

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MID SUFFOLK DISTRICT COUNCIL

Disclaimer of Opinion

We were engaged to audit the financial statements of Mid Suffolk District Council ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2025. The financial statements comprise the:

- Council and Group Movement in Reserves Statement,
- Council and Group Comprehensive Income and Expenditure Statement,
- Council and Group Balance Sheet,
- Council and Group Cash Flow Statement
- the related notes 1 to 37 including material accounting policy information and including the Expenditure and Funding Analysis.
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 13,
- Collection Fund and the related notes 1 to 4

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We do not express an opinion on the accompanying financial statements of the Council and Group. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date').

Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.

Due to the disclaimers of opinion on the financial statements in the prior years, delays in receiving associated audit evidence and the Council's inability to support the audit in advance of the backstop date, we have not been able to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council and Group's financial statements for the year ended 31 March 2025.

In addition, we have been unable to perform audit work on the prior year adjustment disclosed in the Financial Statements, as described in section D of the Accounting Policies Note 37.

Therefore, we are disclaiming our opinion on the financial statements.

The audits of the financial statements for the years ended 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 for Mid Suffolk District Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 9 December 2024 and 25 February 2025.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you if we are not satisfied that the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025. We are making written recommendations to the Council under Section 24, Schedule 7 (2) of the Local Audit and Accountability Act 2014 (as amended). We may designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in the Council's arrangements for the year ended 31 March 2025.

Significant weaknesses in arrangements relating to Governance

Our judgement on the nature of the weaknesses identified:

The finance team services two district councils, and this, alongside recent staff changes and the Council implementing a new general ledger system at the start of the 2024/25 financial year, resulted in significant additional pressure on the finance team. This impacted their ability to provide necessary information for the financial statement audit and to adequately support the external audit process.

The evidence on which our view is based:

- The issue of disclaimer of opinions on the financial statements for the years ended 31 March 2021 and 31 March 2022 because the Council was unable to support the audit for these years
- The publication dates of the draft Statement of Accounts for years ended 31 March 2023 and 31 March 2024, which were significantly after the statutory deadlines
- 2024/25 Annual Governance Statement
- Council Committee meeting papers from 29 July 2024 and 24 February 2025 where the causes and impact of prior years' delays were discussed.
- The audit procedures performed in respect of the 2024/25 financial statements

The impact on the Council:

Failure to improve the Council's processes to support the audit process impacts the Council's ability to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

The action the Council needs to take to address the weakness:

As a result of the weaknesses identified, we make Statutory Recommendations under Schedule 7(2) of section 24 of the Local Audit and Accountability Act 2014 (as amended).

1. Finance Function Workflow Review: Conduct a comprehensive review of the finance function workflow to identify bottlenecks in the flow of information and the completion of key finance tasks. Use the findings to confirm the appropriateness of roles and responsibilities within the finance team.
2. Quality Assurance Function Review: Implement a thorough review of the quality assurance process for draft accounts and underlying workpapers. Establish clear timelines for the closedown process, ensuring appropriate segregation of duties between those preparing and those reviewing the draft accounts and workpapers. Monitor adherence to this process and report performance to the Joint Audit and Standards Committee.
3. Finance Team Capacity: The Council should re-assess roles, responsibilities and resource requirements for financial reporting across the Council, including an assessment of the support required from other functions within the organisation. This approach will enable the financial reporting team to fulfil its objectives efficiently, ensuring timely reporting and effective audit support.

This issue is evidence of significant weaknesses in proper arrangements for governance, specifically that the Council does not have effective processes and systems in place to support its statutory financial reporting requirements.

Significant weaknesses in arrangements relating to Economy, Efficiency and Effectiveness

Our judgement on the nature of the weaknesses identified:

Internal Audit's review of the Council's contract management arrangements concluded that there was limited assurance over the contract management processes, specifically noting that it is not possible to confirm all services were secured in accordance with Contract Standing Orders, and that there is a lack of comprehensive performance management documentation and supporting policies for revised processes. Additionally, the Annual Governance Statement indicates that the Head of Service for Procurement was not satisfied with the adequacy of the systems and processes in place during 2024/25 to ensure the Council's contracts were effectively let and managed.

We also reported this significant weakness for the years ended 31 March 2021, 2022, 2023 and 2024.

The evidence on which our view is based:

- The 2024/25 Annual Internal Audit Report, which provides an update of the measures implemented as well as the deficiencies that still exist.
- Internal Audit Assurance Review of Contract Management and Spend Report (August 2025)
- The 2024/25 Annual Governance Statement

Inadequate controls over contract management exposes the Council to non-compliance with laws and regulations, specifically in relation to procurement processes, and potential financial losses as a result of litigation claims from tenderers, as well as potentially reputational risks and the achievement of poor value for money.

We recommend to the Council:

- The Joint Audit and Standards Committee should regularly monitor the progress of management's planned actions to enable robust oversight of Contract Management Processes and to implement clear and effective strategies, policies and procedures that enables compliance with procurement-related laws and regulations. We note that Internal Audit have made recommendations in relation to contract management for several years.

This issue is evidence of weaknesses in proper arrangements for improving economy, efficiency and effectiveness, including how it uses information about its cost and performance to improve the way it manages and delivers services and, where the Council commissions or procures services, how it assesses whether it is realizing the expected benefits.

Responsibility of the Director – Finance & Procurement

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 12, the Director – Finance & Procurement is responsible for the preparation of the Statement of Accounts, which Group financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view and for such internal control as the Director – Finance & Procurement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director – Finance & Procurement is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council] in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Mid Suffolk District Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Mid Suffolk District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether Mid Suffolk District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Mid Suffolk District Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Mid Suffolk District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
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27 February 2026