

REPORT TITLE: Auditor's Annual Report 2024/25

To:

Civic Affairs and Audit Committee 19 May 2026

Report by:

Jody Etherington, Chief Finance Officer

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Wards affected:

All

Director Approval: Chief Finance Officer Jody Etherington confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Committee.

1.	Recommendations
1.1	It is recommended that the Committee: 1. Note the EY Auditor's Annual Report for the year ended 31 March 2025.
2.	Purpose and reason for the report
2.1	The Auditor's Annual Report summarises the year's external audit work, including Value for Money commentary and confirmation of the financial statement opinion. In line with the NAO Code of Audit Practice 2024, the report provides an overview to the council and the public, detailing current recommendations and a review of prior years' actions, including the external auditor's assessment of whether they have been satisfactorily implemented.
2.2	The main conclusions of the report in respect of the 2024/25 financial statements and Value for Money opinion were also set out in the Audit Results Report which was received by the Committee at its meeting on 23 February 2026.

3.	Alternative options considered
3.1	The presentation of the Auditor's Annual Report is a requirement of the NAO Code of Audit Practice. No decision is required by the Committee.
4.	Background and key issues
4.1	Over recent years, a significant backlog in the publication and audit of financial statements has developed across the local government sector. The issues peaked in 2022/23, when only 1% of English councils published audited accounts on time.
4.2	In response, in 2024 the government announced a programme of 'reset and recovery' across the sector. This included putting into place a series of 'backstop dates' by which final accounts had to be published, whether the audits had been completed or not.
4.3	Under these backstop arrangements, EY have issued a 'disclaimed' opinion on the council's Statement of Accounts 2024/25, as it did in 2023/24.
4.4	The auditor's Financial Statement reporting assessment is set out on page 14 of their report. They have rated the timeliness, quality and completeness of the draft financial statements as 'effective'. However, there remains a need for improvement in other areas of the process, most notable the timely delivery of quality working papers to support the audit process. These issues came about primarily of a result of resourcing challenges within the Finance team – however additional resource has been brought in and steps taken to secure improvement in these areas for the 2025/26 audit.
4.5	The auditor's Value for Money commentary is set out from page 17 onwards. They have identified one new significant weakness in relation to the capacity and capability within the Finance Team to support the audit process, as set out above and explained in more detail (with the council's management response) on page 31. The significant weaknesses reported in 2023/24 in relation to timely financial reporting and a breach of the Rent Standard have now been addressed, as set out on page 36.

5.	Corporate plan
5.1	<p>The external audit process is a key source of assurance for members and the public in respect of the way the council secures best value in the delivery of all of its corporate priorities.</p> <p>Corporate plan 2022-27: our priorities for Cambridge - Cambridge City Council</p>
6.	Consultation, engagement and communication
6.1	<p>The auditors have communicated with the Civic Affairs and Audit Committee throughout the audit process, including their Audit Results Report which was received by the Committee at its meeting on 23 February 2026, and culminating with this report.</p>
7.	Anticipated outcomes, benefits or impact
7.1	<p>As set out in the management responses on pages 31 to 35, steps have been taken to address the weaknesses and recommendations raised by the auditor in advance of the following year's audit.</p>
8.	Implications
	Relevant risks
8.1	<p>Not applicable – the report is for noting only.</p>
	Financial Implications
8.2	<p>The auditors will be seeking a fee variation in respect of additional work related to the issues identified, and we await independent assessment of this from Public Sector Audit Appointments (PSAA).</p>
	Legal Implications

8.3	Under the NAO Code of Audit Practice, the Committee is required to receive the Auditor's Annual Report each year.
	Equalities and socio-economic Implications
8.4	None
	Net Zero Carbon, Climate Change and Environmental implications
8.5	None
	Procurement Implications
8.6	None
	Community Safety Implications
8.7	None
9.	Background documents Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985
9.1	Audit Results Report 2024/25
10.	Appendices
10.1	Appendix A – Auditor's Annual Report Year ended 31 March 2025
	To inspect the background papers or if you have a query on the report please contact Jody Etherington, Chief Finance Officer, tel: 01233 458130, email: jody.etherington@cambridge.gov.uk