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## **DRAFT - Foreword From The Chair**

As Chair of the Civic Affairs & Audit Committee, I am pleased to present this Annual Report for the municipal year.

The Committee plays a vital role in supporting Cambridge City Council's commitment to strong governance, civic functions, financial stewardship and effective risk management. On behalf of the Committee, I am satisfied that during the year we have continued to provide robust and constructive challenge across our core responsibilities, including oversight of internal and external audit, financial reporting, treasury management, risk management, counter-fraud arrangements and the Annual Governance Statement. As well as receiving reports on the Civic functions at the Council and the Council's Constitution.

Throughout the year, the Committee has received regular reports from Internal Audit, monitored delivery of the approved audit plan, and reviewed management's progress in implementing agreed actions. We have also maintained effective engagement with External Audit to ensure independent scrutiny of the Council's financial statements and value for money arrangements.

I would like to thank fellow Committee Members for their diligence and commitment, and officers for the quality and professionalism of the reports and advice provided throughout the year. The constructive and open working relationship between Members and officers is fundamental to the Committee's effectiveness.

Looking ahead, the Committee will continue to strengthen its role, support continuous improvement in governance arrangements, and ensure that Cambridge City Council maintains the highest standards of accountability and transparency.

### **Councillor Russ McPherson**

Chair of the Civic Affairs & Audit Committee  
Cambridge City Council

## **Executive Summary**

### **Statement of Accounts and External Audit Progress**

Substantial progress has been made on the auditing of our accounts in 2025/2026.

Recognising there was a national backlog, Central Government issued a consultation on [proposals to clear the backlog](#) in February 2024. This established new statutory backstop dates for all financial years up to and including 2027/28, replacing existing deadlines in the Accounts and Audit Regulations 2015. These [measures](#) were set out in a statement in July 2024. This approach enabled external auditors to complete lighter touch reviews to accelerate the recovery, and issue modified and disclaimed opinions. The external auditors' other statutory duties – including to report on Value for Money arrangements, to make statutory recommendations and issue Public Interest Reports remained. It was therefore very important that the Committee actively participated in reviewing the accounts, and we had effective engagement with both our external auditors during this process.

We concluded our Statement of Accounts with our external auditor EY for financial year 2023/2024 in May 2025 and financial year 2024/2025 in February 2026.

Below is a timetable summarising our current position as of May 2026.

Year	Draft statements	Audit Plan	Audit Fieldwork	Audit Sign-off	Date signed off (forecast)
2023/2024	Complete	Complete	Complete	Complete	May 2025
2024/2025	Complete	Complete	Complete	Complete	February 2026
2025/2026	In progress	In progress			(January 2027)

Our Statements are available to read on [our Website](#).

## Governance and risk management

Our review of the past 12 months below highlights the positive work undertaken to maintain and develop our governance arrangements. This includes:

- ✓ regular assurance reports from internal audit;
- ✓ reviewing the Council's Risk Management Framework and Strategy;
- ✓ Information Governance assurance
- ✓ reviewing development of the Performance Management Framework

## Conclusion

We would like to thank the officers who have supported the Committee, members who have substituted at meetings as needed, and our external auditors.

It is important for all of us to maintain awareness of our responsibilities and how we can help the Council. We suggest that all members and officers:

- ✓ make sure decisions are made in line with our corporate governance principles, being mindful of our [Code of Governance](#) and the [Constitution](#);
- ✓ are alert to the possibility of fraud or mistake in handling public money: if you have any concerns, please report these to the fraud team, internal audit, external audit, or use our whistleblowing policy; and
- ✓ are familiar with how to access to help and guidance, and where policies can be found.

## Committee overview

### Who we are

The [Civic Affairs and Audit Committee](#) was established in May 2025 as part of the Councils new Cabinet and Leader Governance model. This was a progression of the existing [Civic Affairs Committee](#) both of which have the remit to provide those charged with Governance (Full Council) independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the Council's financial reporting and governance processes, and undertake non-executive functions including electoral, civic and democratic processes. Our membership at the end of the municipal year for 2025/2026 is:

	<a href="#">Councillor Russ McPherson</a> (Chair)
	<a href="#">Councillor Jenny Gawthrope Wood</a> (Vice-Chair)
	<a href="#">Councillor Naomi Bennett</a>
	<a href="#">Councillor Tim Bick</a>
	<a href="#">Councillor Jamie Dalzell</a>
	<a href="#">Councillor Richard Robertson</a>
	<a href="#">Councillor Patrick Sheil</a>

### Officers which regularly support the Committee:

- Chief Finance Officer
- Chief Audit Executive
- Chief Operating Officer
- Democratic Services Manager

## When we meet

We typically meet at least quarterly. Four meetings were held during 2024/2025:



## What we do



We review and consider areas which support the Council’s corporate governance arrangements:

Governance Risk and Control	Internal Audit	External Audit	Financial Reporting
<p>Local Code of Governance and the Annual Governance Statement</p> <p>Instruments of financial control and arrangements to secure value for money</p> <p>Risk management, and effectiveness of internal controls.</p> <p>Counter-fraud strategy, and fraud and corruption risks.</p> <p>Partnerships and collaborations.</p>	<p>Internal Audit Charter and Code of Ethics</p> <p>Risk-Based Internal Audit Plan</p> <p>Reports from the Chief Audit Executive during the year, including updates on the work of Internal Audit, key findings, issues of concern and actions.</p> <p>Consider the Chief Audit Executive’s opinion on the control environment and the results of the Quality Assurance and Improvement Programme.</p>	<p>Comment on the scope and depth of external audit work to ensure their independence and it gives value for money.</p> <p>Review any issues raised by Public Sector Audit Appointments</p> <p>Consider the external auditor’s annual letter, relevant reports and the report to those charged with governance.</p> <p>Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.</p>	<p>Review the annual Statement of Accounts,</p> <p>Consider whether appropriate accounting policies have been followed.</p> <p>Notify Council with regard to conclusion and submission of the Statement of Accounts.</p>

This helps us to report our findings to those charged with governance and we do this by publishing this annual report. See [our website](#) for more information about the Committee.

## Civic & Constitutional Functions

Civic leadership in Cambridge City Council has a distinguished history dating back to 1207, when King John granted the town the right to elect a Mayor. That historic charter established a tradition of civic representation and democratic accountability that continues to shape the Council's identity today. The ceremonial and civic functions of the authority are not merely matters of tradition; they embody the Council's connection to its residents, institutions and communities, and reinforce the dignity and integrity of public office.

Councillors and officers alike share responsibility for upholding these traditions while ensuring that civic arrangements remain modern, inclusive and responsive. The Civic Affairs and Audit Committee play a central role in providing oversight of civic governance, monitoring constitutional arrangements, and ensuring that high standards of probity and transparency are maintained.

During the 2024–25 Municipal Year, significant work was undertaken to review and modernise the Council's governance framework. A revised Constitution was formally adopted at the Annual Meeting in May 2025. Building on that work, a further report was presented to the Committee on 9 March 2026 to establish a structured programme of ongoing constitutional review, including proposed refinements to key protocols such as the Member–Officer Protocol.

The Committee has continued to receive assurance reports on the implementation and effectiveness of civic arrangements, ensuring that high standards are embedded in practice and not merely set out in policy. This proactive approach will be particularly important as Local Government Reorganisation progresses through summer and autumn 2026. The Civic Affairs and Audit Committee will play a pivotal role in maintaining constitutional clarity, safeguarding civic traditions, and ensuring that the Council remains resilient and well-governed through a period of structural change.

## What we did during the year

In March 2025 our Civic Affairs Committee and Governance Design Group [reviewed and recommended](#) that Full Council approve a new Constitution to support operation of an updated Leader and Cabinet Model of governance from the start of the 2025/2026 Municipal Year. We established a newly titled Civic Affairs and Audit Committee, and our Terms of Reference was developed with support of ADSO. As part that review, we reviewed the Committee functions to Chartered Institute of Public Finance and Accountancy (CIPFA) best practice guidance, to help ensure we continue to operate effectively.

CIPFA produced a diagram to illustrate this:



Using their guidance, we can evaluate our work and demonstrate how we contributed to development of effective governance arrangements in the year:

Areas where the committee can have impact by supporting improvement	Examples from the year
<p>Promoting the principles of good governance and their application to decision making.</p>	<p>We supported development of the <a href="#">Local Code of Governance</a> which was updated in the year.</p> <p>In May 2025 the Civic Affairs Committee reviewed and approved the <a href="#">Annual Governance Statement for 2023/2024</a> in advance of approving the <a href="#">Statement of Accounts for 2023/2024</a>.</p> <p>In February 2026 the Civic Affairs and Audit Committee reviewed and approved the <a href="#">Annual Governance Statement for 2024/2025</a> in advance of approving the <a href="#">Statement of Accounts for 2024/2025</a>.</p> <p>As part of our review we suggested and agreed changes that were reflected in the final published versions of the documents. We kept up to date on the progress of the external audits, noting new legislation which introduced backstop dates to manage the national backlog. The Council is now up to date with the accounts as per the current backstop dates.</p>
<p>Contributing to the development of an effective control environment.</p>	<p>We reviewed regular reports from Internal Audit which provided updates on assurance work completed. This included follow-up reports on previous reviews where there was limited assurance and / or significant recommendations.</p> <p>The Finance team maintained their compliance with the CIPFA Financial Management Code.</p>

Areas where the committee can have impact by supporting improvement	Examples from the year
<p>Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.</p>	<p>We discussed and noted how we are integrating our risk management data into the broader Performance Management Framework to strengthen alignment between risk and performance oversight.</p> <p>Our Risk Management Framework includes a scoring matrix that supports consistent risk evaluation and helps prioritise mitigation efforts. In November 2025 we noted the development of updated financial scoring factors to reflect current conditions and ensure effective and proportionate mitigation.</p> <p>In March 2026 we received a report on the Council’s risk management arrangements and reviewed the revision of our Strategy and Framework.</p>
<p>Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.</p>	<p>We considered the assurance framework whilst reviewing the Annual Governance Statement. This included variety of assurance sources including internal controls, policy development, risk management, the Chief Audit Executive annual opinion, external inspections, and the reports of the external auditors.</p>
<p>Supporting effective external audit, with a focus on high quality and timely audit work.</p>	<p>We discussed with external auditors how the Government has introduced legislation for a lighter touch audit of the outstanding accounts within the national backlog, and how these risks were being managed.</p> <p>We noted the audit plan from our external auditors, which considered risks and how the audit of the 2024/2025 would be carried out.</p> <p>We considered the External Audit completion reports for both <a href="#">2023/2024</a> and <a href="#">2024/2025</a> financial years from our external auditors EY.</p>

Areas where the committee can have impact by supporting improvement	Examples from the year
<p>Supporting the quality of the internal audit activity, in particular underpinning its organisational independence.</p>	<p>We reviewed internal audit reports which gives details on the planned audits and the audit strategy, compliance with professional codes, and received regular updates on the progress of current internal audits and outcomes of the reviews.</p> <p>We noted the implementation of the Global Internal Audit Standards in the UK Public Sector, and approved the teams new charter, code of ethics, and strategy which are based on the new professional standards. We noted the teams action plan to implement the new standards.</p>
<p>Aiding the achievement of the authority's goals and objectives by helping to ensure appropriate governance, risk, control and assurance arrangements.</p>	<p>We received and discussed the Information Governance Annual Report which provides an overview of the current arrangements in place to monitor the Information Governance arrangements at the Council including Data Protection Compliance and Information Security / Cyber Security Compliance. It also included an update on council performance related to Freedom of Information Act (FOIA) / Environmental Information Regulations (EIR) Requests; Data Subject Access Requests; Personal Data Incidents</p> <p>As part of our ongoing training and awareness we received regular reports on Governance Risk and Control. These included topical updates to help us consider emerging risks. Examples included:</p> <ul style="list-style-type: none"> <li>• Continued approach to clearing the national backlog of accounts</li> <li>• Updates on Global Internal Audit Standards in the Public Sector</li> <li>• New legislation on measures to tackle fraud and counter fraud briefings from CIFAS and the Public Sector Fraud Authority</li> <li>• Updates on the National Fraud Initiative</li> <li>• Nolan Principles at 30 Years</li> </ul>

Areas where the committee can have impact by supporting improvement	Examples from the year
Supporting the development of robust arrangements for ensuring value for money.	As the Civic Affairs committee we considered the External Auditors completion reports for the <a href="#">2023/2024</a> and <a href="#">2024/2025</a> financial years. These include Value For Money assessment across areas of financial sustainability, governance and improving economy, efficiency and effectiveness. Actions for improvement and assurance are incorporated into the Annual Governance Statement.
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.	<p>We were briefed and discussed topical matters which helped us to support and promote counter fraud arrangements.</p> <p>This included updates on the National Fraud Initiative and a briefing on how we prepared for new legislation that introduces a “failure to prevent” offence as part of the Economic Crime and Corporate Transparency Act 2023.</p>
Promoting effective public reporting to the authority’s stakeholders and local community and measures to improve transparency and accountability.	<p>The Committee have produced this annual report summarising the work completed in the year.</p> <p>The Committee reviewed proposed amendments to Member Allowances and made recommendations to Council.</p> <p>The Committee reviewed and discussed the development of a <a href="#">quarterly performance report</a> for Cabinet. The Committees review of the new framework, including its Principles and Approach and report, supports the Committee in fulfilling its role in reviewing corporate governance arrangements.</p>

## Continuous improvement



### Our focus for the following year

We will continue to review the effectiveness of the Committee by maintaining awareness of emerging best practice guidance on governance from CIPFA, the Local Government Association, and the Centre for Governance and Scrutiny.

We will also start planning for Local Government Reorganisation and how we can provide the assurance during the period of change.

## Good practice

As a Committee we promote good practice in governance risk and control to those charged with governance.

Seven principles of public life

Our governance framework is supported by the [seven Principles of Public Life](#), and apply to anyone who works as a public office-holder. This includes all those who are elected or appointed to public office, nationally and locally, and all people appointed to work in the Civil Service, local government, the police, courts and probation services, non-departmental public bodies (NDPBs), and in the health, education, social and care services. All public office-holders are both servants of the public and stewards of public resources. The principles also have application to all those in other sectors delivering public services.

Selflessness	Holders of public office should act solely in terms of the public interest.
Integrity	Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
Objectivity	Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
Accountability	Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
Openness	Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
Honesty	Holders of public office should be truthful.
Leadership	Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.