



AUDIT COMMITTEE

24th February 2026

Subject Heading:

Statements of Accounts 2024/25 and External Audit Reports to those charged with Governance

ELT Lead:

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Report Author and contact details:

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Policy context:

The Council is required to produce an Annual Statement of Accounts in line with the Accounts and Audit Regulations. The Audit Committee is responsible for approving the accounts

Financial summary:

There are no financial implications arising directly from this report

The subject matter of this report deals with the following Council Objectives

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|---|-----|
| People - Supporting our residents to stay safe and well | [] |
| Place - A great place to live, work and enjoy | [] |
| Resources - Enabling a resident-focused and resilient Council | [X] |

SUMMARY

This report presents the external auditor's reports on the 2024/25 Statement of Accounts for review, together with the 2024/25 Financial Statements for approval.

RECOMMENDATIONS

The Committee is asked to:

1. **Note** the Audit Results Report for the Authority and the disclaimer of audit opinion in relation to the financial year 2024/25, detailed at Appendix A.
2. **Note** the Audit Results Report for the Pension Fund and the unmodified opinion for 2024/25, detailed at Appendix B.
3. **Approve** the Statement of Accounts for the financial year ended 31st March 2025 and to delegate authority to the Section 151 Officer and the Chair of the Audit Committee to sign the Accounts on behalf of the Council following any further audit adjustments that might be required before release of the audit opinion (Appendix C).
4. **Approve** the draft Letters of Representations for Havering Council and Havering Pension Fund and delegate authority to the Section 151 Officer and Chair of the Audit Committee to update and sign on behalf of the Council once the audit opinions are provided (Appendix D and Appendix E).
5. **Approve** the 2024/25 Annual Governance Statement, signed by the Leader and the Chief Executive, confirming the governance arrangements that were in place during the year (Appendix F).

REPORT DETAIL

1. Introduction

- 1.1. The Council is required to prepare annual financial accounts covering the period from 1 April to 31 March, in compliance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2. The Accounts and Audit (Amendment) Regulations 2024 amended the deadline for English local authorities to publish unaudited (draft) accounts, changing it from 31 May to 30 June for the financial years 2024/25 through to 2027/28.
- 1.3. The 2024 regulations require local authorities to approve and publish their audited financial statements by a legislative 'backstop' date. For the financial year to 31st March 2025 the backstop date is 27 February 2026.

- 1.4. Regulation 9(2) of the Accounts and Audit Regulations 2015 requires members to approve the Statement of Accounts that is to be published, either by meeting as full council or through a committee.
- 1.5. Following approval of the Statement of Accounts by members, regulation 10 sets out the requirements for publication of an authority's accountability statements. These comprise of the Statement of Accounts together with the opinion and any certificate, the Annual Governance Statement approved by members and the Narrative Statement.

2. Audit Delays and Recovery

- 2.1. The timely publication of local government accounts has faced significant delays in recent years. To tackle the backlog of outstanding local government external audits, Government implemented a series of back-stop dates after which auditors would no longer examine accounts for overdue periods. If audits cannot be completed by these backstop dates, the auditor will typically issue a disclaimer of opinion on the accounts.
- 2.2. As previously reported to the committee, the Council received disclaimed audit opinions in 2021/22, 2022/23 and 2023/24. It will take several years to rebuild the audit assurances required to return to an unqualified opinion. The table below shows the different audit opinions and gives a summary of each.

Audit Opinion	Description
Unmodified	Unqualified. This is the best audit outcome and means the auditor has obtained enough evidence to support a view that the accounts are materially accurate and fairly represent the financial position
Qualified	The auditor has material concerns due to a lack of evidence or evidence that suggests an error however, the error is not widespread. An 'except for' opinion
Disclaimer	This means the auditor is unable to form an opinion due to insufficient evidence and the impact may be both material and widespread
Adverse	The worst-case scenario in that the auditor has evidence to suggest material misstatements that undermine the reliability of the accounts as a whole

3. Statement of Accounts 2024/25

- 3.1. The Council published its draft 2024/25 Accounts on 30 June 2025, thereby adhering to the statutory deadline. Following publication and in accordance with the regulations, the accounts and supporting documentation were made available for public inspection from 1 July to 11 August 2025 and the relevant statutory public notice was published on the Council's website. There were no objections raised during the inspection period.

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- 3.2. The audit of the Council's accounts by Ernst & Young LLP (EY) commenced in September, in line with the audit plan presented to the committee on 8 July 2025. The Audit Results Report (ARR), attached at Appendix A, details the findings of the audit and sets out the adjustments made to the accounts since they were published in draft in June 2025.
- 3.3. The key audit adjustments are:
- The correction of understated in-year depreciation (£2.3m)
 - Reclassification between debtors and creditors (£3.5m)
 - NNDR income reclassification within the CIES (£3.5m)
 - Netting down of internal recharges in the CIES (£15.4m)
- 3.4. Unfortunately, due to the lack of assurance over the opening balances from previous years' disclaimed opinions, and despite every effort being made by both the Council and the auditor team, it has not been possible to complete the audit of the Council's accounts before the backstop date of 27 February 2026.
- 3.5. As there are still a number of areas where the auditor has not been able to gain full assurance, EY are expected to issue a disclaimed audit opinion for the 2024/25 financial year. It is likely that a disclaimed opinion will also be issued for 2025/26. The authority will work closely with its external auditor to develop a realistic and achievable recovery plan as part of future audit cycles.
- 3.6. The Strategic Director for Resources (section 151 officer) is satisfied that the accounts represent a 'true and fair' view of the financial position of the authority at 31 March 2025.
- 3.7. Should any further audit adjustments be required prior to the audit opinion, approval will be sought from the Section 151 Officer in consultation with the Chair of the Committee.

4. Pension Fund Accounts 2024/25

- 4.1. The audit of the Pension Fund Accounts for the 2024/25 financial year commenced in June and is substantially complete. The audited Pension Fund Accounts are included within the Financial Statements, Appendix C.
- 4.2. The draft Audit Results Report for the Pension Fund can be found at Appendix B and the Auditor will present their findings and update the Committee on any matters that may have arisen since the conclusion of the audit.
- 4.3. The auditor, subject to final completion procedures, expects to issue an unqualified opinion on the 2024/25 Pension Fund Accounts.

5. Letters of Representations

- 5.1. Upon completion of the audit, it is a requirement of International Auditing Standards for the auditor to request a letter from the Council that sets out management representations, both for the main accounts and for the Pension Fund.
- 5.2. Copies of the draft letters are attached at Appendices D and E. These will be completed and signed, on behalf of the authority, by the Council's Section 151 Officer and the Chair of the Audit Committee on 26 February 2026. Upon receipt of the signed letters the auditor will be able to formally issue the audit opinions, which they aim to do on 26 February 2026.

6. Value for Money Assessment

- 6.1. The auditor identified three significant risks and has concluded that one of those risks represents a significant weakness in arrangements. This will be reported by exception in their Audit Report.
- 6.2. The external auditor's assessment of the Council's value for money (VfM) arrangements for the period 1 April 2024 to 31 March 2025 is included in the ARR, Appendix A, along with a number of recommendations relating to financial controls.

7. Annual Governance Statements

- 7.1. The Annual Governance Statement (AGS) 2024/25 is attached at Appendix F. A draft was presented to the committee on 17 April 2025 and approved by the Leader and Chief Executive of the Council on 31 July 2025.
- 7.2. Under the Accounts and Audit Regulations, publication of the annual governance statement follows the same timetable as the financial statements and the committee are asked to approve the AGS in accordance with the regulations.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no direct financial implications arising from this report.

Legal implications and risks:

There are no legal implications arising from this report other than those referenced within the body of the report.

Human Resources implications and risks:

There are no direct human resources implications in this report.

Equalities implications and risks:

There are no direct equalities implications in this report.

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

(i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

(ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

(iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS
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None arising directly from this report.

Appendices:

Appendix A – Draft Council Audit Results Report 2024/25

Appendix B – Draft Pension Fund Audit Results Report 2024/25

Appendix C – Statement of Accounts for the financial year ended 31st March 2025

Appendix D – Draft Letter of Representations for Havering Council, 2024/25

Appendix E – Draft Letter of Representations for Havering Pension Fund, 2024/25

Appendix F – Annual Governance Statement 2024/25