

EXTERNAL AUDIT UPDATE

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Sue Emmons, Chief Accountant
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – External Auditors Annual Report (VfM) for the year ended 31 March 2025 Appendix 2 – External Auditors Annual Audit Findings Report (AFR) for the year ending 31 March 2025 Draft Appendix 3 – Letter of Representation Appendix 4 – 2024/25 Statement of Accounts (includes Annual governance Statement) - TO FOLLOW

Summary

This report presents the 2024/25 Statement of Accounts, Grant Thornton's Audit Findings Report, letter of representation and the Auditor's Annual Report following the external audit.

Recommendation (s)

The Committee is asked to:

- (1) Approve the Statement of Accounts for the year ended 31 March 2025;
- (2) Receive the Audit Findings Report for 2024/25;
- (3) Note the management action in response to the audit recommendations detailed on page 39 of the Audit Findings report;
- (4) Authorise and agree that the Chair or Vice Chair of Audit and Scrutiny Committee and the Director of Corporate Services and Section 151 Officer (Chief Finance Officer) sign the Statement of Accounts and Letter of Representation on behalf of the Council;
- (5) Nominate and authorise the Director of Corporate Services and Section 151 Officer (Chief Finance Officer), in consultation with the Chair or Vice Chair of Audit & Scrutiny Committee, to make any necessary further amendments to the 2024/25 Statement of Accounts;

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(6) Note the management actions in response to the recommendations in the Auditor's Annual Report (Value for Money).

1 Reason for Recommendation

- 1.1 The annual audit is an integral part of the controls in place for ensuring that the Council achieves its annual budgets and demonstrates good governance, financial sustainability and Value for Money being an effective Council.

2 Background

- 2.1 Grant Thornton (GT) are the Councils external auditors.
- 2.2 The Committee approved the 2024/25 external audit plan at its 17 July 2025 meeting.
- 2.3 The external audit is, in principle, complete, and the key findings are:
 - 2.3.1 The accounts give a true and fair view of the financial position of the group and of the Authority as at 31 March 2025 and have been properly prepared in accordance with CIPFA/LASAAC codes of practice and the requirements of the Local Audit and Accountability Act 2014.
 - 2.3.2 The auditors external Audit Findings Report (AFR) sets out the key findings and recommendations arising from the annual audit of the accounts to 31 March 2025.
 - 2.3.3 There are a number of recommendations arising from the auditors' judgement on Value for Money (VfM) and its audit in the AFR report and the Councils responses are set out in these reports.
 - 2.3.4 The annual accounts may be subject to some minor amendments on final proofing, and these will be made in agreement with Grant Thornton and the Director of Corporate Services and Section 151 Officer (Chief Finance Officer). If there are any material changes to the reports and accounts, they will be brought back to the Committee.
- 2.4 The draft AFR at appendix 2 sets out the key findings and other matters arising from the statutory audit of the accounts to 31 March 2025. Since this was produced in early January the majority of outstanding items have now been resolved and a verbal update will be provided at committee. The final AFR will be published on the Council's website.

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- 2.4.1 The audit noted a few areas where processes can be strengthened, mainly around the timeliness and consistency of information provided for property valuations, and a small number of minor accounting differences that management chose not to adjust because they were not material. These points did not affect the auditors' overall view but highlight opportunities to further streamline year-end procedures and enhance the accuracy of supporting data in future cycles.
- 2.4.2 As you will read from AFR subject to completion of a few outstanding items, the auditors anticipate issuing an unmodified (clean) opinion on the financial statements
- 2.4.3 While the VfM report is overall positive, it does highlight a few areas where the Council has opportunities to strengthen its arrangements further. In relation to financial sustainability the Council continues to face operational pressures, including rising homelessness demand and a small number of internal audit areas receiving Limited or No Assurance, which the organisation is already working to address.
- 2.4.4 The VfM report highlights several encouraging developments in the Council's governance and service delivery. Firstly, auditors confirmed no significant weaknesses in the Council's value-for-money arrangements across financial sustainability, governance and service effectiveness. Secondly, the Council has made meaningful improvements to transparency and governance, including more frequent engagement between senior officers and auditors, allowing the previous year's key governance weakness to be formally closed.
- 2.5 Finally, the Council has strengthened areas of operational efficiency, with internal audit work confirming substantial assurance in procurement processes following updates to the Procurement Strategy and Contract Standing Orders, ensuring compliance with the Procurement Act 2023 and improving contract over-sight.
- 2.6 The Accounts for the Council year ending 31 March 2025 are at appendix 4. There are no material matters to report and the accounts for the Council are up-to-date.
- 2.7 The Letter of Representation at appendix 3 sets out audit work and duties of Grant Thornton and information provided.

3 Risk Assessment

Legal or other duties

- 3.1 Equality Impact Assessment
 - 3.1.1 None arising from the contents of this report.

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3.2 Crime & Disorder

3.2.1 None arising from the contents of this report.

3.3 Safeguarding

3.3.1 None arising from the contents of this report.

3.4 Dependencies

3.4.1 None arising from the contents of this report.

3.5 Other

3.5.1 None arising from the contents of this report.

4 Financial Implications

4.1 The main audit fee for 2024/25, excluding costs of the separate Housing Benefit audit, is £183,172.

4.2 **Section 151 Officer's comments:** I can confirm that the 2024/25 Statement of Accounts has been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and the requirements of the Local Audit and Accountability Act 2014. The accounts present a true and fair view of the Council's financial position as at 31 March 2025.

4.3 We welcome GT's Audit Findings Report and the Auditor's Annual Report and note that no material adjustments were required to the financial statements. The recommendations arising from both the financial statements audit and the Value for Money assessment have been reviewed, and management actions have been identified to strengthen processes and governance arrangements. These actions are proportionate, achievable and will be monitored to ensure timely completion.

4.4 The Council continues to operate within a challenging financial environment. Nevertheless, the outcome of this year's audit provides assurance that the Council's financial management, governance, and internal controls remain robust, and that the organisation is focused on continuous improvement.

4.5 We support the recommendations set out in this report, including approval of the Statement of Accounts and agreement of the management actions in response to the audit recommendations.

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5 Legal Implications

- 5.1 The Local Audit and Accountability Act 2014 sets out the framework for audit of local authorities. Grant Thornton's work is undertaken in the context of the Statement of Responsibilities of Auditors and Audit Bodies issued by the Comptroller and Auditor General.
- 5.2 Under the Accounts and Audit Regulations 2025 the Council is required to publish its 2024/25 auditor's annual report by 27 February 2026.
- 5.3 **Legal Officer's comments:** None arising from the contents of this report.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged:
 - Effective Council.
- 6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 6.3 **Climate & Environmental Impact of recommendations:** No specific implications.
- 6.4 **Sustainability Policy & Community Safety Implications:** No specific implications.
- 6.5 **Partnerships:** No specific implications.
- 6.6 **Local Government Reorganisation Implications:** No specific implications.

7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

Previous reports:

- [External Audit Update – 2024-25 Audit Plan report to Audit & Scrutiny on 17 July 2026.](#)

Other papers:

- None.