



East Cambridgeshire District Council

Minutes of a meeting of the Audit Committee

Held in the Council Chamber, The Grange, Nutholt Lane, Ely
on Tuesday, 15 July 2025, at 4:30 pm

Present Cllr Christine Ambrose Smith (Substitute)
Cllr David Brown (Chair)
Cllr Lorna Dupré
Cllr Keith Horgan
Cllr Ross Trent
Stephen Joyce – Independent Lay Member

Officers Patrick Adams – Senior Democratic Services Officer
Ian Smith – Director Finance & S151 Officer

In Attendance Rachel Ashley-Caunt – Head of Internal Audit (IA)
Anastasia Lukhtan – External Audit (EY)
David Riglar – External Audit (EY)

1. Public Question Time

No public questions were received.

2. Apologies and Substitutions

Apologies were received from Cllr James Lay and Cllr Lucius Vellacott. Cllr Christine Ambrose Smith substituted for Cllr Lucius Vellacott. It was noted that Cllr Lorne Dupré was attending a Council meeting of Cambridgeshire County Council and so would be late.

3. Declarations of Interest

No declarations of interests were made.

4. Minutes

The Committee received the Minutes of the meeting held on 15 April 2025.

It was resolved:

That the Minutes of the meeting of the Committee held on 15 April 2025 be confirmed as a correct record and be signed by the Chair.

5. Chair's Announcements

The Chair announced that this would be the last Audit Committee meeting before the retirement of Ian Smith, Director Finance and Section 151 Officer. On behalf of the Committee, the Chair thanked Ian for his work over the years and wished him a long and happy retirement.

6. Internal Audit Annual Report and Opinion 2024/25

The Head of Internal Audit presented the Internal Audit Annual Report and Opinion 2024/25 (AA37, previously circulated) on the Council's governance, risk and control framework for 2024/25 and the basis for this opinion. In previous years the Council had achieved a moderate assurance but the Annual Report for 2024/25 had received a good assurance; 78% of reports had received either a good or substantial assurance and 96% of audit recommendations had been complied with.

Cllr Lorna Dupré joined the meeting at 4:40 pm.

Stephen Joyce was pleased to see the Council achieve a good assurance and he asked whether a higher-level assurance was realistic. The Head of Internal Audit stated that a good assurance was impressive, and it would be very difficult for the Council to improve on this, given the number of different risks and challenges facing the authority. Stephen Joyce agreed that the Council should not be directing its resources towards attempting to improve its assurance rating, as in his experience it was nearly impossible for a council to achieve a substantial rating.

Stephen Joyce noted that the Anglia Revenues Partnership had received three adequate/reasonable assurances, and he asked what the Council could do to improve this. The Head of Internal Audit assured the Committee that no high-risk findings had been raised in the audits of the Revenues and Benefits service provided by the Anglia Revenues Partnership and there was a general assurance that the systems were operating as expected. Cllr Keith Horgan stated that he was Vice-Chair of the Joint Committee of the Anglia Revenues Partnership, which provided an award-winning service, and he believed that the organisation was moving in the right direction. He agreed to discuss how further improvements could be made with the Head of Internal Audit outside the meeting and was happy to raise any concerns that Committee members had at the meetings of the Joint Committee.

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

It was resolved:

That the Committee noted the Annual Internal Audit Report and Opinion for 2024/25.

7. Draft Annual Government Statement 2024/25

The Committee considered the Annual Governance Statement 2024/25, (AA36, previously circulated), presented by the Chief Executive. He explained that this was a two-stage process, with a consultation period before the final Annual Governance Statement came to the Committee in October.

It was noted that the date of the launch of the new waste service needed to be corrected from April 2026 to June 2026 on page 21 of the Annual Governance Statement.

The Chief Executive reported that the local authority was in the process of recruiting a new Director Finance and he expected a recommendation for an appointment to be taken to Council in September.

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

It was unanimously resolved to

Instruct the Chief Executive to formally consult with members and substitutes of the Committee to enable a final draft to be presented to the next meeting in October 2025.

8. External Audit Plan for 2024/25

The Committee received the External Audit Plan for 2024/25 (AA34, previously circulated), presented by David Riglar and Anastasia Lukhtan of EY. David Riglar highlighted the report and the risks identified.

In reply to Stephen Joyce, David Riglar explained that it was standard practice to rotate the external auditors and this was why he had replaced Mark Hodgson who had briefed him before he left.

In reply to the Director Finance, David Riglar confirmed that it was inevitable that the Council would be receiving a disclaimed audit opinion for 2024/25. He explained that after receiving a disclaimed audit opinion in 2023/24, the authority would be receiving disclaimed audit opinions for the next 3-4 years. The Council will receive assurances from the audit of in-year transactions.

In reply to Cllr Lorna Dupré, David Riglar stated that he would correct the typographical error on page 70, in the second sentence of the second paragraph of the details regarding the Implementation of IFRS 16 risk, to explain that if there was a lease arrangement that involved an asset that the Council was using, that asset will be recognised on the balance sheet.

In response to concerns raised by Cllr Lorna Dupré and Stephen Joyce, the Director Finance explained that there had been some confusion regarding the process for preparing group accounts between officers and the external auditors, which had resulted in the initial figures being shown in the wrong format in the 2023/24 accounts. Corrections had been made for the 2024/25 accounts.

In reply to Stephen Joyce, David Riglar indicated that the word “valuations” would have been more accurate than “liabilities” in the heading regarding IAS19, Accounting for Pension Assets. He provided details of the complexities of the accounting standards and the calculations required for assessing this risk. In reply to Cllr Keith Horgan, David Riglar stated that the figure of £2,891 million was a surplus position.

In response to Stephen Joyce, David Riglar explained that the gross revenue expenditure figure on page 87 of the agenda would be updated based on the draft 2024/25 accounts. The Committee expressed its satisfaction in the materiality levels, as laid out on page 87 of the agenda. David Riglar gave further assurances that these percentages were an industry standard.

In reply to Stephen Joyce, David Riglar reported that interim testing had been delayed because officers were focusing on the closedown process including the draft accounts.

It was unanimously resolved

To note the External Audit Plan for 2024/25.

9. Draft Statement of Accounts 2024/25

The Committee considered the Council’s draft Statement of Accounts for 2024/25 (AA35, previously circulated). The Director Finance presented the report and stated that the aim was to get them approved by the Committee in late 2025 or early 2026. David Riglar explained that the external auditors were working with the finance team to ensure that the audit went smoothly.

It was noted that the final word on page 148 of the agenda should be corrected to “asterisk”. It was agreed that the year in the final line on page 190 of the agenda should be 2024/25 and not 2023/24.

David Riglar explained that the accounts would be signed off by 27 February 2026 and resources were in place to complete all planned procedures on time. It was noted that officers would have to work a large number of hours to assist with the process.

In reply to Cllr Keith Horgan, the Director Finance agreed to find out what the “discretionary benefits” were, in relation to pensions, referred to in the final bullet point on page 130 of the agenda. He also agreed to find out why the value for loans to individuals and the private sector had increased between years. In reply to Cllr Keith Horgan, the Director Finance reported that the actuary had agreed that the Council’s contribution should reduce for 2026/27.

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

It was unanimously resolved:

To note that the Council's draft Statement of Accounts 2024/25 has been published on the Council's website.

10. Internal Audit Progress Report

The Head of Internal Audit presented the Internal Audit Progress Report (AA38, 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.

In response to Cllr Keith Horgan, the Head of Internal Audit confirmed that there was one overdue action relating to procurement in housing allocation and homelessness. It was agreed that this needed to be rectified but it was not necessary to refer this to the Finance and Assets Committee.

The Head of Internal Audit shared Stephen Joyce's concerns regarding the need to ensure that evidence for the change of bank account information was supplied and the need to ensure that contracts were accurately added to the Council's contract register. She agreed to update the Chair on the questions regarding property transactions, that had been raised earlier.

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

It was unanimously resolved:

To note that progress being made by Internal Audit in the delivery of the Audit Plan and the key findings.

11. Internal Audit External Quality Assessment 2025

The Head of Internal Audit presented a report (AA39, previously circulated) on the outcome of the external quality assessment of the Internal Audit service. She explained that the assessment had concluded that the service conformed with the internal audit standards, which was the highest rate that could be achieved. The overall assessment had shown that the service was either "excelling" or was "established" in the three key areas that were assessed.

Members of the Committee congratulated the Head of Internal Audit and her team on achieving such a high rating. The Head of Internal Audit announced that the team's quality assurance and improvement plan and strategy would focus on developing resources, meaning supporting staff development and training and looking at the best use of technology. She hoped that internal auditors would be able to liaise more regularly with managers to ensure the plan remained risk based throughout the year.

The Chair proposed and Cllr Christine Ambrose Smith seconded the recommendation in the report.

It was resolved:

To note the outcome of the external quality assessment and action plans.

12. Corporate Risk Management Update

The Finance Director presented this report (AA40, previously circulated) on the latest Corporate Risk Register. It was noted that the name of the report writer needed to be corrected to that of the Finance Director and the colour code in the final column on page 278 for risks C7 and C8 needed to be added.

Cllr Keith Horgan welcomed the fact that local government reorganisation was in the Risk Register. He requested that in the future the report should include a list of any amendments that had been made to the Register, since the last meeting.

Cllr Lorna Dupré welcomed the fact that the inherent risk score for risk C4, data protection, had increased and she suggested that as the score was 16, the RAG rating should be red not amber. The Head of Internal Audit assured Stephen Joyce that information governance was audited on a regular basis. It was noted that the Committee would receive the annual information report at its next meeting.

In response to Cllr Lorna Dupré, the Director Finance explained that the likely effect of climate change on the environment and its residents had led to impact scores of 3 for risk C7, Climate Change. Cllr Dupré asked for more details on how impact scores were calculated. In response, the Director Finance explained that the way in which impact scores were worked out, were detailed more fully in the risk management policy and framework documents, which were approved by the Committee every two to three years.

With regards to risk A2, the East Cambridgeshire Trading Company, Stephen Joyce asked if the Committee could receive a briefing note on how the company was performing and more details on the security of the loan given by the Council to the company.

In response to Stephen Joyce, the Director Finance explained that the majority of the underspend in 2024/25 that was noted in risk B1, balancing the annual budget, was due to additional income in Business Rates and interest receipts. With regards to risk A7, waste collection, the Director Finance stated that capital funding had been received from the Government for food waste vehicles, but revenue funding had not yet been received. The risk was that the revenue costs would have to be found from the Council's general fund.

It was agreed that the risk management group should be asked to consider whether the recruitment of a new Director Finance and Section 151 officer should be a separate risk. It was noted that the concerns of the Committee would have to be reported to the new members of the risk management group, following the retirement of the Director Finance.

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

It was resolved:

To note the Corporate Risk Register, as set out in Appendix 2.

13. Forward Agenda Plan

The Committee received the Forward Agenda Plan. It was noted that the meetings scheduled for February and March might have to be rearranged to aid with the signing off of the accounts.

It was agreed that the review of risk management should be considered at the next meeting of the Committee in October, instead of February as scheduled, as it was important to receive some assurances regarding continuity following the retirement of the Director Finance and Section 151 officer and to review the other risks.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 6:05 pm.

Chair:.....

Date: