

Appendix D

Extract - Norwich City Council Annual Governance Statement 2024-25 (Pages 14 to 15) – Addendum to include the Council response to the EY Audit Results Report.

External Audit

The Council's external auditors are responsible for reviewing the Council's statement of accounts and providing a value for money opinion on the Council and the Council's Housing Benefit Subsidy Claim. The external auditors operate to an agreed work programme that is reviewed by the Council's Audit Committee.

The external auditors have concluded their outstanding work on the 2021/22 and 2022/23 accounts. The statement of accounts for 2021/22 and 2022/23 were approved on 13th December 2024 in-line with the Government regulations to address the audit backlog.

The 2023/24 statement of accounts were approved on 28th February 2025 in-line with the Government 'back-stop' date set out in regulations to address the audit backlog.

The 2024/25 audit including value for money is underway and will report their opinion in February 2026 in-line with the Government 'backstop' date.

The changes to the auditing process and the inclusion of 'backstop' dates will see a return to the practice of annual audits and opinions. This had been on hold in recent years because of a national market failure that has been the subject of intensive discussions and planning by the Government in conjunction with professional and sector stakeholders including the Local Government Association (LGA) and Financial Reporting Council (FRC) and the Chartered Institute of Public Finance & Accountancy (CIPFA) and National Audit Office (NAO) amongst others.

The External Auditor has shared their draft 2024-25 Audit Results Report (ARR). The ARR includes two Value for Money risks of significant weaknesses and the findings and recommendation have been included in the AGS for completeness as follows:

1) Finding: Arrangements over solely owned subsidiary companies.

Recommendation: The Council should update its constitution to make provision for effective governance and management of any companies in which it has an interest, to provide comprehensive oversight of governance guidelines for all subsidiaries and explicitly reference where these policies can be found.

Council Response: On the 20th January 2026 Audit Committee received a confidential briefing on these matters to provide assurance that the Governance issues identified would be addressed as part of a lessons learned report.

2) Finding: Timely financial reporting

Recommendation: To meet its objectives and the requirements of the Audit and Accounts Regulations the Council needs to:

- continue to re-assess roles, responsibilities and resource requirements for financial reporting; and
- take action to ensure that sufficient and appropriate audit evidence is available in relation to transactions in the financial statements.

Council Response: The Council has worked closely with EY throughout the 2024-25 audit. Where improvements have been identified with closedown processes, the Finance Team will continue to work with the auditor as required.