



Auditor's Annual Report
Mansfield District Council – year ended 31 March 2025

February 2026

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Mansfield District Council. It has been prepared for the sole use of Those Charged With Governance as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

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Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Mansfield District Council ('the Council') for the year ended 31 March 2025. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

Our work on the audit of the financial statements is complete. issued our unqualified audit opinion on 26 February 2026.



Value for Money arrangements

We are not satisfied arrangements were in place for the Council to secure economy, efficiency and effectiveness in its use of resources, this is because we issued recommendations in relation to significant weaknesses in those arrangements that is relevant to the 2024/25 financial year. Section 3 provides our commentary on the Council's arrangements, a summary of our recommendations and the weaknesses identified.



Reporting to the group auditor

We are awaiting confirmation from the NAO whether any further detailed work is required on the Council's WGA return.

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Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (UK) (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council’s financial position as at 31 March 2025 and of its financial performance for the year then ended. We issued our audit report on 26 February 2026 for the year ended 31 March 2025. Our opinion was unqualified.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A.

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Council.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

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Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:



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.



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.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

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 there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 16 and 17.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	Yes – see other recommendation on page 12
 Governance	15	Yes – see risk 1 and 2 on page 16	Yes – see recommendation 1 on page 24 and recommendation 2 on page 25	No
 Improving economy, efficiency and effectiveness	19	Yes – see risk 1 on page 16	Yes – see recommendation 1 on page 24	Yes – see other recommendation on page 21

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Arrangements for identification of financial pressures and bridging gaps and planning finances to support the sustainable delivery of services

Overall responsibilities for financial governance

We have reviewed the Council's overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2024/25. These confirm the Council undertook its responsibility to define the strategic aims and objectives, monitor financial performance against budgets and plans to best meet the needs of the Council's service users. From the work performed there is no indication that the Council's Medium Term Financial Plan and budget setting process is not aligned to supporting plans.

2024/25 Budget Setting and the Medium-Term Financial Plan

The Council set a balanced budget in January 2024. We reviewed the budget setting reports and the assumptions underpinning the Medium-Term Financial Plan (MTFP). These include an adequate level of detail over the assumptions and cost pressures facing the Council, which are consistent with our experience at similar sized authorities.

In considering arrangements, we examined the budget gap reported as part of the Medium-Term Financial Plan as presented to Council in January 2024 (for 2024/25) and Council in January 2025 (for 2025/26). In addition, we have done further review of the budget gaps identified and the options the Council which we have

summarised on the next page. This shows that over the last two years the Council have been able to set balanced budgets for the year of the MTFP and reduce the projected gaps for future years. The Council are aware of the need to keep addressing these shortfalls and will continue to review service provisions and opportunities for further savings to be attained. However, given the extent of future challenge, the Council should consider applying good practice that we have seen elsewhere.

The Council also has a history of underspends and strong financial management.

“Other” Recommendation: The Council do not currently report consistently on how achievable savings proposals are within their MTFP or whether the identified savings have been attained.

We recommend that the Council set out specific details of savings that are proposed for the year, which are rating based how achievable they are deemed to be and what risk are involved, as well as who is responsible for oversight and implementation. We would then expect to see a report produced at year end detailing which savings had been achieved, whether they are recurrent or one off and for those savings not achieved whether they will roll into future years savings proposals. This will enable to Council to give members more oversight over the impact of decisions that they are making.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

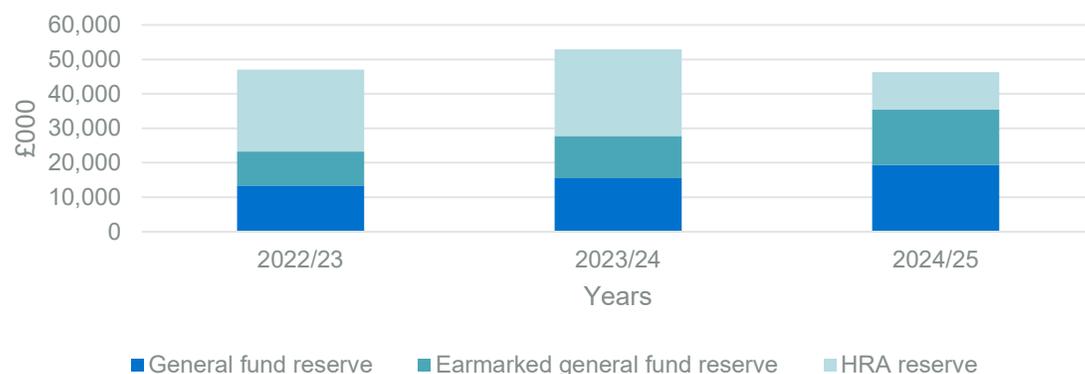
We also examined the Council’s usable reserves as presented in the financial statements, which shows that the general fund balance reserve has remained constant over the last few years at a level deemed prudent by the Council.

Council January 2024 (£000)	2024/25	2025/26	2026/27
Deficit / (surplus)	2,176	3,626	5,056
Savings identified	-2,176	-3,122	-3,302
Budget gap	0	504	1,754

Council January 2025 (£000)	2025/26	2026/27	2027/28
Deficit / (surplus)	-184	2,259	2,888
Savings identified	-445	-636	-826
Budget gap	-629*	1,623	2,062

*Transferred to reserves

Mansfield usable reserves



Financial pressures: Minimum Revenue Provision (MRP)

The Minimum Revenue Provision is a charge that the Council makes in its financial statements for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt i.e. the Capital Financing Requirement).

For 2024/25, the Council’s general fund MRP is 9.1% of the closing Capital Financing Requirement, which is an increase from the prior year. The lower this percentage, the greater the risk of over-reliance on accounting measures to support the general fund budget, although it does not currently present a risk of significant weakness in arrangements, it is an area for continued scrutiny for the Council. We have reviewed the MRP policy and the calculation as part of our audit work and have not identified any issues.

How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council have a council plan “Towards 2030” which was updated during 2024 having originally been implemented in 2019. This document outlines the key actions the Council has planned to address recent challenges and changes. It articulates the Council’s overarching strategic vision and future direction, as well as the priorities that will be pursued to ensure these challenges are effectively managed. The plan spans the period up to 2030, with an annual review conducted by the Corporate Leadership Team (CLT) and Cabinet. To ensure alignment between the Council’s budgetary processes and corporate priorities, the plan is regularly updated and refreshed to reflect progress and emerging priorities. A new Council Plan was approved by full Council in May 2024. Progress against the plan is reported monthly to CLT and quarterly to the Overview and Scrutiny Committee.

The MTFP recognises the ongoing pressure the Council faces and the potential impact on service delivery. An in-year monitoring report to the Council details the pressures faced, whether savings are being achieved, and if resources need to be redirected to areas of need. Our review of the MTFP did not identify a reliance on ‘one off’ measures to balance the budget.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

How the Council ensures that its financial plan is consistent with other plans

We confirmed that on an annual basis the Governance and Standards Committee undertake scrutiny of the following strategies to ensure that they are consistent and align with the Council's overall plan:

- Treasury Management Strategy;
- Minimum Reserves Provision;
- Capital Strategy;
- Asset Investment Strategy;
- Commercial Property Investment Strategy;
- Service Investment Strategy;

These plans and strategies are considered and approved by the Council alongside MTFP and budget decisions each year. We have confirmed update reports were presented to the Audit and Governance at regular intervals during the year.

How the Council identifies and manages risks to financial resilience

The MTFP recognises the risks and uncertainties facing the Council in terms of cost pressures, future funding arrangements, volatile income levels and potential variations in the costs of the delivery of demand led services. Our review of the MTFP shows that there is no evidence that assumptions are unrealistic or that there is unplanned or heavy reliance of reserves to cover unplanned spend. The Council models its income and expenditure over the MTFP and builds in known pressures.

2024/25 Outturn

For 2024/25, the Council reported an outturn surplus of £0.810 million against a budgeted breakeven position. This surplus has been transferred to earmarked reserves to strengthen overall balances.

The Housing Revenue Account (HRA) reported a balanced position; however, this was achieved through the use of significant reserves, which decreased by £10.75m during the year. The primary driver was a £9.7m transfer from HRA loan reserves to reduce HRA debt in line with Public Works Loan Board (PWLB) loans that matured during the year. We have confirmed that this is in line with our expectations due to several PWLB loans maturing during the year.

Cabinet approved the carry forward of capital funding for the year, totalling £10.179 million from the General Fund and £4.556 million from the HRA. The reasons for the approved carry forwards, as outlined in the outturn report, include delays by partner organisations in claiming grant funding and the inherent complexity of new-build schemes, which makes accurate forecasting challenging.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Risks of significant weaknesses in arrangements in relation to Governance

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>Housing repairs procurement</p> <p>1 During the year an investigation undertaken by the Council's internal Audit and Assurance Service following whistleblowing reports identified a substantial value of work was being allocated by the Housing Repairs Services team to external contractors without complying with the requirements of the Council's Contract Procedure Rules or approved decision-making process.</p> <p>There is a risk that without adequate arrangements in this area, the Council could be exposed to a significant financial loss or risk and/or significant impact to its reputation and/or unlawful action through potential contract disputes.</p>	<p>Work undertaken</p> <p>We have:</p> <ul style="list-style-type: none">• Liaised with internal audit and reviewed the work they have undertaken in response to the whistleblowing report;• Considered the disclosures in the Annual Governance Statement;• Reviewed the action plan and processes put in place to rectify issues and prevent re-occurrence;• Confirmed the value of contracts which were not procured in line with procedures and any actions undertaken to get the contracts to retrospectively comply with procurement procedures. <p>Results of our work</p> <p>We have carried out further investigative work into the issues identified within Housing Repairs Services during the year, as referenced in the Head of Internal Audit OIA opinion arising from . An investigation by the Council's Internal Audit and Assurance Service, prompted by whistleblowing reports, that found that a substantial volume of work was allocated by the Housing Repairs Services team to external contractors without adherence to the Council's Contract Procedure Rules or the approved decision-making process.</p> <p>The total value of contracts not procured in accordance with these rules was £25 million. Although the Council has implemented several follow-up actions, detailed below, there remained a lack of appropriate governance during the year, which created a risk of unlawful expenditure and reputational risk. The actions taken include:</p> <ul style="list-style-type: none">• Retrospective approval of the full £25 million of contracted services and goods;• Development of a detailed action plan, with all actions due to date confirmed as implemented; and• Provision of formal procurement training for all new employees whose roles require them to enter into contractual arrangements. <p>As the works did not follow the Council's approved procurement procedures, the Council was unable to obtain assurance that best value for money when contracts were initially procured.</p> <p>The summarised risk and weakness is set out on page 24.</p>

VFM arrangements – Governance

Risks of significant weaknesses in arrangements in relation to Governance

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>2 Bank reconciliation</p> <p>Due to the implementation of a new finance system and required procedural changes to bank reconciliations, the Council has not completed monthly reconciliations during the year. Consequently, the year-end cash reconciliation has been delayed and was received on 12th November, despite the financial statements being prepared and published in July.</p> <p>There is a risk that this has led to a serious weakness and material errors in the financial statements.</p>	<p>Work undertaken</p> <p>We have:</p> <ul style="list-style-type: none"> Assessed whether the lack of reconciliation throughout the year has led to material adjustments being required in the statement of accounts. <p>Results of our work</p> <p>Within the context of the framework, we are required to apply in performing our work and having considered the work performed across the matters listed above, we have concluded that there is a significant weakness in arrangements that impacts governance.</p> <p>Through the audit process, we identified that bank reconciliations were not performed between April 2024 and November 2025. The Council confirmed that this lapse resulted from the implementation of a new finance system and associated procedural changes, combined with limited team capacity during this period. By delaying the implementation of reconciliations, the Council missed opportunities to identify and address discrepancies in a timely manner.</p> <p>Bank reconciliations are a critical control within financial management, as they help identify bookkeeping errors, prevent fraud, and ensure that financial records accurately reflect reality. Failure to perform reconciliations during the financial year significantly increased the risk of undetected errors and created opportunities for fraudulent activity within the Council. In addition, timely reconciliations would have provided assurance that the migration to the new financial system was successful, supporting the authenticity and integrity of the Council's financial records.</p> <p>The summarised risk and weakness is set out on page 25.</p>

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Arrangements for monitoring and assessing risk

The Annual Governance Statement is a critical component of the Council's governance arrangements. It is an evidenced self-assessment by the Council on the Council's governance, assurance and internal control frameworks for the financial year. "We reviewed the Council's 2024/25 Annual Governance Statement and confirmed that sufficient detail has been provided regarding the housing repair procurement issues noted previously. This matter is documented under 'Significant Governance Issues / Areas for Improvement,' along with an action plan designed to prevent recurrence.

Risk management

We reviewed the Head of Internal Audit Annual Report and Opinion 2024/25 presented to the Governance and Standards Committee in July 2025. This confirms there are arrangements in place to support risk management and appropriate oversight by Those Charged With Governance.

The Corporate Risk Management Strategy and Strategic Risk Register were revised during the financial year and approved by the Governance and Standards Committee. This was to ensure focus was upon the management of the Council's risks and remove the operational aspects of risk management. Key risks facing the Council are summarised, with an adequate level of detail and an overview of assurances. While, the presence of risks do not present specific risk of significant weakness in arrangements, there remain key areas of challenge that require robust oversight.

In light of ongoing challenges and uncertainty in the local government sector, including fair funding review, local government reorganisation, alongside ongoing demand-led pressures in social care and special educational needs, means the Council must ensure its arrangements are robust and that assurance on control activities/mitigations are being regularly reviewed and tested.

Budgetary control and 2024/25 outturn

Our review of arrangements is supported by discussions with officers during the year and review of reports. Quarterly reports are taken to the Overview and Scrutiny Committee which monitor the financial outturn against budget. Where variances have occurred reasoning is provided and mitigation actions are identified to prevent further negative impacts against budget.

The Council reported its financial outturn position in the 2024/25 Statement of Accounts and in the financial outturn report presented to the Overview and Scrutiny Committee (Corporate Resources) (OSC) in July 2025, which highlighted that the General Fund achieved a surplus against budget of £0.81m which has been transferred to Earmarked Reserves. The Housing Revenue Accounts (HRA) achieved a balance budget which was in line with what was set out at the start of the year. It was also identified that there was slippage of £15m against the agreed capital programme due to delays in partner organisations claiming grant funding and the complexity of new build schemes being difficult to accurately forecast. The capital underspend is largely being carried forward for the completion of existing projects.

We reviewed the Quarter 1 forecast revenue position, presented to the OSC in August 2025, which indicated that at the end of the financial year, the General Fund is forecast to achieve a deficit position against its budget of £0.181m, which will reduce the level of General Fund balances available. Our review of minutes and committee reports also confirmed that in November 2025, the OSC was advised on the development of the Medium-Term Financial Plan (MTFP) for 2026/27, informed by current year performance, which projected a on the General Fund revenue budget of £228,000 for 2026/27 with annual deficits in 2027/28 and 2028/29. There are proposals to mitigate this within the Plan and it is excluding any potential gains from Fair Funding Reforms. While the financial position remains challenging, it does not currently indicate a significant weakness in the Council's arrangements.

Budget setting 2025/26

The Council's budget setting and medium-term financial planning follows a similar process and format to previous years and our review is supported by discussions with officers during the year and experience from prior year audits. Those arrangements are as expected and include: consultation, scrutiny, evaluation of financial risk, alignment to business plans and sources of funding. We read the assumptions underpinning the Medium-Term Financial Plan (MTFP) as included in reports to the Cabinet. In our view, these include an adequate level of detail over the assumptions and cost pressures facing the council, which are consistent with our experience at similar sized authorities and not unreasonable.

The Council has a good track record of achieving budgeted outturn positions and with the financial gap only being £1.6m in 2026/27 and £2m in 2027/28, there is enough time to allow plans to be put in place to address the deficits.

We have not identified a risk of significant weakness in arrangements.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

Arrangements for decision making and assurance

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of effectiveness, economy and efficiency. In doing this it is responsible for putting in place proper arrangements for the governance of its affairs, effective exercise of its functions and arrangements for the management of risk.

Our review of Council papers confirms that a template covering report is used for all reports, ensuring the purpose, implications, and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

Based on our work, we are satisfied the Council has established governance arrangements, consistent with previous years, in place. These are detailed in the Statement of Accounts and Annual Governance Statement. We have considered both documents against our understanding of the Council as part of our audit.

Internal Audit

The provision of Internal Audit Services are provided by an in-house Internal Audit function. Internal Audit progress reports are regularly presented to the Governance and Standards Committee meetings and from our attendance at meetings and review of minutes, we are satisfied this allows the Council to effectively hold management to account.

At the end of each financial year the Head of Internal Audit (HOIA) provides an Annual Report including an opinion, based on the work completed during the year, on the overall adequacy and effectiveness of the Council's control environment. We reviewed the Internal Audit Annual Report 2024-25 presented to the July 2025 meeting of the Governance and Standards Committee, which provided a summary of Internal Audit work undertaken during 2024/25 and provided an opinion that June 2025 was that:

“Based on the above results the Corporate Assurance Manager is satisfied that the Council has the following in place:

- *adequate and effective governance arrangements except for the significant governance issue identified within the Housing Repairs Service as detailed earlier in this report;*
- *adequate and effective risk management arrangements;*
- *adequate and effective internal control processes .”*

We have carried out further investigative work into the issues identified within Housing Repairs Services during the year, as referenced in the HOIA opinion. An investigation by the Council's Internal Audit and Assurance Service, prompted by whistleblowing reports, found that a substantial volume of work was allocated by the Housing Repairs Services team to external contractors without adherence to the Council's Contract Procedure Rules or the approved decision-making process. The total value of contracts not procured in accordance with these rules was £25 million. Although these contracts have since been retrospectively approved at the appropriate level, we have concluded that there was a significant weakness in arrangements during the year. Further details of this significant weakness are provided on page 24.

Audit & Governance Committee

For Mansfield District Council, the Governance and Standards Committee is a critical component of good governance. We have attended numerous meetings of the Governance and Standards Committee during the year and have considered minutes of meetings and supporting reports. Based on this evidence, we are satisfied the Governance and Standards Committee performs in line with expectations, is adequately serviced and attended by officers as required.

Financial reporting

The Council's draft financial statements for 2024/25 were authorised for issue on 30 June 2025. During our review, we identified a significant weakness in the arrangements for preparing the financial statements. Specifically, bank reconciliations were not performed between April 2024 and November 2025. The Council has confirmed that this lapse was due to the implementation of a new finance system and associated procedural changes, combined with limited team capacity to complete the reconciliations during this period. See further detail on the significant weakness on page 25.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

How financial and performance information has been used to assess performance to identify areas for improvement

The Council's arrangements are consistent with the prior year, which were deemed adequate, with the Council's Corporate Strategy setting out what it wants to achieve for local residents and communities and is published on its website. The Council's overall financial objectives and strategy are documented in the Council's budget and Medium-Term Financial Plan which is reviewed and updated annually.

Our review of minutes and reports confirms Members receive regular reporting on performance measures. We reviewed the performance outturn for 2024/25 as evidence of the Council's approach to evaluating performance. In our view, reports contain sufficient narrative, including the appendices, to demonstrate that there are adequate arrangements to assess performance and identify areas for action.

As part of the Council's Performance Management and Continuous Improvement Framework all service areas are required to develop an annual Service Plan which sets out the key activities to be delivered and the measures (performance Indicators) used to monitor the impact of those activities.

Partnerships

The Council collaborates with local communities, volunteers, and voluntary and community organisations for example:

- Mansfield District Improvement District;
- Budget consultation and meetings held with different groups to understand stakeholder priorities;
- East Midlands Combined County Authority;
- D2N2 Local Enterprise Scheme.

The Council utilises multiple channels of communication and feedback mechanisms, including social media, to engage with and address the needs of its communities.

Mansfield provided payroll and HR services to Ashfield District Council under a Service Level Agreement, and regular meetings are held to discuss key performance indicators and service issues. We did not identify any evidence of a significant weakness in arrangements.

Annual Complaints Report 2024/25

We reviewed the Local Government and Social Care Ombudsman (LGSCO) Annual Review Letter for 2024/25. During the year, the LGSCO investigated two complaints, neither of which were upheld—representing 0% compared to an average of 66% for similar authorities. The LGSCO confirmed that the Council complied fully with all recommendations made.

Commissioning and procurement

Through our work on the financial statements, our testing of expenditure, and consideration of key financial controls, has not identified any issues relating to procurement.

The Council has a Procurement Strategy and set of Contract Procurement Rules which outlines how the procurement of goods, works and services is achieved. These documents take into account latest legislative and operational changes at the Council, and provide a corporate framework for the procurement of goods, works and services. There are also controls in place designed to ensure that all procurement activity is conducted with openness, honesty and accountability. However, we noted that the procurement policy published on the Council's website relates to the period 2019–2023 and has not been updated since the end of that timeframe. We have included an "other recommendation" below regarding this matter.

Our work on the financial statements has not identified any significant internal control deficiencies.

"Other" Recommendation: The Council should ensure that all policies are reviewed and updated in accordance with established timelines, to confirm compliance with the latest legislative requirements.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Partnerships: Local Government Reorganisation

Local government reorganisation (LGR) is a complex undertaking that requires strategic foresight, collaborative leadership, and robust planning. It presents both opportunities and challenges for councils seeking to improve service delivery, financial sustainability, and democratic accountability. Effective planning is essential to ensure a smooth transition and long-term success.

Mansfield District Council has worked with the County Council, districts and boroughs in Nottinghamshire to prepare an interim plan. A detailed proposal, known as north-south (which proposes two new unitary councils across Nottingham and Nottinghamshire), has been produced and this is due to be considered by each of the nine councils' decision-making meetings throughout November 2025. The final proposal must be submitted to government by the deadline of 28 November 2025. Under the government's current timetable:

- It will make a final decision about which model of local government reorganisation will be implemented in December during summer 2026;
- Elections for new shadow authorities would take place in 2027;
- New councils would start to operate by April 2028.

Crucially, the Council will need ensure it puts in place robust arrangements to oversee the agreement and implementation of an agreed plan. This includes effective governance and committed leadership, such that there are clear arrangements for decision-making and manage relationships between partners, especially in joint or competing proposals.

During the transition period, each council will retain full sovereignty over its assets and liabilities. However, MHCLG expects local leaders to collaborate in establishing voluntary agreements that ensure prudent, coordinated, and value-for-money decisions on expenditure as proposals are developed.

There are a range of other factors to incorporate into future planning, including but not limited to:

- Robust financial planning, managing transition costs, but also addressing existing deficits and future funding uncertainties.
- Supporting the workforce, including engagement, morale and more detailed determination of employee contracts, redundancies and retention. This includes Ensuring there is sufficient resources available to implement programme management on the delivery of the finally agreed case.
- Maintaining continuity in services, but identifying opportunities/threats on duplication, gaps and service delivery models. This would also include effective consultation and engagement with residents, service users and other stakeholders.
- Considering the impact of technology as a barrier and enabler, including data protection, cyber resilience and ability to integrate systems.

VFM arrangements

Identified significant weaknesses in arrangements and our recommendations



VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified significant weaknesses in the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. These identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>Housing repairs procurement</p> <p>During the financial year, we were made aware of procurement-related concerns within Housing Repairs Services. An investigation by the Council's Internal Audit and Assurance Service, prompted by whistleblowing reports, found that a substantial volume of work was allocated by the Housing Repairs Services team to external contractors without adherence to the Council's Contract Procedure rules nor the Council's approved decision-making process.</p> <p>In response, we undertook follow-up work, including discussions with senior officers and a review of the work completed by the Council's Internal Audit team, which confirmed the findings of Internal Audit.</p> <p>The total value of contracts not procured in accordance with these rules was £25 million. Although the Council has implemented several follow-up actions, detailed below, there remained a lack of appropriate governance during the year, which created a risk of unlawful expenditure and reputational risk. The actions taken include:</p> <ul style="list-style-type: none"> • Review and retrospective approval in line with the Council's procurement rules of the full £25 million of contracted services and goods; • Development of a detailed action plan that outlines how the Council will achieve future compliance with procurement rules, with all actions due to date (which range from July – December 2025) confirmed as implemented by the Internal Audit team; and • Provision of formal procurement training for all employees whose roles require them to enter into contractual arrangements. <p>As the works did not follow the Council's approved procurement procedures, the Council were unable to demonstrate that value for money was achieved at the time of procurement.</p> <p>This is evidence of a significant weakness in arrangements for governance as "Decision making that is unlawful or could lead to significant loss or exposure to significant financial risk, or reputational risk such as conflicts of interests" and for improving economy, efficiency and effectiveness in "how the Council uses information about its costs and performance to improve the way it manages and delivers its services".</p>		●	●	<p>The Council should ensure that all staff are fully aware of contract procedure rules and embed a system of governance and oversight that ensures all procurement follows the agreed protocol. The Council should also review whether this practice is isolated to the Housing Repairs Service or more widely spread.</p>	<p>We have confirmed that the Council has undertaken a comprehensive internal audit review of the procurement issues, which identified areas requiring improvement. This review informed the development of an action plan designed to drive improvements and prevent similar issues in the future. Key actions within the plan include:</p> <ul style="list-style-type: none"> • Formalising corporate methodology for onboarding new contractors, consultants, agency staff and linking to corporate onboarding review; • Contract management training to be considered for differing levels; • Tender Evaluation training completed. <p>We have also confirmed that retrospective approval of the full £25 million of contracted services and goods took place.</p>

VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement – continued

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>Bank reconciliation</p> <p>Through our audit of the financial statements, we identified that bank reconciliations were not performed between April 2024 and November 2025. The Council confirmed that this lapse resulted from the implementation of a new finance system and associated procedural changes, combined with limited team capacity during this period. By delaying the implementation of reconciliations, the Council missed opportunities to identify and address discrepancies in a timely manner.</p> <p>2 Bank reconciliations are a critical control within financial management, as they help identify bookkeeping errors, prevent fraud, and ensure that financial records accurately reflect reality. Failure to perform reconciliations during the financial year significantly increased the risk of undetected errors and created opportunities for fraudulent activity within the Council. In addition, timely reconciliations would have provided assurance that the migration to the new financial system was successful, supporting the authenticity and integrity of the Council’s financial records.</p> <p>In our view, this is evidence of a significant weakness in arrangements for governance, specifically in relation to how the body gains assurance over the effective operation of internal controls</p>		●		<p>The Council should ensure that processes supporting key controls to bank reconciliations are fully brought up to date, are maintained regardless of other pressures, and that capacity risks across the finance team are mitigated and managed in the face of other competing demands (such as local government reorganisation).</p>	<p>We have confirmed that, as of November 2025, the Council is completing monthly bank reconciliations and has committed to maintaining this control process on an ongoing basis.</p>

Other reporting responsibilities

Other reporting responsibilities

Wider reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power 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 the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

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. We did not receive any such objections or questions.

Reporting to the group auditor

Whole of Government Accounts (WGA)

The National Audit Office (NAO), as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have been unable to conclude our work as we have not yet received confirmation from the NAO that the group audit of the WGA has been completed and that no further work is required to be completed by us.

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Audit fees and other services

Audit fees and other services

Fees for our work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Governance and Standards Committee in June 2025. Having completed our work for the 2024/25 financial year, we can confirm that our fees are as follows:

Area of work	2024/25 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£178,315	£163,042
Additional fees in respect of VFM significant weaknesses (PY related to risk of significant weakness)	£14,250	£7,500
Additional fees in respect of implementation of a new finance system (including additional work undertaken by our internal IT experts)	£11,500	-
Additional fees in respect of new standards (IFRS16) (PY ISA315)	£7,500	£9,500
Additional fees due to quality and preparation issues (primarily around IT general controls; PPE revaluations and cash and bank) (PY this related to issues with the cashflow and material errors within financial instruments)	£12,000	£10,000
Technical accounting issues (Walken Street car park and the pension asset ceiling)	£10,000	£7,500
Total fees	£233,565	£197,542

Fees for other work

We confirm that we have undertaken the following non-audit services for the Council in the year.

Area of work	2024/25 fees	2023/24 fees
Pooling of Housing Capital Receipts	£6,300	£6,000
Total fees	£6,300	£6,000

Appendices

Appendix A: Further information on our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit of the Council, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
Management override of controls	<p>Response:</p> <p>In line with our methodology, we plan to address the management override of controls risk through performing audit work over:</p> <ul style="list-style-type: none">• accounting estimates;• journal entries; and• significant transactions outside the normal course of business or otherwise unusual. <p>Findings:</p> <p>Our work is complete – there were no issues arising.</p>

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

Risk	Our audit response and findings
<p>Net defined benefit liability valuation</p>	<p>Response:</p> <p>We will:</p> <ul style="list-style-type: none"> • Critically assess the competency, objectivity and independence of the Nottinghamshire Pension Fund’s Actuary, Barnett Waddingham LLP; • Liaise with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation to be complete and accurate; • Review the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information provided by PwC, the consulting actuary engaged by the National Audit Office (NAO); and • Agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council’s financial statements. <p>Findings:</p> <p>Our work is complete. The pension fund auditor identified an understatement of level 2 and level 3 assets. Mansfield’s share of this understatement was immaterial at £0.3m. The accounts were not amended for this.</p>

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings - Continued

Risk	Our audit response and findings
<p>Valuation of property, plant and equipment</p>	<p>Response:</p> <p>We plan to:</p> <ul style="list-style-type: none"> • Critically assess the Council's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • Consider whether the overall revaluation methodology used by the Council's valuer is in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies; • Assess whether valuation movement are in line with market expectations by reference to alternative sources of valuation data to provide information on regional valuation trends; • Review the appropriateness of the beacon application for council dwellings and the applicability of comparatives used in determining valuations • Critically assess the treatment of the upward and downward revaluations in the Council's financial statements with regards to the requirements of the CIPFA Code of Practice; and • Critically assess the approach that the Council adopts to ensure that assets not subject to revaluation in 2024/25 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Councils valuer. <p>Findings:</p> <p>Our work is complete. We identified a number of errors in the underlying data supporting the valuations. Management amended these reducing the asset values by £0.9m.</p>

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings - Continued

Risk	Our audit response and findings
Implementation of IFRS16	<p>Response:</p> <p>We will review the work that the Council has carried out for the implementation of IFRS 16 on 1 April 2024. We will test lease balances and supporting disclosures and seek evidence to support that they have been correctly classified and accurately measured under the new standard.</p> <p>Findings:</p> <p>Our work is complete. A post balance sheet event has been added to the accounts in relation to Walkden Street Car Park.</p>

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