

# Report to the Audit & Governance Committee



Epping Forest  
District Council

**Report reference:** AGC-~~XXX~~-2024/25

**Date of meeting:** 27th February 2025

**Portfolio:** Finance & Economic Development

**Subject:** (Audited) Statement of Accounts 2023/24

**Responsible Officer:** Andrew Small (01992 564278)

**Democratic Services:** Laura Kirman (01992 564273)

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## Recommendations/Decisions Required

- (1) To consider the Ernst & Young (EY) (audit) Completion Report setting out the findings from their audit of the Statement of Accounts 2023/24 and providing their Audit Opinion (**Appendix A**); and
- (2) To approve the audited Statement of Accounts 2023/24 in the context of the EY audit report for the year ended 31st March 2024 presented elsewhere on this agenda (**Appendix B**).

## Executive Summary

The audit of the Council's Statement of Accounts 2023/24 has now concluded, and the findings of the external auditors are attached as an **Appendix A** to this report.

The auditors will present their findings to the Committee, as contained in their detailed conclusion presented as **Appendix A**, and subject to the Committee being satisfied, the Committee is asked to consider the Final Statement of Accounts at **Appendix B** and approve them.

The draft Statements for 2023/24 were published on 28th May 2024, ahead of the statutory publication deadline of 31st May 2024; this is a major achievement which compares favourably to the majority of councils nationally.

Following long delays (a widely reported national problem in the sector), the outstanding audits for 2021/22 and 2022/23 conducted by the Council's previous auditors (Deloitte) were eventually concluded, with unqualified audit opinions being issued on the final (audited) Statements on 2nd and 12th December 2024 respectively (in accordance with the statutory "backstop" deadline of 13th December 2024).

However, the relatively late issue of the opinions for 2021/22 and 2022/23, in the context of a statutory “backstop” deadline for the publication of audited financial statements for 2023/24 of 28th February 2025, has left insufficient time for the Council’s current auditors (Ernst & Young) to complete the detailed audit procedures required to issue an unqualified opinion; on that basis a “disclaimed” opinion is proposed for 2023/24, with the intent to rebuild the ‘assurance gap’ as part of the future audit process (in 2024/25 and beyond).

Furthermore, I wish to once again reassure the Committee that the Council has had a fully resourced professional Finance function in place since early 2022, which has enabled the improvement journey in financial reporting to continue, including the publication of the draft Statement of Accounts for 2022/23 and 2023/24 on 2nd June 2023 and 28th May 2024 respectively, as well as receiving unqualified opinions on all sets of Accounts up to, and including, 2022/23.

Epping Forest District Council is now in a minority of district councils nationally that is able to produce and publish its draft Statement of Accounts within tight statutory deadlines and, although regrettable (but due to factors beyond its control), it will also be in a minority of councils with just one disclaimed opinion; this will assist in the restoration of full audit assurance from 2024/25.

### **Reasons for Proposed Decision**

To ensure that the Committee maintains robust oversight of the Council’s duty to prepare annual financial statements that comply with proper accounting practice as defined by Section 21(2) of the Local Government Act 2003.

To ensure that an opinion is issued on the financial statements by 28th February 2025 in accordance with Statutory Instrument 2024/907 “The Accounts and Audit (Amendment) Regulations 2024 (“SI 2024/907”).

### **Legal and Governance Implications**

The local government financial reporting and audit regime exists within in a tightly regulated framework.

For the accounting period 2023/24, this included the:

- Local Government Act 1972 (Section 151)
- Local Government Act 2003 (Section 21(2))
- Local Audit and Accountability Act 2014 (various); and
- Accounts and Audit (Coronavirus) Amendment Regulations 2020; and
- Statutory Instrument 2024/907 “The Accounts and Audit (Amendment) Regulations 2024 (“SI 2024/907”).

### **Safer, Cleaner and Greener (SCG) Implications**

None.

## **Background Papers**

Epping Forest District Council "*Statement of Accounts 2023/24*" (draft) published 28th May 2024.

CIPFA/LASAAC "*Code of Practice on Local Authority Accounting in the United Kingdom 2022/23*" (Guidance Notes).

## **Risk Management**

There are a range of risks associated with local authority accounting and audit ranging from reputational damage to the Council through to the loss of public funds through fraud and error and a lack of accountability; the accounting and audit regime acts as a key mitigating control.