

East Herts Council Report

Audit and Governance Committee

Date of meeting: Tuesday 22 April 2025

Report by: Brian Moldon, Head of Finance S151 Officer

Report title: 'External auditors completion report for those charged with governance - 2021/22 & 2022/23

Ward(s) affected:

Summary – The external auditors, Ernst & Young (EY) will present their Audit Results Report for the 2021/22 and 2022/23 Statement of Accounts to the Committee setting out the results of their delayed audit. The report includes three Statutory Recommendations that will need to go to the Council under Schedule 7 of the Local Audit and Accountability Act 2014.

Within the report management have outlined the steps that will be taken to resolve these recommendations. Addressing these recommendations will re-affirm basis for sound financial management and effective governance within the Council.

This report presents the 2021/22 and 2022/23 Statement of Accounts to the Audit and Governance Committee for approval.

RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- a)** Receive and make any comments on the external auditor's Completion Report for 2021/22 and 2022/23.
- b)** Approve the 2021/22 and 2022/23 Statement of Accounts.

1.0 Proposal(s)

- 1.1 That Members review and comment on the external auditors Completion Report for 2021/22 and 2022/23.
- 1.2 The Statement of Accounts are attached as Appendix B for 2021/22 and Appendix C for 2022/23.

2.0 Background

- 2.1 Nationally there has been a significant backlog of outstanding audit opinions for English local authorities Statement of Accounts. For East Herts, all Statement of Accounts up to and including 2020/21 have been audited and published, leaving 2021/22, 2022/23 and 2023/24 audit outstanding.
- 2.2 The Government introduced legislation to bring the local authorities audits up to date and an initial backstop date of 13 December 2024 for all audits up to and including 2022/23. For 2023/24 audits backstop being 28 February 2025. This involves auditors are likely to issue 'disclaimed' audit opinions (no assurance) on many accounts.
- 2.3 This report is presented to the Audit and Governance Committee in its capacity as the body charged with Governance and is the designated committee to approve the Statement of Accounts. The Auditor's Completion reports produced by the Council's outgoing External Auditors, is shown at Appendix A.

3.0 Reason(s)

- 3.1 The external auditor is required by auditing standards to present the Committee with their Audit Completion Report. The external auditor is presenting their report on the Council's financial statements and provide a value for money conclusion.
- 3.2 The report anticipates issuing a disclaimed audit opinion for the financial years ending 31 March 2022 and 31 March 2023 due to the inability to meet the statutory backstop date of 13 December 2024.
- 3.3 The report highlights significant weaknesses in the Council's arrangements for the preparation and publication of financial statements. This includes delays in providing required information and inadequate quality of the information provided. The Council failed to publish draft financial statements within the regulatory timeframe for the years 2021/22 and 2022/23.
- 3.4 The report identifies risks of significant weaknesses related to governance and improving economy, efficiency, and effectiveness arrangements as part of the Value for Money audit undertaken. Specific recommendations include conducting a comprehensive review of the finance function

workflow, implementing a thorough review of the quality assurance process for draft accounts, and reassessing roles, responsibilities, and resource requirements for financial reporting.

- 3.5 Management responses to these recommendations are shown in the report on pages 71-74.

4.0 Options

- 4.1 Members can ask questions and make observations to the external auditor, but they cannot reject the Audit Result Report.

5.0 Risks

- 5.1 These are contained within the body of the main report.

6.0 Implications/Consultations

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

These are contained in the main body of the report.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

Statutory Recommendations under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 refer to formal advice issued by the External Auditor. These recommendations require the Council to discuss and respond publicly to the report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

- 7.1 Appendix A – Completion Report for Those Charged with Governance for years ended 31 March 2022 and 31 March 2023.
Appendix B – Statement of Accounts for 2021/22
Appendix C – Statement of Accounts for 2022/23

Contact Member

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