

Agenda Item No:	5	
Committee:	Audit and Risk Management Committee	
Date:	20 November 2023	
Report Title:	Auditor's Annual Report 2021/22	

## Cover sheet:

### 1 Purpose / Summary

To receive the independent external auditors, Ernst &Young (EY), Annual Report for 2021/22.

### 2 Key issues

- The external audit findings for 2021/22 have been reported to the Audit and Risk Management Committee throughout the year. The Auditor's Annual Report brings together all the auditor's work over the year.
- The external auditors Audit Results Report for 2021/22 was presented to this committee on 26 September 2023, confirming an unqualified opinion on the Financial Statements for 2021/22.
- A core element of the Annual Report is the commentary on Value for Money (VFM) arrangements (pages 6 to 8 and Appendix A of the attached report). In all aspects of the VFM assessment, the Council had the arrangements in place that EY would expect to see. As a result of the VFM procedures carried out, EY have not made any recommendations.
- EY have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. The guidance for 2021/22 is yet to be issued. We are not expecting any issues relating to this work. Once EY have completed this work they will issue their audit certificate and we will be able to publish the Notice of Conclusion of Audit 2021/22 on our website.

### 3 Recommendation

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

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	N/A
<b>Portfolio Holder(s)</b>	Cllr Kim French, Chairman of Audit and Risk Management Committee Cllr Chris Boden, Leader and Portfolio Holder, Finance
<b>Report Originator(s)</b>	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Contact Officer(s)</b>	Peter Catchpole, Corporate Director and Chief Finance Officer Mark Saunders, Chief Accountant
<b>Background Paper(s)</b>	2021/22 Audit Results Report (ISA260)



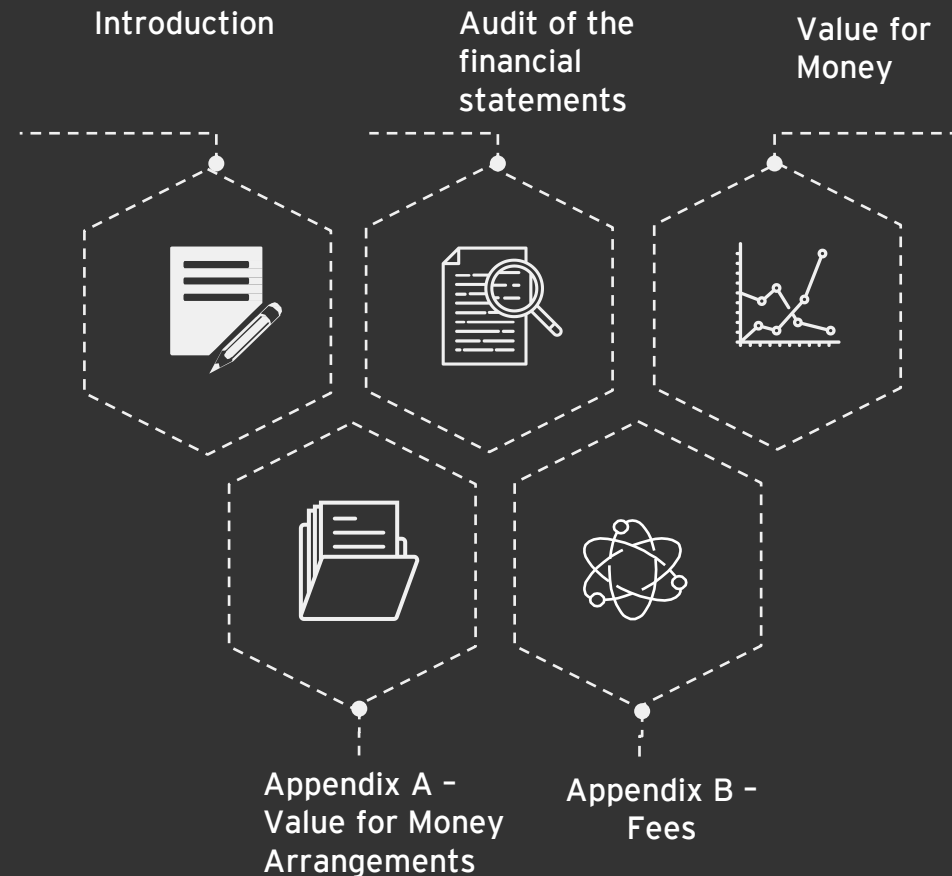
# APPENDIX A

## **Fenland District Council Auditor's Annual Report**

Year ended 31 March 2022

5 October 2023

# Contents



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.psa.co.uk/audit-quality/statement-of-responsibilities/>). 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 and management of Fenland District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Audit and Risk Management Committee and management 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 Audit and Risk Management Committee and management 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.



# Introduction

## **Purpose**

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

## **Responsibilities of the appointed auditor**

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 18 June 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

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

## **Responsibilities of the Council**

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



## Introduction (continued)

### 2021/22 Conclusions

<b>Financial statements</b>	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on the 27 September 2023.
<b>Going concern</b>	We have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
<b>Consistency of the other information published with the financial statement</b>	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
<b>Value for money (VFM)</b>	We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary on page 6 through to 8 and Appendix A.
<b>Consistency of the annual governance statement</b>	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Council.
<b>Public interest report and other auditor powers</b>	We had no reason to use our auditor powers.
<b>Whole of government accounts</b>	<p>We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts and submitted the Assurance Statement to the NAO on the 26 September 2023.</p> <p>The NAO as group auditor has not yet confirmed whether any further assurances or procedures will be required from us as component auditors of Fenland District Council. We will liaise with the Council if and when any additional procedures are required.</p>
<b>Certificate</b>	We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Fenland District Council.



## Audit of the financial statements (continued)

### Key findings

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

On 27 September 2023, we issued an unqualified opinion on the financial statements. We presented our findings to the Audit and Risk Management Committee on the 26 September 2023. The detailed findings from our audit are contained within the Audit Results Report.

We outline the key issues identified as part of our audit, reported against the significant risks that we included in our Audit Plan.

During the audit, we did not identify any significant deficiencies in internal control.

Significant risk	Conclusion
Risk of fraud in revenue and expenditure recognition	<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 did not identify any instances of inappropriate judgements being applied or any management bias in accounting estimates.</p>
Misstatements due to fraud or error - inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	<p>On every audit engagement, we expect at least one of the identified significant risks to have an element of management override. Where this element has been identified, we must be specific about the risk (management bias, management optimism, etc.) and ensure we design our procedures to address this risk.</p> <p>Our work did not identify any material weaknesses in the design of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p>
Accounting for Infrastructure Assets	<p>An issue was raised via the NAO's Local Government Technical Group that some local authorities are not writing out the gross cost and accumulated depreciation on infrastructure assets when a major part/component has been replaced or decommissioned. This matter was under consideration by CIPFA and given the Council hold material Infrastructure Assets Net Book Value of £5.4 million at 31 March 2022 (£5.06 million at 31 March 2021), we raised a significant risk in this area.</p> <p>We have completed our work on above procedures and based on the work carried out, we have obtained reasonable assurance that Infrastructure Assets are free from material misstatement due to components not being derecognised as and when they are replaced or decommissioned.</p>

We did not identify any risks of significant weaknesses in the Council's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Council and the wider public.

We have no matters to report by exception in the audit report.

## Scope

We are required to report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the Audit & Risk Management Committee meeting on the 05 September 2023, which was based on a combination of our cumulative audit knowledge and experience, our review of Council committee reports, meetings with the relevant finance officers and evaluation of associated documentation through our regular engagement with Council management and the finance team.

## Reporting

We completed our risk assessment procedures in September 2023 and did not identify any significant weaknesses in the Council's VFM arrangements. We did not identify any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out over pages 7 to 8. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22, where applicable.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness:</b> 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 weaknesses identified



## Value for Money (continued)

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

During 2021/22 the Council have continued to manage the impact of Covid on their finances, as well as additional challenges towards the end of the financial year such as the war on Ukraine and the cost-of-living crisis linked to inflation. The direct financial impact of the pandemic has lessened from previous years, as the immediate business response to Covid has slowed.

The final outturn on the General Fund for the year was a surplus of £0.584 million, compared to revised budgeted shortfall of £0.243 million. This predominantly related to costs that were budgeted for but which ultimately were not incurred, or additional income receipts from central government. There was a net underspend on services of £0.827 million which is spread across a number of individual services. This was caused by a variety of reasons, including staffing vacancies, higher than budgeted income from Central Government as part of Business Rates and other Covid support, and higher management fees received from Freedom Leisure.

A total of £1.2 million of planned and approved Capital Spending costs were underspent 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 future financial years budgets.

During the year, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services. The latest published financial information shows a balanced budget for the financial years 2022/23 to 2023/24. Subsequent to those years, savings of £0.739 million need to be identified in 2025/26 to achieve an in year balance budget.

At the 31 March 2022, the Council held a General Fund balance of £2 million, which is the set minimum level of the General Fund balance. Together with further Earmarked General Fund Reserves of £12.34 million (including Budget Equalisation Reserve of £1.06 million), provides a strong level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy, allowing the Council to continue to deliver the current level of services.

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

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.**





## Value for Money (continued)

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

The Council have continued to manage governance considerations in response to the pandemic, including in partnership working and delivery of services with other local authorities. 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 2021, 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 core governance arrangements for the year. The Head of Internal Audit concluded that for the 2021/22 financial year, adequate assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment'.

**Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.**

### **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**

The Business Plan sets out the Council's ambitions and priorities. The Business Plan has corporate priorities which are then cascaded down to 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. The Overview and Scrutiny Committee also has ad hoc reviews to go over some of the performance areas that 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 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.**

# Appendices

## Appendix A - Summary of arrangements

### Financial Sustainability

#### Reporting Sub-Criteria

#### Findings

**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**

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 between officers and members, which ensures the Council's financial plan takes into account member priorities and service developments which officers are aware of. The Business Plan and MTFS is 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 apprised of relevant developments at an early stage.

The MTFS and the Business Plan goes out to officers in December each year and are finalised in February as part of the budget setting process.

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

The latest published budget has a balanced budget for the next financial year (2023/24), and a forecasted shortfall of £2.3 million by end of 2027/28. The Council holds a Budget Equalisation Reserve - which is held purely to cover deficits in future years should the Council wish to do so.

The updated shortfall places even more emphasis on achieving savings and/or additional income through, for example the transformation programme agenda two (TA2) which is currently being developed. The savings from the projects within the programme (in addition to the reduction in overtime and agency expenditure) is forecasted to deliver £2 million over the medium term.

This is part of the 'My Fenland' transformation programme that the Council has 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. Phase 2 has culminated in a reduction of 9 FTE posts, which was implemented in April 2021. The transformation programme agenda one (TA1) is on track to deliver over £1 million savings over the medium term. The next phase of 'My Fenland' has started to examine which tasks undertaken in the planning team could be moved into the My Fenland area. 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.

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.

## Appendix A – Summary of arrangements (continued)

### Financial Sustainability (continued)

Reporting Sub-Criteria	Findings
<b>How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</b>	<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 member's priorities without depleting reserves or drawing on external borrowing. The Council has also set aside a reserve balance of £0.500 million for potential future changes to the business rates system which could be financially detrimental to the Council. In addition, 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 has a balance of £1.06 million at 31 March 2022.</p> <p>The Council has a Business Plan in place, which is reviewed and updated every year. When the annual report is produced every year, it links back to the Council's performance indicators and provides a traffic light rating.</p> <p>The Council have recognised challenges in 2021/22 in respect of on-going implications of the Covid-19 pandemic and subsequent "cost of living crisis" linked to inflation. Council have accelerated the pace of customer services transformation - work to provide more modern, efficient, and flexible ways to access services has been a Council priority for some time, but the rapid uptake of digital technologies during the pandemic meant that the Council had to fast-track years of progress in a matter of months. Meeting the challenges of Covid has also enabled more collaboration with partners, stakeholders and communities, and a greater pooling of combined resources. During 2021/22, the Council continued to financially support the Leisure Management contactor (Freedom Leisure) as they continued their Covid-19 recovery plan for the Council's Leisure Centres. This ensured all the Council's Leisure Centres remained open following the easing of Covid restrictions. This support continued into 2022/23 to assist Freedom Leisure with the unprecedented rise in energy prices and to ensure all centres remained open.</p>
<b>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</b>	<p>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.</p>
<b>How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans</b>	<p>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.</p>

## Appendix A - Summary of arrangements (continued)

### Governance

#### Reporting Sub-Criteria

#### Findings

**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**

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.

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.

**How the body approaches and carries out its annual budget setting process**

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.

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.

**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**

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.

Monitoring information is discussed at monthly meetings throughout the year between the Finance Team and the Leader and Portfolio Holder for Finance.

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.

## Appendix A – Summary of arrangements (continued)

### Governance (continued)

#### Reporting Sub-Criteria

#### Findings

**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**

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 A - Summary of arrangements (continued)

### Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
<b>How financial and performance information has been used to assess performance to identify areas for improvement</b>	<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>
<b>How the body evaluates the services it provides to assess performance and identify areas for improvement</b>	<p>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. The Overview and Scrutiny Committee also has ad hoc reviews to go over some of the performance areas that 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.</p>
<b>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</b>	<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 which provides building control services to the Council and other members. A member of the Council's CMT attends all CNC board meetings.</p>
<b>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</b>	<p>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.</p>

# Appendix B - Fees

## Relationships, services and related threats and safeguards

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

There are no relationships from 1 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

### Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below. We highlight in the table below the most significant services that may be reasonably considered to bear upon our integrity, objectivity and independence.

Description of service	Related independence threat	Safeguards adopted and reasons considered to be effective
Housing Benefit Claim Certification - Agreed upon Procedures on behalf of the Department for Work & Pensions (DWP)	<p>The Housing Benefit Claim contains the amounts the Council paid out to claimants and the amount it received from the DWP in terms of subsidy. These amounts are shown within the Council's financial statements.</p> <p>There is no perceived threat as we audited the Council's financial statements in advance of the claim certification procedures and gained sufficient audit evidence for audit opinion purposes.</p>	None required

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm we have not undertaken any non-audit work except for the stated Agreed Upon Procedures in relation to the Housing Benefit grant certification.



# Appendix B - Fees

## Relationships, services and related threats and safeguards

### Audit Fees

Our fee for 2021/22 is in line with the audit fee reported in our Final Audit Results Report dated 5 September 2023.

Description	Final Fee 2021/22 £'s	Scale Fee 2021/22 £'s	Final Fee 2020/21 £'s
Initial Scale Fee - Code work	37,873	37,873	31,873
Fee Variation - Determined	-	-	29,984 (Note 1 & 2)
Fee Variation - Proposed - as a result of other additional procedures required to address audit risks in the conclusion of our audit	90,081 (Note 3)		
<b>Revised Scale Fee</b>	<b>TBC</b>	<b>37,873</b>	<b>67,857</b>
Agreed Upon Procedures - Housing Benefit Subsidy (Certification Assurance Work)	<b>TBC</b>	-	19,000
Agreed Upon Procedures - Harbour Authority assurance	3,200 (Note 4)		2,900

**Note 1** - PSAA Ltd determined the 2020/21 Fee Variation on 30 June 2023.

**Note 2** - We proposed an increase to the base scale fee of £55,889 for 2020/21 to reflect the cost of increased regulatory requirements as well as to reflect the additional work required to address specific risks. PSAA have determined a final additional fee for 2020/21 of £29,984 in relation to these areas. For 2021/22, the scale fee has again been re-assessed to take into account the same recurring risk factors as in 2019/20 and 2020/21 and is subject to determination by PSAA Ltd - subject to any further notified annual price uplifts.

**Note 3** - As set out in the Audit Results Report, we have had to perform additional audit procedures to respond to the associated audit risks identified, as well as respond to the control deficiencies identified, and as a result of other issues that emerged during the audit. We will quantify this through the PSAA fee variation model. This additional fee will be communicated to Management and will then be submitted for determination by PSAA Ltd. We will provide an update on the final determined fee implications separately to the Audit & Risk Management Committee.

**Note 4** - This fee is for additional work on the Harbour Accounts prepared annually by the Council in line with the reporting regulations subject to audit.

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### About EY

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