

**CIVIC AFFAIRS**

5 December 2024

5.30 - 6.41 pm

**Present:** Councillors McPherson (Chair), Gawthrope Wood (Vice-Chair), Robertson and Young

Also present (virtually) Councillor: Bennett

**Officers:**

Head of Shared Internal Audit Service: Jonathan Tully

Isabel Brittain: Deputy Chief Finance Officer

Committee Manager: Claire Tunncliffe

**Others Present:**

Ernst & Young Audit Partner: Mark Hodgson

**FOR THE INFORMATION OF THE COUNCIL**

**24/35/Civ Apologies**

Apologies were received from Councillor Sheil.

**24/36/Civ Declarations of Interest**

No declarations were declared.

**24/37/Civ Minutes**

The minutes from the meeting held on 11 September 2024 were agreed as a true and accurate record.

**24/38/Civ Public Questions**

No public questions were received.

**24/39/Civ Review of Polling Districts, Polling Places and Polling Stations**

The Committee received a report on the review of polling districts, polling places and polling stations which must be conducted every five years. The next compulsory review had to be completed by 31 January 2025.

The Electoral Services Manager said the following in response to Member's questions.

- i. Would be happy to investigate all suggestions for potential polling stations to consider their suitability.
- ii. Information for Tellers was provided by Officers to the Election Agents which was expected to be shared with their relevant personnel.
- iii. Laminated crib sheets were made available to Polling Station Staff to hand out to Tellers on the day of the elections. It was expected that Tellers would then pass on to the next incoming Teller when there was a change throughout the day.
- iv. Noted the comment it was important for Election Agents to highlight with their Tellers any change in the rules and regulations.

The Committee unanimously resolved to:

- i. Approve the amendments to three polling districts in Cambridge, as laid out in the Proposed Changes, at Appendix A of the Officer's report.
- ii. Agree that the polling place for each polling district is the polling district boundary. (See definition of terms at 4.1).

## **24/40/Civ Annual Governance Statement and Local Code of Governance**

The committee received a report from the Head of Shared Internal Audit Service regarding the Annual Governance Statement 2022/23 and an updated Local Code of Corporate Governance.

The Head of Shared Internal Audit informed Members that under the title External Audit on page 44 of the agenda pack, this paragraph had been updated (~~deleted text struck through and additional text underlined shown below~~) as recommended by the Independent Person via e-mail.

### **External Audit**

~~Ernst & Young (now EY) are the appointed external auditor, and their results report (ISA260) will be presented to the Civic Affairs committee later in 2023. For 2021/2022 financial year EY issued "unqualified" audit opinions on the financial statements, value for money conclusion and whole of government accounts which provided assurance to the Council.~~

In November 2022 EY provided an "unqualified" audit opinion in their [annual report for 2021/2022](#) which provided assurance. The Council was amongst

only 12% of local authorities to publish their Statement of Accounts on time for that financial year.

In October 2023 the Public Sector Audit Appointments highlighted a cumulative backlog of 918 delayed opinions in the Local Government sector. The Department for Levelling Up, Housing & Communities proposed a backstop deadline, and legislation was approved to allow accounts to be signed without a full external audit.

Progress updates have been reported to the Civic Affairs Committee in [July 2023](#) and [July 2024](#) with an Interim Value for Money report. The Council has published information about the delay on [our website](#).

In response to the Members' questions the Head of Shared Internal Audit said the following:

- i. The Accounts and Audit Regulations require the Council to review its governance arrangements and prepare an Annual Governance Statement (AGS) to accompany the Statement of Accounts.
- ii. Although the draft statements were published earlier, the Council must continue to account for the significant events up until the date that the Statement of Accounts are approved.
- iii. Noted the comment to the reference to Area Committees in the Code of Governance which were currently suspended. Would remove the reference before publication.
- iv. Would provide information on the five complaints relating to Cambridge City Council which had been upheld by The Local Government and Social Care Ombudsman (LGSCO) outside of the meeting as did not have the information available in the meeting.
- v. From a transparency point of view, it was important to make the public aware that there was a complaints process, and to highlight the Council worked with the Ombudsman.
- vi. The Member and Officer protocol referenced in the report could be found in part 5 of the Council's constitution (p352).  
[Constitution - Cambridge City Council](#)
- vii. Would share the draft AGS 2023/24 with the Committee.
- viii. A revised 2023/24 AGS would be brought to a future Committee meeting with the next Statement of Accounts.

The Committee **unanimously resolved** to:

- i. Approve the Annual Governance Statement (AGS) attached at Appendix A of the Officer's report in advance of the Statement of Accounts. Noting the arrangements for compiling, reporting on and signing the AGS;
  - the progress made on issues reported in the previous year
  - the current review of effectiveness
  - the issues considered for inclusion in the current AGS
- ii. Note and endorse the amendments to the updated Local Code of Corporate Governance attached at Appendix B.

### **24/41/Civ Statement of Accounts 2022-23 - Audit Opinion**

The committee received a report introduced by the Interim Deputy Chief Finance Officer in regarding the Statement of Accounts 2022/2023.

Presenting the Audit Results Report was the Audit Partner from Ernst & Young (EY).

In response to Members' questions, the Audit Partner, EY, and the Interim Deputy Chief Finance Officer said the following:

- i. Highlighted the local background and context of the Executive Summary. The position had developed over the past few years resulting in unaudited financial statements for 31 March 2023. The main reasons for the Council's financial statements not being prepared, audited and signed to date included:
  - The post pandemic timelines resulted in audit teams trying to move delayed audits on to completion, whilst finance teams were trying to catch up, dealing with current priorities and future planning. This used a significant amount of limited audit resource, leading to a lack of capacity to move onto the 2022/23 audit year.
  - In addition, there were several new technical issues and challenges to address during this period, including, accounting for infrastructure assets, while having to consider the updated pension fund valuations, which led to some delays to the prior year 2021/22 audit being completed, with the audit opinion being signed on the 30 November 2022.
  - As a result, and taken together, this has ultimately led to a lack of capacity to be able to commence the 2022/23 audit year with sufficient time to be able to complete the audit.
- ii. There would be no further audit taken for the period.
- iii. Due to the wider requirements of the local audit system reset, this meant EY did not have the required resources available to complete the

- detailed audit procedures needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements. Therefore, EY were disclaiming opinion on the financial statements.
- iv. Had followed legislation set out by the Government to reset the local audit agenda. This clearly was not ideal and did not provide the Council the assurances that would have usually been received, but this was the current situation.
  - v. Believed the accounts for 2022/23 were published on time but the Council missed the 31 May deadline to publish the 2023/24 Financial Statement and were still outstanding.
  - vi. EY continued to be the appointed auditor.
  - vii. Confirmed there was not enough resources to perform an audit by the back stop date of 28th Feb 2025. The 2023/24 Financial Statement not being available had contributed to the delay, therefore was it was unrealistic to expect the audit to be completed in two months.
  - viii. EY had two primary responsibilities, to audit the financial statements, no detailed audit testing had been undertaken but planning work had been completed to identify the risks that needed to be addressed. Those audit risks could be viewed at page 96 of the agenda pack.
  - ix. The second area was in relation to value for money. EY had performed all procedures in this area and were satisfied the arrangements the Council had in place were adequate.
  - x. In relation to 2023/24, EY would not be performing audit procedures due to insufficient time to start and conclude an audit by the back stop date.
  - xi. With regards to the 2024/25 audit, would hope the Council could publish the draft financial statements to the timetable given in the accounting audit regulations. EY would then perform the required audit procedures.
  - xii. The Committee should be aware that it took time to unwind a disclaimed audit opinion as there was not the assurance opening balances and comparatives. It would be a further three years before the Council returned all things being equal to a position where there was an unqualified audit opinion on the Council's financial statement.
  - xiii. There was 250 approximately, other local authorities across the country in a similar position to the Councils who were likely to have a disclaimed audit opinion.
  - xiv. The first year the Council could expect an unqualified audit opinion would be 2026/27, all things being equal.
  - xv. Fees for public sector audits appointments were set each year.
  - xvi. To rebuild assurances between now and the 2026/27 audit period, additional work would be essential. It would be for the public sector audit

- appointments to determine what remuneration each audit firm should get to enable to reach an unqualified audit opinion.
- xvii. All audit firms working for the public sector were in the same position, the local authority audit market was broken. Legislation was trying to fix the market in which all audit firms were operating.
  - xviii. Reiterated that the Public Sector Audit Appointments as the contract holder set the audit fees and reviewed the level of remuneration for work performed. They were currently determining the fees for 2022/23.
  - xix. The Council had not published the 2022/23 financial statements by the due date of 31<sup>st</sup> May but June 22<sup>nd</sup>. At that point there was a risk of significant weakness as the Council could not publish on the date due. Further work on the value for money concluded it was not unreasonable to be 23 days late in the context of where the local audit currently was.
  - xx. The incoming expenditure account had aligned with international accounting standards.

The Head of Shared Internal Audit stated he would be happy to speak with EY to determine if there were any opportunities for the Internal Audit Team to provide assurance to Members. It was important not to duplicate work and it was not a substitute for a full external audit.

Before the vote the Head of Internal Audit shared with the Committee, comments made by the Independent Person for information.

The Committee **unanimously resolved** to:

- i. Receive the Audit Results Report presented by EY and the unaudited statement of accounts for 2022-23.
- ii. Approve the Statement of Accounts for the year ended 31 March 2023 based on the current Reset and Recovery legislation.
- iii. That the Chair of the meeting be authorised to sign the Management representation letter as shown in Appendix A of the Officer's Report for Those Charged with Governance.

#### **24/42/Civ Officer Delegated Decisions**

Record of Officer Delegated Decision - To Implement the Joint Negotiating Committee for Chief Executives of Local Authorities Pay Award for 2024-25.

The Committee noted the decision.

Record of Officer Urgent Decision - To Implement the National Joint Council  
Local Government Services Pay Agreement 2024

The Committee noted the decision.

The meeting ended at 6.41 pm

**CHAIR**

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