



East Cambridgeshire District Council

Minutes of a meeting of the Audit Committee

Held in the Council Chamber, The Grange, Nutholt Lane, Ely
on Monday, 3 February 2025, at 4:30 pm

Present	Cllr David Brown (Chair) Cllr Lorna Dupré Cllr Keith Horgan Cllr James Lay Cllr Kelli Pettitt (Vice Chair) Cllr Ross Trent Stephen Joyce – Independent Lay Member
Officers	Patrick Adams – Senior Democratic Services Officer Maggie Camp – Director Legal & Monitoring Officer Ian Smith – Director Finance & S151 Officer
In Attendance	Rachel Ashley-Caunt – Head of Internal Audit (IA) Mark Hodgson – External Audit (EY) Anastasia Lukhtan – External Audit (EY)

28. Public Question Time

No public questions were received.

29. Apologies and Substitutions

No apologies were received.

30. Declarations of Interest

No declarations of interests were made.

31. Minutes

The Committee received the Minutes of the meeting held on 19 November 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 19 November 2024 be confirmed as a correct record and signed by the Chair, subject to the following amendments:

- Minute 23 – Final sentence on page 3, the term "prior comparatives" should be "prior year comparatives".
- Minute 25 – Page 5, under the heading "Assurance work on risks". The second sentence should read: "The Lay Member suggested that there should be a costed action plan for the Net Zero pledge linked to the Medium Term Financial Plan. He added that there should be an evaluation of the spending of the climate change budget to ensure that there was evidence of outcomes and value for money."

32. Chair's Announcements

The Chair welcomed three new members to the Committee: Cllr Lorna Dupré, Cllr James Lay and Cllr Ross Trent.

33. External Audit – Audit of the 2023/24 Accounts

The Committee considered the External Auditor's report on the Audit of the 2023/24 Accounts (reference Z129, previously circulated).

Mark Hodgson, the External Auditor, assured the Committee that he expected that the audit for the 2023/24 accounts would conclude before the Government's deadline of 28 February 2025. He reminded the Committee that as a disclaimed audit opinion had been given on the 2022/23 accounts it would not be possible to provide an unqualified audit opinion on the 2023/24 accounts because the opening balances would have to be recalculated. He expected that this would continue to be an issue for at least the next three years. In response to a question from Stephen Joyce, Mark Hodgson assured the Committee that there was nothing the Council could have done differently to achieve an unqualified audit opinion on the 2023/24 accounts by the Government's deadline of 28 February 2025.

Mark Hodgson reported that the external auditors were waiting for assurances from the auditor of the Cambridgeshire Pension Fund.

In response to questioning, Mark Hodgson stated that two areas in which the Council could improve were the provision of working papers on expenditure and grants received. He added that the control weaknesses identified by the audit were not significant and the Council would have to decide whether resources should be allocated to resolving them. In response to concerns raised by Cllr Lorna Dupré, the Chair stated that an announcement would be made at the next meeting of Full Council regarding councillors' declaration of interests.

Minor amendments

Mark Hodgson explained that the reference to the wrong Council in Appendix E would need to be corrected by the Director, Finance, when drafting the Council's reply. It was noted that the reference to Section X in the penultimate paragraph on page 17 of the agenda should have read Appendix A.

National Non-Domestic Appeals Provision

Mark Hodgson reported that there was one uncorrected difference. The non-domestic appeals provision was out by £57,000. This was less than the £800,000

margin for a material difference. The Director Finance advised that the rateable value used by the management expert did not need to be corrected, as it was an estimate that would be revised in the 2024/25 accounts. The Committee agreed with this recommendation.

It was resolved:

That the £57,000 misstatement on the National Non-Domestic Rates Appeals Provision did not need to be adjusted as it was not a material difference.

That the External Audit – Audit of the 2023/24 Accounts be noted.

34. Statement of Accounts 2023/24

The Committee considered a report on the Council's Statement for Accounts for 2023/24 (Z130, previously circulated).

The Director Finance introduced the report and explained that these were a robust set of accounts that were on track to be signed off by the external auditors by 28th February. He requested that the Committee approve the accounts, on the understanding that any changes to the accounts would be discussed with the Chair prior to final sign-off.

In response to a question from Cllr Keith Horgan, the Director Finance reported that the £473,000 listed under homelessness in the accounts related to a historical grant that had been carried forward into the following year's accounts.

Stephen Joyce, Independent Lay Member, praised the accounts and expressed his support for the report's recommendations. He asked that more work should be done to provide an assurance to the Committee on the Council's usable reserves and offered to support the Chair and Director Finance regarding this.

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

It was unanimously resolved:

- That the Statement of Accounts 2023/24 be approved.
- To authorise the Chair of Audit Committee and Director Finance to sign the Statement of Accounts and Letter of Representation on behalf of the Council (making any changes necessary), this prior to final sign-off by Ernst and Young (EY) before the 28 February 2025 backstop date.

35. Internal Audit Progress Report

The Committee received the Internal Audit Progress Report (Z131, previously circulated) which advised the Committee of the work of Internal Audit completed during the financial year to date, and of the progress against the Internal Audit Plan. Rachel Ashley-Caunt, Head of Internal Audit, presented the report and she summarised the audits of the Medium Term Financial Strategy, the Bereavement Centre and the UK Shared Prosperity Fund. The Committee noted that whilst

there were three actions that were overdue, none of them had been overdue for more than three months. In response to a question from Stephen Joyce, the Head of Internal Audit explained that the overdue medium priority action related to the development of a private sector housing strategy and the action regarding procurement advice on the bereavement centre had been completed.

Cllr Keith Horgan proposed and the Vice Chair seconded the recommendations in the report.

It was unanimously resolved:

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

36. Internal Audit Plan Development 2025/26

The Committee received an oral update from Rachel Ashley-Caunt, Head of Internal Audit, who explained that the Committee had agreed to extend the deadline for items for the Plan to the date of this meeting and she asked if members had any issues they wanted Internal Audit to review during the next municipal year.

Local Government reorganisation

Rachel Ashley-Caunt advised that there were not yet any definite proposals for Internal Audit to review. She explained that this issue would be monitored, as would the possible impact on the Council's services as its resources were allocated to the above matter. Stephen Joyce recommended an audit on the controls in place that measured staff sickness, exit interviews and staff engagement. Rachel Ashley-Caunt stated that staff morale was on the Council's Strategic Risk Register.

Working with External Audit

Stephen Joyce suggested that there should be an audit on how officers prepared the working papers requested by External Audit. Rachel Ashley-Caunt queried whether this would be an appropriate use of resources. However, she was willing to support the auditing process.

It was resolved:

To note and endorse the proposed approach to the development of the Internal Audit Plan for 2025/26.

37. Corporate Risk Management Monitoring Report

The Committee considered a report, (reference Z132, previously circulated), which invited the Committee to consider the latest Corporate Risk Register. The Director Finance explained that the register had been updated to include a risk regarding the reorganisation of local government. The score for risk A7, on the delivery of the Waste Collection and Street Cleansing Service, had been reduced, whilst risk A8 on the Bereavement Centre had increased, while the Council was waiting for details of the construction costs. The risk around staff recruitment and retention had also increased.

Bereavement centre

Cllr Lorna Dupré asked whether the financial risks of the bereavement centre should be included. The Director Finance replied that there was no current risk on the revenue costs regarding the bereavement centre. The business plan would be revised once the construction costs were known. He reported that all the Committee's concerns would be considered at the risk management group.

Data protection

Cllr Lorna Dupré suggested that the score for likelihood for risk C4 on failure to comply with data protection legislation should be 5, as councillors' signatures were accidentally put into the public domain before being removed. The Director Finance replied that the risk register was identifying future risks, but he added that these comments would be reviewed by the risk management group.

Local government reorganisation

Cllr Lorna Dupré queried the wording for risk C8 on local government reorganisation as it was unclear how this risk was being mitigated. The Director Finance explained that the word "us" referred to the Council and while the current wording on the register for this risk might need further review, it was important to get this risk on the register. Cllr Dupré agreed to liaise with the Director Finance on this matter.

Cost of living

Stephen Joyce asked if there was any evidence that the cost of living crisis was a growing problem. The Director Finance replied that he was not aware of a significant increase in housing benefit payments, although there had been a decrease in the amount of Council Tax collected.

Development

Stephen Joyce asked for some additional assurances on risk B2, failure to achieve expected levels of development and D2 planning development, as the Government had identified this issue as a priority. The Director Finance agreed to discuss this matter with the relevant officer and report back.

Non-compliance with legislation

Stephen Joyce asked whether the likelihood score of the risk C3, Non-compliance with legislative and regulatory requirements, could be reduced. The Director Finance replied that even with mitigation in place the possibility of something happening still remained. He agreed to refer this concern to the risk management group.

Stephen Joyce praised the risk register for its clarity.

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

It was resolved:

- That the Director Finance provide further information on the risk B2 (Failure to achieve expected levels of development and planning gain) and the risk D2 (Failure to deliver upon strategic development plans and requirements) to Committee members.
- To note the Corporate Risk Register.

38. Forward Agenda Plan

The Committee received the Forward Agenda Plan. The Chair asked for a programme of the next 12 months to be considered at the next meeting.

It was noted that a meeting would be held with the auditors on Tuesday 18 March at 3:30 pm.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5:50 pm.

Chair:.....

Date: