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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTLE POINT BOROUGH COUNCIL

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2025 issued on 28 February 2025 we reported that we could not express an opinion on the financial statements.

Certificate

In our report dated 28 February 2025, we explained that we could not formally conclude the audit and issue an audit certificate until we had completed the work necessary to issue our assurance certificate in respect of the Council's Whole of Government Accounts consolidation pack. This assurance statement has now been issued and the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Castle Point Borough Council.

Significant weaknesses in the Council's value for money arrangements reported in our 2024/25 Audit Opinion

We are required to consider whether any matters have come to our attention since the date of the audit report that would have resulted in additional exception reporting on significant weaknesses in the Council's value for money arrangements for the year ended 31 March 2024.

In 2023/24, we reported that the Council has been issued with a regulatory judgment by the Regulator of Social Housing (RSH) regarding 'very serious failings' by the Council in delivering the outcomes of the consumer standard. In the process of addressing recommendations arising from this issue, Management identified additional potential issues in the arrangements around housing repairs. The Council engaged an External Investigator in July 2025, and the work was completed in September 2025. The report highlighted weaknesses affecting governance, financial management and operational controls. Collectively, the weaknesses demonstrate that the Council did not have robust arrangements in place to ensure Housing Service were managed effectively or that public funds were used economically and efficiently.

The External Investigator also reported significant weaknesses in how the Council commissions, procures and manages contracted services. The weaknesses cover tendering practices, supplier selection, contract documentation, monitoring of post-award performance, and governance and oversight structures. These weaknesses have increased the Council's exposure to fraud, error and financial mismanagement.

The matters above are evidence of weaknesses in proper arrangements for governance and improving efficiency, economy and effectiveness, specifically how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- ensures effective processes and systems are in place to ensure budgetary control; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency;

- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements for example where it procures or commissions services;
- evaluates the services it provides to assess performance and identify areas for improvement; and
- assesses whether it is realising the expected benefits, where it commissions or procures services.

As a result of the weaknesses identified, we recommended the Council should consolidate all recommendations from recent regulatory body reports, External Audit reports and External Investigator reports, and create a detailed action plan to enable appropriate monitoring and oversight of the implementation of those recommendations to ensure progress adheres to agreed timelines. Management should monitor this document on a monthly basis and report updates on a quarterly basis to the Audit & Governance Committee and Full Council.

We have designated the recommendation as a Statutory Recommendation under Section 24, Section 7 (2) of the Local Audit and Accountability Act 2014.

As the underlying arrangements in 2023/24 were the same, we would, had we been made aware, reported this by exception in our 2023/24 audit report.

No other matters have come to our attention since that date that would have resulted in additional exception reporting on significant weaknesses in the Council's value for money arrangements.

We certify that we have completed the audit of the accounts of Castle Point Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

MARK HODGSON

ERNST & YOUNG LLP

Date: 26th March 2026

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