


Agenda Item No:	5	
Committee:	Audit & Risk Management Committee	
Date:	25 February 2025	
Report Title:	Audit Completion Report Year Ended 31-03-2024	

Cover sheet:

1 Purpose / Summary

To consider the Audit Completion Report for Year Ended 31 March 2024 from the Council's appointed independent external auditor - EY (Ernst and Young).

2 Key issues

- EY will present their Audit Completion Report for 2023/24 audit year, which is subject to a disclaimed audit report under the Government's Reset and Recovery legislation.
- The Audit Completion Report for Year Ended 31 March 2024 is attached.

3 Recommendations

- It is recommended that Members note the content of the report.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	Cllr Chris Boden, Leader and Portfolio Holder for Finance
Report Originator(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Contact Officer(s)	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
Background Paper(s)	

Fenland District Council Completion Report for Those Charged with Governance

Year ended 31 March 2024

Report issued - 31 January 2025





Audit and Risk Management Committee
Fenland District Council
Fenland Hall, County Road
March Cambridgeshire
PE15 8NQ

31 January 2025

Dear Audit and Risk Management Committee Members

2023/24 Audit Completion Report

We are pleased to attach our Completion Report, summarising the status of our audit for the forthcoming meeting of the Audit and Risk Management Committee. We will update the Audit and Risk Management Committee at its meeting scheduled for 25 February 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Fenland District Council accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Audit and Risk Management Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together 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.

As reported in our 04 November 2024 Audit Completion Report, we issued a disclaimed audit report on the Council's financial statements for 2022/23 under the arrangements to reset and recover local government audit.

Although we had planned to undertake limited work to rebuild assurance ahead of the 2023/24 backstop date, due to the delays in the production of the Council's accounts, as noted in this report, there was insufficient time and resources available to complete the planned work. Taking this into account, for the year ended 31 March 2024, we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report

We draw the attention of Audit and Risk Management Committee members and officers to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix G).

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

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Enc

Contents

01

Executive Summary



02

Work Plan



03

Results and Findings



04

Value for Money



05

Appendices



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.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). 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.

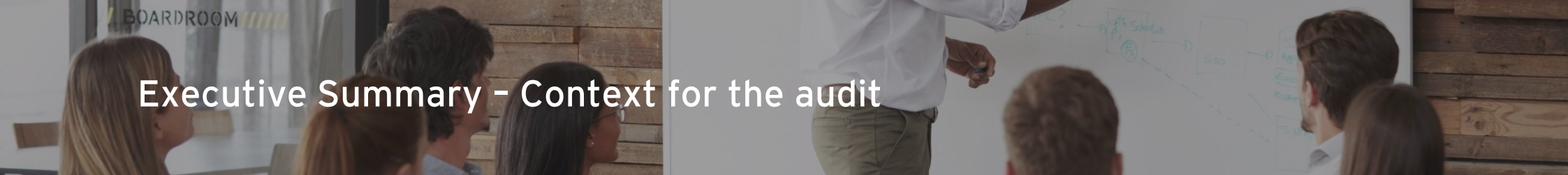
The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Risk Management Committee of Fenland District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Risk Management Committee of Fenland 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 the Audit and Risk Management Committee of Fenland 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 – Context for the audit

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- ▶ Lack of capacity within the local authority financial accounting profession
- ▶ Increased complexity of reporting requirements within the sector
- ▶ Lack of capacity within audit firms with public sector experience
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 04 November 2024 Audit Completion Report to the Audit and Risk Management Committee we issued a disclaimed audit report on the Council's financial statements for 2022/23 under these arrangements to reset and recover local government audit.

EY's Head of UK Government and Public Sector Audit wrote to the Section 151 officer at the Council on 21 August 2024 to set out that we would be prioritising those 2023/24 audits that we considered met the following criteria:

- ▶ draft unaudited financial statements were published by 31 May 2024;
- ▶ there was evidence that finance teams could effectively and efficiently support the audit process; and
- ▶ have high-quality audit evidence and supporting information that is delivered in accordance with our agreed timetable and in advance of the commencement of the audit.



Executive Summary

Scope update

In our Audit Planning Report presented at the 25 March 2024 Audit and Risk Management Committee meeting, we provided you with an overview of our intended audit scope and approach for the audit of the financial statements.

We have not carried out our audit in accordance with this Plan, for the reasons outlined below.

The Council did not publish its unaudited statements by 31 May 2024, with draft accounts not published until October 2024. We therefore were unable to undertake our planned procedures on the 2023/24 financial statements ahead of the backstop date of 28 February 2025. We therefore intend to issue a disclaimed opinion.

We have however completed out planned procedures in relation to the Council's value for money arrangements and the findings and conclusions from this work are included in this report.

Subsequent to the issue of our Planning Report, there has been a change in Engagement Partner, with Debbie Hanson taking over from Mark Hodgson.



02

Work Plan



Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2024 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 04.

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.

Given that SI 2024/907 imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).⁴ (Ref: Para. A77&A78)

Taking the above into account, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality

Materiality

Planning materiality

£1.15m

Materiality for y/e 31 March 2024 has been set at £1.15 million, which represents 2% of 2024 gross expenditure on provision of services.

Performance materiality

£0.86m

Performance materiality for y/e 31 March 2024 has been set at £0.86 million, which represents 75% of planning materiality.

Audit differences

£0.05m

We will report all uncorrected misstatements relating to the primary statements greater than £0.05 million for y/e 31 March 2024. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit and Risk Management Committee

In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the draft financial statements for 2023/24 and our experience from the 2021/22 audit year. We have considered updating this materiality for any key changes or known factors from that year. We determined that our audit procedures would be performed using the materiality level noted above. This level of materiality remains appropriate for the actual results for the financial year.

The outcome of consultation on the planned measures to address local audit delays and the likely issue of the disclaimers on the Council's 2022/23 and 2023/24 financial statements and any guidance subsequently issued may continue to impact on our assessment of materiality for the 2024/25 audit. We will keep the Audit and Risk Management Committee updated on any changes to materiality levels as the audit progresses.

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Misstatement due to fraud or error	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Fraud risk	No change in risk or focus	<p>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.</p> <p>We have assessed the risk is most likely to occur 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.</p>
Valuation of property, plant & equipment and investment properties	Inherent risk	No change in risk or focus	<p>The fair value of Property, Plant and Equipment (PPE) and Investment Property represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end Land & Buildings balances recorded in the Balance Sheet.</p> <p>As a result of our work on the 2021/22 financial statements, we did not identify any material issues with the work of the external valuer. We are also not aware of any other trigger events that would give rise to a significant risk, and therefore this remains an inherent risk.</p>

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the year.

Audit risks and areas of focus

Risk/area of focus	Risk identified	Change from PY	Details
Pension liability valuation	Inherent risk	No change in risk or focus	<p>The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme.</p> <p>The Council'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.</p> <p>Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>

Work Plan - Independence

The FRC Ethical Standard 2019 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.



Work Plan - Independence

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 Debbie Hanson, 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 your company. Examples include where we have an investment in your company; 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.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, 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.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 0.2:1. No additional safeguards are required.

A 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.



Work Plan - Independence

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. 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.



03 Results and findings



Results and findings

Status of the audit

Our audit work in respect of the Council opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- ▶ Completion of subsequent events procedures to the date of our audit report;
- ▶ Receipt of a signed management representation letter and financial statements.

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion.

Value for Money

Our value for money (VFM) work is complete and reported in Section 04 of this report. We identified a risk of significant weakness in respect of Governance arrangements for the production of the financial statements. Having updated our risk assessment and completed the planned procedures in response to this risk we concluded there was a significant weakness. See Section 04 of the report for further details.

Audit differences

We have identified casting differences which are summarised below. Management are currently reviewing these differences:

- Uncorrected differences in 2023/24 statement of accounts - one in the movement in reserves two in the expenditure and funding analysis, three in disclosure notes and one in collection fund.

Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We will complete the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts on the completion of our audit. Until the NAO has confirmed whether they require us to undertake any additional procedures we are not able to issue our audit certificate.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest").

We did not identify any issues which required us to issue a report in the public interest.



Results and findings

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Fenland District Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Risk Management Committee or Board of Directors.

Control observations

During the audit, we have not identified any significant deficiencies in internal control

Independence

Further to our review of independence in Section -02 of this report we have not identified any issues to bring to your attention..



Results and findings

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern; and
- ▶ Consideration of laws and regulations.

We have no other matters to report

Results and findings

Detailed matters identified

Description of work completed	Finding	Conclusion	Recommendation
Financial statement casting and consistency check	<ul style="list-style-type: none">➤ Uncorrected differences in 2023/24 statement of accounts – one in the movement in reserves, two in the expenditure and funding analysis, three in disclosure notes and one in the collection fund.	Management are looking into this but at present we are not able to confirm the reasons for these differences.	We recommend that the Council reviews and corrects their position for the 2023/24 and future financial statements

Results and Finding - Audit Report

Expected modification to the audit report

As reported in our 2022/23 Audit Completion Report (dated 4 November 2024), we issued a disclaimed audit report on the Council's financial statements for 2022/23 under the arrangements to reset and recover local government audit.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.

As set out within this report we have also not been able to complete our planned programme of work in relation to closing balances and in-year transactions for 2023/24.

Taken together with the requirement to conclude our work by the 2023/24 back stop date, for the year ended 31 March 2024 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

The form and content of the Audit Report will be shared with the Section 151 officer to enable you to formally authorise the 2023/24 financial statements for issue.



04 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the 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 doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken during the period 1 April 2023 to 31 March 2024 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2023/24 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix E).

VFM - Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the Council'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 Management and key officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

In our Provisional Audit Planning Report presented to the 25 March 2024 Audit and Risk Management Committee, we noted that we had yet to complete our detailed VFM planning. We noted however, that one area of focus would be on the arrangements that the Council has in place in relation to financial sustainability.

We have now completed our VFM planning and identified a risk of significant risk related to 'Governance - How the Council ensures that it makes informed decisions and properly manages its risks' as part of our risk assessment procedures. We set out our planned response to address this risk in the table below.

Description of risk identified	Work planned to address the risk of significant weakness
<p>The Council did not publish its draft Statement of Accounts for 2022/23 or 2023/24 by the target date outlined in the Accounts and Audit Regulations 2015 (31 May 2023 and 31 May 2024 respectively). The unaudited statements for 2023/24 were published on 29 October 2024.</p> <p>The issue above is evidence of a potential weaknesses in proper arrangements for supporting its statutory reporting requirements and effective processes and systems for accurate and timely management and financial information - Governance - How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<p>Review of the Council's processes and arrangements for the preparation and publication of Statement of Accounts in line with regulatory requirements</p>

VFM - Executive Summary (continued)

Reporting

Our final commentary for 2023/24 is set out over pages 26 to 28. 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. We include within the VFM commentary below the associated recommendation we have agreed with the Council.

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

In accordance with the NAO's 2020 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, at the time of this report, we have concluded that there is a significant weakness in the Council'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	Significant risk identified	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

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

During 2023/24, the Council continued to manage the impact on its finances from a number of sources, such as general inflation, pay increases and uncertainties in relation to the amount of funding to be received in the future.

The final outturn on the Council's General Fund for the year was a deficit of £0.212 million, which was funded from the budget equalisation reserve. This was an improved position compared to the projected deficit of £0.548 million reported to Cabinet in February 2024. The reduction in deficit is spread across a number of individual services and was due to a variety of reasons, including staff vacancies, higher income from investment and property funds, and lower repair and maintenance costs across services.

A total of £6.1 million of planned and approved capital projects were underspent at the year-end, due to slippages or delays in the capital programme, and re-profiling of several of the high-profile grant-funded regeneration schemes which the Council is currently delivering at various locations across the District. These costs will therefore carry forward into the 2024/25 capital programme.

During the year, the Council has continued to revisit and monitor medium term financial plans to ensure they have sufficient resources to deliver services. A balanced budget has been set for the financial year 2024/25. However, the Council forecasts funding gaps in subsequent years, totalling £2.728 million by the end of 2027/28. The Council continues to develop transformation programmes that will help them achieve balanced budgets in the long term.

At the 31 March 2024, the Council held a General Fund balance of £2 million, which is at the minimum level of set by the Council's Section 151 Officer. Together with further earmarked General Fund reserves of £10.27 million (including a budget equalisation reserve of £1.65 million), this provides a level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy. This allowing the Council to continue to deliver the current level of services. However, given that earmarked reserves are set aside for a specific purpose, Council priority areas, for which these reserves are earmarked may need to be realigned if required savings are not achieved.

The Council should therefore continue its assessment of the annual savings requirements and identify relevant schemes to achieve the required annual savings. This must go alongside the monitoring of the delivery of identified schemes, to ensure that the planned savings are achieved in line with projections. Together, this approach should minimise the further 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

Significant weakness identified

The development of the Council's Medium Term Financial Strategy (MTFS) is integrated with the production of the Council's Business Plan. The budget is part of these documents. These are discussed with the Corporate Management Team and the wider Management Team consisting of all Heads of Service. The Council reviewed the Budget Report in February, with the Medium Term Financial Strategy updated during the year. Both documents were taken to the Cabinet and Overview and Scrutiny Panel 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 underpinning governance arrangements for the year. The Head of Internal Audit concluded that for the 2023/24 financial year, 'reasonable assurance' may be awarded over the adequacy and effectiveness of the Council's overall internal control environment.

The Council did not publish its 2023/24 Statement of Accounts by the 31 May 2024 as required by the Accounts and Audit Regulations 2015 (the A&A Regulations). The unaudited 2023/24 statements were published on the 29 October 2024. The Council did publish a statutory notice on its website in May 2024 as required by the A&A Regulations, setting out the reasons for not publishing the draft Statement of Accounts by the 31 May 2024. The Council has stated that the delay was caused by ongoing resource pressures within the Council's Finance team and a knock-on impact of prioritising the closure of the 2021/22 Statements of Accounts audit, which was not concluded until February 2024. This in turn impacted the preparation of the 2022/23 Statement of Account which were not published until 24 February 2024, some eight months after the statutory deadline of 31 May 2023. As context, the Finance team was not fully staffed between October 2022 until the Deputy Chief Accountant position was filled in April 2023.

The consecutive delays in publication of the Statement of Accounts in 2022/23 and 2023/24, linked to the capacity issues within the Finance team, is evidence of a significant weakness in proper governance arrangements for financial reporting. Failure to improve the Council's processes to report financial information on a timely basis will impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

We note that the Council properly advertised and held the inspection period for members of the public to inspect the Statement of Accounts in line with the A&A Regulations. We also confirmed that the 2023/24 draft Statement of Accounts were arithmetically correct, agreed to the data in the general ledger, and were prepared in line with the content required by the CIPFA Code. The Council has also performed bank reconciliations during the 2023/24 financial year.

Conclusion: Based on the work performed, we have identified a significant weakness in the arrangements that we will be reporting by exception in relation to the delay in publication of the 2023/24 Statement of Accounts.

Recommendation: The Council need to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and the requirements of the Audit and Accounts Regulations.

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 Business Plan sets out the Council's ambitions and priorities. The corporate priorities are then cascaded down into service and service team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.

The Chief Executive presents the progress against the Council's Performance Indicators annually to the Overview and Scrutiny Committee. This is informed by Management meetings that the Chief Executive chairs with the Heads of Services throughout the year. Performance reporting is maintained against the corporate priorities, with regular reporting on performance and finances taken to the full Council throughout the year to continuously monitor performance. The Overview and Scrutiny Committee also reviews other areas on an ad-hoc basis during the year, to ensure key performance areas are being monitored.

The Council has consistently secured Customer Service Excellence accreditation. This demonstrates how the Council uses external and internal feedback to drive improvement in the quality of the services its customers receive.

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.



05 Appendices

Appendix A – Management representation letter - Draft

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

Date]

Ernst & Young

[Address]

This letter of representations is provided in connection with your audit of the financial statements of Fenland District Council ("the Council") for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Fenland District Council as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022))].
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error.

- 5. When there are unadjusted audit differences in the current year** We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because *[specify reasons for not correcting misstatement]*.
6. When there are no unadjusted audit differences in either the current year or in the prior year or there are no unadjusted audit differences in the current year, and we determine that the current year effects of correcting prior year differences are not significant to the current year.
 7. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
 8. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange *[other than ...]*.

B. Non-compliance with laws and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
 2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
 3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
1. **[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]** We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Council (regardless of the source or form and including, without limitation, allegations by "whistleblowers") including non-compliance matters:
- involving financial improprieties;

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

5. **[When management is not aware of the occurrence of non-compliance with laws and regulations, and has not received allegations of non-compliance with laws and regulations]** We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the [Council/Authority]'s financial statements;

- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
- involving management, or employees who have significant roles in internal controls, or others; or
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
 3. We have made available to you all minutes of the meetings of the Council and committees [add the full title of the relevant committees] (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].
 4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Council/Authority]'s related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements
 5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with [applicable financial reporting framework].
 6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
 7. From [the date of our last management representation letter or the beginning of the current period for initial audits] through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.
 8. [***When management is aware of unauthorized access to information technology systems that has a material effect on the financial statements.***] We have disclosed to you and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the financial statements, including disclosures.
- ### D. Liabilities and Contingencies
1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
 2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note [X] to the financial statements all guarantees that we have given to third parties.
4. The claim by [name of claimant] have been settled for the total sum of XXX which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note [X] to the financial statements. All assets to which the Council has satisfactory title appear in the balance sheet(s).
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note [X] to the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the [describe assertion] and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

G. Estimates

When we have identified a higher risk estimate, we include the following representation(s) (refer to ESTIMATES 17):

1. We confirm that the significant judgments made in making the [insert name of the accounting estimate] have taken into account all relevant information [and the effects of the COVID-19 pandemic on XXX] of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the [insert name of the accounting estimate].
3. We confirm that the significant assumptions used in making the [insert name of the accounting estimate] appropriately reflect our intent and ability to carry out [describe the specific courses of action] on behalf of the entity.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty [and the effects of the COVID-19 pandemic on XXX], are complete and are reasonable in the context of [the applicable financial reporting framework].
5. We confirm that appropriate specialized skills or expertise has been applied in making the [insert name of the accounting estimate].
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements, including due to the COVID-19 pandemic.

H. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Contingent Liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, [continue listing as appropriate]) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
2. Matters referred to in the letters dated [date] issued to you by the Council's Monitoring Officer and the Council's legal advisor.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

3. Matters referred to in the letter of comments received from the [name of regulator] regarding
4.

K. Going Concern

1. Note [X] to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than..... described in Note [X] to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

M. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises [describe the other information applicable to the entity].
2. We confirm that the content contained within the other information is consistent with the financial statements.

3. We confirm that the Annual Governance Statement for 20xx/xx is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 20xx/xx and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

N. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered [include the following language when climate-related commitments have been made:, including the impact resulting from the commitments made by the Council and reflected in the financial statements.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Audit Committee)

Appendix B – 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.

The original fees for these years were 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
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

Due to the reset, the above clearly will not be achieved and we will be liaising with PSAA Ltd to discuss and agree fees.

	Current Year Scale fee	Prior Year Scale fee
	£	£
Total Fee - Code Work (Note 1)	144,006	37,873
Other - scale fee variation	TBC	TBC
Total audit	TBC	TBC
Other non-audit services not covered above (Housing benefits) Note 2	TBC	TBC
Total other non-audit services	TBC	TBC
Total fees	TBC	TBC

All fees exclude VAT

As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC, PSAA will use its fee variation process to determine the final fee the Council have to pay for the 2022/23 and 2023/24 audits.

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2023/24.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Note 2 - The fees for Housing Benefits work will be determined once audit work has been completed. For 2022/23 and 2023/24, no audit work has commenced yet and therefore the fee is still yet to be determined.

Appendix C – Required communications with the Audit Committee

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

Our Reporting to you		
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit 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	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>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</p>	<p>Audit Planning Report, 25 March 2024</p> <p>Audit and Risk Management Committee</p>
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 ▶ Findings and issues regarding the opening balance on initial audits (delete if not an initial audit) 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<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 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>
Misstatements	<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 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the audit 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: <ul 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 ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Audit Committee responsibility 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ 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 	<p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▶ 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 integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report, 25 March 2024</p> <p>Audit and Risk Management Committee</p> <p>This Completion report for Those Charged with Governance, 25 February 2025</p> <p>Audit and Risk Management Committee</p>

Appendix C – Required communications with the Audit Committee (cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
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 	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management 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 audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance, 25 February 2025 Audit and Risk Management Committee

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics](#) (IESBA Code) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – VFM - 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	<p>The development of the Council's Medium-Term Financial Strategy (MTFS) is integrated with the production of the Council's Business Plan. The budget is part of these documents. These are developed through a close working relationship between officers and members, which ensures the Council's financial plan takes into account member priorities and service developments of which officers are aware. The Business Plan and MTFS are discussed with the Corporate Management Team and the wider Management Team consisting of all Heads of Service. Regular portfolio-holder briefings with the Leader and Finance Portfolio Holder ensure members are fully appraised of relevant developments at an early stage.</p> <p>The MTFS and the Business Plan go out to officers in December each year and are finalised in February as part of the budget setting process.</p>
How the body plans to bridge its funding gaps and identifies achievable savings	<p>The published budget presents a balanced forecast for the next financial year (2024/25), and a projected shortfall of £2.7 million by the end of 2027/28. The Council holds a Budget Equalisation Reserve - which exists solely to cover deficits in future years should the Council wish to do so.</p> <p>The updated shortfall places even more emphasis on achieving savings and/or additional income, for example, through the Transformation Programme Agenda two (TA2), which is currently underway. The Legacy Projects from this project are identified to deliver savings amounting to £2 million over the medium term.</p> <p>This is part of the 'My Fenland' transformation programme that the Council put in place in 2019. In the first two phases, 'My Fenland' has significantly reduced the size of the establishment by streamlining existing processes through improved use of technology. The Transformation Programme Agenda one (TA1) has delivered £1 million cashable savings over the medium term. A further £0.105 million has been achieved as a direct result of TA2.</p> <p>The 'My Fenland' programme is constantly evolving in terms of what savings can be achieved. There is a steering group made up of senior officers in place to monitor the programme.</p> <p>Additionally, the Council is making good progress as part of the implementation of its Commercial and Investment Strategy, which involves the generation of additional sources of income to reduce the need for savings to be found.</p>

Appendix E – VFM - 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 plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Council has been successful in identifying grant funding to deliver investment in the District. By harnessing external funding, the Council is able to deliver members' priorities without depleting reserves or resorting to external borrowing. The Council has established a 'Budget Equalisation Reserve' to help smooth out any volatility in the Council's budget position over the medium term. This reserve had a balance of £1.65 million as of 31 March 2024.</p> <p>The Council has a Business Plan in place, which presents the corporate objectives as follows:</p> <ul style="list-style-type: none">▶ Support vulnerable members of our community▶ Promote health and wellbeing for all▶ Work with partners to promote Fenland through Culture and Heritage▶ Deliver a high-performing refuse, recycling and street-cleansing service▶ Work with partners and the community on projects that improve the environment and our streetscape▶ Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion▶ Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland▶ Promote and enable housing growth, economic growth and regeneration across Fenland▶ Promote and lobby for infrastructure improvements across the district <p>This Business Plan is reviewed and updated every year. When the Annual Report is produced each year, it links back to the Council's performance indicators and provides a traffic-light rating. The Council also detailed its projects that it plans to implement for 2023/24. The Council also set the improvement of its organisation in the delivery of its services and had specific plans on Governance, Financial Control and Risk Management, Transformation and Efficiency, Performance Management, Consultation and Engagement, Excellent Customer Service and Equalities.</p>

Appendix E - VFM - Summary of arrangements (continued)

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	This is built into the business planning process. The Capital Strategy is developed alongside the Medium Term Financial Strategy. There is some cross-working with the Combined Authority and the County Council on policy areas where there might be some cross-over, such as transport, or social care. The Council is also part of the Anglia Revenues Partnership, which helps foster a joined-up approach to issues linked to welfare benefits.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	The Council prepares an amended budget in December, which goes to Cabinet for review. This will include the revised projections for the current financial year, and updates members on financial developments since the February budget. The Finance Team will reflect on discussions with the Heads of Service and provide a revised projection for each Service. There are no formal Performance Reports presented to Cabinet or any other Committee, but the finance team produces Portfolio Holder Briefing reports and these are discussed at the Council. Financial risks would be identified at Corporate Management Team discussions with the Head of Human Resources and Organisational Development, and they would be included in the Council's Risk Register.

Appendix E - VFM - Summary of arrangements (continued)

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 has a Risk Register in place. The Head of ICT, Digital and Resilience has overall responsibility for the Risk Register. The register is considered at management level and taken to the Audit and Risk Management Committee. The risk register is presented 4 times a year to the Audit and Risk Management Committee. Individual officers would have the responsibility for monitoring the risks to their services.</p> <p>The Council has an Internal Audit function in place, which is led by a CIPFA-qualified Internal Audit Manager. The Internal Audit Plan for the year was presented and discussed at the Audit and Risk Management Committee. Internal Audit also present regularly to the Committee throughout the year about their progress against the plan and the outcome of their audits, culminating in the Head of Internal Audit Opinion for the financial year.</p>
How the body approaches and carries out its annual budget setting process	<p>Meetings are held between the Finance team and all Heads of Service to discuss individual Service budgets in detail. Detailed discussions also take place between the Finance Team and the Leader and Finance Portfolio Holder during the budget setting process.</p> <p>The draft budget is considered by Cabinet in December prior to be being considered by the Overview and Scrutiny Committee in January. The meeting in January includes a detailed examination of proposals relating to fees and charges. Consultation for the budget also takes place via the Council's website at the start of each year. The final Budget is approved by Cabinet and Council in February each year.</p>
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>Budget monitoring information is circulated every other month to the Corporate Management Team and the Heads of Service. This includes projections for the year-end position as well as information concerning the year-to-date. Prior to being distributed, the monitoring information is subject to detailed review by the Deputy Chief Accountant and/or the Chief Accountant.</p> <p>Monitoring information is discussed at monthly meetings throughout the year between the Finance Team and the Leader and Portfolio Holder for Finance.</p> <p>Portfolio holder briefing reports include performance against Performance Indicators, and updates about events going on in the Council. These reports are prepared quarterly and are discussed at meetings of the Full Council.</p>

Appendix E - VFM - Summary of arrangements (continued)

Governance (continued)

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

Reporting criteria considerations

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

Arrangements in place

The Council employs a qualified solicitor who advises CMT on the legal implications of all proposed decisions. All Cabinet reports get circulated to the Corporate Management Team (CMT). CMT includes the Monitoring Officer, Chief Executive, and the S151 officer so they would input whether additional consideration needs to be included.

The Full Council is the key decision-making body. Every elected member of the Council is able to attend these meetings and has a vote on all decision items. A decision also requires a majority of voting members approval in order to be passed. At the Cabinet level, there is a call-in process for decisions, whereby after the decision is taken there is an opportunity to call-in. No decision can be implemented until this period has elapsed. This process is detailed in the Council's Constitution.

The Council merged its Staff Committee and Corporate Governance Committee in December 2020, and renamed it the Audit and Risk Management Committee with staffing matters being determined by the Audit and Risk Management Determination Sub-Committee, so that the governance responsibilities are appropriately demarcated from the decision making role it has for Staff related matters. The Terms of Reference also include the responsibility to consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

The Audit and Risk Management Committee meets five times a year. The Committee is comprised of appropriately skilled members. Training is provided to members, and the Finance team works with the Chair of the Committee to identify training needs. Members can ask via the Chair for their training needs to be considered.

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 outlines Codes and Protocols, which include a Code of Conduct For Members and a Code of Conduct for Employees. There is a Gifts and Hospitality Register. Committee meetings all have a standing agenda item for the formal declarations of interests. Declarations for related party transactions are done annually, and this is overseen by Member Services and updated into the Council's website.

The Monitoring Officer is legally responsible for monitoring the compliance of the Council's policies. The Monitoring Officer deals with any complaints that are raised. The Council has a formal whistleblowing policy in place, with appropriate prominence on the Council's website and for staff. The Council's policies are reviewed and updated on a regular basis

Appendix E - VFM - Summary of arrangements (continued)

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	<p>Financial and performance information has been central to the My Fenland process. Call data was analysed to identify the number of calls being handled per hour which indicated the opportunity to reduce the headcount without negatively impacting on the service staff receive. Regular exercises are in place to ensure that services which the Council provides to residents recover the associated costs.</p> <p>Financial performance is reported in the context of budget-setting and approval of the outturn, although additional information would be provided if necessary to take forward projects where additional resources need to be allocated. More performance information is contained in the quarterly Portfolio Holder Briefing reports produced, and these link back to the Business Plan.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Council's most significant partnership is the Anglia Revenues Partnership (ARP). There is a joint committee for ARP with representatives from each of the five Councils that constitute the Partnership. The Joint Committee meets quarterly and they consider performance against key areas, they monitor the ARP risk register, and consider any other items of relevance to their service delivery.</p> <p>The Council is also a member of CNC Building Control, a partnership of five local authority building control departments that provides building control services to the Council and other members. A member of the Council's Corporate Management Team attends all CNC Building Control Partnership board meetings.</p>
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	<p>The Council's most significant partnership is the Anglia Revenues Partnership (ARP). There is a joint committee for the ARP with representatives from each of the five councils that constitute the Partnership. The Joint Committee meets quarterly, and they consider performance against key areas, monitor the ARP risk register, and consider any other items of relevance to their service delivery.</p> <p>The Council is also a member of CNC Building Control, a partnership of five Local Authority building control departments that provides building control services to the Council and other members. A member of the Council's Corporate Management Team attends all CNC Building Control Partnership board meetings.</p>



Appendix E - VFM - Summary of arrangements (continued)

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 a full-time Procurement Manager who reports to the Head of Legal and Governance. Officers are regularly reminded of the Council's procurement policies at management team meetings and via briefings on the website. The Procurement Manager actively review purchase orders to confirm procurement has been undertaken in line with Council policy and statutory requirements.

Appendix F – VFM – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year covered in this report.

All recommendations have been agreed by management.

Issue	Recommendation	Management response
Governance criteria: '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' Late publication of Statement of Accounts due to capacity issues within finance	The Council needs to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives and the requirements of the Audit and Accounts Regulations.	



Appendix G – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- assign responsibilities clearly to staff with the appropriate expertise and experience;*
- provide necessary resources to enable delivery of the plan;*
- maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

A photograph of a man and a woman in a library setting. The man, on the left, is wearing a light pink shirt and glasses, looking down at a book. The woman, on the right, is wearing a dark floral patterned top and is also looking down at the book. They are standing in front of a bookshelf filled with books of various colors.

Appendix H – Other Communications

EY Transparency Report 2024

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 period ended 30 June 2024 and can be found here: [EY UK 2024 Transparency Report | EY - UK](#).

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2025 Ernst & Young LLP. Published in the UK.
All Rights Reserved.

UKC-024050 (UK) 07/22. Creative UK.

ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com/UK