



Cambridge City Council Civic Affairs

Date: Wednesday, 13 July 2022

Time: 5.30 pm

Venue: Meadows Community Centre - 1 St Catharine's Road, Cambridge
CB4 3XJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Agenda

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes (Pages 3 - 6)
- 4 Public Questions
- 5 External Audit Plan for 2021/22 (Pages 7 - 62)
- 6 Whistleblowing Policy (Pages 63 - 74)

Civic Affairs Members: McPherson (Chair), Carling (Vice-Chair), Bennett, Davey, Hauk and Thornburrow

Alternates: Bick, S. Davies and Moore

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- Phone: 01223 457000

CIVIC AFFAIRS

16 May 2022
5.30 - 6.30 pm

Present: Councillors Davey (Vice-Chair), Bick, Dryden, Flaubert and Gawthrope Wood

FOR THE INFORMATION OF THE COUNCIL

22/12/Civ Apologies

Apologies were received from the Council's Independent Person, Rob Bennett

22/13/Civ Declarations of Interest

There were none.

22/14/Civ Minutes

The minutes of the meeting held on 2 February 2022 were confirmed as a correct record and signed by the Vice -Chair.

22/15/Civ Public Questions

There were no public questions.

22/16/Civ Officer Delegated Decisions

5a To implement the Joint Negotiating Committee for Chief Executives of Local Authorities Pay Award for 2021-22.

5b To implement the Joint Negotiating Committee for Chief Officers of Local Authorities Pay Award for 2021-22.

5c To implement the National Joint Council for local government services (NJC) Pay Award for 2021-22.

The three officer decisions were noted.

22/17/Civ Internal Audit Plan 2022/23

The Committee received a detailed introduction to the report by the Head of the Shared Internal Audit Service.

In response to a question from the Council's Independent Person about Audit's follow up of previous recommendations, the officer advised that resources are made available for follow up work in each year's Audit Plan and the standard approach is to follow up all high status actions, typically in audits of limited or no assurance.

Resolved-

Approved the Audit Plan and Strategy;
Approved the supporting Charter and the Code of Ethics

22/18/Civ Nominations for Committees for the Municipal Year 2022/23

The committee received an oral update from the Democratic Services Manager. There were on-going discussions between political Group Leaders on the committees so an update paper would be produced prior to the Annual Council Meeting. Councillor Bick requested that this include the ability to appoint more than one alternate to regulatory committees-committee agreed this was reasonable.

Also, no constitutional changes were required following the elections. Therefore recommendations (i)-(iii) were withdrawn.

Members of the Committee requested further information before agreeing to an arbitrary removal of recorded meetings after one year (recommendation v) and include the practice of engagement and recordings amongst the review of decision making and the Our Cambridge programme.

Resolved-

To recommend to Council that area committees continue to be held virtually.
To report back to a future Committee on Council meeting scheduling for February/March 2023.

The meeting ended at 6.30 pm

CHAIR

CIVIC AFFAIRS

26 May 2022
4.40 - 4.44 pm

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Davey, Hauk and Thornburrow

FOR THE INFORMATION OF THE COUNCIL

22/19/Civ Appointment of Sub Committee

The Committee agreed the membership of the following:

Employment Appeals Sub Committee

4 Labour, 2 Liberal Democrat

TBC

Bick, Page-Croft

The meeting ended at 4.44 pm

CHAIR

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Item

EXTERNAL AUDIT – INITIAL AUDIT PLAN 2021/22

To:

Civic Affairs Committee 13/07/2022

Report by:

Jody Etherington, Deputy Head of Finance

Tel: 01223 - 458130 Email: jody.etherington@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 The attached Initial Audit Plan 2021/22 from EY (Appendix 1) summarises the proposed approach to the 2021/22 external audit, including a consideration of the most significant audit risks.
- 1.2 EY staff will be available to discuss their report and answer any questions arising.

2. Recommendations

- 2.1 That the contents of the EY Initial Audit Plan 2021/22 are noted.

3. Background

- 3.1 In line with the National Audit Office Code of Audit Practice, EY are required to review and report on the Council's Statement of Accounts. They are also required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness in its use of resources, and report a commentary on those arrangements (also known as the 'value for money' or 'VFM' commentary).

- 3.2 The attached Initial Audit Plan details the approach that EY will use in relation to the 2021/22 audit. It specifies the work they will undertake, when they anticipate completing this work and how they will report their findings. It also details EY's assessment of the key risks with regards to the Statement of Accounts.
- 3.3 The deadline for the publication of the approved and final Statement of Accounts 2021/22 is anticipated to be 30 November 2022. Section 7 of the attached report sets out an indicative audit timeline which allows this deadline to be met.

4. Statement of Accounts audit

- 4.1 EY have identified two new significant audit risks in relation to 2021/22, as follows:-
- Change in payroll system
 - Infrastructure assets

In addition, EY have elevated the risk level relating to valuation of other land and buildings to 'significant', in response to the fact that the Council has appointed new valuers this year.

The risk level associated with accounting for Covid-19 related government grants has been reduced, in recognition of the fact that the Council now has 2 years' experience of accounting for these grants correctly.

Further detail on each of these risks, and EY's planned audit response, can be found in sections 1 and 2 of the attached report.

- 4.2 In relation to the risk on infrastructure assets, it should be noted that this is a national issue which is currently subject of an urgent consultation by CIPFA. We will need to await the outcome of this consultation before the true impact is known, although it is recognised that this does have potential to delay the audit process this year, given the material level of infrastructure assets held by the Council.
- 4.3 EY have set a planning materiality level of £3 million, which represents 2% of the previous year's gross revenue expenditure.

Performance materiality has been held at 75%, reflecting the low level of errors detected in the 2020/21 financial statements. Further detail can be found in section 1 of the attached report.

5. VFM commentary

5.1 Under the National Audit Office Code of Audit Practice, auditors are required to publish a commentary on the Council's VFM arrangements against three reporting criteria as follows:-

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

Further details can be found in section 3 of the attached report.

5.2 EY have yet to commence their detailed VFM planning, and they will update the Committee on the outcome of their VFM risk assessment and their planning response to any identified risks at the next Civic Affairs Committee meeting.

6. Implications

a) Financial Implications

The proposed audit fee is set out at Appendix A to the attached report. It should be noted that both the 2020/21 and 2021/22 fees are still subject to negotiation and agreement with PSAA, who are responsible for approving any fee variations by local auditors.

b) Staffing Implications

None

c) Equality and Poverty Implications

None

d) Environmental Implications

None

e) Procurement Implications

None

f) Community Safety Implications

None

7. Consultation and communication considerations

None

8. Background papers

No background papers were used in the preparation of this report.

9. Appendices

Appendix 1 – EY Initial Audit Plan 2021/22

10. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jody Etherington, Deputy Head of Finance, tel: 01223 - 458130, email: jody.etherington@cambridge.gov.uk.

A photograph showing several people's hands and arms as they sit around a white table, looking at and pointing to various documents. One person is wearing a yellow shirt and a watch. Another person is wearing a white shirt. A smartphone is visible on the table. The scene is brightly lit, suggesting an office or meeting environment.

Cambridge City Council Initial Audit Plan

Year ended 31 March 2022

22 June 2022

22 June 2022



Civic Affairs Committee
Cambridge City Council
The Guildhall
Peas Hill
Cambridge
CB2 3QJ

Dear Civic Affairs Committee Members

We are pleased to attach our Initial Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Civic Affairs Committee with a basis to review our proposed audit approach and scope for the 2021/22 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for Cambridge City Council, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Civic Affairs Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 13 July 2022 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

A handwritten signature in blue ink that reads "MARK HODGSON". The signature is written in a cursive, slightly slanted style.

Mark Hodgson
Associate Partner
For and on behalf of Ernst & Young LLP
Enc

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Civic Affairs Committee and management of Cambridge City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Civic Affairs Committee and management of Cambridge City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Civic Affairs Committee and management of Cambridge City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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Overview of our 2021/22 audit strategy



Overview of our 2021/22 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Civic Affairs Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively (management override).
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Fraud risk	No change in risk or focus	Linking to our fraud risk identified above, we have determined that a way in which management could override controls is through the inappropriate capitalisation of revenue expenditure to understate revenue expenditure reported in the financial statements, given the extent of the Council's capital programme and Revenue Expenditure Funded from Capital Under Statute.
Investment Property Valuations	Significant Risk	No change in risk or focus.	The Council's Investment Property portfolio is a material balance (£159 million at 31 March 2021) disclosed on the Council's balance sheet. Given the judgemental nature of these assets and the ongoing Covid impact on the property market, we will be engaging our own experts, EY Real Estates, to ensure we obtain sufficient assurance over this risk.
Valuation of other Land and Buildings	Significant Risk	Increased risk in 2021/22 from prior year	Other Land and Buildings (OLB) represents a significant balance in the Council's accounts (£146 million at 31 March 2021) and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the Balance Sheet. In 2021/22, the Council have engaged a new valuer, Bruton Knowles, to undertake this work, which we consider to be a trigger to increase our audit risk to significant, as valuations may be under/overstated as a result of this change. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

Overview of our 2021/22 audit strategy

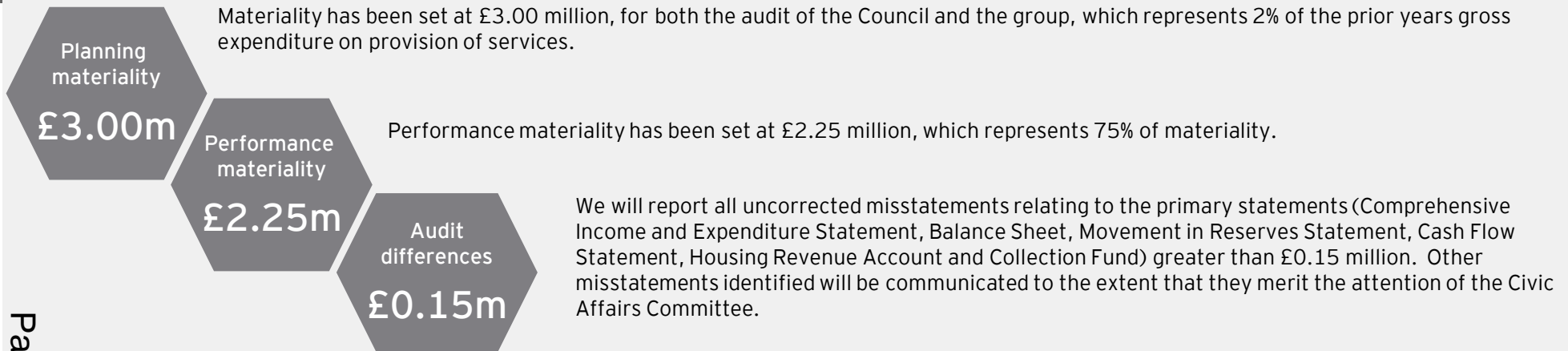
Risk / area of focus	Risk identified	Change from PY	Details
Change in Payroll system	Significant Risk	New risk in 2021/22	The Council implemented a new payroll system - iTRENT (Zullis in 2020/21) during the financial year. As with any IT upgrade there is a risk that the relevant financial information has not been appropriately transferred to the new system leading to a material misstatement in the 2021/22 financial statements. Given that a significant proportion of the Council's expenditure is through payroll, we have raised a significant risk in this area.
Infrastructure Assets	Significant Risk	New risk in 2021/22	An issue has been raised via the NAO's Local Government Technical Group that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned. This matter is currently under consideration by CIPFA and given the Council hold material Infrastructure Assets (£6 million at 31 March 2021) we have raised a significant risk in this area to ensure the correct accounting treatment is applied and that the Council has appropriate evidence to support that treatment.
Accounting for Covid-19 related government grants	Inherent Risk	Reduced risk in 2021/22 from prior year	The Council has received a significant level of government funding in relation to Covid-19, including a number of new grants in 2021/22. There is a need for the Council to ensure that it accounts for these grants appropriately, taking into account any associated restrictions and conditions. We have reduced the risk from significant based on the likelihood of error reducing after two years of accounting for such grants.
National Non-Domestic Rates (NNDR) Appeals Provision	Inherent Risk	No change in risk or focus.	Due to the impact of Covid-19, there is a possibility that businesses are likely to seek reductions based on a decrease in rental prices on which rateable values are based. The Council's NNDR Appeals Provision is a material estimate, totalling £10 million for the Collection Fund as a whole. In light of this, we consider there to be a higher inherent risk of misstatement of the Council's NNDR appeals provision.
Pension Valuation and Other Disclosures	Inherent Risk	No change in risk or focus.	The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body. The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's Balance Sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the Pension Fund Actuary. Accounting for this scheme involves significant estimation and judgement and due to the nature, volume and size of the transactions we consider this to be a higher inherent risk.

Overview of our 2021/22 audit strategy

Risk / area of focus	Risk identified	Change from PY	Details
Council dwellings valuation	Inherent Risk	No change in risk or focus	Council dwellings represent a significant balance in the Council's accounts (£640 million at 31 March 2021) and are subject to valuation changes, impairment reviews and depreciation charges. As the value of council houses are significant, and the outputs from the valuer are subject to estimation, there is a higher inherent risk that balances may be under/overstated or the associated accounting entries incorrectly posted. Note - there is no change in valuer for this class of asset, so no increased risk designation.
Group Accounting	Inherent Risk	No change in risk or focus	The Council has been preparing group accounts for several years. The Council will need to undertake its annual assessment of the group boundary to determine the procedures required to consolidate the relevant component entities. We will consider the need to engage with the auditors of the significant components to understand and evaluate any risks they have recognised on the 2021/22 audits and what impact this has on our risk procedures in relation to the group accounts.
Bad debt provision and recoverability of debtors Receivables	Inherent Risk	No change in risk or focus	As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of Receivables. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of ongoing uncertainty and assess the appropriateness of this estimation technique.

Overview of our 2021/22 audit strategy

Materiality



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We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- ▶ Remuneration disclosures including Member allowances: we will agree all disclosures back to source data, and Member allowances to the agreed and approved amounts; and
- ▶ Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

Overview of our 2021/22 audit strategy

Audit scope

This Initial Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Cambridge City Council give a true and fair view of the financial position as at 31 March 2022 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on VFM in Section 03.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards. When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Taking the above into account, and as articulated in this audit plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, the valuations of land and buildings, the auditing of groups, the valuation of pension obligations, the introduction of new accounting standards such as IFRS 9 and 15 in recent years as well as the expansion of factors impacting the ISA 540 (revised) and the value for money conclusion. Therefore to the extent any of these or any other risks are relevant in the context of Cambridge City Council's audit, we will discuss these with management as to the impact on the scale fee.

Effects of climate-related matters on financial statements and Value for Money arrangements

Public interest in climate change is increasing. We are mindful that climate-related risks may have a long timeframe and therefore while risks exist, the impact on the current period financial statements may not be immediately material to an entity. It is nevertheless important to understand the relevant risks to make this evaluation. In addition, understanding climate-related risks may be relevant in the context of qualitative disclosures in the notes to the financial statements and value for money arrangements. We make inquiries regarding climate-related risks on every audit as part of understanding the entity and its environment. As we re-evaluate our risk assessments throughout the audit, we continually consider the information that we have obtained to help us assess the level of inherent risk.

Overview of our 2021/22 audit strategy

Value for money conclusion

We include details in Section 03 but in summary:

- ▶ We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.
- ▶ Planning on value for money and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.
- ▶ We will provide a commentary on the Council's arrangements against three reporting criteria:
 - ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
 - ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
 - ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

The commentary on VFM arrangements will be included in the Auditor's Annual Report.

Timeline

The Ministry of Housing, Communities and Local Government established regulations to extend the target date for publishing audited local authority accounts from 31 July to 30 September, for a period of two years (i.e. covering the audit of the 2020/21 and 2021/22 accounting years).

In December 2021, the Department for Levelling Up, Housing and Communities (DLUHC) announced proposals to extend the deadline for the publication of audited accounts to 30 November 2022 for 2021/22.

We are working with the Council to deliver the audit ahead of 30 November 2022. In Section 07 we include a provisional timeline for the audit.



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02 Audit risks





Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error *

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What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consider of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including:
 - ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
 - ▶ Assessing accounting estimates for evidence of management bias, and
 - ▶ Evaluating the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work.

Having evaluated this risk we have considered whether we need to perform other audit procedures not referred to above. We concluded that only those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required, as set out on the following page.

Our response to significant risks

Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)*

Financial statement impact

We have assessed that the risk of misreporting revenue outturn in the financial statements is most likely to be achieved through:

Revenue expenditure being inappropriately recognised as capital expenditure at the point it is posted to the general ledger.

Expenditure being inappropriately transferred by journal from revenue to capital codes on the general ledger at the end of the year.

If this were to happen it would have the impact of understating revenue expenditure and overstating property, plant and equipment additions and/or Revenue Expenditure Financed as Capital Under Statute (REFCUS) in the financial statements.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund. In arriving at this conclusion we have considered the continuing pressure on the revenue budget and the financial value of its annual capital programme which is many times out materiality level.

This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Obtaining an analysis of capital additions in the year, reconciling to the Fixed Assets Register (FAR), and reviewing the descriptions to identify whether there are any potential items that could be revenue in nature; and
- ▶ Sample Test Property, Plant and Equipment additions, and REFCUS additions, if material, to ensure that the expenditure incurred and capitalised is clearly capital in nature or appropriate to be treated as REFCUS.

We will utilise our data analytics capabilities to assist with our work, including journal entry testing. We will assess journal entries more generally for evidence of management bias and evaluate for business rationale.

Our response to significant risks

Investment Property Valuations

Financial statement impact

The value of Investment Property represents a significant balance in the Authority's accounts and is subject to valuation based on market information. Given potential impacts of market uncertainty, this may limit the valuer's scope in determining reasonable estimates within the valuation model of investment properties at 31 March 2022. The Council have also changed investment property valuer during 2021/22. This leads to a risk of material uncertainty in the valuations of Investment Property within the Council's financial statements.

What is the risk?

The Council's investment property portfolio is a material balance (£159 million at 31 March 2021) disclosed on the Council's balance sheet.

Individual asset markets may react differently to ongoing uncertainties and considerations must be given to ensure sufficient and appropriate market data is used for valuations during the 2021/22 period. Whilst RICS guidance on material uncertainty has been lifted, there is still a significant level of judgement around assumptions within valuations, especially where these assumptions rely on market data or income based measures, given difficulties in estimating future income.

There is also a risk that the incoming valuer will have insufficient knowledge of the asset portfolio in order to reach a true and fair valuation.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

Audit risks

Our response to significant risks

Valuation of Other Land and Buildings

Financial statement impact

Other Land and Buildings (OLB) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end balances held in the balance sheet. In 2021/22, the Council have engaged a new valuer, Bruton Knowles, to undertake this work, increasing our risk to significant that balances may be under/overstated.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of experts and assumptions underlying fair value estimates.

What is the risk?

The Council's Other Land and Buildings portfolio is a material balance (£146 million at 31 March 2021) disclosed on the Council's balance sheet. In addition, the Council holds other assets valued using market information.

In 2021/22, the Council have engaged with a new valuation specialist, Bruton Knowles, to undertake the valuation of Other Land and Buildings. As a result there is an increased risk that the valuer may not have sufficient knowledge of the specifics of the Council's asset base in order to reach a reasonable estimate for the valuation of the asset portfolio.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Consider the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Sample test key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2021/22 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

Audit risks

Our response to significant risks

Change in Payroll System

Financial statement impact

Given that a significant proportion of the Council's expenditure is on Employee costs through the payroll system, there is a risk that the implementation of a new payroll system could lead to a material misstatement in expenditure.

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What is the risk?

The Council implemented a new payroll system - iTRENT (Zullis in 2020/21) during the financial year.

As with any IT upgrade there is a risk that the relevant financial information has not been appropriately transferred to the new system leading to material misstatement in the 2021/22 financial statements.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Understand the controls in place within the new 'iTRENT' system, including the interaction between the system and the General Ledger;
- ▶ Understanding the data transfer process from the previous system to the new system to ensure completeness of data transfer;
- ▶ Perform testing procedures in relation to the data transfer process to ensure accuracy of data transfer; and
- ▶ Perform analytical procedures on overall payroll expenditure to ensure that expenditure is not materially overstated or understated.



Audit risks

Our response to significant risks

Accounting for Infrastructure Assets

Financial statement impact

As a result of not writing out gross cost and accumulated depreciation where components are replaced, there is a risk that, if this is the case for elements not fully depreciated, assets in the Balance Sheet could be overstated.

What is the risk?

An issue has been raised via the NAO's Local Government Technical Group that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned. This matter is currently under consideration by CIPFA and given the Council hold material Infrastructure Assets (£6 million at 31 March 2021) we have raised a significant risk in this area.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Continue to discuss the matter with the Council as guidance on accounting for Infrastructure Assets is updated;
- ▶ Understand the Infrastructure Assets balance and the individual assets comprising this balance; and
- ▶ Understand the Council's process for writing out gross cost and accumulated depreciation on the Infrastructure Assets balance to determine whether this is materially correct at the Balance Sheet date.

Audit risks

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the area of focus?

Accounting for Covid-19 related grant funding

In response to the Covid-19 pandemic, the Council have received significant levels of grant funding, both to support the Council and to pass on to local businesses. Each of these grants will have distinct restrictions and conditions that will impact the accounting treatment of these. We are aware of new Covid-19 grant income in 2021/22 for example the COVID-19 Additional Relief Fund (CARF) where the Council has received £9.8 million.

Given the volume of these grants, and the new conditions for the Council to understand the accounting impact of, there is a risk that these may be misclassified in the financial statements or inappropriately treated from an accounting perspective.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Consider the Council's judgement on material grants received in relation to whether it is acting as an agent or a principal; and
- ▶ Encourage the finance team to provide its assessment of grant accounting well before it prepares the statements so that we can provide an early view on its proposed accounting treatment.

National Non-Domestic Rates (NNDR) Appeals Provision

The calculation of the NNDR Appeals Provision is estimate based. Given the impact of Covid-19 on businesses seeking reductions in rateable values, there is a risk of material misstatement of the appeals provision due to the nature of the provision and the uncertainty around the full impact of Covid-19.

In light of this we consider there to be an inherent risk of misstatement of the Council's NNDR appeals provision.

We will consider the Council's estimation of the NNDR appeals provision by performing the following:

- ▶ Review the assumptions made by the Council's NNDR appeals provision specialist; and
- ▶ Assess the reasonableness of any local adjustments made by the Council on the NNDR appeals provision.

Other areas of audit focus (continued)

What is the risk/area of focus?

Pension Liability Valuation & other pension disclosures

The Authority makes extensive disclosures within its financial statements regarding its membership of Cambridgeshire Pension Fund Scheme administered by Cambridgeshire County Council. At 31 March 2021 the liability totalled £142 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the Cambridgeshire Pension Fund.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf.

We undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Liaise with the auditors of Cambridgeshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Cambridge City Council;
- ▶ Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used, by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and by considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19 considering fund assets and the Authority's liability.

Council house valuations

Council dwellings represent a significant balance in the Council's accounts (£640 million at 31 March 2021) and are subject to valuation changes, impairment reviews and depreciation charges. As the value of council houses are significant, and the outputs from the its valuer are subject to estimation, there is a higher inherent risk balances may be under/overstated or the associated accounting entries incorrectly posted.

In order to address this risk we will carry out a range of procedures including:

- ▶ Consider the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; and
- ▶ Test a sample of beacon valuations to comparable sales to ensure that the approach is reasonable; and
- ▶ Consider specifically the use of indices to derive the 31 March valuation.

Audit risks

Other areas of audit focus (continued)

What is the risk/area of focus?

Group Accounting

The Council has been preparing group accounts for several years. The Council will need to undertake its annual assessment of the group boundary to determine the procedures it needs to undertake to consolidate the relevant component entities.

What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Review the Council's assessment of its group boundary;
- ▶ Consider the need to liaise with the component auditors to understand any risks that they are recognising;
- ▶ Evaluate any risks at component level on the group accounts;
- ▶ Issue instructions to the component auditors we intend to place reliance on; and
- ▶ Audit the consolidation process and group accounts.

Bad debt provision and recoverability of debtors

As a result of the long term impact of Covid-19 and other market uncertainties there may be increased uncertainty around the recoverability of receivables. This includes large value debtors with subsidiary companies. The provision for these bad debts is an estimate, and calculation requires management judgement. We would expect the Council to revisit their provision for bad debt calculation in light of Covid-19 and assess the appropriateness of this estimation technique. Given that there might be some subjectivity to the recoverability of debtors the Council will need to consider the level of any provision for bad debts. We have therefore raised as an inherent risk in our audit strategy.

In order to address this risk we will carry out a range of procedures including:

- ▶ Review the calculation of the bad debt provision for reasonableness and accuracy; and
- ▶ Consider the recoverability of debts in testing a sample of trade receivables.



03

Value for Money Risks





Value for Money

Council's responsibilities for value for money

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

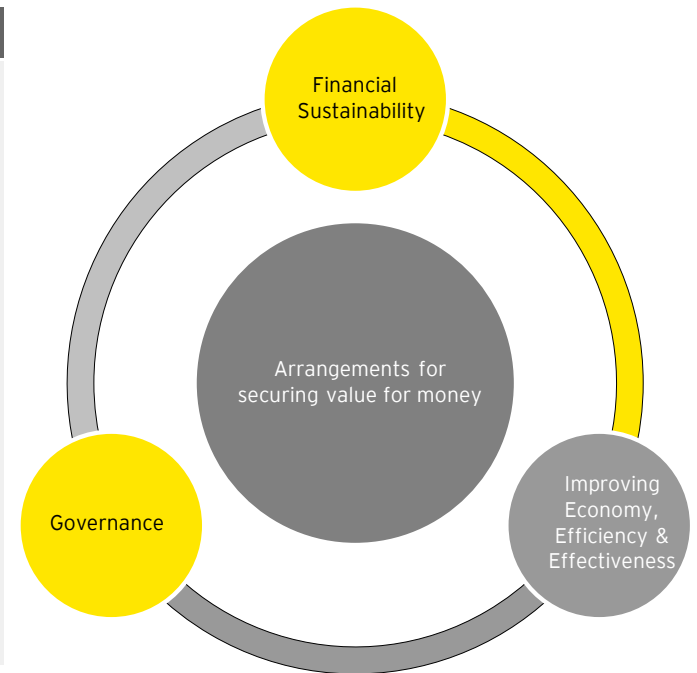
As part of the material published with the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

Auditor responsibilities

Under the NAO Code of Audit Practice we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- ▶ Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- ▶ Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- ▶ Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.





Planning and identifying risks of significant weakness in VFM arrangements

The NAO's guidance notes requires us to carry out a risk assessment which gathers sufficient evidence to enable us to document our evaluation of the Council's arrangements, in order to enable us to draft a commentary under the three reporting criteria. This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

In considering the Council's arrangements, we are required to consider:

- ▶ The Council's governance statement;
- ▶ Evidence that the Council's arrangements were in place during the reporting period;
- ▶ Evidence obtained from our work on the accounts;
- ▶ The work of inspectorates and other bodies; and
- ▶ Any other evidence source that we regards as necessary to facilitate the performance of our statutory duties.

We then consider whether there is evidence to suggest that there are significant weaknesses in arrangements. The NAO's guidance is clear that the assessment of what constitutes a significant weakness and the amount of additional audit work required to adequately respond to the risk of a significant weakness in arrangements is a matter of professional judgement. However, the NAO states that a weakness may be said to be significant if it:

- ▶ Exposes - or could reasonably be expected to expose - the Council to significant financial loss or risk;
- ▶ Leads to - or could reasonably be expected to lead to - significant impact on the quality or effectiveness of service or on the Council's reputation;
- ▶ Leads to - or could reasonably be expected to lead to - unlawful actions; or
- ▶ Identifies a failure to take action to address a previously identified significant weakness, such as failure to implement or achieve planned progress on action/improvement plans.

We should also be informed by a consideration of:

- ▶ The magnitude of the issue in relation to the size of the Council;
- ▶ Financial consequences in comparison to, for example, levels of income or expenditure, levels of reserves (where applicable), or impact on budgets or cashflow forecasts;
- ▶ The impact of the weakness on the Council's reported performance;
- ▶ Whether the issue has been identified by the Council's own internal arrangements and what corrective action has been taken or planned;
- ▶ Whether any legal judgements have been made including judicial review;
- ▶ Whether there has been any intervention by a regulator or Secretary of State;
- ▶ Whether the weakness could be considered significant when assessed against the nature, visibility or sensitivity of the issue;
- ▶ The impact on delivery of services to local taxpayers; and
- ▶ The length of time the Council has had to respond to the issue.



Value for Money

Responding to identified risks of significant weakness

Where our planning work has identified a risk of significant weakness, the NAO's guidance requires us to consider what additional evidence is needed to determine whether there is a significant weakness in arrangements and undertake additional procedures as necessary, including where appropriate, challenge of management's assumptions. We are required to report our planned procedures to the Civic Affairs committee.

Reporting on VFM

Where we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources the Code requires that we should refer to this by exception in the audit report on the financial statements.

In addition, the Code requires us to include the commentary on arrangements in the Auditor's Annual Report. The Code states that the commentary should be clear, readily understandable and highlight any issues we wish to draw to the Council's attention or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with our view as to whether they have been implemented satisfactorily.

Status of our 2021/22 VFM planning

We have yet to complete our detailed VFM risk planning. However, one area of focus will be on the arrangements that the Council has in place in relation to financial sustainability - including the impact of Covid-19 on the medium term financial planning.

We will provide an update on the outcome of our VFM planning and our planned response to any additional identified risks of significant weaknesses in arrangements at a future Civic Affairs Committee meeting.



04

Audit materiality

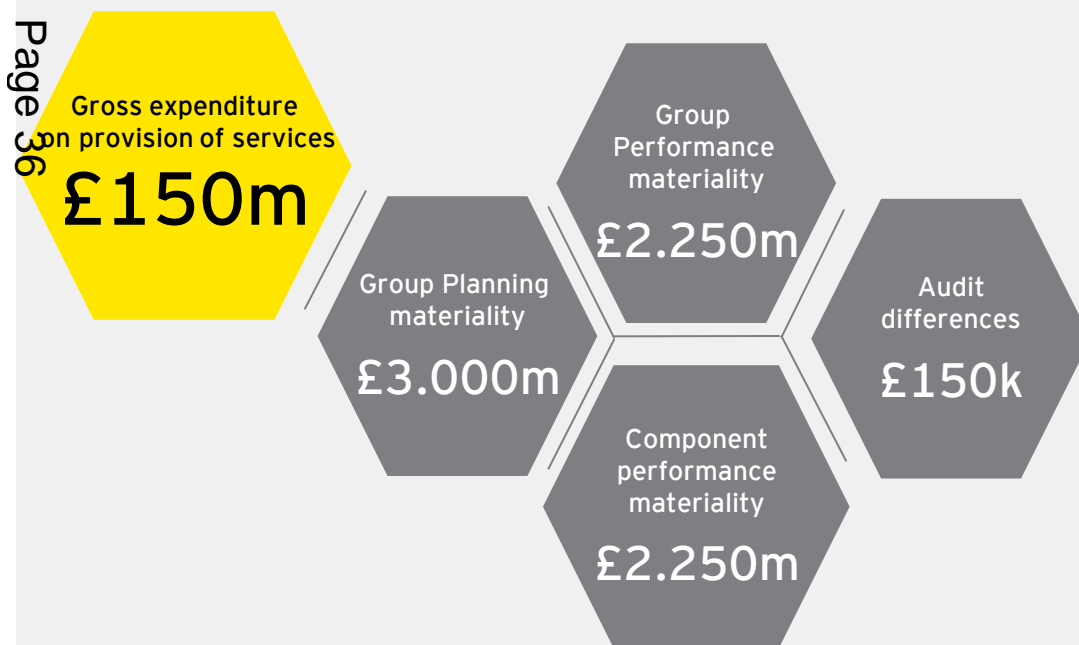


Materiality

Materiality

For planning purposes, materiality for 2021/22 has been set at £3.000 million. This represents 2% of the Council and the Group's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. We consider that gross expenditure on the provision of services is the area of biggest interest to the users of the Council's accounts. We have provided supplemental information about audit materiality in Appendix C.

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We request that the Civic Affairs Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £2.250 million which represents 75% of planning materiality, This reflects the relatively lower level of misstatements detected in our 2020/21 financial statement audit.

Component performance materiality range - we determine component performance materiality as a percentage of Group performance materiality based on risk and relative size to the Group.

Audit difference threshold - we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, housing revenue account and collection fund that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Civic Affairs committee, or are important from a qualitative perspective.

Specific materiality - We have set a materiality threshold of £5,000 for related party transactions and members' allowances. For officers remuneration including exit packages we will apply materiality of £5,000 in line with bandings. This reflects our understanding that an amount less than our materiality would not influence the economic decisions of users of the financial statements in relation to these disclosures.

Materiality

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- ▶ Remuneration disclosures including councillor allowances: we will agree all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- ▶ Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice, our principal objectives are to undertake work to support the provision of our audit report to the audited body and to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our opinion on the financial statements:

Page 39 whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.

Our opinion on other matters:

- ▶ whether other information published together with the audited financial statements is consistent with the financial statements; and
- ▶ where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.

Other procedures required by the Code:

- ▶ Examine and report on the consistency of the Whole of Government Accounts schedules or returns with the body's audited financial statements for the relevant reporting period in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

As outlined in Section 03, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources and report a commentary on those arrangements.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Identifying and understanding the key processes and internal controls; and
- ▶ Substantive tests of detail of transactions and amounts.

For 2021/22 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Civic Affairs Committee.

Internal audit:

We will review internal audit plans and the results of their work. We will reflect on these when designing our overall audit approach and when developing our detailed testing strategy. We may also reflect relevant findings from their work in our reporting, where it raises issues that could have a material impact on the financial statements.

Scope of our audit

Scoping the group audit

Group scoping

Our audit strategy for performing an audit of an entity with multiple locations is risk based. We identify components as:

- 1. Significant components:** A component is significant when it is likely to include risks of material misstatement of the group financial statements, either because of its relative financial size to the group (quantitative criteria), or because of its specific nature or circumstances (qualitative criteria). We generally assign significant components a full or specific scope given their importance to the financial statements.
- 2. Not significant components:** The number of additional components and extent of procedures performed depended primarily on: evidence from significant components, the effectiveness of group wide controls and the results of analytical procedures.

For all other components we perform other procedures to confirm that there is no risk of material misstatement within those entity's. These procedures are detailed below.

Scoping by Entity

Our preliminary audit scopes by number of locations we have adopted are set out below. We provide scope details for each component within Appendix A.

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1	A	Full scope audits - Cambridge City Council
1	B	Specific scope audits - Cambridge City Housing Company Ltd
0	C	Review scope audits
0	D	Specified procedures
4	E	Other procedures - Cambridge Investment Partnership entities

Scope definitions

Full scope: locations where a full audit is performed to the materiality levels assigned by the Group audit team for purposes of the consolidated audit. Procedures performed at full scope locations support an interoffice conclusion on the reporting package. These may not be sufficient to issue a stand-alone audit opinion on the local statutory financial statements because of the materiality used and any additional procedures required to comply with local laws and regulations.

Specific scope: locations where the audit is limited to specific accounts or disclosures identified by the Group audit team based on the size and/or risk profile of those accounts.

Review scope: locations where procedures primarily consist of analytical procedures and inquiries of management. On-site or desk top reviews may be performed, according to our assessment of risk and the availability of information centrally.

Specified Procedures: locations where the component team performs procedures specified by the Group audit team in order to respond to a risk identified.

Other procedures: For those component entity's that we do not consider material to the Group financial statements in terms of size relative to the Group and risk, we perform other procedures to confirm that there is no risk of material misstatement within those locations.

Group scoping coverage

At the time of writing this report we are awaiting further information to be able to conclude on our group scoping. However, based on our discussions with management and the provided scope assessment by the Council, and knowledge from the 2020/21 audit we anticipate:

- ▶ Performing our own procedures in respect of specific balances at Cambridge City Housing Company. The impact of this subsidiary on Group Income and Expenditure will be immaterial, however, it does hold significant Property Assets that require valuation and alignment of accounting policies. Our focus is on those balances that could contain a risk of material misstatement, namely investment properties.
- ▶ Undertaking other procedures in relation to the Cambridge Investment Partnership (CIP) entities. The CIP entities are joint ventures in which the Council holds a 50% stake. To date these entities have been operating at a loss and have not therefore been incorporated in the group accounts as the Council has taken the option not to include a share of net liabilities in the investment. Our focus will be on ensuring that this remains materially correct in 2021/22.
- ▶ For other entities in which the Council has an interest but excludes from the group accounts (Visit Cambridge and Beyond and Storey's Field Community Trust) we will ensure that the combination of excluded entities is not qualitatively nor quantitatively material to the group.

We will update the Committee if there are any changes to our scoping coverage throughout the audit.

Details of specified procedures

In order to respond to the risk identified in relation to the valuation of Land and Buildings we will perform our own procedures on the balances at Cambridge City Housing Company. We will consider whether the scoping decisions remain appropriate based on the 2021/22 accounts of the CIP entities and those entities that are excluded from the consolidation.

Group audit team involvement in component audits

Auditing standards require us to be involved in the work of our component teams. We have listed our planned involvement below where we should need to rely on the work of a component auditor.

- ▶ We provide specific instruction to component team and our expectations regarding the detailed procedures;
- ▶ We set up initial meeting with component team to discuss the content of the group instructions;
- ▶ We will consider the need to perform a file review of component team's work where appropriate; and
- ▶ We will attend a closing meeting with component team to discuss their audit procedures and findings.

At present, we are not intending to solely rely on the work of the component auditor for any of the components of the group.



06

Audit team



Audit team

Audit team structure:

Mark Hodgson
Audit Partner

Jacob McHugh
Audit Manager

Dan Cooke
Audit Manager

Claire Sulam
Senior

Working together with the Council

We are working together with officers to identify continuing improvements in communication and processes for the 2021/22 audit.

We will continue to keep our audit approach under review to streamline it where possible.

EY Real
Estates (EYRE)

PwC (consulting
actuary) and EY
Actuaries

Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where specialists are expected to provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries Hymans Robertson- Actuary to Cambridgeshire Pension Fund
Valuation of Land and Buildings & Investment Properties	Wilkes Head & Eve and Bruton Knowles (Council's valuers) EY Real Estates (in relation to investment property and otherwise required)
PDR Appeals Provision	Inform CPI (management specialist)
Financial Instruments	Link Assets Services (management specialist)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

Developing the right Audit Culture

In July 2021, EY established a UK Audit Board (UKAB) with a majority of independent Audit Non-Executives (ANEs). The UKAB will support our focus on delivering high-quality audits by strengthening governance and oversight over the culture of the audit business. This focus is critical given that audit quality starts with having the right culture embedded in the business.



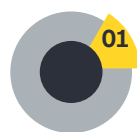
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Our audit culture is the cement that binds together the building blocks and foundation of our audit strategy. We have been thoughtful in articulating a culture that is right for us: one that recognises we are part of a wider, global firm and is clear about whose interests our audits serve.

There are three elements underpinning our culture:

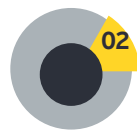
1. Our people are focused on a **common purpose**. It is vital we foster and nurture the values, attitudes and behaviours that lead our people to do the right thing.
2. The essential attributes of our audit business are:
 - ▶ **Right resources** – We team with competent people, investing in audit technology, methodology and support
 - ▶ **Right first time** – Our teams execute and review their work, consulting where required to meet the required standard
 - ▶ **Right reward** – We align our reward and recognition to reinforce the right behaviours

3. The six pillars of Sustainable Audit Quality are implemented.



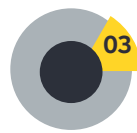
Tone at the top

The internal and external messages sent by EY leadership, including audit partners, set a clear tone at the top - they establish and encourage a commitment to audit quality



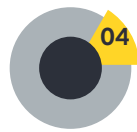
Exceptional talent

Specific initiatives support EY auditors in devoting time to perform quality work, including recruitment, retention, development and workload management



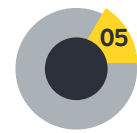
Accountability

The systems and processes in place help EY people take responsibility for carrying out high-quality work at all times, including their reward and recognition



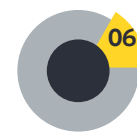
Audit technology and digital

The EY Digital Audit is evolving to set the standard for the digital-first way of approaching audit, combining leading-edge digital tools, stakeholder focus and a commitment to quality



Simplification and innovation

We are simplifying and standardising the approach used by EY auditors and embracing emerging technologies to improve the quality, consistency and efficiency of the audit



Enablement and quality support

How EY teams are internally supported to manage their responsibility to provide high audit quality

A critical part of this culture is that our people are **encouraged and empowered to challenge and exercise professional scepticism** across all our audits. However, we recognise that creating a culture requires more than just words from leaders. It has to be reflected in the lived experience of all our people each and every day enabling them to challenge themselves and the companies we audit.

Each year we complete an audit quality culture assessment to obtain feedback from our people on the values and behaviours they experience, and those they consider to be fundamental to our audit quality culture of the future. We action points that arise to ensure our culture continues to evolve appropriately.

2021 Audit Culture Survey result

A cultural health score of 78% (73%) was achieved for our UK Audit Business

We bring our culture alive by investing in three priority workstreams:

- Audit Culture with a focus on professional scepticism
- Adopting the digital audit
- Standardisation

This investment has led to a number of successful outputs covering training, tools, techniques and additional sources. Specific highlights include:

- Audit Purpose Barometer
- Active Scepticism Framework
- Increased access to external sector forecasts
- Forensic risk assessment pilots
- Refreshed PLOT training and support materials, including embedding in new hire and trainee courses
- Digital audit training for all ranks
- Increased hot file reviews and improved escalation processes
- New work programmes issued on auditing going concern, climate, impairment, expected credit losses, cashflow statements and conducting effective group oversight
- Development of bite size, available on demand, task specific tutorial videos

“A series of company collapses linked to unhealthy cultures....have demonstrated why cultivating a healthy culture, underpinned by the right tone from the top, is fundamental to business success.”

Sir John Thompson
Chief Executive of the FRC



07 Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2021/22.

From time to time matters may arise that require immediate communication with the Civic Affairs Committee and we will discuss them with the Civic Affairs Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Civic Affairs Committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	May - June 2022		
Walkthrough of key systems and processes	June - July 2022	Civic Affairs Committee	Audit Plan
Year end audit	August - September 2022		
Year end audit Audit Completion procedures	September 2022	Civic Affairs Committee	Audit Results Report Audit opinion and completion certificates
	October - December 2022		Auditor's Annual Report



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08

Independence





Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Council. Examples include where we have an investment in the Council; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

When the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you. We do not plan to perform any non-audit work. No additional safeguards are required.

Self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Council. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.



Other communications

EY Transparency Report 2021

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2021: https://www.ey.com/en_uk/about-us/transparency-report-2021



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2021/22	Final Fee 2020/21
	£	£
Total Fee - Code work	40,024	40,024
Baseline increase in Scale Fee from 2019/20	50,025	50,025 (Note 1)
Additional Work from 2020/21	(Note 2)	43,015 (Note 1)
Total audit	TBC	133,064

All fees exclude VAT

Note 1 - The 2020/21 Code work includes an additional fee of £93,040. £50,025 of this relates to uplifts to the base scale fee, as communicated during our 2019/20 audit. Of the £43,015, £27,460 relates to additional work in respect of Covid including the significant work related to grant income, £9,675 relates to the additional work required to address additional work areas on VFM and ISA540 as highlighted by the PSAA, and £5,880 relates to additional assurances required over IAS 19. We have shared the variation with officers, but are awaiting approval from PSAA

Note 2 - For 2021/22, the scale fee will be impacted by a range of factors which will result in additional work, including those that were present in the prior year. See Section 2 of this report for further areas that are likely to lead to additional fees.

In addition, we are driving greater innovation in the audit through the use of technology. The significant investment costs in this global technology continue to rise as we seek to provide enhanced assurance and insight in the audit.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Council; and
- The Council has an effective control environment.




If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B




Required communications with the Civic Affairs Committee

We have detailed the communications that we must provide to the Civic Affairs Committee.

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Terms of engagement	Confirmation by the Civic Affairs Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit Plan, July 2022 meeting of the Civic Affairs Committee	
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report, September 2022 meeting of the Civic Affairs Committee; and Auditor's Annual Report, November 2022	




Appendix B

Required communications with the Civic Affairs Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Page 56	<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit Results Report - September 2022 - Civic Affairs Committee
	<p>Misstatements</p> <ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - September 2022 - Civic Affairs Committee
	<p>Subsequent events</p> <ul style="list-style-type: none"> ▶ Enquiries of the Civic Affairs Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements 	Audit Results Report - September 2022 - Civic Affairs Committee
	<p>Fraud</p> <ul style="list-style-type: none"> ▶ Enquiries of the Civic Affairs Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Civic Affairs Committee responsibility 	Audit Results Report - September 2022 - Civic Affairs Committee




Appendix B

Required communications with the Civic Affairs Committee (continued)

		 Our Reporting to you
Required communications	 What is reported?	  When and where
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - September 2022 - Civic Affairs Committee
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communication whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan - July 2022 - Civic Affairs Committee; and</p> <p>Audit Results Report - September 2022 - Civic Affairs Committee</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit Results Report - September 2022 - Civic Affairs Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Civic Affairs Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Civic Affairs Committee may be aware of 	Audit Results Report - September 2022 - Civic Affairs Committee

Appendix B

Required communications with the Civic Affairs Committee (continued)

		Our Reporting to you
Required communications	 What is reported?	  When and where
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Audit Results Report - September 2022 - Civic Affairs Committee
Group audits	<ul style="list-style-type: none"> ▶ An overview of the type of work to be performed on the financial information of the components ▶ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▶ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▶ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▶ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements 	Audit Plan - July 2022 - Civic Affairs Committee; and Audit Results Report - September 2022 - Civic Affairs Committee
Representations	Written representations we are requesting from management and/or those charged with governance	Audit Results Report - September 2022 - Civic Affairs Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit Results Report - September 2022 - Civic Affairs Committee
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - September 2022 - Civic Affairs Committee Auditor's Annual Report - November 2022
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Plan - July 2022 - Civic Affairs Committee; and Audit Results Report - September 2022 - Civic Affairs Committee
Value for Money	<ul style="list-style-type: none"> ▶ Risks of significant weakness identified in planning work ▶ Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses. 	Audit Plan - July 2022 - Civic Affairs Committee; Audit Results Report - September 2022 - Civic Affairs Committee Auditor's Annual Report - November 2022

Additional audit information

Objective of our audit

Our objective is to form an opinion on the Group's consolidated financial statements under International Standards on Auditing (UK) as prepared by you in accordance with with International Financial Reporting Standards as adopted by the EU, and as interpreted and adapted by the Code of Practice on Local Authority Accounting.

Our responsibilities in relation to the financial statement audit are set out in the formal terms of engagement between the PSAA's appointed auditors and audited bodies. We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Civic Affairs Committee. The audit does not relieve management or the Civic Affairs Committee of their responsibilities.

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Council's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the Civic Affairs Committee reporting appropriately addresses matters communicated by us to the Civic Affairs Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- ▶ Maintaining auditor independence.

Additional audit information (continued)

Other required procedures during the course of the audit (continued)

Procedures required by the Audit Code	<ul style="list-style-type: none"> ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement. ▶ Examining and reporting on the consistency of consolidation schedules or returns with the Council's audited financial statements for the relevant reporting period (WGA Return).
Other procedures	<ul style="list-style-type: none"> ▶ We are required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

We have included in Appendix B a list of matters that we are required to communicate to you under professional standards.

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

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ED None

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Item

Whistleblowing policy

To:

Civic Affairs Committee [13/07/2022]

Report by:

Jonathan Tully, Head of Shared Internal Audit Service

Tel: 01223 - 458180 Email: jonathan.tully@cambridge.gov.uk

Adrienne Donnelly, HR Business Partner

Tel: 01223 – 458117 Email: adrienne.donnelly@cambridge.gov.uk

Wards affected: All

1. Introduction / Executive Summary

- 1.1 Counter fraud policies are part of the Council's internal controls, which contribute to maintaining good governance.
- 1.2 The Council maintains a Prevention of Fraud and Corruption (PFC) Policy, and in line with good practice it is reported annually to this Committee. This establishes and communicates our Counter Fraud Framework.
- 1.3 Our Whistleblowing Policy supports our Counter Fraud Framework, and we have reviewed this Policy to ensure it is up to date and reflects good professional practice.

2. Recommendations

- 2.1 The committee should review and approve the Whistleblowing Policy.

3. Background

- 3.1 The Council introduced the Prevention of Fraud and Corruption (PFC) Policy in 1998, and in line with good practice the Policy is reviewed and reported annually to this Committee. Guidance and best practice is issued periodically from counter fraud agencies, such as the National Crime Agency, CIPFA, the Cabinet Office and the Whistleblowing charity Protect. We are keen to maintain effective policies, by implementing good practice and controls as they develop.
- 3.2 Our Whistleblowing Policy supports our Counter Fraud Framework. It was developed in accordance with the Public Interest Disclosure Act 1998, and updates have been regularly reported to the Civic Affairs Committee.
- 3.3 The Policy provides a procedure for employees, councillors, contractors and agency workers to report concerns about wrongdoing, risk or malpractice.

4. Policy review

- 4.1 Both the Internal Audit and Human Resources teams reviewed the Whistleblowing Policy, to ensure it continues to meet best practice standards, and it has been updated.
- 4.2 The Policy has been consulted upon with the Senior Management Team and the Unions. The reviewed Policy is appended to this report for approval by the Civic Affairs Committee.
- 4.3 It is important that employees and contractors are aware of this policy, and promotional material will be used to raise awareness.

5. Summary of updates

5.1 Below is a summary of changes to our Policy and processes:

Theme	Details
Language	<p>The Policy continues to reflect Public Interest Disclosure Act and has not needed to be changed significantly.</p> <p>We have taken the opportunity to reflect the latest terminology and language recommended by the Whistleblowing Charity, Protect, to help make the Policy easy to read and accessible.</p> <p>We have provided clarity on how concerns are handled, and the sharing of data, which helps support good information governance.</p>
Accessibility	<p>The Council has a Whistleblowing telephone hotline and email account to help people report concerns.</p> <p>Reporting concerns can be a complex and daunting process. We have developed an Online Form to help guide people through the process of providing the right information, and this will help us to respond quickly to their concerns.</p>
Engagement	<p>The Council has a broad estates portfolio with colleagues working across many sites. Further changes to working practices have developed since the pandemic, such as hybrid and increased remote working.</p> <p>We are keen to promote the Policy to all colleagues and are developing a communication program. This includes producing posters for display in sites where colleagues may have limited internet access.</p>

6. Conclusions

- 6.1 The Council remains committed to providing services carried out in accordance with the highest ethical standards and takes steps to proactively prevent fraud and investigates concerns.
- 6.2 The review of policies is completed to help embed effective standards for countering fraud and corruption. This supports good governance and demonstrates effective financial stewardship and strong public financial management.
- 6.3 As anti-fraud and corruption is part of our governance framework, it is appropriate that the Civic Affairs committee is responsible for reviewing and approving policies in this area when there has been a significant change or review.

7. Implications

(a) Financial Implications

None.

(b) Staffing Implications

None.

(c) Equality and Poverty Implications

None.

(d) Net Zero Carbon, Climate Change and Environmental Implications

None.

(e) Procurement Implications

None.

(f) Community Safety Implications

None.

8. Consultation and communication considerations

None required.

9. Background papers

Background papers used in the preparation of this report:

- [Anti-fraud and Corruption Strategy](#)

10. Appendices

- a) Whistleblowing policy

11. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Jonathan Tully, Head of Shared Internal Audit Service, tel: 01223 - 458180, email: jonathan.tully@cambridge.gov.uk.

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Introduction

All of us at one time or another has a concern about what is happening at work. Whistleblowing is the term that is used to refer to workers reporting a serious concern in the workplace. This could be an incident or a practice that is:

- a criminal offence;
- improper or unethical conduct;
- unauthorised use of public funds;
- a serious risk to the health and safety of employees or the Public;
- customer abuse;
- damage to the environment;
- breach of any other legal obligation;
- serious breach of Council policy, Code of Conduct or Standing Orders; or
- action to conceal any of the above wrongdoing.

Usually these are easily resolved. However, when the concern feels serious because it is about a possible fraud, danger or malpractice that might affect others or the organisation itself, it can be difficult to know what to do.

You may be worried about raising such a concern and may think it best to keep it to yourself, perhaps feeling it's none of your business or that it's only a suspicion. You may feel that raising the matter would be disloyal to colleagues, managers or to the organisation. You may decide to say something but find that you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next.

Cambridge City Council is committed to running the organisation in the best way possible and to do so we need your help. We have this policy to reassure you that it is safe and acceptable to speak up and to enable you to raise any concern you may have at an early stage and in the right way. Rather than wait for proof, we would prefer you to raise the matter as soon as you have a concern.

This policy applies to all those who work for us; whether you are a Councillor, full-time or part-time, employed through an agency or work as a volunteer. If you have a whistleblowing concern, please let us know.

If something is troubling you which you think we should know about or look into, please use this policy. If you don't register your concern through this process, we will not know that you have raised a concern.

We also have policies for other specific matters, and you may wish to read these. If you wish to make a complaint about your employment or how you have been treated, please use the Grievance policy or Bullying / Harassment policy. If you have a concern about financial misconduct or fraud, please see our Anti-Fraud Policy. If you have a concern about the treatment of a child or adult at risk, please see our Safeguarding policy.

This Whistleblowing Policy is primarily for concerns where the public interest is at risk, which includes a risk to the wider public, customers, staff or the organisation itself.

If in doubt - raise it!

Your safety

The Council is committed to this policy. Provided you are raising a genuine concern, it does not matter if you are mistaken.

If you raise a genuine concern under this policy, you will not be at risk of losing your job or suffering any form of reprisal as a result. We will consider it a disciplinary matter if your colleagues or management treat you unfairly or cruelly by intimidating or pressurising you because you have raised a genuine concern.

Your confidence

With these assurances, we hope you will raise your concern openly. However, we recognise that there may be circumstances when you would prefer to speak to someone confidentially first. If this is the case, please say so at the outset. If you ask us not to disclose your identity, we will not do so without your consent unless required by law (this could be where a criminal act is alleged to have taken place and we have a duty to report this). You should understand that there may be times when we are unable to resolve a concern without revealing your identity, for example where your personal evidence is essential. In such cases, we will discuss with you whether and how the matter can best proceed.

Please remember that if you do not tell us who you are (and therefore you are raising a concern anonymously) it will be much more difficult for us to look into the matter. We will not be able to protect your position or to give you feedback. Accordingly, you should not assume we can provide the assurances we offer in the same way if you report a concern anonymously.

If you are unsure about raising a concern you can get independent advice from Protect (see contact details under Independent Advice).

Handling vexatious and malicious concerns

Of course, we do not extend this assurance to someone who maliciously raises a matter they know is untrue. If you deliberately raise a malicious concern or matter that you know is untrue, disciplinary action may be taken against you.

How to raise a concern internally

Please remember that you do not need to have firm evidence of malpractice before raising a concern. However, we do ask that you explain as fully as you can the information or circumstances that gave rise to your concern.

Step one

If you have a concern about malpractice, we hope you will feel able to raise it first with your manager or team leader. This may be done verbally or in writing.

Step two

If you feel unable to raise the matter with your manager, for whatever reason, please raise the matter with the Head of Internal Audit by:

Online Form	Our online form will guide you through the process.
Telephone	01223 458180
Email	whistleblowing@cambridge.gov.uk

Alternatively, you may contact:

- Chief Executive – 01223 457800
- Monitoring Officer – 01223 457401
- Head of Human Resources - 01223 458101

If you have a concern relating to a Councillor, you should contact the Head of Legal Services, who is the Council's Monitoring Officer on 01223 457401.

If you want to raise the matter confidentially, please say so at the outset so that appropriate arrangements can be made.

How we will handle the matter

You will receive an acknowledgement to confirm receipt of your concern within seven days. The Internal Audit Team will assess it and consider what action may be appropriate. This may involve an informal review, an internal inquiry, a more formal investigation.

We will tell you who will be handling the matter, how you can contact them, and what further assistance we may need from you. If you ask, we will write to you summarising your concern and setting out how we propose to handle it and provide a timetable for feedback. If we have misunderstood the concern or there is any information missing, please let us know.

When you raise the concern, it will be helpful to know how you think the matter might best be resolved. If you have any personal interest in the matter, we do ask that you tell us at the outset. If we think your concern falls more properly within our grievance, bullying and harassment or other relevant procedure, we will let you know.

Whenever possible, we will give you feedback on the outcome of any investigation. Please note, however, that we may not be able to tell you about the precise actions we take where this would infringe a duty of confidence we owe to another person.

While we cannot guarantee that we will respond to all matters in the way that you might wish, we will strive to handle the matter fairly and properly. By using this policy, you will help us to achieve this.

If at any stage you experience reprisal, harassment or victimisation for raising a genuine concern please contact *Internal Audit or Human Resources*.

Independent advice

If you are unsure whether to use this policy or you want confidential advice at any stage, you may contact the independent charity Protect on 020 3117 2520 or by email at whistle@protect-advice.org.uk. They can talk you through your options and help you raise a concern about malpractice at work.

You can also contact your union or professional body (where applicable) for advice.

External contacts

While we hope this policy gives you the reassurance you need to raise your concern internally with us, we recognise that there may be circumstances where you can properly report a concern to an outside body. In fact, we would rather you raised a matter with the appropriate regulator – such as [External Audit](#), [Health and Safety Executive](#) or the [Environment Agency](#) - than not at all. [Protect](#) (*or, if applicable, your trade union*) will be able to advise you on such an option if you wish.

Monitoring / oversight

The Policy will be regularly reviewed, and significant revisions will be presented to the Civic Affairs Committee. The Chair of the Civic Affairs Committee is the Whistleblowing Champion with oversight of the effectiveness of the arrangements. We will also report statistical information to the Committee as part of our good governance.

Internal Audit and Human Resources will monitor the daily operation of the policy and if you have any comments or questions, please do not hesitate to let one of the team know.

Data protection

We will keep a confidential record of your concern, and this will be held in accordance with relevant data protection legislation.

We may need to share data to help respond to your concern in the best way, or to identify if the concern is best managed via another procedure and will keep you informed of this.

We welcome reports from our Shared Service colleagues and will let you know if a partner Council is best equipped to proceed with your concern.

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