The 2023/24 audit of

East Dunbartonshire Council

Late reporting of audited accounts

EMBARGOED UNTIL
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ACCOUNTS COMMISSION

Prepared by the Controller of Audit
November 2026

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Commission findings

The Accounts Commission has a statutory duty to secure the annual audit of all councils. It is our responsibility to highlight where we have concerns and to escalate these to Scottish ministers when appropriate.

We welcome that the Controller of Audit has used her powers to bring forward a report on the delays to the audits of East Dunbartonshire Council. We acknowledge that the council had a good track record of ensuring audited accounts were approved by the statutory deadline, up until the 2022/23 audit. This was achieved in spite of the disruption to audit timescales resulting from the impact of the Covid-19 pandemic.

However, as we have previously stated, delayed completion of audited accounts undermines financial governance, weakens decision-making, and limits effective scrutiny. The absence of up-to-date financial information undermines transparency and accountability and exposes officers and elected members to risks in meeting their statutory obligations. The council has acknowledged the risks of setting budgets without up-to-date audited accounts.

Following consideration of the report (presented at page 7) at its meeting on 5 November 2026, the Commission has made the following findings:

1. We note that the council has now provided its unaudited accounts to the auditor and made them available to the public. However, we are concerned that there is currently no agreed timetable for the 2024/25 annual audit. **We expect the council and the auditor to agree a shared, detailed plan for the completion of the 2024/25 audit and submit this to the Controller of Audit no later than 18 December 2026.**

2. The council and the auditor must work together to prioritise a return to statutory deadlines and ensure regular communication and engagement. **As a first step, we expect a shared, realistic and resourced recovery plan for returning to statutory timescales to be developed and submitted to the Controller by the end of March 2027.**

3 We are satisfied that elected members were kept appropriately informed of audit delays. **We expect the Audit and Risk Management Committee to take a lead role in overseeing the recovery plan**. It will be particularly important to ensure effective engagement with elected members is maintained in the lead-up to and following the council election in May 2027.

4 There are a number of lessons that can be learned from the Controller's report, including those set out in paragraphs 48–50, and **we expect all councils and auditors to consider these carefully**. We would particularly highlight the following:

- As part of their shared responsibility for timely completion of the annual audit, **prompt and effective engagement** between the council and the auditor is important when new plans, priorities or challenges arise. In this case, better engagement around the planned implementation of a new Enterprise Resource Planning (ERP) system would have avoided some of the issues highlighted in this report.
- Councils must have arrangements in place to ensure their **finance teams have sufficient resilience** to support the timely delivery of the annual audit alongside other projects and business-as-usual activities. Similarly, auditors must ensure that they have the appropriate resources available to meet their obligations.
- At the **start of any new audit appointment,** it is important for both the auditor and audited body to agree shared expectations, plans and timelines, and discuss and clarify specific audit requirements. Any resourcing issues should be highlighted promptly and risks assessed.

Key messages

1 The 2023/24 audit of East Dunbartonshire Council was completed in August 2026, over two years after the financial year-end and more than 22 months after the statutory deadline. Up until 2022/23, the council had a history of meeting statutory reporting deadlines.

2 Limited audit team capacity disrupted the timetable from the start of the audit appointment. This reduced the time available to complete the 2022/23 audit within statutory deadlines. The limited audit team capacity at the start of the audit also reduced engagement during this critical phase. As a result, important detail on specific audit requirements was not communicated clearly or timeously to the council and the auditor found that working papers provided by the council lacked sufficient detail. Both factors contributed to delays carrying forward into subsequent years.

3 Earlier audit delays meant work for the 2022/23 audit overlapped with the council's implementation of a new financial ledger system. This placed additional pressure on the council's finance team and, in the auditor's view, reduced its engagement with the audit, extending the timetable.

4 The provision of unaudited accounts for 2023/24 by the council was subsequently delayed, meaning substantive audit work started later than planned. This compounded the impact of the previous year's delays. The auditor identified risks associated with the implementation of the new system and tested whether transferred data was accurate and complete. The auditor requested information 13 months after the system went live, requiring the council to reproduce evidence and adding to delays.

5 The auditor identified a material error in the accounts, requiring substantial additional work by the council to determine the correct accounting treatment and revise the accounts. The auditor then needed to complete further audit testing. This significantly extended the duration of the audit.

6 Timely audit completion depends on councils and auditors ensuring a common understanding of roles, evidence requirements and timescales from the outset, maintaining sufficient capacity and communicating clearly and regularly. A shared, detailed, recovery plan is required to set out how the auditor and East Dunbartonshire Council will work together to bring the audit timeline back on track.

The 2023/24 audit of East Dunbartonshire Council

Introduction

1. The Code of Audit Practice requires auditors to produce an Annual Audit Report (AAR) summarising the significant matters arising from their audit work. For local authorities, auditors address the AAR to elected members and the Controller of Audit.

2. I received the AAR and the audited annual accounts for East Dunbartonshire Council for 2023/24 in August 2026. The auditor has issued unqualified opinions on the annual accounts but has identified significant matters in relation to the late reporting of the accounts.

3. I have therefore decided to use the reporting powers available to me under s102 (1) of the Local Government (Scotland) Act 1973 to bring these matters to the Accounts Commission's attention.

4. Preparation of this report has drawn on the 2022/23 and 2023/24 AARs for East Dunbartonshire Council, documentation provided by the council and interviews with the council's Leader, Chair of the Audit and Risk Management Committee, Chief Executive, Chief Finance Officer, Monitoring Officer and Chief Internal Auditor.

Background

Requirements

5. The statutory requirements for the reporting of unaudited and audited accounts for Scottish councils are set out in the Local Government (Scotland) Act 1973 and Local Authority Accounts (Scotland) Regulations 2014.

6. Councils must prepare annual accounts for each financial year ending 31 March, in line with proper accounting practices. The proper officer (section 95 officer/Chief Financial Officer) must ensure the unaudited (draft) annual accounts are submitted for audit no later than 30 June following the year-end.

7. Councils must give public notice of the availability of the unaudited accounts and members of the public have the right to inspect the unaudited accounts and supporting documents and to lodge objections with the auditor.

8. Once the audit is complete, the audited accounts must be signed by the proper officer and the auditor's report issued. Councils have a statutory duty to aim to approve their accounts by 30 September following the year-end. Councils must publish the audited annual accounts, including the auditor's report no later than 31 October following the financial year-end.

Reporting timelines

9. East Dunbartonshire Council has a history of meeting statutory reporting deadlines. However, this position has deteriorated significantly in recent years, with a widening gap between reporting requirements and the completion of the audit process. The council signed its 2022/23 accounts almost 15 months after the deadline and its 2023/24 accounts more than 22 months after the deadline.

10. Exhibit 1 sets out the timeline of reporting at East Dunbartonshire Council since 2020/21 against statutory targets.

Exhibit 1.

Timeline of reporting accounts at East Dunbartonshire Council from 2020/21

Statutory targets for approval of audited accounts have not been met since 2021/22.

Financial year	Statutory target for submission of unaudited accounts	Actual	Late	Statutory target for audited accounts approved	Actual	Late
2020/21	30 June 2021	25 June 2021	On time	30 November 2021	11 November 2022	On time
2021/22	30 June 2022	23 June 2022	On time	31 October 2022	25 October 2022	On time
2022/23	30 June 2023	30 June 2023	On time	30 September 2023	20 December 2024	15 months
2023/24	30 June 2024	8 July 2025	12 months	30 September 2024	5 August 2026	22 months
2024/25	30 June 2025	–		30 September 2025	–	–
2025/26	30 June 2026	–		30 September 2026	–	

Source: Audit Scotland

The 2022/23 annual audit

11. As set out in the Annual Audit Plan (April 2023), the auditor planned to complete the 2022/23 annual audit in October 2023. The council submitted its unaudited accounts on time in June 2023. However, the audit of the financial statements did not begin until mid-August 2023, and the final audited accounts and annual audit report were not signed off until 20 December 2024.

Factors contributing to the late completion of the 2022/23 audit

Delayed start to the audit

12. The 2022/23 audit was the first of a five-year appointment with a new appointed auditor for the council. The audit firm faced difficulties recruiting experienced audit staff to commence the work and achieve the pace required to stay on schedule.

13. The late start meant audit work continued into the autumn of 2023, at the same time as the council's planned implementation of a new financial management and reporting system. This required significant input from the council's finance team, alongside managing other commitments, including budget planning. These competing demands reduced the finance team's capacity to respond to audit queries and slowed audit progress.

14. The delays in the audit process into 2024 also meant that the results of the **triennial pension valuation** had been published in advance of the council's 2022/23 annual accounts being signed. This led to additional audit work to obtain evidence in support of the completeness and accuracy of the source data used in the development of an updated **IAS 19 pension report**.

A **triennial pension valuation** is a detailed financial health check of a defined benefit (final salary) pension scheme, carried out by an actuary every three years.

An **IAS 19 pension report** is an accounting report prepared under the international accounting standard. It sets out how the pension scheme affects the council's annual accounts and reported financial position.

Shared understanding of requirements

15. Limited audit team capacity at the outset reduced engagement during the critical start-up phase of the new appointment. As a result of this, some important detail on specific audit requirements was not communicated clearly to the council. At the start of a new appointment, and for each audit year, the auditor and audited body should agree expectations, plans and timelines, and discuss and clarify specific audit requirements. In May 2023, the council raised concerns with Audit Scotland about the limited

engagement with the auditor to date. Audit Scotland's **Audit Quality and Appointments (AQA) team** responded by engaging more frequently with the auditor, and monitoring progress with audit team capacity and progress with recovering the audit delivery timeline. AQA report annually on the quality of audit of all auditors under the Audit Quality Framework.

AQA is an independent team that supports the Auditor General for Scotland and the Accounts Commission in procuring external audit services from private sector audit firms, who carry out approximately a third of public audit in Scotland.

The team also manages the contract with appointed auditors. This includes monitoring of the auditor's compliance with the contract specifications, agreed services levels and the contract award procedures and the terms of the Audit Framework Agreement.

16. In the AAR, the auditor reported that some of the working papers provided by the council to support the annual accounts lacked sufficient detail, and that not all required information was available at the start of the audit. Good-quality working papers support the annual audit and help maintain effective internal controls and governance around the financial statements process. The council's view is that the auditor's timing, information and format requirements were not clear from the outset, creating a gap in understanding and requiring information to be reworked for the audit.

The 2023/24 annual audit

17. The 2023/24 unaudited accounts were published on 8 July 2025, 12 months after the statutory deadline. The 2023/24 accounts and AAR were first presented to the council's Audit and Risk Management Committee in February 2026. Further work was required by both the auditor and council (paragraph 20) and they returned to the committee on 11 June 2026 and completed 5 August 2026, 22 months after the statutory deadline.

18. To support the audit process, the council seconded its chief internal auditor to its finance team from 1 April 2025 to 31 March 2026. The secondment was intended to increase capacity and help ensure the accounts and audit work progressed, alongside the finance team's other commitments.

19. The 2023/24 audit required information to be drawn from both the old and new ledger system as well as work to evidence the effective migration of data. The implications of this on the audit are considered in paragraphs 30–33.

20. From June to October 2025, the auditor undertook initial testing of property, plant and equipment (PPE). As part of this work, the auditor requested additional working papers and evidence to demonstrate how the council reconciled its fixed asset register to the valuation report. Issues

relating to additions, depreciation, existence, rights and obligations testing were resolved and the council understood the audit work on PPE to be complete. However, the auditor considered wider issues with the reconciliation to be unresolved.

21. In January 2026, the auditor raised an issue in relation to a material error identified in the historic valuation of components, such as replacement kitchens in council homes. Resolving this required significant work by officers to review and amend entries for the council's 3,900 council houses since the last revaluation of council dwellings in 2018/19. As a result, the auditor reported an adjusted misstatement of £9.4 million for 2023/24 and a prior period adjustment of £18.9 million. The council estimate this work added a further five months to the audit timeline.

22. The auditor highlighted in their 2023/24 AAR numerous adjusted and unadjusted misstatements and disclosure misstatements, and several internal control deficiencies. The council and auditor initially reached agreement on the draft AAR following clearance discussions. The content and conclusions of the AAR are a matter for the auditor, who must report independently on the basis of the audit evidence. The council subsequently sought further amendments to reflect its position on some findings. The auditor did not make these changes, maintaining that its conclusions were supported by audit evidence.

Implementation of the new financial accounting and reporting system

23. The council's finance team planned to complete the 2022/23 audit in September 2023 in line with the statutory reporting deadline, before turning its resources to implementing the new financial accounting and reporting system. The system introduced in 2023/24 was the first phase of the council's wider programme to move to a new **Enterprise Resource Planning (ERP) system**.

An **ERP system** is an integrated software platform that brings multiple business functions and data into one system. It commonly covers finance and general ledger, accounts payable and receivable, procurement and purchasing, budget management, payroll, asset management, project accounting, and reporting and analytics.

From an audit perspective, ERP systems are important because they affect: financial reporting accuracy; internal controls; authorisation and approval processes; segregation of duties; data security; and audit trails.

24. The council appointed an external contractor to support implementation of the new ERP system and established an implementation team. The council initially planned for the system to go live on 4 December 2023. However, testing identified the need for further work, and the project board agreed to a revised implementation date of 19 February 2024.

25. The delay to the 2022/23 audit added pressure on the finance team as it implemented the new system for 2023/24 data onwards. At the same time, the team had to respond to audit queries on 2022/23 data held in the old system, manage internal reporting, complete 2024/25 year-end budgeting and meet other business requirements.

26. When planning the implementation of the new system, the council did not identify audit delay as a high risk. This assessment was based on experience of consistently meeting statutory deadlines in previous years. Once the delay emerged, the council had already committed to a project plan that it reported could not be postponed without significant cost.

27. Planning and implementation of an ERP system is complex and affects almost every part of an organisation. It requires careful planning to align the system with business needs, clean and migrate large amounts of data, integrate with other systems, train users, and manage organisational change. Without strong governance, and thorough testing, there is a risk of disruption to day-to-day operations, delays and increased costs.

28. The auditor reviewed the council's project management and governance arrangements for implementing the new system, as well as the transfer process from the legacy system to the new one. In relation to governance and project management, the auditor found evidence that the council had 'effective arrangements in place, including a clear business case and project plan, regular reporting to the board, and a sound justification for the replan'.

29. The delay in the move to the new system resulted in a further delay to the timetable for preparation of the 2023/24 annual report and accounts. The 2023/24 audit required information from both the old and new systems. Familiarisation with the new system also made it harder for the council to provide the information required by the auditor once the new system was live.

Data migration

30. The auditor's 2023/24 audit plan, agreed with the council in March 2025, noted the risks associated with implementing a new system and migrating data, including the possibility that transferred data could be incomplete or inaccurate. As part of the audit, the auditor reviewed the design and implementation of IT general controls in the new system and tested the accuracy and completeness of the migrated data. Specialist data analytics resources supported this work. This team first requested information on the transition to the new ledger system in March 2025, 13 months after the council's 'go-live' date for the system in February 2024.

31. The council closed the legacy ledgers between 31 January and 2 February 2024 and migrated to the new system between 10 and 15 February 2024. The auditor reported that this gap, together with retrospective data reconciliations, increased the risk of error. The auditor

also noted that delayed reconciliations reduce the likelihood that discrepancies are identified and corrected promptly.

32. The council disagrees with the auditor's assessment of this issue. The council's management response in the AAR is that reconciliations were carried out at the time of the migration. However, these were not in the format required by external audit with additional work then specified to provide the required assurance.

33. The auditor concluded in the 2023/24 AAR that the audit identified only trivial net differences and no significant deficiencies in the design or implementation of the new system's controls. The council reports that the new financial management system went live on 19 February 2024 and is operating successfully, providing improved operational and strategic financial information.

Scrutiny, decision-making and financial management

34. Elected members are responsible for scrutinising and challenging officers to ensure the council meets its duties, including statutory requirements. Officers have kept elected members well informed about audit delays and related actions through formal reports, technical notes and briefings to political groups.

35. The audit process and AAR are intended to improve officers' and elected members' understanding of the council's financial and governance position. Significant reporting delays reduce the value of this work.

36. A key area of concern is the lack of timely audited accounts at the time of budget-setting. The council set its 2026/27 budget in March 2026, with the most recent available set of audited accounts being from 2022/23 rather than 2024/25, which would have been the case had statutory deadlines been met. Those charged with governance need timely, reliable information to support sound decision-making. This risk is heightened by the financial challenges currently facing the local government sector.

37. During the work to prepare this report, council representatives acknowledged the risks of setting budgets without audited accounts and said the council had needed to make prudent decisions in challenging circumstances.

Impact of the audit delays on wider reporting commitments

38. The auditor reports in the 2023/24 AAR that 'compared to prior years, there was less regular general fund revenue monitoring reports, with only two updates issued in the year'. The absence of regular budget monitoring reports limits the ability of elected members to appropriately scrutinise the council's finances. The council's management response in the report highlights that the council's 'governance arrangements were flexed during the course of the year to accommodate ledger implementation work however monitoring reports were provided to council, in summary form,

rather than the normal Policy and Resources Committee … arrangements have now reverted to normal'.

39. The auditor also reported that financial forecasting remains embedded in the council's financial management and reporting arrangements. The council maintains a five-year financial outlook with best-case, worst-case and mid-range scenarios. This scenario planning is supported by risk registers that are updated quarterly as part of each committee cycle to reflect emerging risks and their potential impact.

40. Delays in completing the annual accounts and audit have affected the council's ability to contribute to national data returns, including those to the Scottish Government and the Improvement Service.

The 2024/25 and 2025/26 annual audit

41. As a result of challenges highlighted in this report, East Dunbartonshire Council has not met the statutory deadlines for presenting and finalising its accounts in 2022/23, 2023/24, 2024/25 and 2025/26.

42. The council and auditor recognise the need to return accounts and audit reporting to the statutory timetable. However, further significant delays have been experienced. In June and July 2026, the Chief Finance Officer (CFO) and principal accountant met with the auditor and agreed an outline timeline to achieve this by the completion of the 2026/27 audit. The target date for the submission of unaudited 2024/25 accounts in July 2026, and a revised date in August, were missed. The 2023/24 AAR sets out that the auditor intended to complete the audit by the end of October 2026. However, further significant delays in the provision of unaudited accounts mean that this will now not be achieved.

43. The auditor and council have committed to working closely to support progress. They plan to develop a detailed action plan to achieve the outline milestones. The CFO and principal accountant are meeting monthly with the auditor, and the finance team is meeting weekly with the audit team, to maintain dialogue and progress towards these goals.

Conclusions

44. Several factors contributed to the late reporting of East Dunbartonshire Council's 2023/24 annual audit and accounts. I have summarised these in the key messages on pages 5 and 6 of this report.

45. The council and auditor recognise the need to address the delays set out in this report. They have committed to set out a recovery plan to bring the reporting timetable back on track and ensure compliance with statutory audit deadlines.

46. Achieving timely audit completion is a shared responsibility between auditors and audited bodies, requiring effective collaboration. Meeting a timeline to return to the statutory reporting schedule, will need:

- a shared commitment
- a clear and shared understanding of what is required, in what format and by when
- sufficient allocation of resource from both the council and the audit team.

47. I have asked the appointed auditor to provide an update in their AAR on the 2024/25 accounts on the issues raised in this report and I will continue to monitor the audit with a view to further public reporting in the future if appropriate.

Lessons for other local government bodies and their auditors

Shared responsibility for the audit

48. Timely audit completion is a shared responsibility between auditors and audited bodies and depends on effective collaboration. At the start of a new audit appointment, and for each audit year, the auditor and the audited body should agree a shared understanding of expectations, plans, timelines and specific audit requirements. Auditors and finance teams should also ensure from the outset, and throughout the appointment, that both have sufficient resources to support delivery of the audit.

49. The Audit Quality and Appointments (AQA) team has prepared detailed guidance for auditors to support effective audit handovers and emphasise the importance of effective early engagement with audited bodies in the first year of an appointment. Audit Scotland have closely considered findings in this report as part of preparing for future auditor

procurement, which includes support for new auditors, ensuring effective audit delivery plans are in place, and ensuring auditors have early engagement with audited bodies.

Implementing an ERP system – managing potential audit implications

50. Upgrading and implementing new ERP systems is important for improving the efficiency, reliability and security of information. The messages in this report are intended to highlight the need to manage the impact on audit activity as part of the planning and implementation of such systems. It also highlights the need for early awareness of what information auditors will require from the old and new systems, and when, so it ensures this can be provided efficiently for audit.

51. The lessons below reflect the council's experience and wider findings from reported audit work across the Scottish public sector. They may be useful for other councils currently planning similar system implementations:

- A well-implemented ERP system strengthens audit trails by automatically recording transactions, approvals and system changes in a consistent and traceable manner. Councils should ensure that in the planning stages they engage with auditors, share implementation plans, agree key controls and review segregation-of-duty controls. Working collaboratively with the audit team can ensure:
  - there is a common understanding of interacting priorities, responsibilities and critical milestones, the potential risks and consequences of not meeting these and contingency plans to manage staff capacity and other risks.
  - a common understanding of the needs of the accounts and audit processes from the new system from the outset. Early engagement helps ensure audit requirements are built into system design rather than retrofitted afterwards.
- New systems often create risks around data quality, opening balances, and historical transactions. In managing the transition from one system to a new system, councils should:
  - involve internal and external auditors in migration planning
  - complete multiple migration test cycles
  - minimise the period between closure of the legacy system and the new system going live
  - ensure data reconciliations are performed immediately after migration
  - maintain clear audit trails.

- External auditors need evidence that financial transactions, approvals, reconciliations and controls operate effectively. During implementation, elevated and broad access rights are often granted to support system configuration, testing and issue resolution. Once the system goes live, these access rights can weaken segregation of duties and increase the risk of unauthorised transactions and inappropriate changes. Councils should ensure core financial controls continue to operate effectively after the new system goes live, taking action to:
  - review delegated authority structures
  - test approval workflows
  - confirm segregation of duties
  - monitor control effectiveness
  - test audit evidence availability.

52. It is positive that Scottish councils who have recently implemented new ERP systems are sharing their experiences and learning, through SOLACE and the Improvement Service. Councils planning similar changes should actively engage with this work.

Appendix

How interdependent events delayed the 2023/24 audit

	Event	Impact
1	**2022/23 audit delay** April 2023 to December 2024	• October 2022 – the new audit appointment commenced. Auditor capacity was constrained by recruitment difficulties at the start of the appointment. • February 2023 – AQA contract management meetings with the auditor began, increasing to quarterly from September 2023. • June 2023 – the council published its unaudited accounts as required. • August 2023 – the 2022/23 audit fieldwork began. • December 2024 – the audit was concluded 15 months late, delaying the start of the 2023/24 cycle.
2	**Accounts not ready** June 2024 to July 2025	• February 2024 – the new ledger system went live. • June 2024 – the 2023/24 unaudited accounts were due. • December 2024 – the 2022/23 audit was completed. • March 2025 – the 2023/24 Annual Audit Plan was agreed. • July 2025 – unaudited accounts were published 12 months late.
3	**Planned audit window constrained** April to September 2025	• April to September 2025 – planned audit fieldwork could not begin as intended. Audit staff were reallocated to other work. • July 2025 to July 2026 – audit fieldwork took place.
4	**Ledger evidence reconstructed** March 2025 to January 2026	• March 2025 – initial information requests and migration testing by the audit firm's data analytics team began, 13 months after the new ledger went live. • August to December 2025 – requests from the data analytics team for extraction of data from the old ledger system, observation of extracts and other reconciliation queries were progressed. • January 2026 – data analytics team findings shared.

Cont.

	Event	Impact
5	**Material Property, Plant and Equipment (PPE) error corrected** June 2025 to July 2026	• June to October 2025 – valuation evidence did not reconcile to the fixed asset register. • January to July 2026 – The council had to investigate and correct a material historic error in council housing assets, revise the accounts and support additional audit testing.
6	**Final accounts and sign-off** June to August 2026	• June to August 2026 – revised accounts required further PPE testing. Final workings, journals and adjustments had to be agreed and verified. • 5 August 2026 – the final accounts were submitted and signed, 22 months late.

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Late reporting of audited accounts

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