East Cambridgeshire District Council

# Minutes of a meeting of the Audit Committee

Held in the Council Chamber, The Grange, Nutholt Lane, Ely
on Tuesday, 14 July 2026, at 4:30 pm

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| **Present** | Cllr David Brown (Vice Chair)<br>Cllr Lorna Dupré<br>Cllr Keith Horgan<br>Cllr James Lay<br>Cllr Lucius Vellacott (Chair)<br>Stephen Joyce – Independent Lay Member |
| **Officers** | Patrick Adams – Senior Democratic Services Officer<br>Jude Antony – Director Finance & S151 Officer<br>Maggie Camp – Director Legal & Monitoring Officer<br>Emma Grima – Chief Executive |
| **In Attendance** | Rachel Ashley-Caunt – Chief Internal Auditor (IA)<br>Anastasia Lukhtan – External Audit (EY)<br>David Riglar – External Audit (EY) |

**1. Public Question Time**

No public questions were received.

**2. Apologies and Substitutions**

No apologies were received.

**3. Declarations of Interest**

No declarations of interest were made.

**4. Minutes**

The Committee received the Minutes of the meeting held on 31 March 2026.

It was resolved:

That the Minutes of the meeting of the Committee held on 31 March 2026 be confirmed as a correct record and be signed by the Chair.

Cllr Lorna Dupré asked if the Committee would consider having an Action Log to keep track of its agreed actions. Cllr Lucius Vellacott stated that it had been agreed that Council needed to decide whether all the authority's committees should have action logs. He suggested that it was unnecessary and would create extra work for officers.

**5. Chair's Announcements**

The Chair thanked Cllr David Brown for his work as the outgoing Chair. He welcomed Tracey Flack as the Council's new Principal Accountant. He stated that training would be offered to Committee members before the meeting on 20 October and he hoped that all would attend.

**6. Draft Annual Governance Statement 2025/26**

The Committee considered a report on the first draft of the Annual Governance Statement 2025/26 (AB38, previously circulated). Emma Grima, Chief Executive, presented the report. She explained that any suggested amendments could be incorporated into the final draft of the Annual Governance Statement that would be considered by the Committee at its next meeting on 20 October 2026. It was noted that in the list of appendices in the report, the date of the Annual Governance Statement should be 2025/26.

In reply to Cllr Lorna Dupré, the Chief Executive stated that she would find out how the completeness of the recording of the meetings of the Council on YouTube had been checked and if necessary, the reason why any recordings were incomplete.

In reply to Stephen Joyce, the Chief Executive explained that all service leads had completed their reports and the content of these reports had held no surprises for Management Team.

In reply to Stephen Joyce, the Chief Executive agreed to work with the Director Finance to update the narrative in the Annual Governance Statement regarding the challenges experienced in the auditing of the accounts and the expected improvements in the process for the future auditing of the accounts.

The Chair proposed and Cllr Keith Horgan seconded the recommendation in the report. A vote was taken and the Committee unanimously

Resolved to

Instruct the Chief Executive to formally consult with members and substitutes of the Audit Committee to enable a final draft to be presented to the next meeting of the Committee in October 2026.

**7. External Auditors Annual Report 2024/25**

The Committee received the External Auditors Annual Report 2024/25. David Riglar of EY explained that when the report was written, the External Auditors were waiting for assurances, which had now been given and so the audit of the 2024/25 accounts was now complete.

In reply to Cllr Lorna Dupré, David Riglar explained that some money from the General Fund had been earmarked for specific projects. These funds could be reallocated.

In reply to Cllr Keith Horgan, David Riglar explained that the Council had clearly taken steps to improve the auditing process. The concerns regarding the capacity of the finance team had been addressed. The Council had produced the 2025/26 accounts ahead of the deadlines and had clearly reviewed the working papers provided by the External Auditors. These facts led him to expect that the auditing of the 2025/26 accounts would be a smoother process than the auditing of the 2024/25 accounts.

In reply to Cllr Horgan, David Riglar stated that the External Auditors had to carry out additional work when auditing the 2024/25 accounts, due to the number of queries and the time it had taken to resolve them. In reply to Cllr James Lay, David Riglar explained that the Council had not produced information regarding the 2024/25 accounts according to the agreed timetable, whilst responses received before the audit had started for the 2025/26 accounts had been provided in time. In reply to Stephen Joyce, David Riglar explained that when the External Auditors worked more hours than expected when auditing the 2024/25 accounts, they had submitted a report to the Public Sector Audit Appointments (PSAA) who would review the data. He stated that when a report was received from the PSAA it will be forwarded to the Director Finance. Stephen Joyce was reassured that the PSAA were overseeing this matter.

In reply to Cllr James Lay, the Director Finance explained that every year the budget surplus was used to balance the budget.

In reply to Cllr Lucius Vellacott, David Riglar explained that the Council could improve from a disclaimed audit opinion to a qualified audit opinion if it produced good quality draft accounts and ensured that the audit of those accounts was facilitated efficiently, with timely responses to any resulting queries. The Chair stated that the Committee would support officers in attempting to achieve this.

Stephen Joyce stated that the report had highlighted challenges regarding the need to make savings, as detailed in the Medium Term Financial Strategy and the forthcoming Local Government Review. Committee agreed that robust financial management was essential to meet these challenges.

The Committee

Resolved to

Note the External Auditors Annual Report 2024/25.

## 8. External Auditors Audit Plan 2025/26

The Committee received the External Auditors Audit Plan for 2025/26.

David Riglar presented his report, highlighting the challenges, including the auditing of risks, the valuing of land and buildings and the need to accurately assess the pension liability facing the Council. He explained that due to the audit of the 2024/25 accounts the materiality figure had decreased, which meant greater scrutiny of any anomalies. He hoped that the majority of the work on the 2025/26 accounts would be completed by the end of November and the work on the 2026/27 accounts would start on February.

In reply to Cllr David Brown, David Riglar explained that the External Auditors had increased its capacity to carry out its work and the Government's implementation of the backstop meant that work could be carried out to a defined timetable.

In reply to Stephen Joyce, David Riglar explained that the old Audit Commission had appointed PWC as the actuaries to write the pension report and this arrangement had continued. EY would appoint their own actuaries to review the work of PWC and assess its reliability.

In reply to Stephen Joyce, David Riglar explained that gross expenditure was used to determine the materiality figure, as this complied with the nationally applied auditing standards. He accepted that there were other ways of calculating the materiality figure, but it made sense to be consistent as this made comparisons with previous years and other local authorities possible.

David Riglar was pleased to announce that Irene Mukomba would be working on the auditing of the 2025/26 accounts. Irene had worked for EY for four years and had worked on the 2024/25 audit of the Council's accounts.

In reply to Cllr Lorna Dupré, David Riglar explained that the External Auditors were working on comparative performance data for local authorities and this would be brought to a future meeting of the Committee.

In reply to Cllr Keith Horgan, the Director Finance explained that he was confident that the Council had enough resources to work with the External Auditors and fully prepare the accounts and respond efficiently to their queries.

In reply to Cllr Keith Horgan, David Riglar explained that the appendix included a general form sent to all councils and he acknowledged that some of the questions were not relevant to district councils.

In reply to the Director Finance, David Riglar stated that he was hopeful that at the end of the process, EY would be able to offer a qualified assurance on the 2025/26 accounts.

The Committee

Resolved:

To note the External Auditors Audit Plan for 2025/26.

## 9. Draft Statement of Accounts 2025/26

The Committee considered a report on the Council's draft Statement of Accounts for 2025/26, which had been published on the Council's website (AB41, previously circulated). Jude Antony, Director Finance, presented the report. He explained that the figure in brackets for reserve movements on page 140 of the agenda pack was incorrect, but this was not material to the accounts and would be corrected in the final Statement of Accounts, which would come back to the Committee for approval.

In reply to Cllr Lorna Dupré, the Director Finance explained that investments of over three months duration had been moved to investments of a shorter duration. Cllr Dupré stated that she would write to the Director Finance to request a more detailed explanation on this matter. In reply to Stephen Joyce, the Director Finance explained that the Council was in control of its own treasury management policy, for assessing the risk and deciding who to invest with. He agreed to add a narrative to this section of the Statement of Accounts to make it easier for a lay person to understand.

In reply to Cllr Keith Horgan, the Director Finance explained that home improvement loans could be charged on to the property. The loans would then be paid back to the Council when the property was sold.

In reply to Stephen Joyce, the Director Finance explained that there had been in downturn in the value of property and this was reflected in the value of business units in the accounts. The lack of income from building control was also a national issue, compounded by the difficulty in recruiting building control officers.

Stephen Joyce recommended that the Council carry out some form of risk assessment on the impact that the Virgin Media ruling could have on the authority's pension fund.

In reply to Stephen Joyce, the Director Finance explained that the capital underspend for capital expenditure was primarily due to the reprofiling of expenditure, causing payments for specific capital projects to fall into the following financial year. He also noted that prudent management of revenue budgets had contributed to the Council achieving a revenue underspend. He added that Internal Audit would be reviewing the budget monitoring process.

The Committee

Resolved:

To note that the Council's draft Statement of Accounts for 2025/26 has been published on the Council's website.

## 10. Internal Audit Annual Report and Opinion 2025/26

The Committee considered a report (AB42, previously circulated) on the Chief Internal Auditor's annual assurance opinion on the Council's governance, risk and control framework for 2025/26 and the basis for this opinion.

Rachel Ashley-Caunt, Chief Internal Auditor, reported that a “Good Assurance” could be given over the Council’s governance, risk and control framework for 2025/26.

In reply to Cllr Keith Horgan, the Chief Internal Auditor stated that as a result of the Accounts Receivable audit, the Council had instigated a training programme for officers who process credit notes, instead of an independent review recommended by Internal Audit. The Accounts Payable audit had resulted in a recommendation to enforce separation of duties between the processing and approval of BACs payments. The Director Finance reported that credit notes were processed by a small team and so the Council’s response to the findings of the Accounts Receivable audit was proportional. BACs payments were prepared by a junior officer and then signed off by senior officer. This arrangement had worked well for years and so a further segregation of duties had been seen as unnecessary.

In reply to Stephen Joyce, the Chief Internal Auditor stated that the e-mail for reporting fraud was publicised on the Council’s website, and the Council would promote fraud awareness week in November. Allegations of benefit fraud would be forwarded to the Department of Work and Pensions.

The Committee

Resolved to

Note the Annual Internal Audit Report and Opinion for 2025/26.

Stephen Joyce suggested that in future the Committee should be endorsing reports such as these, instead of simply noting them.

**11. Internal Audit Progress Report**

The Committee considered a report (AB43, 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. The Chief Internal Auditor reported that audits were being carried out according to the agreed schedule. She summarised the audits carried out this year.

In reply to Cllr Keith Horgan, the Chief Internal Auditor explained that it had been recommended that a working group be set up to ensure that the list of those eligible for Council Tax discounts, such as those living alone or as students, was regularly reviewed.

In reply to Stephen Joyce, David Riglar of EY stated that whilst the External Auditors did not rely on Internal Audit’s work on bank reconciliation, it was reassuring to note that they had found that bank reconciliations were completed monthly in compliance with the Council’s Financial Procedure Rules.

In reply to Stephen Joyce, the Chief Internal Auditor explained that in 2021/22 a new process had been put in place to ensure that any changes in the bank details of suppliers were properly checked. This process was audited every two years and would be audited yearly if any concerns were uncovered.

In reply to Stephen Joyce, the Director Finance stated that BACS payments were being checked twice. The recommendation of Internal Audit for a segregation of duties between the submission and approval of BACS payments was being considered.

In reply to Stephen Joyce, the Chief Internal Auditor stated that she was satisfied with the plans that the Council had put in place to reduce carbon emissions along with the forecasting arrangements. Work assessing the actual reduction in carbon emissions had not yet been carried out.

The Committee

Resolved to

Note the progress made by Internal Audit in the delivery of the Audit Plan and the key findings.

**12. Audit Committee Annual Report 2025/26**

The Committee considered a report (AB44, previously circulated) which invited the Committee to recommend the Audit Committee Annual Report to Council. The Director Finance explained that the report summarised the work of the Committee in 2025/26.

Stephen Joyce suggested that the paragraph summarising the work of the Council in supporting EY in their auditing of the accounts should be amended to transparently reflect the challenges experienced. The Director Finance replied that he would consider amending this but suggested that the recommendations in the report covered this point.

Stephen Joyce suggested that the bullet points listed under the heading “The Committee’s effectiveness” needed to be amended to reflect that training for members of the Committee was required. The Committee agreed that an action on training should be added to the Annual Report.

Cllr Lucius Vellacott proposed and Cllr Keith Horgan seconded the recommendation in the report. A vote was taken and the Committee unanimously

Resolved to

Recommend to Full Council the approval of the Audit Committee Annual Report 2025/26 as set out in Appendix 1 and amended by the Committee.

**13. Service Level Agreement for Procurement Services**

The Committee considered a report (AB45, previously circulated) which provided an update on the Service Level Agreement for Procurement Services. The

Director Finance explained that the Council had entered into an arrangement with North Northamptonshire Council to deliver its procurement services.

In reply to Stephen Joyce, the Director Finance explained that the report had come to the Committee as the matter had been identified as an area of concern in an Internal Audit report.

In reply to Cllr Lorna Dupré, the Chief Internal Auditor reported that in her experience many other district councils contracted out their procurement services.

The Committee

Resolved to

Note the report.

## 14. Corporate Risk Management Update

The Director Finance presented this report (AB46, previously circulated) which provided the Committee with the latest Corporate Risk Register.

In reply to Cllr Keith Horgan, the Director Finance agreed that the narrative for the risk on the Council's Medium Term Financial Strategy would be corrected to reflect the fact that the Council regularly had an annual surplus on its General Fund budget.

In reply to Cllr Lorna Dupré, the Director Finance explained that the last review meeting had decided to reduce the likelihood of the impact of the cost of living crisis from 4 to 3 but this matter would be kept under review.

In reply to Cllr Lorna Dupré, the Director Finance agreed to correct the colour of the risk A8, Inability to deliver the Construction of the Bereavement Centre, from amber to red and the colour of risk B3, Inability to balance the Council's Medium Term Financial Strategy, from amber to green.

In reply to Stephen Joyce, the Director Finance explained that Internal Audit had identified that the Council had good controls in place regarding risk C2, loss of data or access to IT due to a breach of information security. The recent annual Disaster Recovery test had successfully demonstrated the Council's ability to recover critical IT services in the result of disruption. This explained why the risk had been reduced from 4 to 3. It was understood that the Council should not be complacent regarding the threat of a cyber-attack.

In reply to Stephen Joyce, the Director Finance explained that many aspects of Climate Change were outside the Council's control and so the risk score for C6 had not been reduced. Stephen Joyce warned that the cost of net zero could become significant.

In reply to Cllr Keith Horgan, the Director Finance explained that the Council was in a strong position financially and this was why the risk for B3, Medium Term Financial Strategy, had been reduced.

Cllr James Lay suggested that the risks had reduced overall due to the controls that had been put in place by the Council.

The Committee

Resolved to

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

**15. Forward Agenda Plan**

The Committee received the Forward Agenda Plan. The Chair asked the Committee to move the meeting scheduled on 1 February 2027 to Tuesday 19 January 2027 to allow the accounts to be signed-off before the deadline of 27 January 2027.

It was resolved:

(a) That the Forward Agenda Plan be noted.

(b) That the Committee meeting scheduled for 1 February 2027 be moved to Tuesday 19 January 2027.

The meeting closed at 6:55 pm.

Chair:…………………………………………………

Date: …………………………………………………