



## **Minutes of a meeting of the Audit Committee**

Held in the Council Chamber, The Grange, Nutholt Lane, Ely  
on Tuesday, 19 November 2024, at 6 pm

<b>Present</b>	Cllr David Brown (Chair) Cllr Keith Horgan Cllr Kelli Pettitt Stephen Joyce – Independent Lay Member
<b>Officers</b>	Patrick Adams – Senior Democratic Services Officer Maggie Camp – Director Legal & Monitoring Officer John Hill – Chief Executive Ian Smith – Director Finance & S151 Officer
<b>In Attendance</b>	Rachel Ashley-Caunt – Head of Internal Audit (IA) Mark Hodgson – External Audit (EY)

### **16. Public Question Time**

No public questions were received.

### **17. Apologies and Substitutions**

No apologies were received.

### **18. Declarations of Interest**

No declarations of interests were made.

### **19. Minutes**

The Committee received the Minutes of the meeting held on 16 July 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 16 July 2024 be confirmed as a correct record and signed by the Chair.

The Lay Member asked if he could be provided with an update on his suggestion made at the last meeting that the Council develop a cost-of-action plan on how it intended to meet its net zero target. The Director Finance agreed to provide an update. The Chief Executive explained that this had been reflected in the Annual Governance Statement.

## **20. Chair's Announcements**

The Chair made the following announcements:

- The Senior Democratic Services Officer was welcomed to his first meeting of the Committee.
- There would be an additional agenda item after item 8, to allow an oral update by Mark Hodgson of EY on the 2023/24 external audit.

## **21. Annual Governance Statement 2023/24 – Final Draft**

The Committee considered the Annual Governance Statement 2023/24 (reference Z97, previously circulated). The Chief Executive presented the report and highlighted the main points.

In response to a question from the Lay Member, the Director Finance explained that the Council had not yet investigated the potential benefits of AI.

The Chair proposed and Cllr Keith Horgan seconded the recommendation in the report.

It was unanimously resolved:

To approve the final draft of the Annual Governance Statement for 2023/24 for final sign off by the Leader of Council and Chief Executive.

## **22. External Audit – Audit Results Report 2022/23**

The Committee considered the External Auditor's report on the Audit Results 2022/23 (reference Z98, previously circulated). It was noted that the agenda front page erroneously stated that date of the Audit was 2023/24, although the date on the report was correct.

Mark Hodgson, the External Auditor, explained that the Government had enacted legislation in September which stated that all audits up to and including the financial year 2022/23 should be concluded by 13 December 2024. The External Auditors had carried out the minimum amount of work required by the regulations to move to a disclaimed audit opinion. This meant that they were unable to obtain sufficient evidence to provide an audit opinion on the 2022/23 financial statements and could not provide any assurance for these accounts.

In response to a question from the Chair, the External Auditor reported that EY alone were issuing over 200 disclaimed audits.

In response to a query from Cllr Keith Horgan, the External Auditor assured the Committee that the Council's Section 151 Officer and its internal auditors could provide assurances regarding the 2022/23 accounts. According to the Financial Reporting Council (FRC) it would take four financial years after a disclaimed audit opinion to recover to an unqualified audit opinion, as matters such as the opening and closing balances would have to be recalculated.

The Lay Member expressed concern regarding the impact that a disclaimed audit opinion could have on the reputation of the authority, which would be unfair as it was due to a wider audit sector failure outside the control of the Council. In response the External Auditor agreed that there was nothing that the authority could have done differently to avoid the disclaimed audit opinion. It was noted that the FRC could provide guidance to the Council on what could be included in press releases to explain the current position.

The External Auditor assured the Committee that

- The external auditors had not found any significant weaknesses as part of its value for money work.
- The external auditors had not identified any failures in the Council's financial processes, which was not the case with other local authority audits.
- There was no underlying governance issue regarding the delay in the production of the draft statement of accounts.
- The accounts of prior years had been approved by EY with no variances between years.

The External Auditor advised that in future, the Council should ensure that draft accounts were submitted by the required deadline. The Director Finance added that the accounts for 2023/24 had been published within the required timeframe.

In response to a query from Cllr Keith Horgan, the External Auditor estimated that the work on this audit was over 95% complete.

It was resolved:

That the External Audit Results Report for 2022/23 be noted.

### **23. Statement of Accounts 2022/23**

The Committee considered a report on the Council's Statement for Accounts for 2022/23 (Z99, previously circulated).

The Director Finance introduced the report and explained that the previous draft had been amended to show unspent amounts relating to two grants had now been carried forward in a reserve as opposed to receipts in advance. It was noted that the wording of the letter of representations would have to be amended due to a request from EY, which had been made to all of their clients. No material changes would be made to the letter.

Councillor Keith Horgan asked for an explanation for the 22% variance between the budget and outturn in the non domestic rates. The Director Finance explained that the Council had been cautious in estimating the amount of funds that would be received from business rates and the fact that the Council belonged to the wider Cambridgeshire business rates pool, had made the prediction of revenue difficult.

In response to a question from the Lay Member, the Director Finance assured the Committee that the prior comparatives were correct.

The Director Finance explained that the figures in the accounts regarding the Community Infrastructure Levy (CIL) was the reserve balance and the final figure of £10,654,000 for March 2023 was correct.

The Director Finance explained that the long-term debtors included loans which were secured against people's homes and were expected to be repaid by the resident in the future.

The Chair proposed and the Vice Chair seconded the recommendations in the report.

It was unanimously resolved:

- That the Statement of Accounts 2022/23 be approved.
- To authorise the Chair of Audit Committee and Director Finance to sign the Statement of Accounts and Letter of Representation (Appendix 2) on behalf of the Council (making any changes that, in the opinion of the Section 151 Officer, do not impact on the overall substance of the Accounts) this prior to final sign-off by Ernst and Young (EY) on or around the 22<sup>nd</sup> November 2024.

#### **24. External Audit Update on 2023/24**

The Committee received an oral update from Mark Hodgson, External Auditor, on the 2023/24 audit. He explained that the Committee had already considered the External Audit Plan for 2023/24 and the audit results report was scheduled to come to the next Committee meeting on 3 February 2025. Due to the opening balance issue, it would be a disclaimed audit.

#### **25. Internal Audit Progress Report**

The Committee considered a report, (reference Z100, previously circulated), which advised the Committee of the work of Internal Audit completed during the financial year to date, and the progress against the Internal Audit Plan. Rachel Ashley-Caunt, Head of Internal Audit, presented the report and explained that two audits had been finalised since the last Committee meeting, decision making and delegations and supporting vulnerable people.

##### **Decision making and delegations**

The Head of Internal Audit reported that it was clear that decisions and minutes had been published in a timely manner, but the audit recommended that work be undertaken to ensure that a proper record was being taken of all relevant delegated decisions. In response to a question by the Lay Member, the Head of Internal Audit reported that no instances had been found of decisions being taken by an officer who did not have the authority to do so.

##### **Supporting vulnerable people**

The Head of Internal Audit reported that many procedures were in place to protect vulnerable people across the district and a good level of assurance had been found, with no significant concerns.

**Assurance work on risks**

Assurance work had been undertaken on the Risk Register and a good level of assurance had been found with regards to the risk on climate change. The Lay Member suggested that the climate change budget might be insufficient. The Director Finance explained that the Operational Services Committee received a report in July each year, which provided details on expenditure on tackling climate change. Cllr Keith Horgan suggested that more work was required on what carbon net zero meant to the Council. The Head of Internal Audit suggested that further work on this matter could be considered as part of next year’s Audit Plan.

The Committee were happy to note that there were no overdue audit actions.

It was resolved:

That the progress made by Internal Audit in the delivery of the Audit Plan and the key findings be noted.

**26. Internal Audit Plan Development 2025/26**

The Committee considered a report, (reference Z101, previously circulated), which invited the Committee to consider the Internal Audit Plan development process for 2025/26. The Head of Internal Audit presented the report. It was agreed that the deadline for considering areas to be audited be extended to 3 February 2025 to allow the Committee to make suggestions at its next meeting. The Chair requested that the Bereavement Centre at Mepal be reviewed by the Internal Audit team.

It was resolved:

- To note and endorse the proposed approach to the development of the Internal Audit Plan for 2025/26.
- To note any risk areas where assurances are required during the year ahead to the Head of Internal Audit by 3 February 2025.

**27. Forward Agenda Plan**

The Committee received the Forward Agenda Plan. It was understood that the Internal Audit Plan for 2025/26 would be discussed at the next meeting on 3 February 2024.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 7 pm.

Chair:.....

Date: