AUDIT COMMITTEE

25 SEPTEMBER 2025

REPORT OF CORPORATE DIRECTOR FINANCE & IT

A.2 EXTERNAL AUDITOR'S INTERIM ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2025

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT
To present for consideration the External Auditor's Interim Annual Report for the year ended 31 March 2025.

BACKGROUND AND CURRENT POSITION

- During the year, a number of reports are issued by the Council's External Auditor as part of their work associated with the Statement of Accounts and review of the Council's arrangements to secure value for money.

- The first such report is their Audit Plan and Strategy that was presented to the Audit Committee in March 2025. The report set out the various elements of the work that the External Auditor plans on undertaking in respect of the year ending 31 March 2025 and included their value for money risk assessment / approach that was set against the following three key elements:

  1. Financial Sustainability
  2. Governance
  3. Improving economy, efficiency and effectiveness

- The External Auditors have broadly completed their work associated with their value for money review.

- Ordinarily this would be presented alongside the outcome of their work on the Council's Statement of Accounts within their final annual report for the year, but due to the back stop date arrangements introduced by the Government in response to the national recovery from the previous year's audit delays, they are now required to publish their value for money commentary for 2024/25 by 30 November this year.

- The External Auditor will continue their work associated with the wider Statement of Accounts review, with the aim of reporting their findings within a final annual report for the year by the back stop date for the publication of the audited accounts, which for 2024/25 is 27 February 2026.

- To meet the 30 November deadline associated with reporting value for money issues highlighted above, the External Auditor's have helpfully issued an interim Annual Report, which is attached and sets out the outcome of their work to date.

- The outcome is welcomed with no significant risks associated with the Council's value for money arrangements across the 3 key areas highlighted above.

- The External Auditor has revisited the recommendations they made last year within the attached interim report. The Council's planned responses have now either been put in place or remain on-going, which are reported separately to the Audit Committee as part of providing the necessary assurances.

- The External Auditors have made a recommendation within their report (page 15 of Attachment 1), which also includes a management response. In respect of the proposed management response set out, it is worth emphasising that there will a number of practical opportunities over the next couple of years to address the point raised as part of the planning and implementation phases associated with local Government Reorganisation, which will include activities such as contracts, procurement and performance.

- In addition to the above and following the Government's closure of OFLOG and seeking alternative ways to support improvement, they have recently announced the introduction of a Local Government Outcomes Framework, which provides a more focused approach, which in itself presents an alternative / complementary opportunity to respond to the recommendation made.

- As highlighted earlier and as set out within their attached report, the External Auditor is still undertaking the necessary activities associated with the Council's Statement of Accounts for 2024/25, with the outcomes planned to be presented to the Audit Committee in February 2026. Their on-going work may identify issues that impact on their current value for money commentary and if that is the case then an update will be reported within the External Auditor's final report for the year if necessary.

- The External Auditor have also taken the timely opportunity to provide an update on re-building back assurance relating to the recovery from the national external audit backlog. The External Auditor's associated report is attached, which broadly reflects information previously presented to the Audit Committee, with the Council continuing to be committed to supporting the process as necessary.

RECOMMENDATIONS

That in respect of the 2024/25 Statement of Accounts process, the Audit Committee considers and notes:

(a) The External Auditor's Interim Annual Report for the year ended 31 March 2025, and agrees to the management response to their recommendation set out on page 15 of the Attachment 1, along with the publication of the report as necessary; and

(b) the External Auditor's update attached concerning the rebuilding back of assurance associated with the Government's interventions in response to the national audit backlog.

REASON(S) FOR THE RECOMMENDATION(S)
To set out for consideration of the External Auditor's Interim Annual Audit Report for the year ended 31 March 2025.

ALTERNATIVE OPTIONS CONSIDERED
Not applicable.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES
Careful planning to ensure financial stability underpins the Council's capacity and ability to deliver against its objectives and priorities. The outturn position and associated Statement of Accounts that are prepared each year reflect this broad aim and supports the successful financial planning process which includes communicating and consulting with relevant stakeholders.
LEGAL REQUIREMENTS (including legislation & constitutional powers)
The Government has put arrangements in place to clear the backlog of outstanding historical audit opinions. These arrangements are referenced within the attached External Auditor's Reports which broadly reflect the detailed information previously presented to the Audit Committee. The attached Interim Report reflects the requirements of the Government's associated interventions and those set out within Accounts and Audit Regulations, which includes the requirement to publish value for money commentary for the year ended 31 March 2025 by 30 November 2025. The Audited Statement of Accounts for 2024/25 must be published by the backstop date of 27 February 2026.
FINANCE AND OTHER RESOURCE IMPLICATIONS
Finance and other resources There are no direct financial implications - the External Auditor's proposed fees are being supported by additional Government funding and will be kept under review as part of their on-going work and associated costs.

USE OF RESOURCES AND VALUE FOR MONEY	
The following are submitted in respect of the indicated use of resources and value for money indicators:	
A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Detailed commentary on these matters is set out within the attached External Auditor's Report.
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	

C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	

MILESTONES AND DELIVERY
The information and activities set out within this report enable the Council's External Auditor to present their value for money commentary for the year ended 31 March 2025.
ASSOCIATED RISKS AND MITIGATION
The preparation, reporting and publishing of the Statement of Accounts follows a prescribed programme with various milestones along the way. Against this backcloth, the production of the accounts is required to be completed to the necessary standards and deadlines with the aim of preventing any significant issues arising from the audit process. This is in addition to key elements of work that need to be undertaken on an iterative process each year alongside the annual review of the Council's Governance arrangements, to ensure that the Council can continue to deliver positive value for money outcomes.
OUTCOME OF CONSULTATION AND ENGAGEMENT
Not directly applicable.
EQUALITIES
There are no direct implications.
SOCIAL VALUE CONSIDERATIONS
There are no direct implications.
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2050
There are no direct implications.
OTHER RELEVANT IMPLICATIONS
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

Crime and Disorder	Not applicable
Health Inequalities	Not applicable
Area or Ward affected	Not applicable

ANY OTHER RELEVANT INFORMATION
There are no direct implications from this report. However in respect of equality and diversity, the Council ensures that the Statement of Accounts and associated governance reports are accessible to all by advertising their availability and publishing them electronically on the Council's website.

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.
Statement of Accounts 2023/24 and associated Planning, Annual and Year End Reports of the External Auditor – Item A.1 Audit Committee 13 February 2025. External Auditor's Audit Plan and Strategy for the Year Ending 31 March 2025 – Item A.5 Audit Committee 27 March 2025.
BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL
None

APPENDICES	
Attachment 1	External Auditor's Annual Report for the year ended 31 March 2025 – Interim Report
Attachment 2	External Auditor's Rebuilding Assurance Update (Year Ended 31 March 2025)

REPORT CONTACT OFFICER(S)	
Name	**Richard Barrett**
Job Title	**Corporate Director Finance & IT**
Email/Telephone	**rbarrett@tendringdc.gov.uk**