

New Forest District Council

Audit progress report

Year ending 31 March 2025

15 October 2025



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Members of the Audit Committee
New Forest District Council
Appletree Court
Beaulieu Road
Lyndhurst
S43 7PA

15 October 2025

Dear Audit Committee Members

Audit progress report

Attached is the audit progress report for the upcoming meeting of the Audit Committee. This report aims to provide the Audit Committee of New Forest District Council (the Council) with a summary of progress on the 2024/25 Council audit, and any issues identified to date. This report is intended solely for the information and use of the Audit Committee and management, and is not intended to be, and should not be used, by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 31 October 2025 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Simon Mathers

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the 'Statement of responsibilities of auditors and audited bodies'. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The 'Terms of Appointment and further guidance (updated July 2021)' issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice 2024 (the NAO Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of New Forest District Council. Our work has been undertaken so that we might state to the Audit Committee and management of New Forest District Council those matters we are required to state to them in this 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 Audit Committee and management of New Forest District Council for this report or for the opinions we have formed.



01 2024/25 audit progress update

2024/25 audit progress update

Status of the audit

We have completed all planning procedures and are on track to commence year end audit procedures towards the end of October 2025.

There are no changes to our audit risks or other areas of focus.

There are no changes to our VFM (value for money) work approach.

Scope update

In our audit planning report tabled at the 29 April 2025 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We will carry out our audit in accordance with this plan, with the following exception:

Changes in materiality: We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure, we have updated our overall materiality assessment to £2.73m (Audit Planning Report – £2.62m). This results in updated performance materiality, at 75% of overall materiality, of £2.05m, and an updated threshold for reporting misstatements of £0.137m.

Control observations to date

Ahead of the year end audit visit, we have not identified observations and improvement recommendations in relation to management's financial processes and controls apart from the following:

- We have evaluated the draft financial statements for 2024/25 and note that the Council failed to adjust the statements in relation to the adoption of the IFRS 16 Leases standard. We had raised the Council's failure to quantify the likely impact of the transition to IFRS 16 in the 2023/24 audit results report, and raised an associated control recommendation for improvement. At the time of writing, the Council has not been able to quantify the actual impact of the transition to IFRS 16 in its 2024/25 financial statements. We have requested the Council to republish the financial statements on its website once adjustments for IFRS 16 have been made and re-advertise an updated public inspection period.

Timeline

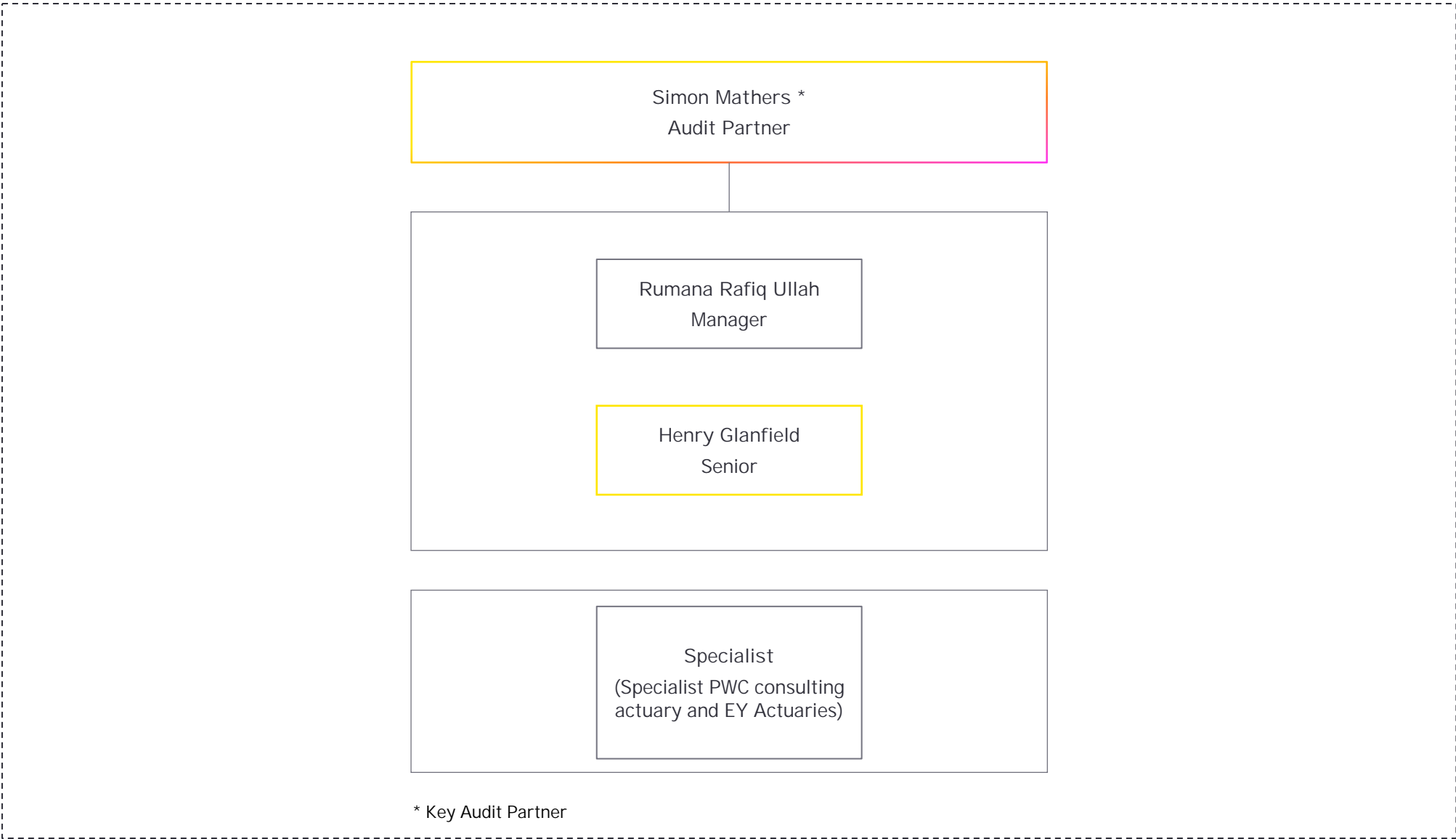
In Section 03 we include a timeline for the audit. All parties need to work together to ensure this timeline is adhered to.

Commentary on value for money arrangements will be included in the 2024/25 Auditor's Annual Report. This will need to be issued by 30 November 2025 to comply with the revised requirements of the NAO Code. We intend to send this report electronically to the Chair and Section 151 Officer before the deadline. Any updates to the report following the completion of our audit will be presented at the next audit committee meeting, i.e. in January 2026.



02 Audit team

Audit team



* Key Audit Partner



03 Audit timeline

Audit timeline

Timeline

Delivery to our proposed timeline is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies.

See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>.

In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

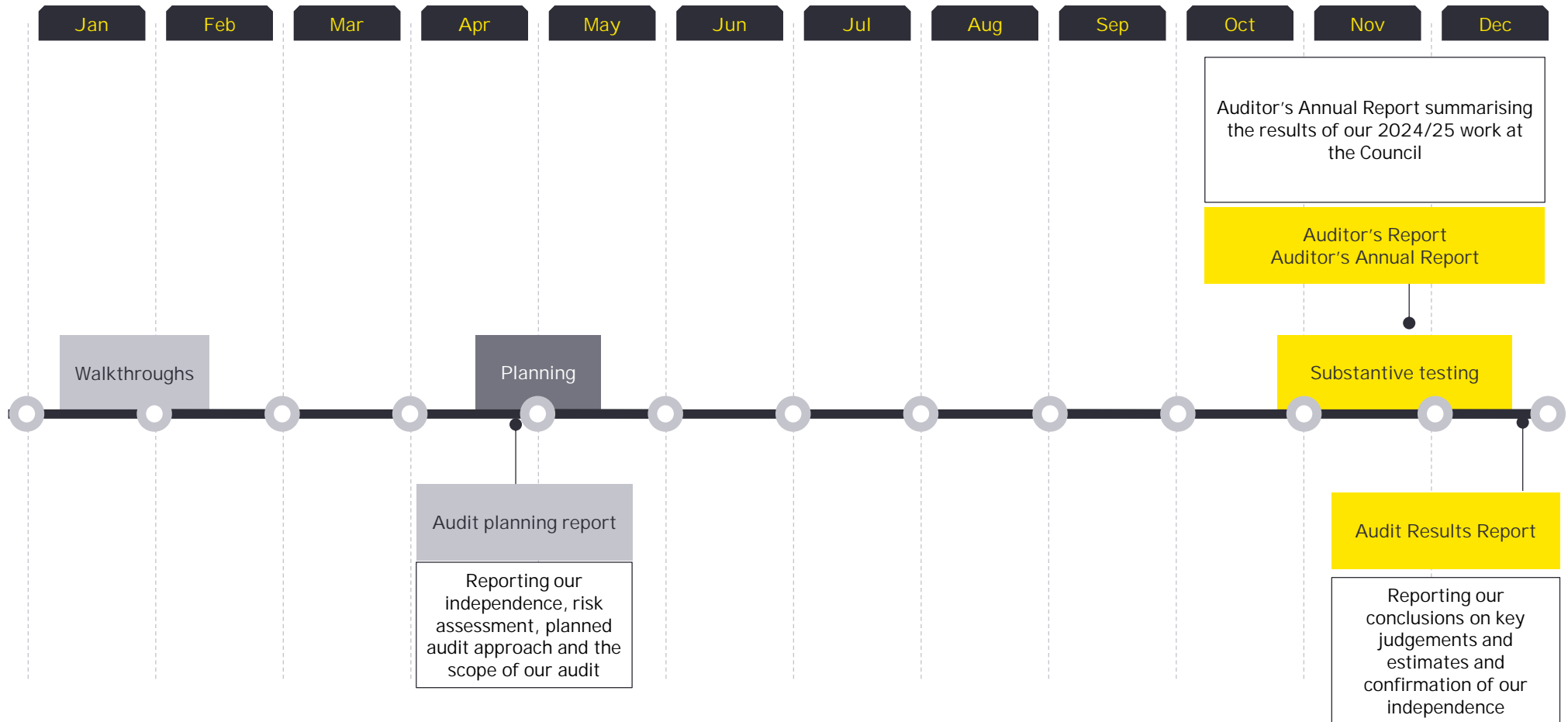
- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
- assign responsibilities clearly to staff with the appropriate expertise and experience;
- provide necessary resources to enable delivery of the plan;
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
- during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the 2024/25 audit cycle. From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate.



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