is regularly updated in future.

Facilities Team:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is generally a sound system of internal control designed to meet service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.

- The audit highlighted clarification was needed as to which service is responsible for repairs to damaged fences and playgrounds within Parks. Additional clarity was required in relation to the Levelling Up acquisitions in determining who is responsible for repairs and maintenance e.g. Market Chambers and Burtons Chambers due to capacity issues within the Facilities Team. It must be noted that Management has already agreed to 2 Agency Staff to create some temporary additional capacity within the Facilities Team and at the time of writing this report, both of the Agency Staff were in post..

Accrington and Great Harwood Town Centre Greening:-

Audit Assurance Opinion Issued:- Substantial assurance

The work undertaken showed there is generally a sound system of internal control designed to meet service objectives, and controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls put the achievement of particular objectives at risk.

- Whilst no recommendations were issued by Internal Audit, this review did not get the highest level of assurance due to a risk which was present at the time of the audit engagement.
- At the time of the audit engagement, the Authority was spending UKSPF monies at risk as the grant funding agreement had not been signed with Lancashire County Council as Accountable Body for the funding, however, all other Lancashire Districts were in the same position. At the time of the audit, the agreement was due to be signed very soon.

ICT Security Policy:-

Audit Assurance Opinion Issued:- Comprehensive assurance

The work carried out within this audit assignment is in conformance with the Global Internal Audit Standards. The work undertaken showed a sound system of internal control which is designed to meet the service objectives, in addition the work carried out showed controls are consistently being applied.

- No issues arising.

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Agenda Item 4.

REPORT TO:		AUDIT COMMITTEE	
DATE:		16 February 2026	
PORTFOLIO:		Councillor Vanessa Alexander - Resources and Council Operations	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		Audit Follow-Up Report for the period December 2025 – January 2026	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	Options	Not applicable	
KEY DECISION:	Options	If yes, date of publication:	

1. Purpose of Report

1.1 To inform members of the outcome of routine follow-ups following the previously agreed action plans for completed audit reports. The follow-ups detailed within this report are those carried out during the period December 2025 to January 2026.

2. Recommendations

2.1 I recommend that Audit Committee:

- Notes the content of this report for informational purposes.

3. Reasons for Recommendations and Background

3.1 This report covers the period December 2025 to January 2026 and provides the details of the follow-ups carried out shown at Appendix 1.

3.2 After the agreement of the recommendations between Management and Internal Audit following the completion of the audit assignment, Internal Audit revisits the area and the recommendations are reviewed to ensure they have been implemented as agreed. This process is known as the 'Follow-Up.'

3.3 Internal Audit assesses the current position to what was agreed at the end of the audit assignment. Where the Service Area has taken no action, then Internal Audit will question why and issue a revised action plan. Part of the control within this process is

consideration by Audit Committee of any issues that arise. The Committee has the ability to ask questions of Management in the relative service areas why they have not acted upon the agreed action plan. The Committee can also express what its expectations would be with regard to such a problem occurring.

3.4 Internal Audit aim to carry out a follow-up for each completed audit area within 6 months of completion. However, there are a number of expectations to that aim: -

- Follow-up in 6 months would be pointless if the recommendations are low enough priority to allow a longer time frame.
- Work of the Audit Team does not allow a follow-up to be carried out. Although Follow-Ups are an important part of the process, the Head of Audit & Investigations must always weigh this against the need for achieving the audit plan and auditing the risks the Council faces.
- There were no recommendations arising from the original audit assignment.

4. **Alternative Options considered and Reasons for Rejection**

4.1 Not applicable as the report is for information only.

5. **Consultations**

5.1 No consultations required as this report is based on data and information held by the audit team based on the work completed.

6. **Implications**

Financial implications (including any future financial commitments for the Council)	There are no financial implications arising from this report.
Legal and human rights implications	There are no legal or human rights implications arising from this report.
Assessment of risk	Risks are taken into consideration during the audit process itself; there is no direct risk implication from this report.
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	This report is produced for information awareness of the progress of the Audit Team in terms of following up on previously agreed recommendations at the end of an audit assignment. Whilst individual actions may occasionally have equality or diversity requirements, this report does not as it is presenting facts from other sources.

**7. Local Government (Access to Information) Act 1985:
List of Background Papers**

7.1 No background papers were necessary for the preparation of this report.

8. Freedom of Information

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

APPENDIX 1

AUDIT COMMITTEE – 16th February 2026

Follow-Ups December 2025 to January 2026

- The table below shows an analysis of the results of the above follow-up having taken place during the follow-up period as above.

Audit Area	Number of Actions Agreed	Number of Actions Agreed Implemented	Comments
Network Controls	2	2	Partially implemented – The Head of ICT & Digital is to explore facilitating a phishing exercise once all security and software solutions have been put into place.
			Implemented – The ICT Induction topics have been discussed with the Learning & Development Officer and will include all aspects of network controls, alongside the requirement for all staff to carry out the Cybersecurity e module on the Hyve.
ICT Assets	1	1	Partially implemented – the Information Security Policy will be reviewed alongside a full review of all ICT policies with the aim of amalgamating them into one policy.
GDPR & Document Retention Policy	1	1	Implemented – The training in relation to GDPR was carried out by the Executive Director, Legal & Democratic on 29.10.25 and 04.12.25.
Risk Management & Policy Framework	2	2	1. Partially Implemented – The Policy has been reviewed by CMT and Audit Committee and will be uploaded to the Hytranet rather than Hyserve, as it is aimed at Service Managers.
			2. Implemented – Service Managers receive regular reminders on the importance of the risk registers, and these are discussed at CMT.
Payroll	9	9	1. Implemented – Guidance has been updated to advise staff how to submit overtime, toil and sickness accurately to HyServe and managers have to authorise all claims correctly. New staff will be met by the Hr team shortly after commencing work for HyServe training.

			<p>2. Partially implemented – The car allowance guidance will not be refreshed due to the LGR review, however an ‘all at’ email was issued by the Payroll & Pensions Manager informing staff to make any claims in accordance with the current guidance.</p>
			<p>3. Partially implemented – HyServe software cannot differentiate any car allowance claim for a journey over 70 miles. To ensure any claim submitted for a journey over 70 miles is paid in accordance with the guidance, the Payroll Team will make a manual adjustment to the payment and inform the relevant staff accordingly.</p>
			<p>4. Implemented – The Payroll & Pensions Manager has been informed in an update from Civica that the issue raised regarding SSP and staff with multiple posts has been resolved.</p>
			<p>5. Implemented – The Payroll & Pensions Manager has made an amendment to the recording of SSP days within Civica – this is now showing as 7 days within the qualifying map and this has corrected the issue.</p>
			<p>6. Partially Implemented – Due to delays in payroll information from one of the third-party payrolls, extra work was required to correct new starters/leavers pay. There has been a change in personnel so this will be monitored by the Payroll Team.</p>
			<p>7. Implemented – the budget reports produced from Civica are reviewed each month by report holders and the Reporting & Transformation Manager has provided advice.</p>
			<p>8. Partially Implemented – There are currently two outstanding incident logs with Civica. The HR and Payroll Team are aware of how to expedite calls.</p>
			<p>9. Partially Implemented – Training was required in relation to Civica People pension screens. This has not been received, however Civica have provided instructions that provided a better understanding of the process. Some</p>

			manual intervention is required occasionally to ensure accuracy.

Agenda Item 5.

REPORT TO:		AUDIT COMMITTEE	
DATE:		16 February 2026	
PORTFOLIO:		Councillor Vanessa Alexander - Resources and Council Operations	
REPORT AUTHOR:		Mark Beard – Head of Audit & Investigations	
TITLE OF REPORT:		INTERNAL AUDIT PLAN 2026/27	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. **Purpose of Report**

- 1.1 To inform Audit Committee about the Internal Audit Plan for the financial year 2026/27 and to request that Audit Committee approves the proposed Internal Audit Plan for 2026/27.

2. **Recommendations**

- 2.1 I recommend that Audit Committee:
- Approve the Internal Audit Plan for the financial year 2026/27.

3. **Reasons for Recommendations and Background**

- 3.1 The Internal Audit Plan is set annually and monitored monthly. This practice is in line with guidance issued by both the Chartered Institute of Auditors and the Chartered Institute of Public Finance & Accountancy. This also links into the Global Internal Audit Standards. An annual Audit Plan with monthly monitoring allows the Head of Audit & Investigations to react to changes and, if necessary, to revise the Audit Plan to incorporate these changes.
- 3.2 The Internal Audit Plan forms the work plan of the Internal Audit Team for the financial year. It is risk based and is set annually and is cross referenced to the Council's risk registers. Any risks within the risk register that are not already reflected within the Audit Plan are added to it.

- 3.3 The 2026/27 Internal Audit Plan has made some alterations which reflect changes occurring within the Council as well as changes designed to streamline the Audit Plan. The tables below detail these changes:-.

Amendments to the Audit Plan

Audit Area	Comments
Accrington Neighbourhood Board	Moved from Ad-Hoc and moved to Grant Funding Initiatives
CIVICA Assets Module	Deleted from Ad-Hoc and merged with Asset Management in Core Systems
Document Retention Compliance	Deleted from Ad-Hoc and is a permanent entry in Audit Advice
External Consultancy Fees / Costs	Moved from Ad-Hoc to Non-Core Systems
Heritage Project & Lottery Funding	Moved from Ad-Hoc and moved to Grant Funding Initiatives
High Street Accelerator Fund	Moved from Ad-Hoc and moved to Grant Funding Initiatives
LGA Peer Review	Deleted from Ad-Hoc as review has been concluded & actions are ongoing
New Financials / HR System	Deleted from Ad-Hoc and merged into the corresponding reviews within Core Systems
Pride & Place Funding	Moved from Ad-Hoc and moved to Grant Funding Initiatives
Town Centre Greening (UKSPF)	Moved from Ad-Hoc and moved to Grant Funding Initiatives

Audit Areas Added to the Audit Plan

Audit Area	Comments
Food Waste Scheme	This is a new Government initiative from 01/04/26. This is initially added to the Ad-Hoc & Investigations part of the Audit Plan. Following risk assessment & scoring it has been included in the 2026/27 Audit Plan.
Local Government Reorganisation	This is Government Policy and impacts the Council. It has been added to Ad-Hoc and is likely to remain there for the remainder of Hyndburn Borough Council's existence. Time is allocated for Audit input as and when necessary. Time was allocated following risk assessment & scoring it has been included in the 2026/27 Audit Plan.

- 3.4 Two areas have been added to Ad-hoc and form part of the work planned for 2026/27 following risk assessment and scoring. There are five areas that have remained in Ad-Hoc & Investigations section of the 2026/27 Internal Audit Plan. Of the five areas, two are carried forward from the 2025/26 Audit Plan and the remaining three do not have any time allocation following risk assessment and scoring of the Audit Plan. These areas will be re-assessed at the end of 2026/27.
- 3.5 The Audit Plan has been cross referenced to the latest version of the risk registers (December 2025 version). This contributes to the risk analysis of audit areas and is a key part of the scoring matrix that is part of the overall risk assessment. Where an audit area is reflected in more than one of the risk registers then the score for the highest level of risk is applied. For example, Strategic High risks score greater than Operational High Risk or Generic High Risk. This weighted scoring reflects the levels of risk and their impacts on achievement of the Council's aims and objectives.
- 3.6 The risk assessment for the Audit Plan considered 9 risk factors. Each of these factors has a score, some of which are weighted according to risk. The audit areas scoring the highest pose a higher level of risk to the Council, in theory. The 9 risk factors used were:-
- 1.) Audit Area covered by a risk in the Risk Registers
 - 2.) Have system changes taken place?
 - 3.) Has the service or area been subject to cuts / job losses / restructure?
 - 4.) Does External Audit require coverage?
 - 5.) Is the audit ongoing, b/fwd or deleted from the 2025/26 Audit Plan?
 - 6.) Does the audit area directly affect the Council's financial position?
 - 7.) Is it a Council, Management Team or Manager priority?
 - 8.) When was the last audit carried out?
 - 9.) What is the monetary value / income of the area?
- 3.7 None of the above areas have the ability to affect the assessment process in their own right which is why the Head of Audit & Investigations believes that the risk process accurately indicates which audit areas could pose a greater risk if left unaudited.
- 3.8 An allocation of 10% of the available audit days has been classified as contingency days. These days are set aside to absorb time spent on ad-hoc pieces of unplanned work such as investigations which arise during the financial year. The 10% allocation is in line with previous years and previous External Audit recommendations. In addition, contingency set at this level has also proved to be effective in previous years.
- 3.9 An allocation of 6 days has been made for audit follow-ups. This is the same as 2025/26.
- 3.10 An allocation of 42 days has been made for audit advice. This is the same as 2025/26.
- 3.11 The Audit Plan risk assessment highlighted 13 audit areas as high risk, a decrease of 8 on 2025/26. The 2026/27 Audit Plan includes all 13 of these high risk areas.
- 3.12 There are 98 medium risk areas, an increase of 9 on 2025/26 and 17 are included in the Audit Plan. The remaining 81 medium risk areas will remain on a reserve list and will be included if other time allocations such as contingency days are not utilised.

- 3.13 There are 36 low risk areas, a decrease of 1 on 2025/26. None of the low risk areas are likely to be covered in 2026/27 Audit Plan unless the level of risk significantly increases or a specific issue is identified during the financial year.
- 3.14 As in previous years, the Head of Audit & Investigations has been quite stringent with the allocation of audit days to maximise coverage and believes that the 2026/27 Audit Plan is challenging, but if achieved will give a good overview of the Council’s key risk areas as reflected in the risk registers. It will also assist Management and those charged with Governance in gaining additional assurance on the Council’s risk environment and the various activities audited.
- 3.15 The 2026/27 Internal Audit Plan summary is attached as Appendix 1.
- 3.16 The Head of Audit & Investigations must produce an annual Internal Audit Plan as this forms the basis of the annual work plan for the Audit Team and is a requirement of the Global Internal Audit Standards.

4. Alternative Options considered and Reasons for Rejection

- 4.1 There is no alternative option as it is essential that an annual Audit plan is produced and approved by Audit Committee. Failure to do so would make it very difficult to prove that the work carried out is risk based and could leave the Council exposed to unforeseen risk which an audit could identify. Internal Audit would also be failing to comply with the Global Internal Audit Standards by not having a clear defined work plan. In addition the Council and the Internal Audit Team would risk criticism from External Audit for failing to comply with best practice.

5. Consultations

- 5.1 Prior to risk assessing and formulation of the Internal Audit Plan 2026/27, consultation took place with Management Team, all Chief Officers, all Heads of Service and the Internal Audit Team. In total, 16 people representing all departments and senior management of the Council were consulted. The responses were fed into the risk scoring matrix which the Audit Plan 2026/27 reflects.

6. Implications

Financial implications (including any future financial commitments for the Council)	There are no financial implications arising from this report
Legal and human rights implications	There are no legal or human rights implications arising from this report.

Assessment of risk	Risks are taken into consideration during the audit process itself, there is no direct risk implication from this report.
Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i>	A Customer First Analysis has not been completed because the report does not change current Council policy. An Equality Impact Assessment has previously been carried out for the Audit Planning Process which remains valid. The audit of individual areas may, in some cases, feed into the Customer First Analysis needs of the respective service area of the Council.

**7. Local Government (Access to Information) Act 1985:
List of Background Papers**

7.1 No background papers were necessary for the preparation of this report.

8. Freedom of Information

8.1 The report does not contain exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

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Hyndburn
Borough Council

Internal Audit Plan

2026/27

INTERNAL AUDIT PLAN 2026/27

Changes & Improvements

There have been no major structural changes to the Audit Plan as it rolls forwards into 2026/27.

Following consultation with Heads of Service, Chief Officers, Management Team and the review of the Risk Registers, there are 2 new areas added to the audit plan, both are listed under Ad-hoc Work & Investigations. The Head of Audit & Investigations will determine whether the new areas listed under Ad-hoc Work & Investigations are absorbed into a larger audit engagement or whether they remain as a separate area and are transferred to the relevant section of the Audit Plan as a permanent addition to the audit universe at the end of 2026/27. In addition, there are also 5 other audit areas within the Ad-hoc Work & Investigations section of the Audit Plan. These remain within this section of the Audit Plan in 2026/27. Two of these 5 audit areas are carried forward from the 2025/26 Audit Plan. Following risk scoring, both are included in the 2026/27 Audit Plan. The remaining 3 areas do not have a time allocation within the 2026/27 Audit Plan.

As part of the changes made to the Audit Plan for 2026/27, 10 audit areas have been deleted / moved from the Ad-Hoc Work & Investigations section of the Audit Plan. Five have been moved to Grant Funding Initiatives. Two have been merged into their respective Core Systems. One was moved to Non-Core Systems. One was deleted as it already exists within Audit Advice and the final one was deleted because the area of work has concluded and the resultant actions are ongoing.

Within the audit plan 10% of the total days available are set aside as contingency days. These are used in the case of unplanned ad-hoc work being required or it being necessary to carry out investigations.

The risk assessment process for each audit area is based upon 9 risk criteria. All 3 risk registers have been cross-referenced to the audit plan. The scoring mechanism in the Audit Plan risk assessment for the risks gives greater weight not only Strategic Risks but also the level of risk such as High, Medium or Low. Areas with multiple risks have their score based on the highest level of risk. As an example Operational High risk scores more highly than a Strategic Low Risk and therefore the score for Operational High risks would be applied.

The risk assessment process also recognises that some areas may be of importance to the control environment but might not pose a significant enough risk to be listed in the registers. Such areas may still be audited if they score highly in other criteria.

The allocation of days has been quite stringent in order to allow the maximum coverage possible with the resources available. Where audit areas have been reviewed previously the allocation of days has taken into consideration what is realistically achievable based on previous knowledge.

Areas that are Priority

- Core Systems – These are the Council's core financial systems and remain a priority. External Audit place reliance on core systems for gaining assurance in their audit of the Council's Financial Statements. Not all core systems will be examined, only those with the highest risk scores, 3 of the systems will be reviewed in 2026/27.
- Grant Funding Initiatives – Relied on by External Audit and other Partners.
- There are 13 High scoring areas, all of which are included within the 2026/27 Audit Plan.
- There are 98 medium scoring areas of which 17 are included in the 2026/27 Audit Plan. Additional audit areas from the 81 excluded will be added into the audit plan in the event that there are unused contingency days available or other days allocated within the plan are unused e.g. planned audit work uses less days than allocated.
- There are 36 low scoring areas, none of which are included in the 2026/27 Audit Plan. None of these areas are likely to be covered in 2026/27 unless there is a significant increase in risks within any of those areas.

Monitoring

- Plan progress monitored monthly by Head of Audit & Investigations
- Performance reported to the Director of Resources
- Performance reported to Audit Committee four times a year
- Annual performance of the plan reported to the Director of Resources, Corporate Management Team, Audit Committee and External Audit
- Performance of the Audit Plan reviewed periodically by the Resources Overview & Scrutiny Committee as part of their review of Service Business Plans
- Audit Plan reviewed annually in consultation with Strategic Directors/Managers and Service Heads in conjunction with External Audit. Approved by Audit Committee.

Mark Beard
Head of Audit & Investigations
26th January 2026

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AUDIT PLAN 2026/27			Annual	
			Plan	Actual
CORE FINANCIAL SYSTEMS				
	Systems Based Reviews			
	c/fwd	Asset Management	14.00	
		Bank Reconciliation		
		Cash Receipting	15.00	
		Council Tax		
		Creditor Payments		
		Debtors		
	wip	General Ledger	24.00	
		Housing Benefits		
		NDR		
		Payroll		
		Treasury Management		
	Non-Systems Queries / Work			
		Asset Management		
		Bank Reconciliation		
		Cash Receipting		
		Council Tax		
		Creditor Payments		
		Debtors		
		General Ledger		
		Housing Benefits		
		NDR		
		Payroll		
		Treasury Management		
		<i>Subtotal for Core Systems</i>	53.00	0.00
NON CORE SYSTEMS				
		Allotments & Refund Deposits		
		Benefits Overpayments & Rec		
		Building Control Fees		
		Car Allowances		
		Car Leasing / Loans		
		Cashflow Management	9.00	
		CCTV	15.00	
		Charities		
		Christmas Lights		
		Civic Chains, Cups & Inventory		
		Commercial Rents/Lease/Renew		
		Complaints Monitoring System		
		Data Sharing Protocols		
		Debt Recovery Arrangements		
		DFGs		
		Dog Warden		
		Drivers Policy & Handbook		
		Electoral Registration / Elections		
		Energy Conserve & Climate Chg		
		Equalities		
		ER/VR		

	External Consultancy Fees/Costs		
	Fees & Charges		
	Flexi Scheme		
	Freedom of Information		
	Gifts & Hospitality		
	Health & Safety		
	Income Collection Arrangements		
	Insurance Arrangements		
	Land Charges & Registry VDD		
	Leaders & Opposition Budgets		
	Lease Arrangements		
	Licences Taxi	14.00	
	LSVT Pension Strain		
	Markets Debt Collection		
	Mayoral Allowances/Secretarial		
	Members Allowances		
	Members Register of Interests		
	Memb Svs - Funding Applications		
	Officers Imprests & Subsistence		
	P-Card Processes		
	Pest Control		
	Planning Delegated Reports		
	Planning Fees		
	Procurement Arrangements		
	Remote Working Arrangements		
	Scrutiny Function		
	Separation of Duties - Post Cuts		
	Service Recharges		
	Sickness Monitoring		
	Spot-On Vehicle Tracking		
	Street Traders		
	Stores & Inventories		
	S106 Agreements		
	Training Budgets / PDR Process		
	Transfer of Assets		
	Transparency Code		
	Write Off Processes		
	<i>Subtotal for Non Core Systems</i>	38.00	0.00
ESTABLISHMENTS			
	Cemeteries & Crematorium	14.00	
	CVMU		
	Engineers		
	Environmental Protection		
	Facilities Team		
	Fleet Management		
	Food Safety	13.00	
	Homelessness Team		
	Housing Standards		
	Howarth Art Gallery		

		Leisure Transformation		
		Markets		
		Parks & Open Spaces		
		Shared Service Contact Centre		
		Sports Pitches		
		Waste Collection & Recycling		
		Subtotal for Establishments	27.00	0.00
COMPUTER AUDIT				
		Assets		
		BACS Direct Debit		
	c/fwd	Data Security & Storage	9.00	
		Disaster Recovery	10.00	
		Help Desk		
		Internet / E-Mail		
		IS / IT Strategy		
		IT Procurement		
		Mobile Telephony		
		Network Controls		
	b/fwd	PCI & DSS Security		
		Security Policy		
		Software Maintenance Contracts		
		System Development		
		Watchguard Software		
		Subtotal for Computer Audit	19.00	0.00
CONTRACT AUDIT				
		Capital Programme		
		Contracts CDM + H&S		
	c/fwd	Contract Standing Orders	12.00	
		Other Contract Issues	10.00	
		Over £250 Exp. Monitoring		
	c/fwd	Partnerships	12.00	
	c/fwd	Subsidy Control	12.00	
		Subtotal for Cont & Partner Audit	46.00	0.00
GRANT FUNDING INITIATIVES				
	HBC			
		Decarbonisation Grant Funding		
		Heritage Fund Project	10.00	
		High Street Accelerator Fund		
		Housing Support Fund		
		Huncoat Garden Village	15.00	
	c/fwd	King George V Playing Fields	10.00	
		Levelling Up Fund	15.00	
	c/fwd	Long Term Plan for Towns	10.00	
		LUF - Asset Maintenance	10.00	
		NNDR3 Grant Claim	5.00	
		Other Funding Streams		
		Pride & Place Funding	10.00	
		Rhyddings Park HLF		

	GDPR Issues / Queries		
	Money Laund & Proc of Crime		
	National Fraud Initiative	7.00	
	Peer Review of Internal Audit		
	PREVENT / Anti-Terror		
	PSIAS / New Audit Standards		
	RIPA		
	Schools Ambassador Scheme		
	Service Planning		
	Standards / Scrutiny Committee		
	Whistleblowing		
	TOTAL CONSULTANCY	49.00	0.00
TRAINING			
	Courses of Study & Exams		
	Staff Development & Training	15.00	
	TOTAL TRAINING	15.00	0.00
NON AUDIT			
	Appraisal PDR Scheme	2.00	
	Health & Safety		
	Job Evaluation	2.00	
	Local Elections & Count		
	Mgt Team & CFO Meetings	3.00	
	Office Meetings	12.00	
	Regional Audit Groups	3.00	
	Service Managers Meetings		
	Stationery & Gen Admin	8.00	
	Sup'visn/Mgt of Audit	26.00	
	Timesheets / Clockcards etc.	6.00	
	Unison	2.00	
	Other Non-Audit		
	TOTAL NON AUDIT	64.00	0.00
ABSENCE			
	Annual Leave	115.00	
	Statutory Leave	42.00	
	Sickness	10.00	
	Special Domestic Leave	3.00	
	Compassionate Leave		
	Other Absence		
	TOTAL ABSENCE	170.00	0.00
	TOTAL ANNUAL PLAN	783.00	0.00
	Maximum Available Days with	783.00	

		staff in 2024/25 at 01/04/24		
		Days not or over allocated	0.00	



Audit Strategy and Completion Report
Hyndburn Borough Council – Year Ended 31 March 2025

February 2026

Members of the Audit Committee

Hyndburn Borough Council

Scaitcliffe House
Ormerod Street
Accrington
BB5 0PF

4 February 2026

Dear Audit Committee Members,

Audit Strategy and Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Strategy and Completion Report for Hyndburn Borough Council for the year ended 31 March 2025. The purpose of this document is to summarise our audit and to explain how the statutory backstop arrangements introduced by the Accounts and Audit (Amendment) Regulations 2024, have affected the completion of our work and the reporting consequences. We consider two-way communication with you to be key to a successful audit and particularly important in the context of the backstop arrangements as it facilitates:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities; and
- providing you with constructive observations arising from the audit process even though this has been curtailed by the backstopped arrangements.

We would usually report the results of our planning work, including the significant risks identified and our planned procedures, in our Audit Strategy Memorandum. The results of our audit, including significant matters identified would usually be reported to you in our Audit Completion Report. As a result of the backstop arrangements, we have determined that the most appropriate way to communicate each of the matters required under auditing standards, in this single Audit Strategy and Completion Report.

As it is a fundamental requirement that an auditor is, and is seen to be, independent of audited bodies, section 8 of this document summarises our considerations and conclusions on our independence as auditors.

We appreciate the courtesy and co-operation extended to us by Hyndburn Borough Council throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

We will continue to work closely with you and management to take the necessary steps to rebuild assurance over future accounting periods. At previous meetings of this Committee, we provided a summary of our plans to rebuild assurance in accordance with guidance issued by the National Audit Office and endorsed by the Financial Reporting Council. We will provide more details as part of our 2025/26 Audit Strategy Memorandum. We would be happy to discuss any questions you have in relation to rebuilding.

Yours faithfully

Daniel Watson

Forvis Mazars LLP

Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

Contents

01	Our audit and the implications of the statutory backstop
02	Your audit team
03	Our audit approach
04	Materiality
05	Significant findings
06	Value for Money arrangements
07	Audit fees and other services
08	Confirmation of our independence

Appendices

A	Draft management representation letter
B	Draft audit report
C	Key communication points

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited.
Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

01

Our audit and the implications of the statutory backstop

Our audit and the implications of the statutory backstop

We are appointed to perform the external audit of Hyndburn Borough Council for the year to 31 March 2025. 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](#)

Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2024/25 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act").

We are appointed to audit the financial statements in accordance with International Standards on Auditing (UK). Under normal circumstances, our objectives would be to form and express an opinion on whether the financial statements present a true and fair view of the Council's financial affairs for the year and whether they have been prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

A range of factors have led to a backlog in financial reporting in recent years. Legislation passed by government in 2024 (the Accounts and Audit (Amendment) Regulations 2024) addresses the backlog by introducing a 'backstop date' for the publication of financial statements, even if the audits had not been completed. This is intended to enable the sector to focus on the current financial position rather than historic information.

We issued a disclaimed opinion on your financial statements for 2021/22, 2022/23 and the 2023/24 financial years. This meant we did not express an opinion on those financial statements, and as such we do not have assurance over the opening balances in the 2024/25 financial statements. Further information on the procedures we have undertaken in order to issue a disclaimer of opinion in advance of the backstop date is provided in section 3.

The NAO published Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 in June 2025. This guidance sets out the procedures auditors may undertake to obtain sufficient appropriate evidence over opening balances when previous year's audits have been disclaimed. The guidance acknowledges that how long it will take to rebuild assurance will vary between audit engagements and according to each audit's particular circumstances.

It has not been possible to complete sufficient procedures as part of the current year's audit to enable us to issue a non-disclaimed opinion. For this reason, we will be issuing a disclaimed opinion in time for the Council to publish its financial statements by the backstop date of 27 February 2026 as required by the relevant legislation. We have included our proposed audit report in Appendix B. When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements.

Responsibilities in respect of fraud and internal control

The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over 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 Those Charged with Governance and including key management, Internal audit, and other key individuals as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks.

Management is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you. Section 5 sets out any internal control recommendations we have made, and any misstatements identified in the draft financial statements and how these have been addressed by management.

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 under the 2014 Act.

We have received no formal questions or objections in respect of Hyndburn Borough Council

Value for Money arrangements

The legislation passed to address the financial reporting backlog does not affect our responsibilities in relation to the Council's Value for Money arrangements. We are responsible for forming a view on the arrangements that the Council has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work and our findings further in section 6 of this report.

Whole of Government Accounts Reporting to the group auditor

As a result of the backstop arrangements and our intention to issue a disclaimer of opinion on the Council's financial statements, we anticipate reporting to the NAO that we are unable to complete the mandatory audit procedures specified in their Group Audit Instructions. We are awaiting confirmation of when and how this should be reported to the NAO.

02

Your audit team

Your audit team



Daniel Watson

Key Audit Partner

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Telephone 07909 985 324



Yogita Das-Patel

Engagement Audit Manager

Email Yogita.das-patel@mazars.co.uk

Telephone 0161 238 9333

03

Our audit approach

Our audit approach

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements. Our audit of the financial statements has been conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the Code of Audit Practice. We have also had regard to the Local Audit Reset and Recovery Implementation Guidance ('LARRIG') issued by the National Audit Office and endorsed by the Financial Reporting Council in delivering our audit in the context of the backstop arrangements introduced by the 2024 amendments to the Accounts and Audit Regulations.

Our approach to the audit of the financial statements

In planning this year's audit, we adopted an approach which we believe will enable us to rebuild assurance as quickly as possible. We have not carried out all the work necessary to issue a detailed audit plan and to complete all the required audit procedures to provide an opinion on the financial statements. After considering LARRIG 06, we have undertaken the procedures we believe we will need to complete to enable us to issue a non-disclaimed opinion as part of a future year's audit. The procedures undertaken this year are sufficient to enable us to comply with International Standards on Auditing (UK) and issue our audit report in respect of the current year's financial statements to allow the Council to meet the backstop date of 27 February 2026 for publishing the financial statements and other relevant information.

We summarise below the work we have undertaken to inform our audit strategy and our determination that it is necessary to issue a disclaimer of opinion on the Council's financial statements. As we have not completed all our planning procedures, including all risk assessment work, we do not include a summary of significant and enhanced risks as part of this report.

Area of the audit	Summary of our procedures
Acceptance and continuance	We have carried out all acceptance and continuance procedures including consideration of: <ul style="list-style-type: none">• The financial reporting framework adopted by the Council and the existence of any unusual or controversial accounting policies• The form, timing and expected content of our communication with Those Charged with Governance• Any actual or potential threats to our independence• The existence of any other factors that indicate we should not continue as the Council's auditor
Understanding the entity	We have carried out audit procedures to understand and document our understanding of the Council across a range of areas, including but not limited to: <ul style="list-style-type: none">• The Council's structure, including its wider group• Key accounting policies• Accounting estimates• The use of experts
Control environment assessment	We have documented our consideration of the Council's control environment. We carry out this work to inform both our work on the financial statements and as an element of our Value for Money arrangements risk assessment work.

Our audit approach

Area of the audit	Summary of our procedures
Fraud	We have carried out work on identifying potential fraud risks and made specific inquiries of management and Those Charged with Governance in respect of actual, potential or suspected fraud.
Materiality	We have considered the application of materiality for the audit of the Council's financial statements. Further details on the materiality thresholds determined, is included later in this section of our report.
Laws and regulations	We have obtained an understanding of the legal and regulatory framework applicable to the Council and made specific inquiries with management and Those Charged with Governance in respect of any instances of noncompliance with laws and regulations.
Written representations	We have requested certain written representations from management in accordance with ISA (UK) 580. The draft management letter of representation is provided in Appendix A.
Completion, review and reporting	<p>We have undertaken sufficient review procedures to ensure our audit complies with the requirements of ISA (UK) 230. This includes specific work to document our consideration of the implications of the backstop arrangements on our audit and the reporting implications.</p> <p>We have also considered whether any matters have come to our attention that we deem should be reported to Those Charged with Governance or that may be relevant to our auditor's report. Such matters may include misstatements identified in the draft financial statements or internal control recommendations.</p> <p>As we intend to issue a disclaimer of opinion, additional quality and risk management processes have also been followed.</p>

04

Materiality

Materiality

Definitions

Materiality is 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.

Our approach to determining materiality

Although we intend to issue a disclaimer of opinion on the financial statements as a result of the backstop arrangements, we are required to determine materiality and communicate this to the Audit Committee.

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. 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 the Audit Committee

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.

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:

- 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.

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.

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.

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.

Materiality and misstatements

Materiality (continued)

We consider that gross expenditure at surplus/deficit level is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We set a materiality threshold of % of gross revenue expenditure at surplus/deficit level.

As set out in the table below, we set overall materiality for the year ended 31 March 2025 to be £1.02m (£0.98m in the prior year), and performance materiality to be in the region of £0.61m (£0.59m in the prior year).

	2024-25 £'000s	2023-24 £'000s
Overall materiality	£1,020	£980
Performance materiality	£610	£590
Clearly trivial	£30	£30
Specific materiality – Officer remuneration bandings	£5	£5

Misstatements

We accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to you and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our assessment of overall materiality, our clearly trivial threshold is £30,000, based on 3% of overall materiality. If you have any queries about this, please raise these with me.

We are required to report each misstatement above the reporting threshold that we identify. Misstatements can be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

Reporting

Due to the backstop, we have not undertaken substantive testing procedures on any balances or transactions reported in the accounts. Consequently, there are no misstatements to report.

05

Significant findings

Significant findings

Background and modification of the audit opinion

We have not completed sufficient audit procedures as part of the current year's audit to enable us to provide an unmodified opinion on the Council's financial statements. As we have determined that the effects, or potential effects, on the financial statements of the lack of sufficient appropriate evidence are pervasive, we will be issuing a disclaimed opinion which means we are expressing no opinion on the financial statements.

Appendix B sets out our draft audit report which explains the basis of our disclaimer of opinion being the fact we will not have been able to rebuild assurance in respect of opening balances by 27 February 2026 after issuing a disclaimed opinions in previous years as a result of the backstop arrangements.

Members will note that the draft audit report does not report on other matters that would usually appear in an unmodified audit report. These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2024/25 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

- Implications of the backstop arrangements

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Council's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error .

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Summary of amendments to the financial statements

The Council's S151 Chief Financial Officer authorised the Council's draft financial statements for issue on 30/06/2025.

Although we intend to issue a disclaimer of opinion, we still report any amendments which management have made to the draft financial statements, identified either through the audit procedures that we have undertaken, or separately by management.

This information is provided to the Audit Committee for information and to support it to discharge its responsibilities. It is important for Members to note that, given we are issuing a disclaimer of opinion, we provide no assurance over the material accuracy of the amendments that have been made to the draft financial statements which are summarised in this section.

Amendments to the financial statements

There are no amendments to the financial statements to report.

Unadjusted misstatements

When we issue a disclaimer of opinion as a result of the backstop arrangements, auditing standards require us to consider whether we are aware of any matter that would have otherwise required a modification to our opinion. Such matters may include, for example, material misstatements that have been identified which have not been amended by management in the final financial statements. We confirm that no such matters have come to our attention.

06

Value for Money arrangements

Value for Money

Approach to Value for Money

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.

This is the first audit year where we have undertaken our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains 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.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report).

The Code requires us to structure our commentary to report under three specified criteria:

- **Financial sustainability** - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Council ensures that it makes informed decisions and properly manages its risks; and
- **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.

At the planning stage of the audit, we undertake work to understand the arrangements that the Council has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other matters that do not represent significant weaknesses but still require attention from the Council.

The primary output of our work on the Council arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report in February 2026.

Status of our work

We have completed our work in respect of the Council's arrangements for the year ended 31 March 2025 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix C confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Council's arrangements will be provided in the Auditor's Annual Report.

Value for Money

Follow up of previously-reported significant weaknesses in arrangements In 2020/21 we reported 1 significant weakness to the Council. As part of our work in 2024/25, we followed up the progress made by the Council against the recommendations made and determined whether the significant weakness remained during the year.

Significant weakness in arrangements	Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
<p>Significant weakness The prior year value for money conclusion was qualified due to delays in the Council producing draft accounts, and those accounts containing a material error. These matters indicate a risk of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.</p> <p>In 2020/21 we identified a significant weakness in the Council's arrangements for producing timely and accurate financial reporting information due to delays in the Council producing draft accounts, and those accounts containing a material error. These matters indicate a risk of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.</p> <p>Additionally, our review of committee papers for 2020/21 confirmed the final financial outturn against budget had not been reported to Members. This is one of the seventeen standards set out in the CIPFA Financial Management Code.</p> <p>The financial statements and outturn reports are key to ensuring the Council, its members, its leadership and the wider public understand how effectively its resources have been utilised during the year.</p>	●	●	●	<p>Progress against the recommendation During 2023/24 and 2024/25, the Council made good progress in addressing this weakness and implemented the recommendations made in previous years. Including continued implementation of the detailed action plan for reducing time scale for Statement of Accounts preparation process and recruitment of additional staff to strengthen the finance team and improve capacity. Our VFM assessment confirms that finance officers are assigned to service areas and work closely with budget holders, improving engagement and resilience.</p> <p>We have performed a high-level review of the draft financial statements for 24/25 and we have not noted a material disclosure omitted in published financial statements for 24/25, indicating improvement in financial statements preparation process.</p> <p>Conclusions As a result of these measures, the Council successfully published the 2024/25 Statement of Accounts in June 2025, meeting the statutory deadline. We anticipate issuing a disclaimer of opinion on the Council's 2024/25 financial statements. The accounts production process is now operating effectively and in compliance with national requirements.</p> <p>We therefore conclude that the previously reported significant weakness in financial reporting has been addressed</p>

Value for Money

Significant weakness in arrangements	Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
<p>Significant weakness</p> <p>In our view, the totality of the issues identified indicate a significant weakness in relation to the governance reporting criteria, in particular how the Council ensures effective processes and systems are in place to communicate relevant, accurate and timely management information; support its statutory financial reporting requirements; and to ensure corrective action is taken where needed. The issues identified in the 2020/21 audit are also indicative of a lack of progress in addressing the weaknesses identified in the 2019/20 audit.</p> <p>Recommendation</p> <ul style="list-style-type: none"> • Produce a detailed action plan setting out how it intends to bring its accounts production process in line with the national timescales; • Review the capacity within the Council's finance team to build resilience into the accounts production and financial reporting processes; • Consider the issues raised as part of the 2020/21 audit in order to strengthen the overall control environment surrounding the preparation of the financial statements; and • Ensure the final outturn financial position is reported through the Council's committee structure each year end. This should include a detailed analysis of movements against budget and the associated impact on the Council's financial strategy, in order to allow sufficient scrutiny and challenge by the Council's elected Members and ensure effective public reporting. 	●	●	●	

07

Audit fees and other services

Audit fees and other services

Fees for work as the Council's appointed auditor

Our fees (exclusive of VAT and disbursements) as the Council's appointed for the year ended 31 March 2025 are outlined below.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit. The scale fee is set by PSAA each year, covering the work required as the Council's appointed auditor under the NAO Code of Audit Practice. The scale fee for 2024/25 was set at £150,229 (£135,879 for 2023/24). As we have been unable to complete the required procedures to complete our audit before the backstop date, we have proposed a reduction in the scale fee in line with previous years.

Final fees are subject to review and approval by PSAA.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Work to support the financial statements audit including time to plan the audit and issue the disclaimer opinion.	£44,343	£40,108
Work completed to assess the Council's value for money arrangements and issue our value for money commentary	£48,920	£44,248
Additional work on value for money risks of significant weaknesses	£6,300	£10,000
Total	£99,563	£94,356

Fees for non-PSAA work

In addition to the fees outlined above in relation to our appointment by PSAA, we have been separately engaged by the Council to carry out additional work as set out in the table below. Before agreeing to undertake any additional work we consider whether there are any actual, potential or perceived threats to our independence. Further information about our responsibilities in relation to independence is provided in section '*Confirmation of our independence*'.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Housing Benefits Subsidy Assurance	£30,300	£28,500

08

Confirmation of our independence

Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

We confirm that we have not made arrangements for any of our activities as auditor to be conducted by another firm that is not a Forvis Mazars member firm, nor have we used the work of external experts.

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and Hyndburn Borough Council that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of Hyndburn Borough Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to Hyndburn Borough Council together with our audit fees and independence assessment.

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 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 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.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- 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 the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical 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.

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 2023/24 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Appendices

- A: Draft management representation letter
- B: Draft audit report
- C: Key Communication points

Appendix A: Draft management representation letter

Forvis Mazars
One St Peter's Square
Manchester
M2 3DE

February 2026

Dear Daniel Watson,

Hyndburn Borough Council - Audit for Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of Hyndburn Borough Council the Council for the year ended 31 March 2025. I note that you intend to intend to issue a disclaimer of opinion in respect of your audit. I understand I am still required to provide the representations set out in this letter so you can complete your audit in accordance with relevant auditing standards.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

Appendix A: Draft management representation letter

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code Update and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Council you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Executive Director of Resources that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Council and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used by the Council in making the accounting estimates, including those measured at fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Appendix A: Draft management representation letter

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Council have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code Update and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

Appendix A: Draft management representation letter

The Council has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Executive Director of Resources for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Council involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Council's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code Update and applicable law.

I have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which I am aware.

Appendix A: Draft management representation letter

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Council's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Council's has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code Update and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Council, including the impact of mitigation measures and uncertainties, and that the financial statements fairly reflects that assessment.

Tariffs

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the financial statements fairly reflects that assessment.

Appendix A: Draft management representation letter

Going concern

To the best of my knowledge there is nothing to indicate that the Council's will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect my understanding of the Council's financial and operating performance over the period covered by the financial statements.

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements)

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Executive Director of Resources

Appendix B: Draft audit report

Independent auditor's report to the members of Hyndburn Borough Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Hyndburn Borough Council ("the Council") for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and Collection Fund statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations specify the date by which the Council is required to publish its Accountability Statements, which include the financial statements and the auditor's opinion, for each financial year. The Council is required to publish its Accountability Statements for the year ended 31 March 2025, by 27 February 2026 ('the 2026 backstop date').

We issued disclaimers of opinion in relation to the financial statements for the years ended 31 March 2022 to 2023 on 11 December 2024, and on 25 February 2025 a disclaimer of opinion was issued in relation to the financial statements for the year ended 31 March 2024. The disclaimers of opinion were issued as there was insufficient time to perform all necessary audit procedures to obtain sufficient appropriate evidence upon which to form an opinion before the relevant backstop dates specified in the Amendment Regulations.

The National Audit Office issued guidance to auditors on rebuilding assurance following backstop-related disclaimers of opinion through Local Audit Reset and Recovery Implementation Guidance 06 ("LARRIG 06") in June 2025. We have had regard to LARRIG 06 and other relevant guidance and determined that there is not sufficient time to carry out the procedures we deem necessary to rebuild assurance. As a result, we are not able to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for the year ended 31 March 2025 before the 2026 backstop date.

Responsibilities of the Executive Director of Resources for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Executive Director of Resources is also responsible for such internal control as the Executive Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Appendix B: Draft audit report - Continued

The Executive Director of Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Executive Director of Resources is responsible for assessing each year whether or not it is appropriate for the Council to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in this respect.

Appendix B: Draft audit report

Responsibilities of the Council

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Use of the audit report

This report is made solely to the members of Hyndburn borough Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Appendix B: Draft audit report

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have received confirmation from the NAO that the group audit of the Whole of Government Account has been completed and that no further work is required to be completed by us.

Daniel Watson, Key Audit Partner

For and on behalf of Forvis Mazars LLP

One St Peter's Square

Manchester

M2 3DE

February 2026

Appendix C: Key communication points

We value communication with the Audit Committee as a two-way feedback process at the heart of our client service commitment. The Code of Audit Practice as well as ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of matters with you. We meet these requirements, principally, through presenting the following documents to you:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Our Auditor's Annual Report.

These documents will be discussed with management prior to being presented to you and their comments will be incorporated as appropriate.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Key communication points at the planning stage as included in this report

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points included in this report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor's Annual Report by 30th November following each year end. For the 2024/25 audit, this means that we were required to issue our draft Auditor's Annual Report by 30 November 2025, whether our audit was complete or not. We issued our draft report on 30 November 2025.

In instances where our audit work is not complete by 30 November for any given year, the 2024 Code requires us to provide a summary of the status of the audit at the time of issuance and should reflect the work completed to date since we issued our previous Auditor's Annual Report. In such instances, we will issue an Interim Auditor's Annual Report to meet the 30 November deadline. On completion of any outstanding financial statement audit work or Value for Money arrangements work, we will re-issue the Auditor's Annual Report which will include an updated commentary on Value for Money arrangements.

Appendix C: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	This document
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	This document
With respect to misstatements: <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. 	This document
With respect to fraud communications: <ul style="list-style-type: none"> • Inquiries with the Audit Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity; • 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. 	This document and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)

Appendix C: Key communication points

Required communication	Where addressed
<p>Significant matters arising during the 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. 	<p>This document</p>
<p>Significant findings from the 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 the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Council or the Audit Committee in the context of fulfilling your responsibilities. 	<p>This document</p>

Appendix C: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	This document
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.	This document
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 the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that the Audit Committee may be aware of.	This document
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute 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. 	This document
<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, a number of key steps to assess and conclude on our firm's System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities • Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.) • Identify, design, and implement responses as part of the process to strengthen our firm's internal control environment and overall quality • Evaluate responses and remediate control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here.</p> <p>The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, set out in our 2023/24 Transparency Report, which is available on our website here.</p>	This document

Appendix C: Key communication points

Other communication	Response
 <p>System of Quality Management</p>	<p>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, a number of 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 under ISQM (UK) 1 and across Leadership • Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities • Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of 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 as part of the process to strengthen our firm's internal control environment and overall quality • Evaluating responses and remediating control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>

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