

Title: Annual Report 2024/25

Committee: Audit Committee

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1.0 Issue

- 1.1. To review the Audit Committee's Annual Report and recommend this for approval to Full Council.

2.0 Recommendation

- 2.1. To recommend to Full Council to approve this report.

3.0 Background

- 3.1. It is considered best practice for the Audit Committee to report to Full Council on its activities at the end of each municipal year. This had not been the case at East Cambs, but a first report was produced at the end of 2023/24. This is therefore the second such report and provides details of the Committee's activities during the 2024/25 municipal year.
- 3.2. The constitution, objectives and Terms of Reference of the Audit Committee are detailed in the Constitution.

3.3. Constitution

This Committee shall comprise of 5 Members of Council [6 since December 2024] and one Lay Member (without voting rights) who shall be appointed by full Council. Its quorum is 3 (excluding the lay member). Members of the Finance & Assets Committee and the Leader and Deputy Leader of the Council are excluded from membership of the Audit Committee.

3.4 Objectives

Oversight and approval of Statement of Accounts, Internal and External Audit, and Risk Management matters (not otherwise the responsibility of the Council or any other Committee).

3.5 Terms of Reference

The Committee's terms of reference shall be:-

To act as the Council's Audit Committee and the discharge of these duties and responsibilities including:-

- consideration of Annual Audit letter to Members, Annual Audit and Inspection Fee Letter and the External Auditor Annual Governance Report, Annual Audit Plan and Code of Audit Practice and Statement of Responsibilities;
- approve the Annual Governance Statement;
- approve the Statement of Accounts;
- approve the Code of Corporate Governance;

To agree the Internal Audit Terms of Reference and Internal Audit Plan, review and consider the Plan, any Annual Report and/or Opinion.

To oversee and approve the Code of Corporate Governance. To oversee the Council's Corporate Governance arrangements including Anti-Fraud and Corruption Policy.

To oversee and monitor the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Strategy.

To appoint 'Member Champions' as required.

To make nominations to any relevant outside bodies for the Audit Committee from the wider membership of the Council for a period of up to 4 years.

4.0 Audit Committee Activity in 2024/25

4.1. The Audit Committee met on five occasions during the 2024/25 municipal year:

- 22nd May 2024 (following Full Council)
- 16th July 2024
- 19th November 2024
- 3rd February 2025
- 15th April 2025

4.2. The Committee has reflected the political balance of the Council. At the start of the year, this meant that there were three Conservative councillors and two Liberal Democrat councillors, but following the Council decision at its Extraordinary Meeting on the 11th December 2024, this changed to be three Conservative councillors and three councillors from the Liberal Democrat and Independent Group.

4.3. The Liberal Democrat's Group did not utilise their seats on Committee prior to the change in arrangements, but have attended the meetings in 2025.

4.4. An Independent / Lay Member was appointed onto the Committee as a non-voting member. The first meeting that he attended was 16th July 2024 and he has attended each subsequent meeting.

- 4.5. The lead officer to the Committee is the Director, Finance, supported by the Director Legal (monitoring officer). Other officer attendees are the Head of Internal Audit and the External Audit Manager, with then other report authors attending to present their reports.
- 4.6. Committee received the following reports during the year:

External Audit Reports

- Interim Value for Money Report for 2022/23
- External Audit Results Report for 2022/23 – because of the long outstanding issue regarding the backlog within the Local Government Audit system, EY were only able to give a “disclaimed audit” opinion for 2022/23. In reality, a “disclaimed audit opinion” meant that EY had been unable to complete their Audit work prior to the November backstop date announced by Government, and so couldn’t issue a full certificate. It didn’t in anyway, suggest there was anything wrong with the Statements.
- Audit Plan 2023/24
- External Audit Results Report for 2023/24 – as EY gave a “disclaimed audit” opinion on the 2022/23 Statements, even though they undertook an extensive review of the 2023/24 Statements, they were still only able to give a disclaimed audit opinion for the year, as they couldn’t validate some of the brought forward balances or the prior year comparisons. As before, this didn’t in anyway, suggest there was anything wrong with the Statements.

Statement of Accounts and Annual Governance Statement

- Statement of Accounts 2022/23 – These were approved at the meeting on the 19th November 2024.
- Draft Statement of Accounts for 2023/24
- Statement of Accounts 2023/24 – These were approved at the meeting on the 3rd February 2025.
- Annual Governance Statement 2023/24 – this was presented to two meetings, initially in draft and then a final version which was approved at the meeting on the 19th November 2024.

Internal Audit Reports

- Internal Audit – Annual Report and Opinion 2023/24 – the summary findings of which are below:

I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2023/24. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Moderate Assurance** can be given over the adequacy and effectiveness of the Council’s control environment for 2023/24. [Definition - There are gaps in the internal

control framework which pose a medium risk to delivery of the objectives.] This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further below.

Financial control

Controls relating to the Council's key financial systems which were reviewed during the year were all concluded to be operating at a level of Moderate Assurance or above, with 92% of opinions given being of Good or Substantial Assurance.

Assurance over the outsourced revenues and benefits service has been provided in the form of internal audit reports issued for the Anglia Revenues Partnership shared service. These have all resulted in assurance opinions of 'Adequate / Reasonable', which is comparable to the Council's internal audit service's assurance opinion of 'Moderate'. This indicates a reduced assurance opinion from previous years, where areas of 'enforcement' and 'Council Tax Billing, Housing Benefit and Local Council Tax Reduction Scheme' had received 'Good' assurance opinions in 2022/23. Action plans are in place for areas of improvement.

Risk management

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2023/24.

Internal control

For the audits completed by the Internal Audit service in 2023/24, 97% of the opinions given in relation to the control environment and compliance have been of at least Moderate Assurance. The only opinion of Limited Assurance was in relation to Payment Card Industry Data Security Standard (PCI DSS) compliance. An action plan was agreed in relation to these findings and promptly progressed, providing assurance over actions taken to address areas of weakness. There have been no reports issued with an opinion of 'high' organisational impact.

The audit plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit Committee.

Of the agreed management actions due for implementation during 2023/24, 83% had been completed during the year.

There have been no incidences during 2023/24 where the internal audit team have highlighted a fundamental risk or weakness and management have sought to accept the risk, rather than agree an appropriate action.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

- Internal Audit Progress Reports 2024/25 (four reports)
- Internal Audit Plan Development for 2025/26
- Internal Audit Standards Report
- Internal Audit Charter and Strategy – this was approved on the 15th April 2025
- Internal Audit Plan 2025/26 – this was approved on the 15th April 2025

Other Reports

- Corporate Risk Management Monitoring Report (Risk Register) update reports (two reports)
- Annual Information Governance Report
- Audit Committee Annual Report – this report

4.7 On the 3rd February 2025, Audit Committee members met to conduct a self-assessment of good practice against the CIPFA Position Statement on the role of Audit Committees in local government. This was the second such meeting, the first having taken place in January 2024. Attendees found this a useful meeting and an opportunity to reflect on where the Committee was performing well and where further improvement could be made, to better align with best practice.

Within the CIPFA Position Statement Documentation at appendix E there is a scoring matrix which allows Committee members to assess performance against specific good practice criteria and come up with a score of overall performance. The Committee scored itself as 168 out of 200.

An action plan was produced as part of the exercise to improve the performance of Committee moving forward and this is attached below for information.

Action ref	Description	Timeframe
1	Updates to Council To introduce brief updates to Council on key items covered (i.e. assurances gained and areas for improvement / risk noted) following each meeting of the Audit Committee.	
2	Management attendance at meetings To explore options to facilitate attendance of wider management for relevant agenda items, as required.	
3	Forward plan and Terms of Reference (ToR) The ToR should be reviewed to ensure alignment with the CIPFA Position Statement 2022. To request a more detailed forward plan, beyond the next meeting, which can then be cross referenced to the ToR and ensure full coverage.	
4	Committee training / skills assessment To conduct a committee skills/training assessment, using a matrix based on the CIPFA guidance.	
5	Training plan Based on the outcome of action 4, above, to develop a training plan which can be delivered as pre-meeting sessions and cover key areas, ideally relating to the topics on the agenda that day.	

Action ref	Description	Timeframe
	To schedule initial introductory training for new members / refresher for all.	
6	Training and meeting times To explore timing of training and committee meetings to maximise attendance for those with other work commitments.	

5.0 Additional Implications Assessment

5.1 In the table below, please put Yes or No in each box:

Financial Implications	Legal Implications	Human Resources (HR) Implications
No	No	No
Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA)	Data Protection Impact Assessment (DPIA)
No	No	No

6.0 Background Documents

6.1 Audit Committee agendas and minutes