



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 April 2025, at 4:30 pm

Present Cllr David Brown (Chair)
Cllr Lorna Dupré
Cllr Keith Horgan
Cllr Kelli Pettitt (Vice Chair)
Cllr Ross Trent
Stephen Joyce – Independent Lay Member

Officers Jane Webb – Democratic Services & Elections Manager
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)

39. Public Question Time

No public questions were received.

40. Apologies and Substitutions

Apologies were received from Cllr James Lay.

41. Declarations of Interest

No declarations of interests were made.

42. Minutes

The Committee received the Minutes of the meeting held on 3 February 2024.

It was resolved:

That the Minutes of the meeting of the Committee held on 3 February 2024 be confirmed as a correct record and signed by the Chair.

43. Chair's Announcements

The Chair apologised that the initial agenda had omitted the External Audit Annual Report, which was subsequently added and sent to all Members and would be taken as the next item.

44. External Audit Annual Report

The Committee considered the External Audit Annual Report (previously circulated).

Mark Hodgson, the External Auditor, highlighted to the Committee that, as discussed at the previous committee meeting, the Auditor's Opinion was signed on 20 February 2025. The new update within the report that Members would not have seen was the commentary around Value for Money and their conclusion on the Council's arrangements, which did not lead to any significant weaknesses.

In response to questioning, Mark Hodgson, the External Auditor, stated that:

- The report noted delays in the timeliness of some information being provided to EY, but that this had no impact on the disclaimed audit opinion, which was always the most positive outcome available to the Council. The disclaimed opinion did however reflect the lack of some in-year assurance, beyond just opening balances. The Director, Finance explained that staff turnover affected the timeliness of responses to audit requests. However, prioritising budget preparation over the quicker response to audit queries was deemed sensible, as a disclaimed audit opinion was already expected.
- Although the Director, Finance had previously confirmed that procedures for authorising journals have been implemented, the lack of procedures were included in the key findings as no testing had been done to confirm this.
- The disparity in grading among auditors arises from differing assessments. "Moderate" indicates that most controls are effective but require some improvement, while "value for money" suggests that adequacy doesn't need to be perfect, just sufficient. Limited grading would raise concerns.
- No date has been given for the issuance of the Audit Certificate, as the National Office has not provided any details.

It was resolved:

That the External Audit – Auditor's Annual Report – Year ended 31 March 2024 be noted.

45. Audit Committee Annual Report 2024/25

The Committee considered the Audit Committee's Annual Report for recommendation to full Council, (Z166, previously circulated), presented by the Director Finance.

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

In response to questioning, Rachel Ashley-Caunt – Head of Internal Audit, stated that:

- The ARP recommendations and action plans for improvements are taken from audit reports, which can be requested if needed.

- In the Internal Audit's Annual Report, it was noted that 17% of agreed management actions were not implemented as of March 2024. When presenting the report at Full Council, it's recommended to acknowledge this 17%, while also highlighting that efforts in 2024/25 have reduced outstanding audit recommendations to zero.

Stephen Joyce, an Independent Lay Person, noted that while the summary was clear, it did not fully capture the depth of the Committee's discussions and endorsements. It also missed insights from the external audit regarding the disclaimed opinion and gave only a brief mention of the importance of the Risk Register. It was agreed that these points would be included in Cllr Brown's introductory remarks when presenting the report at the Full Council meeting.

It was unanimously resolved to RECOMMEND TO FULL COUNCIL:

- That the Audit Committee Annual Report be approved.

46. Internal Audit Progress Report

The Committee received the Internal Audit Progress Report (Z167, 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 reported that three audits were finalised, with the others close to completion for the next meeting.

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

Stephen Joyce praised payroll and treasury management but expressed concern over the moderate rating for bank reconciliations and sought prompt reassurance that the recommendations had been implemented. The Director, Finance confirmed that the reconciliations were complete after correcting a formula error identified by the audit team. Everything was now functioning properly.

In response to questioning, Rachel Ashley-Caunt – Head of Internal Audit, stated that:

- The review dates mentioned in section 2.3 of the report concerned procedure notes and highlighted the advantages of having these documents version-controlled and dated.
- One new action had become due and was implemented since the last committee meeting.

The Chair was pleased to see the positive customer satisfaction responses and the high ratings achieved by the Internal Audit Team.

It was unanimously resolved:

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

47. Internal Audit Charter and Mandate

The Committee considered the Internal Audit Charter and Mandate Report (Z168, previously circulated), and the Chief Internal Auditor presented the report.

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

Stephen Joyce asked about any changes to the global internal audit standards that the Committee should know about. The Chief Internal Auditor noted that a document outlining key elements was shared in November. This was a new document based on the new standards, rather than an amended copy of the previous charter.

It was unanimously resolved:

That the Internal Audit Charter and Mandate be approved.

48. Internal Audit Plan 2025/26

The Committee reviewed the Internal Audit Plan for 2025/26 (reference Z169, previously circulated). The Chief Internal Auditor presented the report and noted that, following the previous Committee meeting, a day had been included in the Plan for ad-hoc support and assurance work related to Local Government Reorganisation. There was discussion about conducting a more thorough audit of HR issues, absenteeism and exit interviews and whether these were being impacted by Local Government Reorganisation. If the committee preferred a broader assurance piece instead of just advisory support, the Plan could be revised to include it; however, something else would need to be removed to accommodate this change.

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

Cllr Dupre requested that an item be added to the agenda concerning a report submitted to the CPCA Overview and Scrutiny Committee about housing arrangements and transactions involving ECDC, ECTC, and CPCA. The Chair explained that this matter would need to be reviewed outside the meeting to determine whether it falls within the remit of Internal Audit, as Cllr Dupre was referencing trading companies. He assured Members that he would update them on the outcome in due course.

Stephen Joyce noted that previous discussions had highlighted emerging risks related to Local Government Reform, particularly staff retention and morale. He supported an audit to assess staff dissatisfaction, viewing it as a key issue that could provide assurance on high-level personnel controls. The Chair agreed that this would be a valuable initiative moving forward.

The Chief Internal Auditor suggested that the current Health and Wellbeing Strategy within the Plan was the lowest risk and therefore this could be removed from the Plan and placed in reserve, and that the HR data review, especially around the impact of the Local Government Reorganisation be added in its place, to which the Members agreed.

It was resolved:

- That the Internal Audit Plan for 2025/26 be approved.
- That delegation be given to the Finance Director, in consultation with the Chair of the Audit Committee, to approve amendments to the Internal Audit Plan, if required.
- That the Health & Wellbeing Strategy be removed from the Audit Plan and placed on reserve, and that an HR data review, especially around the impact on this of Local Government Reform be added in its place.

49. Forward Agenda Plan

The Committee received the Forward Agenda Plan.

It was resolved:

That the Forward Agenda Plan be noted.

The meeting closed at 5:35 pm.

Chair:.....

Date: