

OPEN

Audit and Governance Committee

29 September 2025

Statement of Accounts Update 23/24

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

Report Reference No: AG/32/25-26

Ward(s) Affected: (All Wards)

For Decision

Purpose of Report

- 1 The purpose of this report is to provide an update on the finalisation of the 2023/24 Statement of Accounts (SoA) and to note that Ernst & Young LLP (EY) intend to finalise their 2023/24 Audit Completion Report and will update the Committee verbally at the meeting on the 29 September 2025.
- 2 The report is provided for the Committee's responsibilities in reviewing and approving the annual SoA and considering the external auditors report to those charged with governance on issues arising from the audit of accounts.

Executive Summary

- 3 The Audit & Governance Committee received a report on the 2023/24 Statement of Accounts on the 24 February 2025 which provided the following (See also Link: Item 59. Agenda for Audit and Governance Committee on Monday, 24th February, 2025, 10.00 am | Cheshire East Council):
 - latest set of draft Accounts 2023/24 (as at February 2025),
 - an update on the 2023/24 Audit, and
 - the 2023/24 Interim Audit Report of EY

- 4 The February 2025 report highlighted that Ernst & Young LLP (EY) had accepted four objections from a local elector on the 2023/24 financial statements and until these objections have been considered, EY would not be in a position to issue their proposed disclaimed audit opinion.
- 5 It was reported that once the necessary audit work in relation to the objections to the accounts were complete, that EY would be in a position to issue a disclaimed audit opinion. Representatives from EY are reporting verbally to the Committee on the 29 September on their finalisation of the objections and on the finalisation of the Statement of Accounts for 2023/24.
- 6 In finalising their audit work on the SoA, EY have requested that the Council include an additional disclosure on going concern in the final 2023/24 version of the SoA in recognition of the challenging landscape within which Cheshire East Council and other local authorities find themselves.
- 7 Aside from the addition of the going concern disclosure, it is understood that there are no other changes to the SoA proposed. The proposed Going Concern Statement to be included in the Final SoA is attached at Appendix A.
- 8 A copy of the latest full SoA 2023/24, including the going concern disclosure, is available on the Members Hub and will be published on the Council's website as part of the 2023/24 audited Accountability Statements once the final audit opinion and Audit Completion Report is received.
- 9 The previous 2023/24 Draft Financial Statements were signed by Adele Taylor, former S151 Officer in February 2025. Due to the request to amend the SoA to include the going concern disclosure, the updated SoA will now need to be signed by Ashley Hedges, Executive Director of Resources (S151 Officer).
- 10 It is understood that EY do not envisage making any significant changes to their previously reported Interim Audit Report, nor their proposed "disclaimed" audit opinion, however a verbal update will be provided to the Committee on the 29 September 2025 by EY
- 11 Once EY have issued their Audit Report and opinion, the SoA and the Annual Governance Statements for 2023/24 will be signed and published at the earliest opportunity.

RECOMMENDATIONS

The Audit and Governance Committee is recommended to:

1. Note the Going Concern disclosure (Appendix A) that has been included in the latest Statement of Accounts for 2023/24 (on the Members Hub for information).
2. Delegate to the Executive Director of Resources (S151 Officer), Ashley Hughes to:
 - a) Sign off the Statement of Accounts for 2023/24, once the audit has concluded, and
 - b) Notify Committee Members of the final signed Accounts being published on the Council's website.

Background

- 12 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 2024 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 2023/24;
 - (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.
- 13 The Audit & Governance Committee received a report on the 2023/24 Statement of Accounts on the 24 February 2025 (See Link: Item 59. Appendix B. Agenda for Audit and Governance Committee on Monday, 24th February, 2025, 10.00 am | Cheshire East Council).
- 14 The February 2025 report highlighted that Ernst & Young LLP (EY) had accepted four objections from a local elector on the 2023/24 financial statements and until these objections have been considered, EY will not be in a position to issue their proposed disclaimed audit opinion.
- 15 It is understood that once the necessary audit work in relation to the objection to the accounts is completed, that EY will be in a position to issue a disclaimed audit opinion. Officers have supported EY's enquiries in relation to the objection to the accounts and EY have subsequently updated the Audit & Governance Committee verbally on

the progress against the objections. Representatives from EY are reporting verbally to the Committee on the 29 September on their finalisation of the objections and on the finalisation of the Statement of Accounts for 2023/24.

- 16 In finalising their audit work on the SoA, EY have requested that the Council include a going concern disclosure in the final 2023/24 SoA based on the Council's assessment of going concern covering a period of up to 12 months from the expected date of authorisation of the accounts. A going concern assessment is deemed necessary in recognition of the Council's financial position and also the ongoing challenging landscape within which Cheshire East Council and other local authorities find themselves. These risks being recognised in the Audit Plan based on the Council's financial performance since 2022.
- 17 There are requirements on the auditors to challenge the assertions made by management in the Going Concern disclosure and also to consider the adequacy of the Council's assessment in line with the revised auditing standards.
- 18 It is understood that with the exception of the additional going concern disclosure, there are no other changes to the SoA. The proposed Going Concern Statement which is to be included in the Final SoA is attached at Appendix A. A copy of the latest SoA including the going concern disclosure is available on the Members Hub and will be published on the Council's website as part of the 2023/24 audited Accountability Statements once the final audit opinion is received.
- 19 The previous 2023/24 Draft Financial Statements were signed by Adele Taylor, former S151 Officer in February 2025. Due to the request to amend the SoA to include the Going Concern disclosure, the updated SoA will now need to be signed by Ashley Hudges, Executive Director of Resources (S151 Officer).
- 20 The Interim Audit Report from EY in February 2025 advised that EY were not in a position to obtain sufficient evidence to be able to conclude that the financial statements of the Council are free from material and pervasive misstatement before the backstop date for the 2023/24 accounts (28/02/2025) and therefore anticipate issuing a disclaimed 2023/24 audit opinion. It is understood that EY do not envisage making any significant changes to their previously reported Interim Audit Report, nor their proposed Disclaimed Audit Opinion, however a verbal update will be provided to the Committee on the 29 September 2025.
- 21 As the 28/02/2025 backstop date for the 2023/24 wasn't met, the then Interim Executive Director of Resources (S151), Adele Taylor, published

an explanation on the Council's website. Cheshire East Council has previously published draft SOA and draft annual governance statements for 2023/24. Once EY have issued their final Audit Report and opinion, the SoA and the Annual Governance Statements for 2023/24 will be signed and published at the earliest opportunity.

Disclaimed audit

- 22 A disclaimed opinion means that the auditor is unable to provide substantive assurance on parts of the financial statements. The external auditor should clearly explain the basis in their auditor report and distinguish between impacts in reaching a level of assurance due to meeting the backstop date versus other factors e.g. any material issues identified in the accounts. The Local authority should not be unfairly judged as a result of the timing constraints associated with the backstop dates.
- 23 There are implications or 'knock on effects' of a disclaimed opinion in that the audit period following a disclaimed opinion, the auditor will not have assurance over opening balances brought forward from the prior year or the comparative figures. Without this assurance, this will impact the likely audit opinion into the following year accounts. It is likely therefore that a disclaimed audit in year 2023/24 may not recover for a number of years to an unmodified opinion.

Consultation and Engagement

- 24 In accordance with Regulation 15(2) (b) of the Accounts and Audit Regulations 2015, the draft accounts were made available for public inspection between 18th July 2024 to 29th August 2024.

Reasons for Recommendations

- 25 The appointed auditors are required to report to those charged with governance. The Audit Completion Report presents the findings, conclusions and recommendations from audit work undertaken relating to the financial year 2023/24.

Other Options Considered

- 26 None. This report is important to ensure Members of the Committee are sighted on the financial pressure the Council is facing and the activity to date to try and mitigate this issue, and are given an opportunity to scrutinise this activity and identify any further actions that could be taken to learn to live within our means

Option	Impact	Risk
Do Nothing	The Statement of Accounts are not reviewed by those charged with governance.	Members are not kept up to date in line with their responsibilities regarding reviewing and approving the annual SoA and considering the external auditors report to those charged with governance on issues arising from the audit of accounts.

Implications and Comments

Monitoring Officer/Legal/Governance

27 There are no legal implications.

Section 151 Officer/Finance

28 As covered in the report.

Human Resources

29 There are no human resources implications identified.

Risk Management

30 The audit has been conducted 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

31 There are no impacts on other Committees.

Policy

32 There are no direct policy implications.

Equality, Diversity and Inclusion

33 There are no direct implications for equality, diversity and inclusion.

Other Implications

34 None.

Consultation

Name of Consultee	Post held	Date sent	Date returned
<i>Statutory Officer (or deputy) :</i>			
Ashley Hughes	S151 Officer	22/09/25	27/09/25
Kevin O'Keefe	Acting Monitoring Officer	26/09/25	Click or tap to enter a date
<i>Legal and Finance</i>			
Julie Gregory	Head of Legal	26/09/25	26/09/25
Chris Benham	Director of Finance (Deputy S151)	26/09/25	26/09/25

Access to Information	
Contact Officer:	Ashley Hughes Executive Director of Resources (S151 Officer) Ashley.hughes@cheshireeast.gov.uk 01270 685593
Appendices:	Appendix A – Going Concern disclosure 2023/24
Background Papers:	Statement of Accounts and Annual Governance Statement 2023-24 External Auditors - Audit of Accounts 2023-24 CIPFA-Bulletin-18-Local-audit-backlog-in-England (2)