



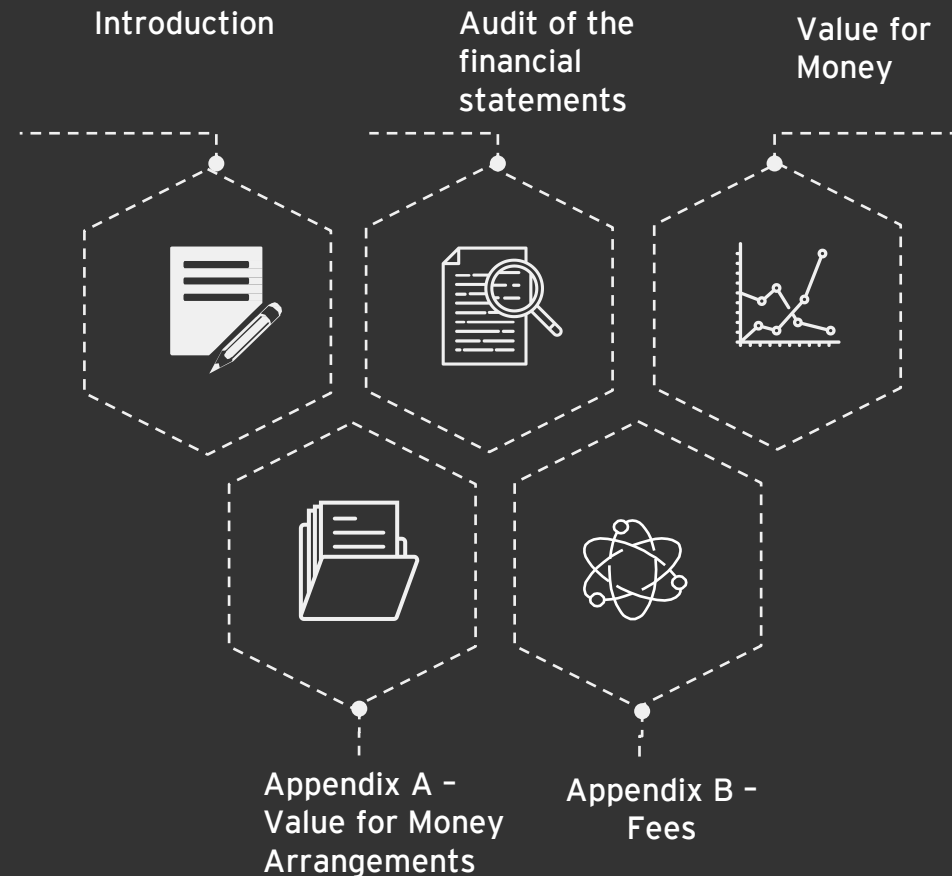
**East Cambridgeshire
District Council**

Auditor's Annual Report

Year ended 31 March 2022

24 July 2023

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Committee and management of East Cambridgeshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit Committee and management of East Cambridgeshire District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Audit Committee and management of East Cambridgeshire District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 27 June 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- If we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2021/22 Conclusions

Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on the 19 July 2023.
Going concern	We have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary on page 8 and Appendix A.
Consistency of the annual governance statement	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of government accounts	<p>We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts and submitted the Assurance Statement to the NAO on the 19 July 2023.</p> <p>The NAO as group auditor has not yet confirmed whether any further assurances or procedures will be required from us as component auditors of East Cambridgeshire District Council. We will liaise with the Council if and when any additional procedures are required.</p>
Certificate	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 East Cambridgeshire District Council.



Audit of the financial statements (continued)

Key findings

The Narrative Statement and Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 19 July 2023, we issued an unqualified opinion on the financial statements. We reported our initial findings to the Audit Committee on the 20 March 2023 and issued a final Audit Results Report on the 3 July 2023. The detailed findings from our audit are contained within the Audit Results Report.

We outline the key issues identified as part of our audit, reported against the significant risks that we included in our Audit Plan.

We reported four internal control recommendations or areas for improvement in the control environment in the Audit Results Report. These were as follows:

1. The Council did not complete the CIPFA Disclosure Checklist at the time of accounts production and we believe that this would be a valuable closedown exercise to ensure that all the requirements are addressed within the draft financial statements.

Recommendation 1. We recommend that the Council prepares a full CIPFA Disclosure Checklist, as part of its closedown procedures, in advance of publishing future draft Statement of Accounts, to demonstrate that the Statement of Accounts are compliant with the CIPFA Code of Practice.

2. The Council's published the Inspection Notice incorrectly, required by the Audit and Account Regulations, quoted an incorrect inspection period. The Inspection period erroneously was stated as commencing on the 27 July 2022, the date of publication of the draft Financial Statements. This was identified by EY, and corrected by Management, on the same day, so the Inspection Period would commence on the 28 July 2022 as per the regulations. This did not therefore have a significant impact on the public's rights to inspect the Council's financial statements.

Recommendation 2. We recommend that the Council review and comply with the requirements of the Audit and Accounts Regulations to publish the correct inspection period within the Inspection Notice.

3. The Council does not have any formal procedure in place for the authorisation of journals before they are posted to the General Ledger. This represents a level of weakness in the Council's overall control environment and increases the potential risk of Management Override

Recommendation 3. We recommend that the Council initiates a control to authorise journals before they are posted to the General Ledger.

4. The Department for Levelling Up, Housing and Communities (DLUHC) has issued a consultation on proposed changes to regulations covering the requirement to make a prudent Minimum Revenue Provision (MRP). DLUHC has identified the use of two practices which in the government's view are "not permitted under the Prudential Framework". Consequently, DLUHC is looking to tighten the regulations to remove any scope for authorities to apply these practices. This includes the inappropriate exclusion of a portion of debt (or CFR) from MRP determinations. We are aware that many local authorities do not set aside MRP in relation to certain assets (typically capital loans and equity investments). This has become typical custom and practice but represents a departure from the Statutory Guidance on MRP.

Our testing has identified that the Council do not currently apply MRP on loans made to the subsidiary company. As a result we have raised the following:

Recommendation 4. We recommend that the Council reviews its MRP policy to comply with the updated Statutory Guidance that will be issued by DLUHC and likely to become extant for 2023/24.



Audit of the financial statements

Significant risk	Conclusion
Risk of fraud in revenue and expenditure recognition	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p> <p>We did not identify any instances of inappropriate judgements being applied or any management bias in accounting estimates.</p>
Misstatements due to fraud or error - inappropriate capitalisation of revenue expenditure	<p>On every audit engagement, we expect at least one of the identified significant risks to have an element of management override. Where this element has been identified, we must be specific about the risk (management bias, management optimism, etc.) and ensure we design our procedures to address this risk.</p> <p>Our work did not identify any material weaknesses in the design of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p>
Accounting for Covid-19 related government grants	<p>In response to the Covid-19 pandemic, the Council have received significant levels of grant funding, both to support the Council and to pass on to local businesses. Each of these grants will have distinct restrictions and conditions that will impact the accounting treatment of these. We are aware of new Covid-19 grant income in 2021/22 for example the COVID-19 Additional Relief Fund (CARF) where the Council has received £1.6 million.</p> <p>Given the volume of these grants, the new conditions for the Council to understand the accounting impact of, and our identified adjustments in this area during the previous audit, there is a significant risk that these may be misclassified in the financial statements or inappropriately treated from an accounting perspective.</p> <p>Our work identified one misstatement in respect of the Additional Restrictions Grant including £0.992 million of income, and associated expenditure, that had already been correctly recognised within the 2020/21 financial year.</p>
Change in Fixed Asset Register	<p>The Council implemented a new Fixed Asset Register (CIPFA Asset Manager in March 2022), replacing the previously held manual asset register. As with any system implementation there is a risk that the relevant financial information has not been appropriately and completely transferred to the new system leading to a material misstatement in the 2021/22 financial statements.</p> <p>As the CIPFA Asset Manager system will produce journals for revaluations, additions, disposals and depreciation, we consider this to be a significant audit risk.</p> <p>Our work identified that The Council had incorrectly brought forward some of the 2020/21 Revaluation Reserve balances within the Fixed Asset Register and the 2021/22 depreciation had also been incorrectly calculated.</p> <p>The Revaluation Reserve was overstated by £0.948 million and depreciation was overstated by £0.155 million.</p> <p>The Revaluation Reserve overstatement of £0.948 million was split into the following two adjustments:</p> <ul style="list-style-type: none">▶ £0.341 million relating to incorrect processing of prior year audit adjustments within the Fixed Asset Register; and▶ £0.607 million relating to the incorrect transfer of Revaluation Reserve balances from 2020/21 to 2021/22 within the Fixed Asset Register. <p>The Council's review of the transfer of data between the old and the new Fixed Asset Register's also identified an adjustment of £0.452 million between accumulated depreciation and Gross Book Value for one asset which had a negative depreciation balance.</p>

We did not identify any risks of significant weaknesses in the Council's VFM arrangements for 2021/22.

Scope

We are required to report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the Audit Committee meeting on the 20 March 2023, which was based on a combination of our cumulative audit knowledge and experience, our review of Council committee reports, meetings with the relevant finance officers and evaluation of associated documentation through our regular engagement with Council management and the finance team. We re-confirmed this assessment within our final Audit Results Report dated 3 July 2023.

Reporting

We completed our risk assessment procedures in February 2023 and did not identify any significant weaknesses in the Council's VFM arrangements. We did not identify any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out over pages 8 to 9. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22, where applicable.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Our VFM commentary highlights relevant issues for the Council and the wider public.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified

We have no matters to report by exception in the audit report.



Value for Money (continued)

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

During 2021/22 the Council have continued to manage the impact of Covid on their finances, as well as additional challenges towards the end of the financial year such as the war on Ukraine and the cost-of-living crisis linked to inflation. The direct financial impact of the pandemic has lessened from previous years, as the immediate business response to Covid has slowed.

The final outturn on the General Fund (including the Surplus Savings Reserve and other Earmarked Reserves) for the year was a surplus of £5.8 million, compared to the budgeted breakeven position. This predominantly related to costs that were budgeted for but which ultimately were not incurred, or additional income receipts from central government. This was caused by a variety of reasons, including staffing vacancies, and higher than budgeted income from Central Government as part of Business Rates and other Covid support.

A total of £4.2 million of planned and approved Capital Spending costs were underspent due to slippages or delays in the Capital Programme, and these costs will therefore carry forward into future financial years budgets.

During the year, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services. The latest published financial information shows a balanced budget for the financial years 2022/23 to 2024/25, which utilises the Surplus Savings Reserve to achieve the balanced position. Subsequent to those years, savings of £1.6 million need to be identified in 2025/26 to achieve an in year balance budget.

At the 31 March 2022, the Council held a Surplus Savings Reserve balance of £8.2 million, which is in addition to the minimum level of the General Fund balance (set at £1.1 million). Together with further Earmarked General Fund Reserves of £15.8 million, provides a strong level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver the current level of services.

The Council should continue its assessment of the annual savings requirement and identify the relevant schemes to achieve those annual savings requirements, so as to minimise the further use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

The Council established its Audit Committee on 26 July 2021, taking over part of the role of the Finance and Assets Committee to cover matters relating to the Statement of Accounts, External and Internal Audit and Risk Management.

The Council have continued to manage governance considerations in response to the pandemic, including in partnership working and delivery of services with other local authorities. The Council reviewed the Budget Setting Report in February 2021, with the Medium Term Financial Strategy being updated during the year. Both documents were taken to the Finance and Assets Committee before final approval at Full Council, which ensures that all Members are kept well informed of the process.

The Council's Annual Governance Statement sets out the core governance arrangements for the year. The Head of Internal Audit concluded that for the 2021/22 financial year, satisfactory assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment'.

In November 2021, the Council was subject to a routine inspection by the Investigatory Powers Commissioners Office (IPCO). IPCO has a statutory obligation to oversee the use of investigatory powers by public authorities. The inspection revealed that the Council's Regulation of Investigatory Powers Act (RIPA) Policy was outdated and needed revision, and that a wider understanding of the legislation was required across the organisation, in particular by key staff likely to be directly involved in this area of work. The Council acknowledged the findings within the report and have provided assurance that the recommendations will be followed through. An updated RIPA Policy was taken to the Finance & Assets Committee on 30 March 2023.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

The Corporate Plan sets out the Council's priorities which the Council call 'future promises and commitments'. The Council monitors the provision of services against these commitments, with quarterly budget monitoring reports presented to the Corporate Management Team, and then to the Finance and Assets Committee. Monitoring of the Corporate Plan and the progress of actions to address the requirements of the plan is through discussion at Corporate Management Team, with subject papers taken to relevant Committees on an ad-hoc basis. The nature of monitoring is therefore dependent on the nature of the service provided and the commitments monitored.

The Council worked to ensure that there was no requirement for a Council Tax increase in 2021/22 or 2022/23 and have also committed to keeping free parking at the Council's car parks. Other outcomes against the five priority areas identified by the Council within the Corporate Plan can be seen within the Council's Narrative Report as part of the Statement of Accounts.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	Each year the Finance team prepares a budget for the budget year, and the Medium Term Financial Strategy (MTFS) which sets out indicative budgets for three further years. The MTFS includes assumptions about all known expenditure and income over that period. This is taken to Full Council in February each year for approval. The Council prepares a capital strategy alongside the revenue budget for the same time period, with the revenue implications of the capital strategy included within the revenue budget.
How the body plans to bridge its funding gaps and identifies achievable savings	The Council's latest published budget for the next financial years, 2022/23 to 2024/25, was balanced via the use of the Surplus Savings Reserve, with savings of £1.6 million to be identified in 2025/26. The Council's objective is always to have a balanced budget in each of the next two financial years when the budget is approved in the February of each year, to demonstrate that the Surplus Savings Reserve provides sufficient headroom to manage funding gaps.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The budget setting process allows for the consideration of budget changes service by service, based on how the changes support the council's priorities and impact service delivery. The production of the Medium Term Financial Strategy is to set a robust financial framework for the Council's medium term plans, to plan sustainable service delivery within a balanced budget. The Council have recognised challenges in 2021/22 in respect of on-going implications of the Covid-19 pandemic and subsequent cost of living crisis, linked to inflation. Considerations have been taken and built in the budget to acknowledge this (including 2% increase on other expenditure due to inflation, and reducing the budgeted income from the commuter car park and the Leisure Centre management fee).
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The Council have joint arrangements in place with other local Council's to achieve effectiveness and efficiency of service delivery, including the Anglian Revenues Partnership (ARP) who provide services linked to local taxation collection and administration of housing benefits. Finances are planned through the Medium Term Financial Strategy (MTFS) and budget setting processes. The Council's Corporate Plan is also presented and approved at Full Council each year. This sets out the wider objectives and key priorities of the Council in respect of service delivery.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Budgets are produced in line with expected income and expenditure based on the current knowledge of the Finance team. The key assumptions are set out in the Medium Term Financial Strategy (MTFS). The Council's Chief Finance Officer has set the minimum level of reserves for the General Fund at a level that is equivalent to 10% of the Council's net operating budget. In addition, the Council currently holds a 'Surplus Savings Reserve', derived from planned savings schemes set up as part of the annual budget setting process. Together, these provide Management with confidence that if unavoidable overspends did occur these could be managed through the Council's existing reserves balances. The Medium Term Financial Strategy sets out risks and uncertainties that could impact the Council's financial position.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council maintains a 'Corporate Risk Register' that is reviewed quarterly by the Risk Management Group and is presented to Audit Committee twice a year. The Council's Internal Auditor supports the production of the Council's Annual Governance Statement each year, feeding in their observations on internal control as identified through the audits that they have completed during the year. The Internal Audit Annual Report is presented to the Audit Committee which provides an overall audit opinion, alongside details of the individual audits undertaken during the year to reach the final opinion.

How the body approaches and carries out its annual budget setting process

An updated Medium Term Financial Strategy (MTFS) is taken to the Finance and Assets Committee in September each year, providing the initial budget for the following financial year, with forecasts across the remaining 3 years of the Medium Term Financial Strategy (MTFS) life (i.e. The MTFS is a rolling 4 year strategy). Following this meeting, the draft budget report is developed into a full annual budget, including the impact on Council Tax requirements. This is then re-presented to the Finance and Assets Committee in January, before being presented to Full Council in February for approval ahead of the start of the financial year to which it relates. Budget figures are determined by the Finance Team through discussions with relevant budget holders, and the Medium Term Financial Strategy (MTFS) is revisited at regular intervals to build in any significant changes.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council operates a financial management system to which budget data is uploaded in line with agreed timescales. This enables budget holders to review their budgets on screen and regularly update their forecast spend. Quarterly budget monitoring reports are presented to the Corporate Management Team, and to relevant Committees. Internal Audit review key aspects of the system of financial control as part of their cyclical audit strategy and report their findings as part of the Internal Audit Annual Report.

Appendix A - Summary of arrangements (continued)

Governance (Continued)

Reporting Sub-Criteria

Findings

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Decision making processes and schemes of delegation are set out within the Constitution for all Committees, as well as decision making that is delegated to Council Officers. Where formal decisions are required they are scrutinised by the appropriate committee in advance of presentation to Full Council. This ensures that the necessary information is provided and that recommendations can be challenged before decisions are made.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The Constitution contains policy documents such as the 'Member's Code of Conduct' which defines the rules to be adhered to as part of meeting the relevant requirements and setting appropriate standards. There is a separate 'Employees Code of Conduct' to ensure employees are also meeting the required standards for officers of the Council. Any issues, for example through the Council's whistle-blowing policy or complaints policy, are investigated in accordance with agreed processes and/or referred to Internal Audit or the Monitoring Officer, as appropriate to the issue. Councillors are required to complete and update their 'Declarations of Interest' on an annual basis.

The Council was subject to a routine inspection by the Investigatory Powers Commissioners Office (IPCO) in November 2021. IPCO has statutory obligation to oversee the use of investigatory powers by public authorities. The inspection revealed that the Council's Regulation of Investigatory Powers Act (RIPA) Policy is outdated and needs revision, and that a wider understanding of the legislation is required across the organisation and in particular, by key staff likely to be directly involved. Council has acknowledged the findings as per the report and have provided assurance that the recommendations will be followed through.

Appendix A - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	Regular reporting of performance and finances is undertaken, with quarterly budget monitoring reports presented to the Corporate Management Team, and then to the Finance and Assets Committee. As part of this, the Council consider the delivery of services and the Council's priorities and previous performance. Service leads are responsible for monitoring the performance of teams, in line with key Council objectives as set out in the Corporate Plan. This is reflected on within the Commentary and Review of 2021/22 section of the Narrative Report within the Statements of Accounts.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The Corporate Plan sets out the Council's priorities which the Council call as 'future promises and commitments'. The Council monitors the provision of services against these commitments, with quarterly budget monitoring reports presented to the Corporate Management Team, and then to the Finance and Assets Committee. Monitoring of the Corporate Plan and the progress of actions to address the plan is through discussion at Corporate Management Team, with subject papers taken to relevant Committees on an ad-hoc basis. The nature of monitoring therefore is dependent on the nature of the service provided and the commitments monitored. The Narrative Report sets out a review of achievements against the Corporate Plan for that year.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Council ensures that it is represented on partnership bodies by relevant officers or members, as required. Key partnerships include the Anglia Revenues Partnership and working arrangements with the two subsidiary companies, East Cambridgeshire Trading Company and East Cambridgeshire Street Scene, for which regular reports are taken to the Finance & Assets Committee and the Operational Services Committee.
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Council has, as part of its Constitution, 'Contract Procedure Rules' which officers are expected to adhere too when procuring on behalf of the Council. The Council also maintain a 'Contract Register'. Internal Audit review procurement activity as part of their cyclical Internal Audit plan, and procurement compliance received 'satisfactory assurance' for 2021/22. The Monitoring Officer has overall responsibility for ensuring the Council complies with relevant laws and regulations.

Appendix B - Fees

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below. We highlight in the table below the most significant services that may be reasonably considered to bear upon our integrity, objectivity and independence.

Description of service	Related independence threat	Safeguards adopted and reasons considered to be effective
Housing Benefit Claim Certification - Agreed upon Procedures on behalf of the Department for Work & Pensions (DWP)	<p>The Housing Benefit Claim contains the amounts the Council paid out to claimants and the amount it received from the DWP in terms of subsidy. These amounts are shown within the Council's financial statements.</p> <p>There is no perceived threat as we audited the Council's financial statements in advance of the claim certification procedures and gained sufficient audit evidence for audit opinion purposes.</p>	None required

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm we have not undertaken any non-audit work except for the stated Agreed Upon Procedures in relation to the Housing Benefit grant certification.

Appendix B - Fees

Relationships, services and related threats and safeguards

Audit Fees

Our fee for 2021/22 is in line with the audit fee reported in our Final Audit Results Report dated 3 July 2023.

Description	Final Fee 2021/22 £'s	Scale Fee 2021/22 £'s	Final Fee 2020/21 £'s
Initial Scale Fee - Code work	37,855	37,855	31,955
Fee Variation - Determined	-	-	52,123 (Note 1 & 2)
Fee Variation - Proposed - as a result of other additional procedures required to address audit risks in the conclusion of our audit	143,308 (Note 3)		
Revised Scale Fee	TBC	37,855	84,078
Agreed Upon Procedures - Housing Benefit Subsidy (Certification Assurance Work)	26,000 (Note 4)	-	13,800

Note 1 - PSAA Ltd determined the 2020/21 Fee Variation in June 2023.

Note 2 - We proposed an increase to the base scale fee of £77,540 for 2020/21 to reflect the cost of increased regulatory requirements as well as to reflect the additional work required to address specific risks. PSAA Ltd have determined a final additional fee for 2020/21 of £52,123 in relation to these areas. For 2021/22, the scale fee has again been re-assessed to take into account the same recurring risk factors as in 2019/20 and 2020/21 and is subject to determination by PSAA Ltd - subject to any further notified annual price uplifts.

Note 3 - As set out in the Audit Results Report, we have had to perform additional audit procedures to respond to the associated audit risks identified, as well as respond to the control deficiencies identified, and as a result of other issues that emerged during the audit. We have quantified this, through the PSAA model, as a total cost of £143,308. This additional fee will be subject to determination by PSAA Ltd. We will provide an update on the final determined fee implications separately to the Audit Committee.

Note 4 - This is the planned fee for the certification work, based on the error level found in the 2020/21 agreed upon procedures.

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