Annual Audit Letter

Armagh City, Banbridge and Craigavon Borough Council
2024-25

Date of issue:

27 November 2025

Contents

1. Key Messages

Audit of Financial Statements

The 2024-25 financial statements were certified without qualification as noted in my audit report. Key statistics from the accounts are outlined in section 4.

Work on economy, efficiency and effectiveness

The Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

Governance

The governance statement reflects compliance with relevant guidance and standards.

Other Areas of interest

- Absenteeism figures for 2024-25
- The Local Government Auditor's Report 2025 for audits of local councils during 2023-24.

2. Introduction

1. As Local Government Auditor, I have a statutory responsibility to provide an opinion on the Council's financial statements. The results of my audit of the 2024-25 Statement of Accounts are summarised in this report.

2. The legislative role for the Local Government Auditor is contained in the Local Government (Northern Ireland) Order 2005 and the Local Government (Northern Ireland) Act 2014. In addition, the Code of Audit Practice, published on 1 April 2021, prescribes the ways in which statutory audit functions are to be carried out. The Code of Audit Practice is supported further by a Statement of Responsibilities of Local Government Auditors and Local Government Bodies. Both documents are published on the NIAO website.

3. Management have specific responsibilities regarding the production of financial statements and are expected to have effective governance arrangements in place to deliver the Council's corporate objectives. The publication of the financial statements is an essential means to account for the stewardship and use of public money each year.

4. As external auditor, it is my responsibility to form an opinion on whether:

   - the financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year then ended;
   - the financial statements have been prepared in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other directions thereunder;
   - the parts of the remuneration report to be audited have been properly prepared in accordance with the Department for Communities' directions; and
   - the information given in the Narrative Report is consistent with the financial statements.

5. The Code of Audit Practice outlines a range of other matters that can be reported by exception. One of these items relates to the information published with the audited financial statements, such as the governance statement. I report if the governance statement is

not consistent with the information gathered during the audit including that gained from carrying out work on the Council's arrangements for securing economy, efficiency and effectiveness of resources, and our work on performance improvement.

6. This report is solely based upon those matters that have come to my attention as a result of normal audit procedures. Consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or all improvements that could be made.

3. Audit of Financial Statements

Statement of Accounts

1. The accounts should be prepared in accordance with International Financial Accounting Standards as interpreted for Local Government in the, `Code of Practice on Local Authority Accounting in the United Kingdom'.

2. The financial statements were signed by the Chief Financial Officer and submitted for audit on 26 June 2025. Following the audit, the final Statement of Accounts were approved by the Council on 18 September 2025 and signed by the Deputy Chief Financial Officer on 25 September. The Statement of Accounts was certified by me within the statutory deadline of 30 September 2025. The Statement of Accounts are published on the Council's website.

3. On conclusion of the audit, the 2005 Order requires me to issue a certificate stating the audit is complete and to give an opinion on the statement of the accounts. The audit certificate and opinion are contained within the Statement of Accounts.

Audit Certificate and Opinion

4. For the year ended 31 March 2025, I gave the following unqualified opinion on the financial statements.

   In my opinion:

   - the financial statements give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, of the financial position of the Council as at 31 March 2025, and its income and expenditure for the year then ended; and
   - the financial statements have been properly prepared in accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 and the Department for Communities' directions issued thereunder.

5. At the end of the audit, I issued a Report to those charged with Governance, addressed to the Deputy Chief Executive of the Council, on the results of the audit, noting the most significant issues, making recommendations and seeking comments. That

report is presented separately to the Performance and Audit Committee.

4. Key Statistics

Income and Expenditure	2024-25 £000	2023-24 £000	Variance £000
Total income	120,666	121,751	(1,085)
Total expenditure	117,073	119,369	(2,296)
Adjustments between accounting basis and funding basis	573	(1,201)	1,774
Net expenditure chargeable to the General Fund	(4,166)	(1,181)	(2,985)

Capital and Reserves	2024-25 £000	2023-24 £000	Variance £000
Capital expenditure in year	5,063	4,044	1,019
Usable Reserves	65,722	61,024	4,698
Long Term Assets	262,459	260,651	1,808
Loans Outstanding	49,219	52,499	(3,280)

Staff	2024-25	2023-24	Variance
	FTE	**FTE**	**FTE**
Staff numbers	1,224	1,223	1
	£000	**£000**	**£000**
Staff Costs (including agency costs)	60,411	59,615	796
Staff Absences	**Days**	**Days**	**Days**
• short term	3.37	3.34	0.03
• long term	17.00	15.47	1.53
• total	20.37	18.81	1.56

5. Work on economy, efficiency and effectiveness

Proper Arrangements

1. The Local Government (Northern Ireland) Order 2005 requires me to be satisfied that the Council has in place proper arrangements for securing economy, efficiency and effectiveness in the use of its resources.

2. The Council is required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives, while safeguarding and securing value for money from the public funds and other resources at their disposal.

3. My review of the Council's arrangements for securing value for money covered a wide range of areas, including:

   - Strategic priorities, financial strategies and policies;
   - Financial reporting systems and sound financial internal controls;
   - Procurement strategies and policies to deliver sustainable outcomes and value for money;
   - Promoting a good governance environment including managing risks and systems of internal control;
   - Asset management strategies and policies to safeguard assets, deliver objectives and generate value for money; and
   - A framework to manage the workforce to effectively support the achievement of strategic priorities.

4. On the basis of my review this year, I am satisfied the Council has in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources.

6. Governance

Annual Governance Statement

1. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the Council to conduct a review, at least once in a financial year, of the effectiveness of its governance framework (including its system of internal control) and to then approve an Annual Governance Statement.

2. I am required to report if the Annual Governance Statement:

   - does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25;
   - does not comply with proper practices specified by the Department for Communities; or
   - is misleading or inconsistent with other information I am aware of from my audit.

3. My review did not highlight any inconsistencies.

Internal Audit

4. The 2015 Regulations also require councils to undertake an adequate and effective internal audit of its accounting records and of its systems of risk management, internal controls and governance processes using current internal auditing standards. The Council has an in-house Internal Audit function that conducted a review on the effectiveness of the systems of internal controls in place during 2024-25. The findings of this work were presented to the Council's Performance and Audit Committee for review and was considered by me as part of the audit process.

Performance & Audit Committee

5. It is essential that Members exercise effective scrutiny of the internal controls processes and procedures in place within the Council. One way that Members carry out this function is through the Performance and Audit Committee.

6. The Performance and Audit Committee is also invited to review my audit reports and my staff attend meetings to present audit findings.

7. Other areas of audit interest

Absenteeism

1. For the twelve months to the end of March 2025, the average number of day's sick absence in the Council was 20.37 days per full time employee as compared to 18.81 days in 2023-24. The Council has told me that the increase of 1.56 days has an impact on service delivery and increased costs to Council. The Council has told me it has already undertaken significant investment into managing absences including the appointment of a dedicated Lead Officer, alongside the delivery of training courses and health and wellbeing sessions across the organisation. In addition, improved reporting to management on sickness data was developed through the Quality Management System. The Council remains committed to reducing absence levels and this continues to be a performance improvement objective. Council continues to prioritize strategies to address these challenges and remains focused on supporting employees' health and wellbeing while working to reduce absence levels.
2. The Local Government Auditor recommends that Council carefully monitors and manages absence levels on a continuous basis to improve operational efficiency and reduce lost productivity.

Local Government Auditor's Report 2025

3. The annual Local Government Auditor's Report will be published in December 2025 and will be available on the NIAO website. The report summarises my perspective on financial audits and performance improvement work during 2023-24.
4. The Report will highlight areas of strength and areas for improvement within local councils. It also considers important issues that may affect councils in the medium term. Once published the Council and its members should consider this report in the context of its own activities for any improvements that could be made.

Performance improvement audit and assessment

5. Under the Local Government (Northern Ireland) Act 2014 the Council has a statutory duty to make arrangements to secure continuous improvement in the exercise of its functions and to set

improvement objectives for each financial year.

6. Each year councils are required to produce an Annual Improvement Plan for the year ahead and a self-assessment report for the year just past. The Local Government Auditor is required to audit the prior year self-assessment report and the incoming Annual Improvement plan and assess whether the Council is likely to have complied with the legislation.

7. My Annual Improvement Report for 2024-25 was published on 31 March 2025 and concludes that Council met its statutory duties in relation to publication of the 2023-24 self-assessment report and 2024-25 Annual Improvement Plan.

WGA

8. Whole of Government Accounts (WGA) are consolidated financial statements for the whole of the UK public sector. The National Audit Office audits these accounts and sets the overall audit approach. As such the Council is within the band of organisations in 2024-25 where additional audit procedures were not required.

9. The Whole of Government Accounts annual return for 2024-25 has been submitted for HM Treasury's consolidation process.

NFI

10. The Council participates in the National Fraud Initiative, a UK wide data matching exercise undertaken every two years that is designed to highlight savings for the public sector as a whole.

11. The report summarising the results of the data matching exercise for the period 1 April 2022 to 31 March 2024 was published on 22 October 2024 and is available on the NIAO website.

12. The 2024-25 data matching exercise is currently underway and the results are due to be published mid-2026.

Judicial Review

13. In 2022-23, Council withdrew an application for Judicial review relating to the Knock Iveagh planning decision and issued an enforcement notice against the operator and the landowner of the site. The operator of the turbine continued to receive an income in

the form of Renewable Obligation Certificates. The total legal and professional costs in relation to this case incurred up to 2023-24 was £1,288k with additional costs of £18k incurred during 2024-25. The Council has made a provision in their 2024-25 financial statements in relation to this complex matter.

Events after the Reporting Period

14. The Chief Executive signed the draft 2024-25 Statement of Accounts in June 2025. Due to the subsequent absence of the Chief Executive who is the Chief Financial Officer, the Council approved the appointment of the Deputy Chief Executive as the designated Deputy Chief Financial Officer at the September full Council meeting in accordance with Section 1 of the Local Government Finance Act (NI) 2011. As a result, the Deputy Chief Financial Officer is authorised to exercise all statutory powers and responsibilities of the Chief Financial Officer.

Audit Fee

15. The audit fees for the financial audit and performance improvement audit are in line with the estimate.

8. Outlook

1. The 2024-25 year was the tenth year of the current councils since reform in 2015. Councils have identified ongoing and future challenges regarding funding, increased cyber risk and climate change commitments. These challenges will require strong leadership and governance from Councils, both members and officers, to ensure success. The Local Government Auditor is happy to provide advice and guidance to Councils to assist where possible.

And finally.....

2. I would like to thank the Council for its continued co-operation during the audit and look forward to working with Council during the year in preparation for next year's audit.