

EXTERNAL AUDIT UPDATE: 2024/25 AUDIT PROGRESS

Committee name	Audit Committee
Officer reporting	Pete Carpenter, Director of Pensions, Treasury and Statutory Accounts
Papers with report	NIL.
Ward	All

HEADLINES

This report updates the Committee on progress with the 2024/25 audit process.

RECOMMENDATION:

That the Audit Committee:

- 1. Notes the progress on the Audit of the 2024/25 Accounts and the work being undertaken to cover previous years' External Audit recommendations.**

SUPPORTING INFORMATION

The Ministry of Housing, Communities and Local Government has announced measures to tackle the backlog of local government audits and have proposed backstop dates for the publication of audited accounts. These are set out in the following table:

2024/25: 27 February 2026
2025/26: 31 January 2027
2026/27: 30 November 2027
2027/28: 30 November 2028

The present position on Audits across England on the 20th October 2025 reported by Public Sector Audit Appointments (PSAA) is that of the 457 “opted in” bodies (excluding Pension Funds), only 6 Audits had been completed by the 30th September 2025.

A total of 216 disclaimed audit opinions were issued by auditors to local government bodies because of the “final” backstop date for the 2023/24 financial year. This is 47.1% of all local government Audits in England. It should be noted that as at the 30th September 2025 that there were still:

25 2023/24 Audits outstanding
6 2022/23 Audits outstanding
6 2021/22 Audits outstanding
6 2020/21 Audits outstanding
4 2019/20 Audits outstanding

Advice is that due to the number of years of “Disclaimer Opinions” the Council has, it is likely that due to a lack of assurance obtained from audit procedures there will be at least 2 further years of

disclaimer opinions before the Council returns to fully “clean” opinions.

Progress on the 2024/25 Audit Process

The Council published its draft Statement of Accounts for the year ended 31st March 2025 on 22nd September 2025.

The Public Inspection period started on the 23rd September 2025 and ran to the 3rd November 2025. In this period:

- Any person interested may inspect the accounts of the Council for the year ended 31st March 2025 and all related documents (comprising books, deeds, contracts, bills, vouchers and receipts) at the address given below. They may also make copies of the accounts and documents; for which the Council may make a charge for costs incurred.
- A local government elector for the area of the Council, or his/her representative, may question the Auditor about the accounting records of the Council.
- A local government elector for the area of the Council, or his/her representative, may raise an objection to the Council’s accounts.

In the inspection period, the Council has received queries from 4 residents. The Council has not been made aware from the External Auditors of any objections to the Council’s accounts.

The 2024/25 Audit is not initially looking to rebuild the Council’s position following two years of “Disclaimer Audits”. It will be very much transaction based to provide assurance on what happened during the 2024/25 financial year. External Auditors Ernst & Young (EY) did receive an updated auditing framework for 2024/25 from the Government which set out how they need to proceed in “rebuilding the Council’s position when they have Disclaimer Opinions”. However, this was received too late in the summer to reasonably be considered and then built into their audit approach for the current cycle.

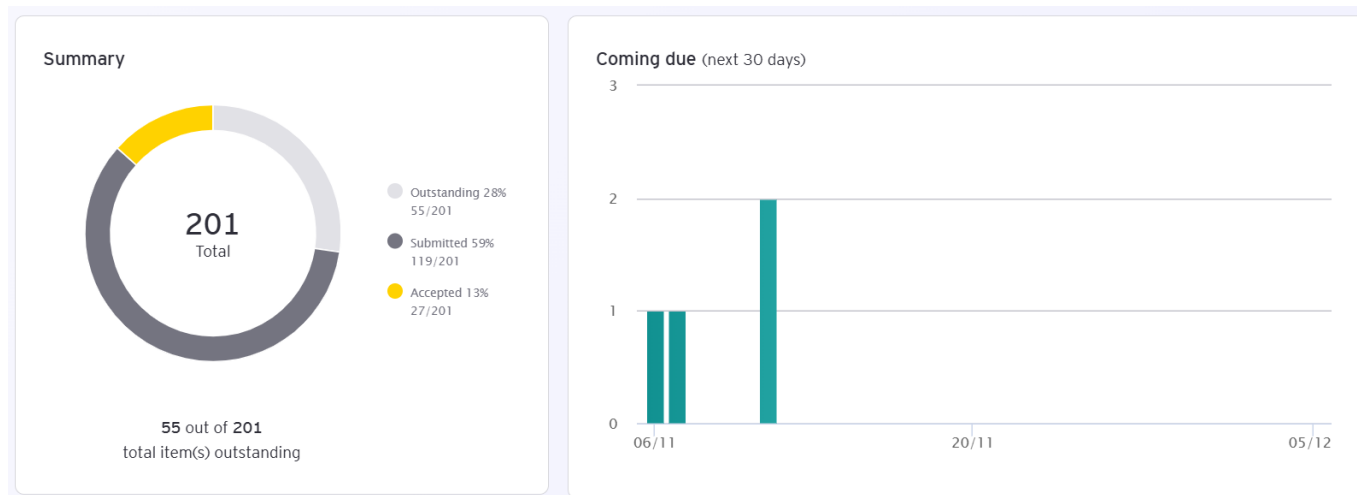
EY will provide a verbal update at the Committee meeting on this and the planning they have been undertaking for the 2024/25 audit.

As part of the 2024/25 Audit process, the Council is presently having bi-weekly meetings with the External Auditor to review progress. To ensure issues are resolved in a timely manner, the External Auditor was on site on the 4th November, and will be again on the 18th November and 2nd December. It is expected that face to face meetings will expedite issues in a more timely manner than MSTeams meetings (which will still continue).

As at the 5th November the Council is in the following position. 201 Audit queries had been issued to the Council by the External Auditors:

- 27 query responses have been accepted by EY (up from 21 last week).
- 119 query responses are with EY for review (up from 103 last week).
- 55 items are still to be returned by the Council (down from 66 last week).

This is 22 responses back to the External Auditors in that week.



55 items are still to be returned/have been reviewed and require further Information. Of this number:

- 28 items have either been updated since the accounts were submitted or are new submissions (many related to samples).
 - 5 were due before 23 October
 - 12 were due before 31 October
 - 7 were due before 5th November
 - 4 are not yet at their due date
- The remaining 27 queries relate to items that will be addressed following the delivery of samples for EY to test.
 - Of this amount 5 relate to the now closed systems audit items.

As set out above significant effort is being made to ensure audit samples which have been issued by the External Auditors over the past 2 weeks are returned. It is important as part of the Audit process that the Council has supplied the External Auditors with all requested samples and associated detail by the end of November.

As part of this audit query response process, and to ensure the Audit recommendation relating to “the capacity and skill mix within the Council’s finance team to ensure that the Council is able to support the production and audit of its financial statements”, a quality assurance process has been put in place to ensure papers are of a the required level when they are returned and ongoing conversations take place where there are issues with samples or timescales.

In addition, to supplement the closure process we have a team of three people, a GT lead & 2 from their vetted contractor panel (CFO Solutions), who have been seconded to the Council. These secondees will have two functions:

- To provide validation/help on working papers – especially quality assurance.
- Giving proactive support in respect of looking ahead to ensure the Council is addressing Audit and S24 Recommendations as well as making sure the Council is making progress on key Assurances. This will be moved forward by undertaking a 6 month review of all control accounts and building up a month end reconciliation control list (many are done at year end at the moment).

Other Audits

EY have notified the Council that they will not be able to deliver the 2024/25 Housing Benefit Assurance process. The Council will commission an alternate Auditor to undertake this.

FINANCIAL IMPLICATIONS

In September 2024 the PSAA launched a consultation on the fee scale for 2024/25 audits. Following consultation, PSAA has published the 2024/25 scale of audit fees for bodies that have opted into its national auditor appointment scheme. The fee scale is confirmed as a 9.5% increase on the 2023/24 scale fees to cover the additional audit work required under revised standards and a contractual inflationary increase payable to audit firms for 2024/25. The new audit work relates to revised auditing standard ISA (UK) 315 (risks of material misstatement) and linked work on ISA (UK) 240 (fraud). The fee values for 2024/25 are £433,673 for the Council audit and £92,572 for the Pension Fund. Oracle work is outside these fee rates.

EY have advised in February that there would be scale fee variations in respect of the 2023/24 audit. This has not yet been fully quantified.

The fees for Grant Thornton in respect of the Teachers' Pension and Pooling audits were within approved budget estimates.

LEGAL IMPLICATIONS

The Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to Public Sector Audit Appointments (PSAA) on a transitional basis under powers contained in the Local Audit and Accountability Act 2014.

BACKGROUND PAPERS

NIL.