

OPEN

## **Audit and Governance Committee**

**29 September 2025**

### **Provisional Audit Planning Report (Update) of Ernst & Young LLP - 2024/25**

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**Report of: Ashley Hughes, Executive Director of Resources  
(Section 151 Officer)**

**Report Reference No: AG/23/25-26**

**Ward(s) Affected: All**

#### **Purpose of Report**

- 1 The purpose of this report is to provide the Audit and Governance Committee with an updated provisional audit planning report by Ernst & Young LLP (EY) which aims to provide the Committee with a basis to review the proposed audit approach and the scope for the 2024/25 audit.
- 2 The report is provided for the Committee's responsibilities in ensuring assurance over both the quality of the draft financial statements and the Council's wider arrangements to support a timely and effective audit.

#### **Executive Summary**

- 3 In May 2025, EY - the Council's external auditor, reported the Provisional Audit Planning Report to the Audit and Governance Committee setting out the 2024/25 audit strategy set against the context of timely and high-quality financial reporting and audits being essential for effective decision-making, transparency, and accountability in local bodies. (Link to Report: [Provisional Audit Planning Report 2024/25 - Audit & Governance Cttee 29052025](#) and appendix: [Appendix A - CEC Audit Planning Report 2024-25.pdf](#))
- 4 The updated Provisional Audit Planning Report, see Appendix A, received 12 Sept 2025, sets out a revised timeline (See Appendix A – page 37) showing the key stages of the audit and the deliverables. The main change being that the substantive testing work will now take place in the period November to February, with a pause between 12

December 2025 and 5 January 2026 instead of September – November and indicates that the backstop date for local government audits, meaning the latest date an auditor can issue a disclaimed or modified opinion for the 2024/25 financial year, is 27 February 2026.

- 5 Due to the change in the testing period there is a potential risk that not all of the testing work will be completed in the timeframe. Some interim work has been undertaken in August/September and further interim preparation work will continue subject to resource availability in EY and the Finance team ahead of the agreed November testing/audit fieldwork period.
- 6 As detailed in EY's Interim Audit Results Report presented to the Audit and Governance Committee on 20/02/2025, EY anticipate issuing a disclaimed audit opinion on the Council's 2023/24 financial statements.
- 7 The Planning Report sets out EY's approach to the 2024/25 audit, as a result of the implications of a disclaimed audit. In addition, EY highlight that they expect to again issue a disclaimed audit opinion in 2024/25 having not gained assurance over the closing balances in 2023/24.
- 8 The Council's Section 151 Officer is responsible for preparing the financial statements in accordance with proper practices and confirming they give a true and fair view at the 31 March 2025.
- 9 To complete the audit in a timely and efficient manner, it is essential that the financial statements are supported by high-quality working papers and audit evidence, and that Council resources are available to support the audit process within agreed deadlines. Where these conditions are not met, EY will report back to the Committee.
- 10 As the Council's appointed auditors, representatives of EY will attend the Committee to present their report on the Audit Plan directly to Members.

## **RECOMMENDATIONS**

The Audit and Governance Committee is recommended to:

1. Note the updated Provisional Audit Planning report by Ernst & Young (LLP) for 2024/25 and that following completion of their planning procedures, EY will update the Committee on any changes in identified audit risks.

## **Background**

### **Audit of Accounts**

- 11 The auditors are responsible for giving an opinion on:
- (a) Whether the accounts give a true and fair view of the financial position of the Council and the Group as at 31st March 2025 and of the Council's and the Group's expenditure and income for the years then ended;
  - (b) Whether they have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25;
  - (c) Whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

### **Provisional Planning Report 2024/25 - update**

- 12 The updated EY report at Appendix A is substantially the same as the report to the Audit & Governance Committee in May 2025 – See link in Paragraph 3).
- 13 This report sets out a revised timeline (See Appendix A – page 37) showing the key stages of the audit and the deliverables. The main change being that the substantive testing work will now take place in the period November to February, with a pause between 12 December 2025 and 5 January 2026 instead of September – November and indicates that the backstop date for local government audits, meaning the latest date an auditor can issue a disclaimed or modified opinion for the 2024/25 financial year, is 27 February 2026.
- 14 As detailed in EY's Interim Audit Results Report presented to the Audit and Governance Committee on 24/02/2025, EY anticipate issuing a disclaimed audit opinion on the Council's 2023/24 financial statements.
- 15 Having not gained assurance over the closing balances in 2023/24, EY report that they do not have assurance over the opening balances for 2024/25. Hence, this means EY do not have assurance over in-year movements and some closing balances for 2024/25.
- 16 As reported in February to the Committee, the implications of receiving a disclaimed audit in one year means that it is unlikely that the external auditor will have sufficient evidence to gain reasonable assurance over all closing balances for 2024/25 and therefore EY indicate that they expect to again issue a disclaimed audit opinion in 2024/25.
- 17 As per the previous report, this update further sets out the following:
- Audit risks and areas of focus

- Group and Council Materiality levels for Planning, Performance (testing) and Audit differences reported upon.
- Value for money
- Timeline (updated) and Audit team
- Group Audit Scope

18 As the Council's appointed auditors, representatives of EY will attend the Committee to present their report on the Audit Plan directly to Members.

## **Consultation and Engagement**

19 In accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements, EY is required to report to those charged with governance, the audit approach and scope for the 2024/25 audit.

## **Reasons for Recommendations**

20 The appointed auditors are required to report to those charged with governance. The Audit Planning Report sets out the proposed audit approach and the scope for the 2024/25 audit for the Committee to ensure assurance over both the quality of the draft financial statements and the Council's wider arrangements to support a timely and effective audit.

## **Other Options Considered**

21 Not applicable.

## **Implications and Comments**

### *Monitoring Officer/Legal*

22 The remit of the Committee includes the subject matter of the report.

23 There are no legal implications identified.

### *Section 151 Officer/Finance*

24 As covered in the report.

### *Human Resources*

25 There are no human resources implications identified.

### *Risk Management*

- 26 The audit plan is prepared in accordance with International Standards of Auditing (UK) and means the auditors focus on audit risks that have been assessed as resulting in a higher risk of material misstatement.

### *Impact on other Committees*

- 27 There are no other Community implications.

### *Policy*

- 28 There are no policy implications identified.

### *Equality, Diversity and Inclusion*

- 29 There are no equality implications identified.

### *Consultation*

<b>Name of Consultee</b>	<b>Post held</b>	<b>Date sent</b>	<b>Date returned</b>
Statutory Officer (or deputy):			
Ashley Hughes	Executive Director of Resources (S151)	15/09/2025	15/09/2025
Kevin O'Keefe	Monitoring Officer	15/09/2025	15/09/2025
Legal and Finance			
Chris Benham	Director of Finance	15/09/2025	15/09/2025
Julie Gregory	Head of Legal	15/09/2025	16/09/2025

<b>Access to Information</b>	
Contact Officer:	Ashley Hughes Executive Director of Resources (S151) <a href="mailto:Ashley.hughes@cheshireeast.gov.uk">Ashley.hughes@cheshireeast.gov.uk</a> 01270 685593
Appendices:	Appendix A – CEC 225UK Audit Planning Report 29092025
Background Papers:	None.