



Audit Progress Report

Stockton-on-Tees Borough Council –Year ended 31 March 2026

September 2026

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Audit progress

Audit progress

Purpose of this report

This report updates the Audit and Governance Committee on the progress made in delivering our external audit responsibilities for Stockton-on-Tees Borough Council.

- Section 1 outlines the current audit status and highlights the key areas under review as part of our ongoing risk assessment.
- Section 2 provides updates on developments during the current year, along with forthcoming accounting and other relevant issues.

Audit for the year ended 31 March 2026

We presented our Audit Strategy Memorandum for the Council in June. The Audit Strategy Memorandums set out our planned audit approach, including details of the risks we have identified in relation to the audit. We have completed our planning work and have identified no matters to indicate a change in our planned audit approach.

On receipt of the draft financial statements, we undertook a review to determine whether any changes were required to our planned audit approach, no changes have been identified. We also reviewed our materiality levels based on the draft financial statements:

	£000
Overall materiality	13,224
Performance materiality	9,918
Clearly trivial	397

Our accounts audit is currently in progress and at this stage, we have not identified any significant issues. We experienced delays in receiving responses from management on our valuation of land and buildings work (including judgements made and approach to indexation in line with the new amendments to the Code), we are currently working through the paper which was provided 9th September 2026 to assess the appropriateness of the approach taken by the Council.

We anticipate that the Teesside Pension Fund assurance will be received by the end of December 2026, with the backstop date being 31 January 2027.

We have been unable to progress our Value for Money work as we are currently awaiting the Council's Value for Money self-assessment.

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National Publications

National publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy (CIPFA)		
1	Code Of Practice On Local Authority Accounting In The United Kingdom 2026/27	The 2026/27 Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2026
2	Service Reporting Code of Practice for Local Authorities 2026/27	SeRCOP is prepared in accordance with the financial reporting framework established by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
3	CIPFA Bulletin 23 – Closure of the 2025/26 financial statements	Bulletin covers the closure of accounts for 2025/26
Government		
4	Rewiring the State	Cabinet statement - On 31 July, the government released a policy paper entitled “Rewiring the State” that sets out government’s intention to transfer significant amounts of power and funding to local leaders.
5	Whole of Government Accounts (WGA) 2024/25	The C&AG has now certified the Whole of Government Accounts 2024/25 and issued a disclaimed opinion.
National Audit Office		
6	Devolution in England: funding and accountability	The NAO has published its report Devolution in England: funding and accountability which assesses whether the Ministry of Housing, Communities & Local Government (MHCLG) is implementing devolved arrangements.

National publications and technical updates

CIPFA

1. Code Of Practice On Local Authority Accounting In The United Kingdom 2026/27

Local authorities in the UK are required to keep their accounts in accordance with 'proper (accounting) practices'. Public sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). This 2026/27 edition of the Code has been developed by CIPFA/LASAAC and has effect for financial years commencing on or after 1 April 2026.

The Code specifies the principles and practices of accounting required to prepare financial statements which give a true and fair view of the financial position and transactions of a local authority. The Code applies to local government organisations across the UK including local authorities, police bodies, fire services and other local public service bodies.

[CIPFA Code of Practice 2026/27 | CIPFA](#)

2. Service Reporting Code of Practice for Local Authorities 2026/27

SeRCOP is prepared in accordance with the financial reporting framework established by the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). It applies to all local authority services throughout the UK from 1 April 2026 for the preparation of 2026/27 budgets and performance indicators, and the completion of government statistical reporting requirements. SeRCOP is reviewed annually to ensure that it develops in line with the needs of local government, transparency, best value and public services reform.

[SeRCOP 2026/27 | CIPFA](#)

3. CIPFA Bulletin 23 – Closure of the 2025/26 financial statement

This bulletin covers the closure of accounts for the 2025/26 year and provides further guidance and clarification to complement the 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses frequently asked questions and other issues that have arisen, along with corrections to the 2025/26 Code.

[CIPFA Bulletin 23 – Closure of the 2025/26 financial statement | CIPFA](#)

National publications and technical updates

Government

4. Rewiring the state – Cabinet Statement

On 31 July, the government released a policy paper entitled “Rewiring the State”. The paper sets out government’s intention to transfer significant amounts of power and funding to local leaders.

While the detail underlying the initial policy paper is yet to be announced, the changes are likely to impact of the funding and accountability structures for both central government and at a more local level..

[rewiring-the-state-cabinet-statement](#)

5. Whole of Government Accounts (WGA) 2024/25

The C&AG has now certified the Whole of Government Accounts 2024/25 and issued a disclaimed opinion. The basis for the disclaimed opinion is set out in the link above.

Audit certificates marking completion of local government audits for 2024/25 can now be issued where they have been left open because of awaiting confirmation from the C&AG regarding WGA 2024/25.

We issued the certificates closing the 2024/25 accounts for Middlesbrough Council on 29 June 2026.

National publications and technical updates

National Audit Office

6. Devolution in England: funding and accountability

The NAO has published its report *Devolution in England: funding and accountability* which assesses whether the Ministry of Housing, Communities & Local Government (MHCLG) is implementing devolved arrangements – with a particular focus on funding and accountability – in a way that supports improved outcomes for local people. It does not cover wider issues such as workforce skills, economic growth or local government reorganisation. The report is set out as follows:

- Part One sets out the recent history of English devolution and explains the further changes planned.
- Part Two examines devolved funding and powers.
- Part Three assesses the arrangements for accountability and scrutiny.

The report concludes that MHCLG and HM Treasury are implementing Integrated Settlement funding in a way that stakeholders regard as a significant step forward. Mayoral Strategic Authorities (MSAs) are starting to take the opportunity presented by this new approach to be more creative and to think in a longer-term way about the programmes they deliver. These arrangements have the potential to deliver better value for money as they are rolled out more widely.

At the same time, the reporting burden on MSAs to demonstrate what they have delivered with much of the Integrated Settlement funding they receive is currently greater than initially envisaged. And the way the current framework will address underperformance has not yet been tested. As a result, there are questions about future capacity, both within local and central government bodies, as new MSAs are brought on board and engage with government departments over their Integrated Settlements and Outcomes Frameworks.

The accountability mechanisms for central government funding are well established and important. But there is a clear tension between departments' responsibilities and the ambition of the English Devolution White Paper that central government should end the top-down micromanagement of decisions and approaches by local leaders and replace it with a principle of locally accountable autonomy.

This tension will need to be resolved, and local accountability arrangements substantially strengthened and tested, before the devolution of funding and accountability can be considered to be working effectively to support improved outcomes for local people.

[devolution-in-england-funding-and-accountability](#)

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