ITEM 6: ANNUAL EXTERNAL AUDIT PLAN 24/25 – ADDENDUM
APPENDIX B, PART 2

Question No.	**Question**	**Officer Response**
Supplementary Questions from Cllr Packer		
1)	How often were 'audit of finances' [or equivalent] and 'risk register' scheduled as agenda items at shareholder panel meetings during each financial year? If they weren't scheduled for specific recurring meetings, please detail at which panel meetings in 23/24, 24/25 and 25/26 they were discussed.	This information is currently being collated and will form part of the lessons learned report and will be shared with members in due course.
2)	LH paid for finance support from NCC for which I'm assuming there was a contract/SLA, can the contract/SLA please be provided including what was covered as part of the agreement.	Summary of financial services provided by the Council to Lion Homes under a Service Level Agreement (SLA) included: - Strategic financial advice, - Management Accounting, - Budget Setting, - Financial Accounting, - Treasury Management - Bookkeeping and financial administration. Key Performance Indicators (KPI's) in the SLA relate to: - Invoice Processing (5 Days) - Average debtor days (45 Days) - Monthly reports prepared by 15th working day after month end The SLA was resourced via a companies team within the Council's finance department. Resourcing was based on a proportion of the teams time allocated to support Lion Homes which consisted of a Finance Business Partner, two Service Accountants and a Finance Control Officer. The SLA did not include any support from senior finance managers.
3)		

<table>
<tr><td></td><td>Was the contract/SLA and any KPIs regularly reviewed by the shareholder panel? Please can relevant documentation be provided.</td><td>This information is currently being collated and will form part of the lessons learned report and will be shared with members in due course</td></tr>
<tr><td colspan="3">Questions from the Independent Person (for responses in italics the external auditor has invited the Council to respond).</td></tr>
<tr><td>1)</td><td>The May 2025 audit committee received the Annual External Audit Plan 2024/25. The plan was not discussed by the committee due to its meeting over running the three hour time limit. The recommendations in the report were accepted. Apart from the reference to your inability to obtain assurance over the group statements, due to Lion Homes auditors not reporting to you, there was no other statement that highlighted any concerns you may have had about Lion Homes. When did you first become aware of the financial sustainability risk that you have noted on page 7 of your report to the September audit committee? (Page 55 of the full agenda).</td><td>Weaknesses concerning financial reporting for Lion Homes included in the 2023/24 Audit Results Report Feb 2025:
Exec Summary, section 02, and Appendix A reported that we have not received the Lion Homes (Norwich) Ltd subsidiary auditors group reporting pack as they have not concluded their work on the subsidiary’s financial statements and therefore, we are unable to gain assurance over the group financial statements.
Further information to explain the ongoing considerations for Lion Homes were provided in May 2025.</td></tr>
<tr><td>2)</td><td>Have you received the Lions Home financial statements for 2023/24?</td><td>Audited financial statements, with supporting Auditor assurance pack was not received during the 2023/24 audit.</td></tr>
<tr><td>3)</td><td>When were they received by you?</td><td>Draft financial statements for Lion Homes received during the 2023/24 financial statements audit.

Audited financial statements, with supporting Auditor assurance pack was not received during the 2023/24 audit.</td></tr>
<tr><td>4)</td><td>When did you first become aware of the material errors in the Council’s 2023/24 financial information? (Also referenced on page 7 of your report to the September audit committee).</td><td>May 2025</td></tr>
<tr><td>5)</td><td></td><td></td></tr>
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	How were those errors identified and who by?	*The error was identified by the Lion Homes external auditor during the audit.*
6)	How likely is it that the material errors that have now been identified in the Council's 2023/24 financial statements, once corrected, lead to the qualification of the Council's 2024/25 financial statements or an adverse VFM statement?	A correctly accounted prior period adjustment, on its own, would not impact the Auditors Report on the financial statements. It does impact the auditors risk assessment and judgement concerning the likelihood of material error in the financial statements.
7)	Your audit results report for 2023/24 was presented to the audit committee in February 2025. In that report on page 27, within the VFM commentary, you've written that "The Council has two wholly owned subsidiaries, Lion Homes (Norwich) Ltd and Norwich City Services Ltd. Business plans for both are approv[ed] by the Cabinet following a review by the Council's scrutiny committee. The subsidiaries are governed by individual boards who meet each quarter with a shareholder panel of Council members and officers to review performance and outcomes." How frequently did the Lion Homes shareholder panel meet in 2023/24?	*Details of attendees at Shareholder Panel will form part of the lessons learned report and will be shared with members in due course.*
8)	Did the fact that your audit of the 2023/24 financial statements was curtailed by the introduction of the 28 February 2025 back stop date by the Government, hinder you in identifying any issues with the Lion Homes 2023/24 financial statements?	No. The lack of an assurance reporting pack from the component auditor to Lion Homes, meant we could not conclude our work on Group Accounting by the backstop date. Weaknesses concerning the financial reporting of Lion Homes were identified and reported in the 2023/24 Audit Results Report ahead of our audit opinion being issued on the 25/02/2025.

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