HM Treasury

Financial Reporting Advisory Board Paper

Update on the timeliness and issues coming through from the 2024-25 reporting cycle.

Issue:	An update from HM Treasury on the timeliness and reporting issues arising from the 2025-26 reporting cycle.
Impact on guidance:	N/A
IAS/IFRS adaptation?	N/A
Impact on WGA?	N/A
IPSAS compliant?	N/A
Interpretation for the public-sector context?	N/A
Impact on budgetary regime and Estimates?	N/A
Alignment with National Accounts	N/A
Recommendation:	None – for the Board's information only
Timing:	Ongoing

DETAIL

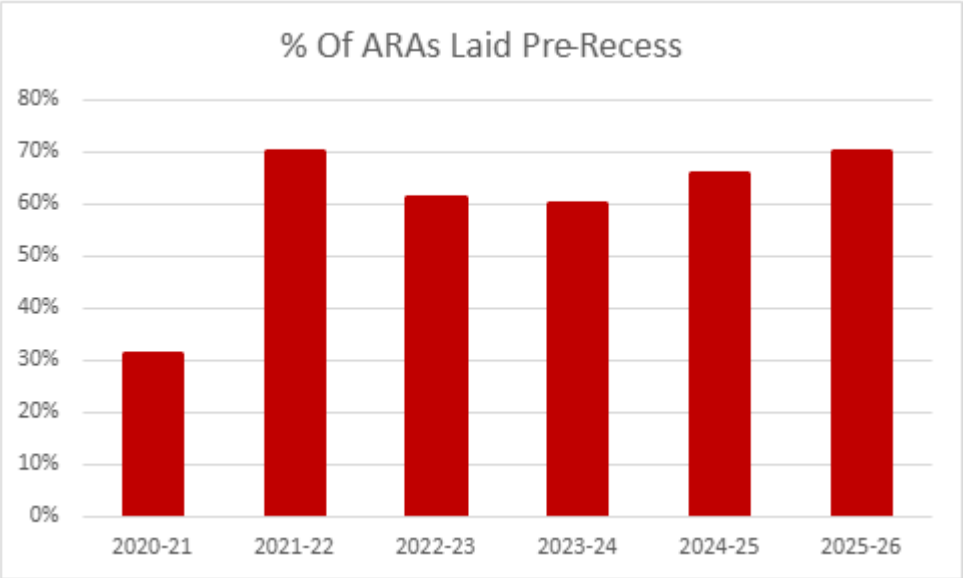
Background

1. This paper provides a summary of the 2025-26 laying of annual reports and accounts in Parliament as of 10th November 2026, including detail on the current laying timetable and audit qualifications.
2. In December 2025, HMT's Dear Account Officer (DAO) letter set the administrative deadline for laying accounts as 30th June 2026. Parliamentary recess began on 16th July.

2025-26 laying timetable

3. Thirty-five of the fifty bodies laid by the Financial Secretary to the Treasury (FST) were able to lay their ARAs before the Parliamentary summer recess, an increase compared to 30 in 2024-25.

4. As of 10th November 2026, 40 bodies have laid their ARAs, with ten accounts still outstanding. Those outstanding are four main Departments (DFE, UKEF, DHSC and NIO), three non-Ministerial Departments, and three pension schemes.
5. The NAO hit their 70% target for pre-recess laying in the 25/26 financial year and in the 2026/27 financial year will target 70% of all bodies being laid pre-recess with all main departments being pre-recess, and all bodies being laid by the end of October.
6. HMT will stay in contact with departments throughout the finalising of the 25-26 accounts and during the preparation of 2026-27 accounts and will continue to maintain a tracker with projected laying dates. HMT is committed to continuing to support departments in their efforts lay accounts pre-recess.



Audit qualifications

7. Five departmental ARAs (DWP, HMRC, DBT, DCMS and DESNZ) have received a qualified audit opinion so far. In line with last year, DWP and HMRC both received a qualified opinion on regularity within their ARAs this year due to material levels of fraud and error with no issues with the true and fair opinion. DBT received a qualified opinion on regularity in respect of the valuation of the Horizon Shortfall Scheme. DCMS received a qualified opinion on regularity due to insufficient evidence to support balances relating to the Local Government Pension Scheme (LGPS) and accepted this in order to enable pre-recess laying. DESNZ received a qualification on regularity due to insufficient and appropriate evidence in relation to Liverpool Bay CCS Limited. Further detail on qualifications is in Annex A.

Annex A

Departments with reoccurring qualified opinions:

- ### Department for Work and Pensions (DWP)

  DWP received a qualified opinion due to the level of fraud and error in benefit expenditure. This is the 38th year in which DWP's accounts have been qualified due to material levels of fraud and error in benefit expenditure, excluding State Pension. This year, DWP estimates 6.0% of related expenditure (£9.7 billion) was overpaid. Overpayments were due to Fraud, Claimant Error and Official Error. Expenditure on State Pension has again been excluded from the qualified opinion because the £620 million spent on irregular payments was immaterial in the context of DWP's £145.8 billion State Pension expenditure.

- ### HM Revenue and Customs (HMRC)

  HM Revenue and Customs have again received a qualified opinion due to the material level of error and fraud in Corporation Tax research and development reliefs and Child Benefit. The qualification for Personal Tax Credits in 2024-25 did not occur in 2025-26.

  - For Corporation Tax research and development reliefs, HMRC estimates the level of error and fraud overpayments to be 5.3% of related expenditure (£475 million). This is in line with 5.3% of related expenditure in 2024-25 (£442 million).
  - For Child Benefit, the estimated mid-point of error and fraud is 2% of related expenditure (£270 million).

  The qualification arose due to the aggregated levels of error and fraud arising from overpayments and underpayments, which are considered to be material to HMRC's accounts.

- ### Department for Business and Trade (DBT)

  DBT received a qualified audit opinion in respect of a lack of sufficient evidence to obtain a true and fair opinion on the provision for the Horizon Shortfall Scheme. The accounts. The accounts have received this limitation of scope of opinion on this matter since the first publication in the accounting year 2023-24.

  The C&AG modified their opinion because of the possible effect of not having evidence in respect of prior year balances (2024-25) and therefore the possible effect of this matter on the current period's figures and the comparability of the current period's figures. With no assurance on the opening position, the scope of audit opinion is limited in respect of in year transactions related to the Horizon Shortfall Scheme in 2025-26 and in respect of the Horizon Shortfall Scheme Provision at 31 March 2025 and the balances and in year transactions related to 2024-25.

Departments Newly Receiving Qualified Opinions on Accounts:

- ### Department for Culture, Media and Sport (DCMS) (laid 15th July 2026)

DCMS received a modified opinion on the group financial statements and a qualified opinion on regularity.

The C&AG was unable to obtain sufficient appropriate audit evidence regarding the portion of the overall gross pension assets, pensions liabilities and associated transactions held in the Local Government Pension Scheme (LGPS). This was due to the audit of the LGPS, by the pension fund auditors, not being completed at the date of approval of the financial statements and the Department deciding to proceed to certification for more timely reporting to Parliament. The C&AG relies on the work completed by the pension fund auditors and was not able to satisfy themselves of the valuation of the gross and net pension asset and liability at 31 March 2026 by using other audit procedures.

- Department for Energy Security and Net Zero (DESNZ) (laid 16th July 2026)

  DESNZ received a modified opinion on the group financial statements and a qualified opinion on regularity.

  The C&AG was unable to obtain sufficient appropriate audit evidence with regards to the transactions and balances managed by Liverpool Bay CCS Limited (Liverpool Bay). The Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2025 requires the department to consolidate Liverpool Bay as a subsidiary. The C&AG was unable to use the work of the external auditors of Liverpool Bay and unable to perform alternative procedures. There is a limitation on the scope of audit opinion on the group financial statements and on regularity in respect of Liverpool Bay's transactions and balances. The effect of this issue is considered potentially material to the department's group financial statements for 2025-26.

