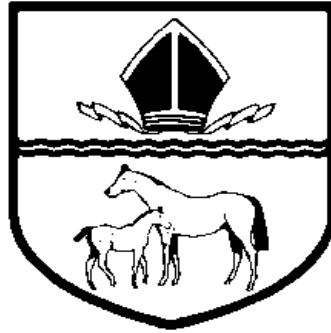


EAST CAMBRIDGESHIRE DISTRICT COUNCIL



Audit Committee
15 April 2025

Amendment

Please find enclosed an addition to the published agenda.
The:

- External Audit Annual Report

A close-up photograph of a person's hand holding a white pen, pointing at a bar chart displayed on a tablet screen. The chart features several horizontal bars in shades of green, yellow, and red, set against a blue grid background. The person is wearing a blue suit jacket. The text 'East Cambridgeshire District Council Auditor's Annual Report' is overlaid in yellow on the left side of the image.

East Cambridgeshire District Council Auditor's Annual Report

Year ended 31 March 2024

1 April 2025



Audit Committee
East Cambridgeshire District Council
The Grange
Nutholt Lane
Ely
CB7 4EE

1 April 2025

Dear Audit Committee Members

2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for East Cambridgeshire District Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Council's any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 15 April 2025.

Yours faithfully

Mark Hodgson

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

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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 ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). 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 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 Audit Committee and management of East Cambridgeshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit Committee and management of East Cambridgeshire District 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 Audit Committee and management of East Cambridgeshire District 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.



01 Executive Summary



Executive Summary

Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an Auditor's Annual Report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 18 April 2024. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- conclusions relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Executive Summary (continued)

2023/24 Conclusions

Financial statements

Audit Opinion - Disclaimed

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required the Council's financial statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

As a result of the 2022/23 disclaimed audit report, we did not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we could gain assurance over 2023/24 in-year movements and some closing balances. We also did not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. This meant that we would be unable to conclude that the 2023/24 financial statements were free from material and pervasive misstatement of the financial statements.

Our planned audit work in the 2023/24 financial year therefore focused on transactions in the year and the year balance sheet at the 31 March 2024.

Due to delays in receiving audit evidence in sufficient time before the backstop date for our planned procedures, we did not have the required resource available and were therefore unable to complete our audit procedures on the following areas of the Council's financial statements:

- Balance Sheet - Grants Received in Advance
- Comprehensive Income & Expenditure Statement - Finance & Assets
- Comprehensive Income & Expenditure Statement - Operational Services
- Comprehensive Income & Expenditure Statement - Interest Receivable and Investment Income
- Comprehensive Income & Expenditure Statement - (Surplus) or deficit in the revaluation of non-current assets

Taken together, this led us to issue a disclaimed audit opinion on 20 February 2025.

Executive Summary (continued)

2023/24 Conclusions

Going concern	We concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements was appropriate.
Consistency of the other information published with the financial statements	Financial information within the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary on the key arrangements within 2023/24 in Section 03. We set out an update to the Council's underlying arrangements in Appendix A.
Consistency of the annual governance statement	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of Government Accounts	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed, as of the date of this report, the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.
Audit Certificate	We will issue our audit certificate on completion of the above requirements in respect of Whole of Government Accounts.



Executive Summary (continued)

Value for Money

Scope

We are required to be satisfied that East Cambridgeshire District Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an Annual Commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the S151 Officer;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council Management and the finance team.

Executive Summary (continued)

Value for Money (continued)

Reporting

Our commentary for 2023/24 is set in Section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2022/23 Interim Value for Money Report and have been updated for 2023/24.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
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	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

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 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



02 Audit of the financial statements

Audit of the financial statements

Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 20 February 2025, we issued a disclaimed audit opinion on the financial statements. This basis for this opinion is set out in the Executive Summary.

We reported our audit scope, risks identified and detailed findings to the 3 February 2025 Audit Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. We identified and reported five areas for improvement in the Council's control environment in our Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error - Management override of controls	<p>Our audit procedures identified that the Council does not have any formal procedure in place for the authorisation of journals before they are posted to the General Ledger. This represents a level of weakness in the Council's overall control environment and increases the risk of management override.</p> <p>We did not identify any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.</p> <p>We did not identify any transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>Our journal entry testing did not identify any instances of inappropriate posting of journals.</p>
Misstatements due to fraud or error - capitalisation of revenue expenditure	<p>Our sample testing of additions to Property, Plant and Equipment found that they had been correctly classified as capital and included at the correct value.</p> <p>Our sample testing did not identify any revenue items that were incorrectly classified.</p> <p>Our data analytics procedures did not identify any movements from expenditure to capital outside of the normal course of business.</p>
Significant risk - Accounting for Pension Assets/Liabilities	<p>The procedures performed by the Pension Fund Auditor identified that the actual asset valuation at the 31 March 2024 was £26.874 million greater than the actuary's estimate. The Council's share of this increase is £0.322 million. The increase in asset values has a potential consequential impact on the Council's Net Pension valuation as a result. Given that this is an estimation, our judgement was that this would not lead to a material misstatement within the Council's Pension Fund Asset or disclosures.</p>



03

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with Management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

The outturn position for 2023/24 was reported to the Finance and Assets Committee on the 27 June 2024, showing an underspend of £2.596 million in 2023/24 as a result of Management actions to reduce the Council's cost base prior to and during 2023/24, as well as the reforecasting of Business Rates receipts. This amount was allocated to the Surplus Savings Reserve. The Council has continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services.

The latest year-end forecast for 2024/25 presented to the Finance and Assets Committee on 30 January 2025 shows a planned surplus of £0.602 million for the General Fund. The underspend predominantly relates to interest earned on investments exceeding the budget for the first three quarters of the year.

The Council's revenue budget for 2025/26 and Medium Term Financial Strategy (MTFS) for the financial years 2026/27 to 2028/29 presented at the Full Council meeting on the 25 February 2025 shows that the budget for 2025/26 and 2026/27 are balanced, with savings of £4.502 million needing to be identified in 2027/28 and £5.602 million in 2028/29 to achieve a balanced budget.

The Council's 2024/25 revised capital budget stands at £7.681 million; including £1.106 million of slippage brought forward from 2023/24. A total of £2.178 million of planned and approved Capital Spending costs were underspent in 2023/24 due to a decrease of the costs required and slippages in the Capital Programme.

At the 31 March 2024, the Council held a General Fund balance of £1.238 million, which is the minimum level set by the Section 151 Officer in the 2023/24 budget. In addition, the Council has a Surplus Savings Reserve of £9.175 million, which is in addition the General Fund balance. Together with further Earmarked General Fund Reserves of £17.485 million, this provides a strong level of resources if future savings requirements are not identified or achieved in each of the 4 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver the current level of services.

The Council should continue its scenario assessment of the savings requirement and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. We did not identify a risk of significant weakness in arrangements in place to ensure sound governance.

The Council produces Budget Setting Reports and a Medium Term Financial Strategy (MTFS) on an annual basis in February, with further quarterly tracking and updates during 2023/24. Both documents are taken to the Finance and Assets Committee before final approval at Full Council, which ensures that all Members are kept well informed of the process.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including the Council's actions and developments during the year, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance. The Head of Internal Audit concluded that for the 2023/24 financial year, 'Moderate Assurance can be given over the adequacy and effectiveness of the Council's control environment for 2023/24'.

Updates on the Corporate Risk Register are provided on a six-monthly basis to the Audit Committee meeting to reflect the latest risks for the Council and to ensure that scoring reflects the current impact and likelihood of those risks materialising.

The Council published its Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2024). The Council did not initially comply with the Audit and Account Regulations by publishing the Inspection Notice incorrectly, with an incomplete set of information available for public inspection. The Inspection period was erroneously stated as commencing on 3 June 2024, when the Annual Governance Statement had not been published by that date and was instead published on 1 July 2024. This error was corrected by Management, with a revised Inspection Period commencing on the 24 July 2024, in accordance with the regulations. Therefore, this did not have a significant impact on the public's rights to inspect the Council's financial statements.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

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

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with Management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. We did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Corporate Plan sets out future promises and commitments for the Council. The Council monitors the provision of services against these commitments. The nature of monitoring therefore is dependent on the nature of the service provided and the commitments monitored. The Narrative Report sets out a review of achievements against the corporate plan. The Council's two Policy Committees (Operational Services and Finance and Assets) approve and monitor performance against Service Delivery Plans. The Council presents a service delivery report bi-annually where under each service area, performance measures are evaluated.

Monitoring of the Corporate Plan and the progress of actions to address the requirements of the plan is through discussion at Corporate Management Team, with subject papers taken to relevant Committees on an ad-hoc basis. The nature of monitoring is therefore dependent on the nature of the service provided and the commitments made. Three priority areas identified by the Council within the Corporate Plan: Sound Financial Management; Cleaner, greener East Cambridgeshire; Sustainable communities. Review of achievements against the corporate plan can be seen within the Council's Narrative Report as part of the Statement of Accounts.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Each year the Finance team prepares a budget for the budget year, and the Medium Term Financial Strategy (MTFS) which sets out indicative budgets for three further years. The MTFS includes assumptions about all known expenditure and income over that period. This is taken to Full Council in February each year for approval. The Council prepares a capital strategy alongside the revenue budget for the same time period, with the revenue implications of the capital strategy included within the revenue budget. The Council takes into account all the expected financial pressures based on the available information. During the preparation of the budget 2025/26, the council identified key risks around government funding, inflation and its loan to ETC. Inflation was considered with much greater focus during the budget process. Also, due to the ongoing local government fair funding review creates considerable uncertainty for local authority funding. These and many other financial pressures were considered within the next year budget.

How the body plans to bridge its funding gaps and identifies achievable savings

The latest year-end forecast for 2024/25 presented to the Finance and Assets Committee on 30 January 2025 shows a surplus of £0.602 million in the General Fund. The underspend predominantly relates to interest earned on investments that exceeded the budget for the first three quarters of the year. The Council's revenue budget for 2025/26 and MTFS for the financial years 2026/27 to 2028/29 presented at the Full Council meeting on the 25 February 2025 shows that the budget for 2025/26 and 2026/27 are balanced whereas savings of £4.502 million need to be identified in 2027/28 and £5.602 million in 2028/29 to achieve a balance budget.

The Council's budget objective is always to have two years of balanced budget when the budget is approved in February, to demonstrate that the Surplus Savings Reserve provides sufficient headroom to manage funding gaps. The options considered by the Council to balance the future year budgets are efficiencies in the cost of service delivery, reductions in service level, increase the income from fees and charges and further commercialisation via its trading companies. It should be noted that the Council has previously managed to identify savings and achieve a balanced budget for the 2 financial years required under its objective.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The budget setting process allows for the consideration of budget changes service by service, based on how the changes support the Council's priorities and impact service delivery. The production of the Medium Term Financial Strategy is to set a robust financial framework for the Council's medium term plans, to plan sustainable service delivery within a balanced budget. The Council have recognised challenges in respect of the "cost of living crisis" linked to inflation. Considerations have been taken and built in the budget to acknowledge this. The Council has developed a Corporate Plan for 2023-27 broadly defining its priorities i.e. sound financial management, cleaner, greener East Cambridgeshire and sustainable communities. Further, a detailed action plan has been developed for 2023/24 and 2024/25 on the basis of Corporate Plan. These documents guide the preparation of budget and MTFS which is also evident from the discussion in the Council meetings and the budget book.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The Council has developed a Corporate Plan for 2023-27 broadly defining its priorities i.e. sound financial management, cleaner, greener East Cambridgeshire and sustainable communities. Further, a detailed action plan has been developed for 2023/24 and 2024/25 on the basis of corporate plan. The council's Corporate Plan is also presented and approved at Full Council each year. This sets out the wider objectives and key priorities of the Council in respect of service delivery. These documents guide the preparation of budget and Medium Term Financial Strategy which is also evident from the discussion in the council meetings and the budget book. The Council have joint arrangements in place with other local district Council's to achieve effectiveness and efficiency of service delivery, including through the Anglian Revenues Partnership providing services linked to local taxation and housing benefits. Finances are planned through the MTFS and budget setting processes.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	Budgets are produced in line with expected income and expenditure based on the current knowledge of the finance team. The key assumptions are set out in the Medium Term Financial Strategy. The Council currently holds a Surplus Savings Reserve and a General Fund equivalent to 10% of its net operating budget, which provides confidence that if unavoidable overspends did occur these could be managed through the Council's existing reserves. The Medium Term Financial Plan sets out risks and uncertainties that could impact the Council's financial position. Every year the MTFS is updated to incorporate the new challenges and pressures. Further, each policy committee is required to consider projections of financial performance against both its revenue and capital budget on a quarterly basis, with this Committee further considering the overall Council position. This leads to the production of Finance report and budget monitoring report. If during the year, the Council identifies any inability to achieve the budget or the MTFS or any savings are identified, these are updated to reflect the current circumstances.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Council uses the risk management approach in all key business processes with aim of identifying, assessing and managing any key risks which might be faced. The Council maintains a corporate risk register. A full review of corporate risks is undertaken on a three-monthly basis by the Risk Management Group. Directors and service leads reviews their elements of the register on a regular basis and report issues to the Risk Management Group on an exception basis. The Audit Committee oversees the Council's Corporate Risk Register and recommend revisions to the Council's Risk Management Policy and framework documents, ensuring corporate risks are identified and effectively managed. Audit Committee reviews the Corporate Risk Register half-yearly.</p> <p>Internal Audit provides an Annual Internal Audit Opinion based on an objective and comprehensive assessment of the Council's framework of governance, risk management and control. The Internal Audit service also leads on corporate counter fraud activity for the Council. Internal Audit also maintain the Report Fraud mailbox for the Council, providing an independent point of contact for referrals. The Council's Internal Audit team also heavily support the production of the Council's Annual Governance Statement each year, feeding in their observations on internal control as identified through the audits they have completed during the year. The Internal Audit Annual Report is presented to the Audit Committee which provides an overall audit opinion, alongside details of the individual audits undertaken during the year to reach the final opinion.</p>
How the body approaches and carries out its annual budget setting process	<p>An updated Medium Term Financial Strategy (MTFS) is taken to the Finance and Assets Committee in September each year, providing the initial budget for the following financial year, with forecasts across the remaining 3 years of the Medium Term Financial Strategy (MTFS) life (i.e. The MTFS is a rolling 4 year strategy). Following this meeting, the draft budget report is developed into a full annual budget, including the impact on Council Tax requirements. This is then re-presented to the Finance and Assets Committee in January, before being presented to Full Council in February for approval ahead of the start of the financial year to which it relates. Budget figures are determined by the Finance Team through discussions with relevant budget holders, and the Medium Term Financial Strategy (MTFS) is revisited at regular intervals to build in any significant changes.</p>



Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>The Council operates financial management system to which budget data is uploaded in line with agreed timescales. This enables budget holders to review their budgets on screen and regularly update their forecast spend. Quarterly budget monitoring reports are presented to the Corporate Management Team, and relevant Committees. Internal Audit ensures the effectiveness of the budgetary controls, communication of key information and financial reporting process. It provides assurances over monitoring of Council budgets and reporting / management of variances and any savings plans. Internal Audit also perform an assessment against relevant elements of the CIPFA Financial Management Code for compliance and report appropriately.</p> <p>The Council published its draft Statement of Accounts by the target date outlined in the Accounts and Audit Regulations 2015 (being the 31 May 2024). However, the Council did not comply with the Audit and Account Regulations by publishing the Inspection Notice incorrectly, with an incomplete set of information available for public inspection. The Inspection period was erroneously stated as commencing on 3 June 2024, when the Annual Governance Statement had not been published by that date and was instead published on 1 July 2024. This error was identified by EY and corrected by Management, so a revised Inspection Period commenced on 24 July 2024, in accordance with the regulations. Therefore, this did not have a significant impact on the public’s rights to inspect the Council’s financial statements.</p>

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	Decision-making processes and delegations are set out within the Constitution for all Committees, as well as decision making that is delegated to Council Officers. Where formal decisions are required they are scrutinised by the appropriate committee in advance of presentation to Full Council where required. This ensures that the necessary information is provided and that recommendations can be challenged before decisions are made. A few days before the meeting, the agenda is made available to all the members. During the meetings, Members are given sufficient opportunity to challenge the decisions and have a proper debate. This is evident from the minutes of the meetings.
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	The Council has implemented Members' Code of Conduct which is intended to promote high standards of behaviour amongst the elected and co-opted Members of the Council. The Code is underpinned by the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. It defines the rules to be adhered to as part of meeting the relevant requirements and setting appropriate standards. Every member must comply with this code. There is also an Employee code of conduct which provides guidance for the expected behaviours of the Council's staff. Any issues, for example from whistle-blowing processes or complaints, are investigated in accordance with agreed processes and/or referred to Internal Audit or the Monitoring Officer, as appropriate. Further, every Member is required to disclose the existence and nature of the disclosable pecuniary interest in any matter which is discussed at the meeting and such member cannot attend the meeting as well. This is maintained by the Monitoring Officer.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	Regular reporting of the Council's performance and finances is undertaken. As part of this, the Council consider the delivery of services and the Council's priorities and previous performance. Service Leads are responsible for monitoring the performance of teams, in line with key Council objectives as set out in the Corporate Plan. This is reflected on within the Narrative Report. Quarterly budget monitoring reporting is done to the Finance and Assets Committee and Operational Committee, in which the financial outturn of all the services are considered. If any services are performing not-in-line with the budget, corrective measures are produced and approved in the meeting.
How the body evaluates the services it provides to assess performance and identify areas for improvement	The Corporate Plan sets out future promises and commitments for the Council, and provision of services are assessed against these commitments. The nature of monitoring therefore is dependent on the nature of the service provided and the commitments monitored. The Narrative Report sets out a review of achievements against the corporate plan. The Council's two Policy Committees (Operational Services and Finance and Assets) approve and monitor performance against Service Delivery Plans. The Council presents a 'Service Delivery' report bi-annually where under each service area, performance measures are evaluated. For each performance measure, there is a target and reporting timescale is decided and update is sought on the achievement of that target. Based on each performance measure, the Council evaluates the performance of its services.
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	The Council ensures that it is represented on partnership bodies by relevant officers or members, as required. Key partnerships include only Anglia Revenues Partnership for which the Council are represented at relevant meetings and other key partnerships and working arrangements with the two subsidiary companies, East Cambridgeshire Trading Company and East Cambridgeshire Street Scene, for which management accounts and regular reports are taken to the Finance and Assets Committee. There is a member observer from the Council on the boards of both of the trading companies and there is also officer representation from the County Council and the District Council. The Finance and Assets Committee includes Shareholder Committee roles to approve subsidiaries business plans to ensure they are aligned to the standards of Council.



Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	The Council has, as part of its Constitution, 'Contract Procedure Rules' which officers are expected to adhere to when procuring on behalf of the Council. Training on Contract Procurement Rules has become mandatory for all Service Leads at least once every three years. The latest training took place in June 2022. The Council also maintains a Contract Register. Internal Audit review procurements processes as part of their Internal Audit plan. This informs the Annual Assurance Opinion of Internal Control and Value for Money. The Monitoring Officer has overall responsibility for ensuring the Council complies with relevant laws and regulations.

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