

Appendix 1



Lancashire Combined Fire Authority

Audit progress report and sector updates

September 2026

Agenda

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Audit Progress Report

Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

[Local government | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



Name: Liz Luddington
Key Audit Partner/Director
T:0161 953 6410
E: Liz.A.Luddington@uk.gt.com



Name: Curtis Wallace
Manager
T:0151 224 0891
E: Curtis.AG.Wallace@uk.gt.com



Name: Eve Forbes
Audit Associate
T:0161 214 6385
E: Eve.H.Forbes@uk.gt.com

Progress as of September 2026

Financial Statements Audit

Regular liaison meetings have been held with management to discuss key developments and emerging risks, and to ensure alignment throughout the audit process.

We have completed our initial risk assessment procedures and updated our documentation on the design effectiveness of key systems and controls, which has informed the development and issue of our Audit Plan.

The draft accounts and the majority of supporting working papers were provided on time and were of good quality.

At present, we have made good progress with our fieldwork procedures, and management are responding well to all queries raised so far.

Value for Money

We have made good progress in respect of our value for money work to date and expect the main fieldwork to be completed throughout September and October. An initial planning meeting has been held with management to discuss our proposed approach and areas of audit focus, including obtaining an update on progress made in addressing the two improvement recommendations raised in 2024/25.

Our planning procedures have been completed, incorporating consideration of the Authority's strategic context and relevant risks. Fieldwork has begun and is supported by structured engagement with management and detailed review of key Authority documentation, including the business plan, medium-term financial strategy and budget monitoring reports, alongside other supporting evidence.

Progress as of September 2026 (continued)

Meetings

Since commencement of our work in respect of the audit year 2025/26 we have met with Steven Brown (Director of Corporate Services) and Jacquie Meadows (Head of Finance and Procurement).

We have

- agreed a timetable and deliverables with Management;
- issued the Audit Plan to Management and presented it to the Accounts and Audit Committee;
- documented the design effectiveness of systems and processes;
- held progress meetings with Management;
- undertaken planning risk assessment procedures; and
- selected and tested advanced samples
- selected out sample selection for fieldwork
- progressed testing the samples selected within fieldwork

Audit Fees

PSAA published their scale fees for 2025/26: [2025/26 audit fee scale - PSAA](#)

For Lancashire Combined Fire Authority these fees are £105,938. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Events

We provide a range of workshops and network events.

On 2nd July 2026, we hosted a webinar on how the local government Audit Committee functions within a wider governance landscape. Insights from our webinar can be found here: [Supporting Effective Audit Committees in a Changing Local Government Landscape | Grant Thornton](#).

On 25th September 2026, we will be hosting a webinar on grants delivery, unpacking how to tackle funding certainty; achieve consistency; reduce administration friction; and build capacity. To attend, members and officers can: [Register here](#).

Audit Deliverables

Below are some of the audit deliverables planned for 2025/26

2025/26 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2025/26 financial statements.	Issued to management on 30 March 2026 and presented to the Audit Committee on 15 April 2026.	Issued.
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	To management in November 2026 and presented at December Audit Committee	Not yet due.
Auditor's Report This includes the opinion on your financial statements.	To management in November 2026 and presented at December Audit Committee	Not yet due.
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	To management in November 2026 and presented at December Audit Committee	Not yet due.

Sector Updates

Local government reorganisation (LGR)*

Audit Committees need to be aware of latest announcements and useful guidance.

On 16th July 2026 the Government LGR decisions for 14 areas of England. Together with decisions already announced for Surrey, Essex, Hampshire, Norfolk and Suffolk, this takes the total programme to 134 existing Authority's being replaced by 38 new unitary authorities.

Areas covered by the decisions on 16th July were:

- ❖ Derbyshire and Derby;
- ❖ Devon, Plymouth and Torbay;
- ❖ East Sussex and Brighton and Hove;
- ❖ Gloucestershire;
- ❖ Hertfordshire;
- ❖ Kent and Medway;
- ❖ Lancashire, Blackpool & Blackburn with Darwen;
- ❖ Leicestershire, Leicester and Rutland;
- ❖ Lincolnshire, North & Northeast Lincolnshire;
- ❖ Nottinghamshire and Nottingham;
- ❖ Oxfordshire (plus part of West Berkshire);
- ❖ Staffordshire and Stoke-on-Trent;
- ❖ Warwickshire; and
- ❖ Worcestershire.

In the meantime, [Rewiring the State](#) was published on 31st July 2026, setting out the government's wider plan to fundamentally rewire the state by shifting power, funding and accountability from Whitehall to local leaders.

Helpful guidance from Grant Thornton:

For our learning from the eight new unitary Authorities that were created between 2019 and 2024, see [Learning from the new unitary Authorities](#).

- ❖ For insights into how best to prepare for the new changes now to come, see three recent publications from July and August 2026:
- ❖ [Why agreeing the balance sheet split early matters](#).
- ❖ [The financial planning process and Medium-Term Financial Strategy for newly created unitary Authorities](#).
- ❖ [Managing assets through Local Government Reorganisation](#).

Audit Committee members are also encouraged to visit our LGR hub for additional information on how their Authority can successfully navigate change: [Local Government Reorganisation | Grant Thornton](#).

* Following Government's announcement on 7 September, the LGR programme is currently paused for Lancashire, however we have kept this slide in for background information.

Making the Annual Governance Statement matter

Audit Committees are responsible for approving the AGS (sometimes with Full Authority too) and should seek assurance it reflects a robust review against the CIPFA/SOLACE principles, a well-developed Code of Corporate Governance, and a clear assessment of effectiveness.



An evidence-based, candid view of strengths, weaknesses and planned improvements



Effectiveness is a qualitative judgement — not just a policy checklist



The review and drafting of the AGS should always be internally led



Senior officers must show genuine ownership, directed by members



An organisation-wide understanding of how governance works in practice

“

The AGS is a key indicator of the effectiveness of a Authority’s governance framework and a potential early warning sign of wider governance weaknesses.

Grant Thornton UK, July 2026

[Read our full article →](#) Published 20 July 2026

Best Value – have your say

New consultation to take part in

The Ministry of Housing, Communities and Local Government (MHCLG) is currently seeking views on revised statutory guidance for local and strategic authorities in England on compliance with the Best Value Duty.

A new consultation opened on Citizen Space on 15th July 2026, and will remain open until 11:59pm on 7th October 2026. This follows the government's March 2026 publication of Lessons learnt from best value interventions 2025. All local authorities are encouraged to take part in the new consultation, to help shape guidance going forward.

There has been a significant increase in the number of Authority's entering best value intervention since 2020. The government is aiming to learn from direct Authority experiences to improve policy, practice, and central government's relationship with local government. For the first time, MHCLG has undertaken structured engagement with all Authority's in statutory and non-statutory interventions exploring their challenges, recovery actions, and outcomes.

To have your say on the revised guidance and what should happen next, follow this link:

[Consultation on revised Best Value guidance - Ministry of Housing, Communities and Local Government - Citizen Space](#)



Audit Committee resources

Commentary from Grant Thornton on recovering the accounts preparation and audit timetable:

[Local audit reset: What comes after the backstop? | Grant Thornton](#)

Latest guidance and learning from Grant Thornton on local government reorganisation and devolution:

[Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

[Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

[Learning from the new unitary Authorities](#)

Grant Thornton learning on procurement and contract management:

[Local government procurement and contract management](#)

Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector

[Global Internal Audit Standards in the UK Public Sector | CIPFA](#)

CIPFA Good Governance

[Delivering Good Governance in Local Government Addendum](#)

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>



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