

# Management Responses to Audit Results Report 2024/25

# Appendix C

We have noted the best practice improvements suggested by EY, but we challenge several of the issues raised by EY and these are included in the table below.		
Issue raised	Response	Responsible person
Late publication of draft statement of accounts	<p>For reasons well documented and considered at Audit Committee previously, the consolidation of Lion Homes delayed the publication of the statement of accounts 2024/25.</p> <p>The Council has a strong record of financial governance and publishing its accounts on time. This was a one-off event. Single entity accounts were produced on time.</p> <p><b>Action:</b> Detailed closedown table and detailed task list already in place for 25/26 Closedown processes and timetable have been reviewed. 2024-25 lessons learned considered</p> <p><b>Key – EY were kept informed of progress throughout the preparation of the draft accounts and the impact of Lion Homes accounts.</b></p>	Director Finance S151
Standard of working papers	<p>The Council has a strong record of financial reporting and its provision of working papers. We have not had any previous criticism of our previous years working papers and we have previously been commended for their transparency and good practice.</p> <p>The Council is happy to explore further improvements to the working papers in partnership with evidential examples provided by EY.</p> <p><b>Action:</b> Records have been kept of all audit requests and responses. NCC to meet EY and record all areas where working papers require changes and ensure that these are delivered in a timely manner. EY/NCC Audit Training session set up for 18<sup>th</sup> March 2026.</p> <p><b>Key - EY ambiguity regarding what improvements they require to working papers.</b></p>	Director Finance S151
Quality review of information/checks provided		

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<p>Timeliness of response to audit queries</p> <p>Identify correct member of staff to address audit query</p>	<p>The Council has a strong record of financial reporting and its provision of timely working papers. Ambiguity of audit requests from EY led to several responses being submitted and returned without resolution. This led to delays on both sides of the audit. Timeliness issues were not proactively managed by EY until the final month of the audit. EY used a mix of Portal requests and emails for hundreds of audit enquiries.</p> <p>The Council is happy to explore further improvements to the timetable in partnership with evidential examples provided by EY.</p> <p><b>Action:</b> EY to keep and share an updated timetable and progress plan – it was not clearly communicated that the audit was behind schedule.</p> <p><b>Key – a shared understanding of the timetable and slippage managed on an ongoing basis. A need to have a consistent EY Team for the duration of the audit</b></p>	<p>Director Finance S151</p>
<p>Company governance <b>(Generic subsidiary actions)</b></p> <p>Company governance <b>(Subsidiary specific actions)</b></p>	<p>The Council has a strong record of financial reporting and its provision of timely consolidated accounts.</p> <p>The governance issues raised in the Audit Results Report reflect a legacy situation that has now been resolved. The statement of accounts reflects the correct position for all current subsidiaries.</p> <p><b>Action:</b> The Council will action the audit recommendation to update the constitution. Shareholder panel terms of reference have been revised and updated. Shareholder panels are meeting on a regular basis. Governance lessons learnt to date have been applied to the incorporation of any new entities (e.g. ensuring articles of association and shareholder agreements have been drafted by specialist legal advisors).</p>	<p>Director Finance S151 and Head of Legal and Governance</p>

### **Reason for backstop date not being achieved:**

The draft Audit Results Report was received in November 2025, this short document did not highlight the level of concerns that later came to light until late January 2026.

The final draft Audit Results Report was received from EY on the 10<sup>th</sup> of February, this contained several items that NCC did not agree with. Examples of this were IFRS16 and the Pension asset ceiling notes.

On challenge, EY removed some of the items and their comments and reissued an updated version on the evening of the 17<sup>th</sup> of February 2026.

The publication deadline for the 23<sup>rd</sup> of February 2026 Audit Committee meeting was Friday 13<sup>th</sup> February. It was deemed unacceptable to publish the ARR with the limited amount of time available for the internal review process applied to all committee reports.