

Huntingdonshire District Council

Audit results report

Year ended 31 March 2025

19 September 2025



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Corporate Governance Committee
Huntingdonshire District Council
Pathfinder House
St Mary's Street
Huntingdon
PE296 3TN

19 September 2025

Dear Corporate Governance Committee Members

2024/25 Audit results report

We attach our draft audit results report, summarising the status of our audit for the forthcoming meeting of the Corporate Governance Committee. We will update the Committee at its next meeting on further progress and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Huntingdonshire District Council (the Council's) accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The Corporate Governance 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 consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Corporate Governance 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. We draw Corporate Governance Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

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

We welcome the opportunity to discuss the contents of this report with you at the Corporate Governance Committee meeting on 24 September 2025.

Yours faithfully

Claire Mellons

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<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 Corporate Governance Committee and management of Huntingdonshire District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Corporate Governance Committee and management of Huntingdonshire 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 Corporate Governance Committee and management of Huntingdonshire 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 - Measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of the 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 auditors and audit firms with public sector experience; and
- increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

The Ministry for Housing Communities and Local Government ('MHCLG') has worked collaboratively with the Financial Reporting Council ('FRC') and other system partners, to develop and implement measures to clear the backlog. 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. This has now been delivered.
- 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 2024/25 financial statements is 27 February 2026. This process of rebuilding assurance will take several years to achieve. The NAO, supported by the MHCLG and the FRC, are responsible for issuing guidance and have been liaising with audit firms to understand the complexities involved and to seek to ensure a more consistent approach for restoring assurance for disclaimed periods. The NAO has now published its Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 setting out considerations for rebuilding assurance following the issue of disclaimed audit opinions under the backstop arrangements. The guidance predominantly focuses on the rebuilding of assurance over reserves, where it is more difficult to obtain assurance because of the way in which they accumulate over successive years. It also continues to recognise that the approach needed to rebuild assurance will differ authority to authority and will need to be considered in the context of both inherent risk factors which all authorities subject to recently disclaimed opinions will share, and factors specific to each individual authority's system of internal control and financial reporting. We will continue to consider the impact of this on our audit approach. In 2024/25 we have continued to audit the closing balance sheet and in-year transactions, which allows the build back of assurances over many balances within the financial statements where audit procedures can be completed for successive years.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 2023/24 Audit Results Report, we issued a disclaimer of opinion on the Council's 2023/24 and 2022/23 financial statements under these arrangements to reset and recover local government audit. In 2024/25, we have continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, we do not have assurance over some brought forward balances from 2023/24 where we did not gain assurance (the opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2024/25 audit opinion.

Appendix A sets out the current position of Huntingdonshire District Council in rebuilding to return to a position of full assurance on its financial statements as compared with the timeline envisaged by the NAO's LARRIG 01. This is informed by the summary of the assurances we have gained from our 2023/24 and 2024/25 audit procedures, set out at Appendix B.

Executive Summary – Context for the audit

Scope update

In our Audit Planning Report presented at the 18 June 2025 Corporate Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: We updated our planning materiality assessment using the draft results and have also reconsidered our risk assessment. Based on our materiality measure of gross revenue expenditure on services, we have updated our overall materiality assessment to £2.1m (Audit Planning Report – £1.9m). This results in updated performance materiality, at 50% of overall materiality, of £1.05m, and an updated threshold for reporting misstatements of £0.1m.

Executive Summary (cont'd)

Status of the audit

Our audit work in respect of the opinion is substantially complete with senior manager and partner review still ongoing in some areas. Details of each outstanding item, actions required to resolve and responsibility is included in Appendix D.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Annual Report and Accounts which could influence our final audit opinion.

Value for Money

In our Audit Planning Report dated 29 April 2025 we reported that, although we had not completed our value for money (VFM) risk assessment, we had identified a risk of significant weakness in respect of the internal audit function. Having updated the planned procedures in these areas we did not identify any further risks of significant weaknesses in arrangements but did conclude that there continued to be a weakness in the arrangements for the effective provision of Internal Audit Services in 2024/25. See Section 03 of the report for further details.

Audit differences

- Uncorrected misstatements increase usable reserves by £0.4m
- Management plan to correct for misstatements amounting to £0.2m
- Disclosure misstatements are set out in section 05. Management has agreed to update all of the identified disclosure misstatements.

Other reporting issues

Our audit work in relation to the Annual Governance Statement and Whole of Government Accounts is currently in progress but, at the time of writing this report, we have no matters to raise with the Committee.

Management also brought to our attention one potential instance of non-compliance with laws and regulations that we are continuing to keep under review, to assess whether there is any impact on the financial statements.

Executive Summary (cont'd)

Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of the Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Where applicable we have identified those matters that we consider to be key audit matters. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit. In accordance with ISA (UK) 701 key audit matters are included in our auditor's report.

Risk	Status of our work
Fraud Risk - Misstatement due to fraud or error	<ul style="list-style-type: none">▪ The work in this area is complete, subject to final senior manager and partner review. We have no matters that we would like to raise at the time of writing this report.
Fraud Risk - Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	<ul style="list-style-type: none">▪ The work in this area is complete, subject to final senior manager and partner review of Revenue Expenditure Funded by Capital Under Statute ('REFCUS') and the audit team addressing review comments on the testing of additions to property, plant and equipment. We have no matters that we would like to raise at the time of writing this report.
Significant risk - Valuation of Land and Buildings, and Investment Property	<ul style="list-style-type: none">▪ The work in this area is complete, subject to the audit team clearing senior manager review comments and final partner review. We have no matters that we would like to raise at the time of writing this report, other than the following.<ul style="list-style-type: none">○ Included in property plant and equipment is an item (mobile home park) where the valuation has been overstated by £0.2 million due to the valuer using incorrect income information in the valuation. Management has agreed to adjust for this misstatement in the final version of the financial statements.○ Property, plant and equipment includes an item of land (Paxton Pits) where, in the view of our EY Real Estate team, the valuation is overstated by £1 million. We recognise that the valuation of this asset is an area of estimation and different valuers may take different assumptions. Management are comfortable with the valuation provided and do not want to adjust the financial statements and, as the estimation difference is not material, we are satisfied with this approach.
Risk of material misstatement - IFRS 16 (Leases) Implementation	<ul style="list-style-type: none">▪ The audit work on leases is currently still in progress, with responses to final queries to be received from management. We have no matters that we would like to raise at the time of writing this report.

Executive Summary (cont'd)

Areas of audit focus

Risk	Status of our work
Risk of material misstatement – Pension liability valuation	<ul style="list-style-type: none">▪ We have completed our work on the roll forward of the gross Local Government Pension Scheme liability, subject to review, but we are still awaiting the IAS 19 assurance letter from the auditors of the Cambridgeshire Pension Fund to conclude our work in this area. As reported in Section 05 of this report, we have identified misstatements in the disclosure notes which management have agreed to adjust but have no further matters to highlight to the Committee at the time of writing this report.

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 Corporate Governance Committee.

Control observations

During the audit, we identified the following significant deficiencies in internal control:

- The Council does not have a formal process for reaching settlement agreements in place. In addition, for some of the exit packages paid during the year, we identified that the settlement agreement does not contain signatures of all parties.
- We have identified a significant weakness in relation to the effectiveness of the internal audit provision as part of our Value for Money work.

Independence

No independence issues were noted.

Please refer to Section 08 for our update on Independence.

Executive Summary (cont'd)

Factors impacting the execution of the audit

Management, and the Corporate Governance Committee, as the Council's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. The table below sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures. Where we have been unable to undertake all planned procedures, this is likely to extend the timetable to recover assurance on the Council's financial statements. See Appendices A and B for further details.

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements			Effective	The financial statements were published on 19 June 2025, in advance of the 30 th June 2025 deadline set out in the Accounts and Audit Regulations.	N/A
Quality and completeness of the draft financial statements			Effective	We have not identified any material issues relating to the quality and completeness of the draft financial statements.	N/A
Delivery of working papers in accordance with agreed client assistance schedule			Effective	Working papers were provided to the agreed timetable.	N/A
Quality of working papers and supporting evidence			Effective	Working papers and supporting evidence were generally of a good standard.	N/A
Timeliness and quality of evidence supporting key accounting estimates			Effective	Audit evidence were largely submitted timeously and were of a good quality, with a small number of matters requiring additional follow up.	N/A
Access to finance team and personnel to support the audit in accordance with agreed project plan			Effective	There were no significant issues with access to the finance team and key personnel. In instances when certain personnel were not available management informed us in advance to enable us to redeploy our audit resource and minimise the impact on our audit	N/A
Volume and value of identified misstatements			Requires improvement	A number of non-material misstatements were detected as a result of our work some of which have been corrected by management.	See Section 05 for details of corrected misstatements.
Volume of misstatements in disclosure			Effective	Our work did identify some misstatements in disclosure which management have agreed to adjust, but the volume is lower than what we typically see in the audit process.	See Section 05 for details of corrected misstatements in disclosures.



02 Areas of Audit Focus

Areas of Audit Focus

Presumptive risk of management override of controls (Significant risk)

Fraud Risk

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- Identifying fraud risks during the planning stages.
- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Documented our understanding the oversight given by those charged with governance of management's processes over fraud.
- Discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considered whether there are any fraud risk factors associated with related party relationships and transactions and whether they give rise to a risk of material misstatement due to fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.
- Determined an appropriate strategy to address those identified risks of fraud.
- Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertook procedures to identify significant unusual transactions.
- Considered whether management bias was present in the key accounting estimates and judgments in the financial statements.

What is the status of our work?

We note that:

- While the audit work on journals and related parties have been completed, the review of these areas is still underway. We have not identified any management bias in our work performed to date
- We did not identify transactions which appears unusual or outside the normal course of business
- We did not identify instances where management bias was present in the key accounting estimates and judgements in the financial statements.

Areas of Audit Focus

Inappropriate capitalisation of revenue expenditure (Significant risk)

Fraud Risk

What is the risk, and the key judgements and estimates?

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.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

Our response to the key areas of challenge and professional judgement

- Tested Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature. Reviewed the IP additions and found the total to be immaterial for further testing.
- Assessed whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- Considered whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- Tested REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- Identified and documented our understanding of the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions/status of our work?

The work in this area is complete, subject to final senior manager and partner review of Revenue Expenditure Funded by Capital Under Statute ('REFCUS') and the audit team addressing review comments on the testing of additions to property, plant and equipment. Subject to completion of these procedures, we concluded that:

- We did not identify any instances of inappropriate capitalisation of revenue expenditure.
- We did not identify any journals that inappropriately transfers from revenue to capital codes in the general ledger.

Areas of Audit Focus

Valuation of land and buildings, and investment property (Significant risk)

Significant Risk

What is the risk, and the key judgements and estimates?

The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represents a significant balance in the Council's accounts and is subject to valuation changes, impairment reviews and depreciation charges.

In the 2023/24 signed accounts, the fair value of PPE was £84.66 million, and the fair value of Investment Property was £70.28 million. We note that within PPE, our focus is on Land and Buildings and Surplus Assets.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the Balance Sheet.

In 2023/24 we identified misstatements and valuation differences during our audit of valuations and there is a risk that these may reoccur.

Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- Sample tested key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre);
- Considered the annual cycle of valuations to ensure that assets have been valued within a 3-year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- Considered changes to useful economic lives as a result of the most recent valuation;
- Tested that accounting entries have been correctly processed in the financial statements; and
- Engaged the support of our EY Real Estate colleagues for any assets where information to support the valuation is not readily available.

What are our conclusions/status of our work?

- The work in this area is complete, subject to the audit team clearing senior manager review comments and final partner review. We have no matters that we would like to raise at the time of writing this report, other than the following.
 - Included in property plant and equipment is an item (mobile home park) where the valuation has been overstated by £0.2 million due to the valuer using incorrect income information in the valuation. Management has agreed to adjust for this misstatement in the final version of the financial statements.
 - Property, plant and equipment includes an item of land (Paxton Pits) where, in the view of our EY Real Estate team, the valuation is overstated by £1 million. We recognise that the valuation of this asset is an area of estimation and different valuers may take different assumptions. Management are comfortable with the valuation provided and do not want to adjust the financial statements and, as the estimation difference is not material, we are satisfied with this approach.

Areas of Audit Focus

IFRS 16 Leases (Inherent risk)

Inherent Risk

What is the risk, and the key judgements and estimates?

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

Based on our prior year work the Council had made some progress in collecting the information necessary to implement IFRS 16 and determine the impact on its financial statements. Therefore, we have assessed this as inherent risk.

What are our conclusions/status of our work?

The audit work on leases is currently still in progress, with responses to final queries to be received from management. We have no matters that we would like to raise at the time of writing this report.

Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- Gained an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We paid particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete.
- Reviewed the discount rate that is used to calculate the right of use asset and assess its reasonableness.
- Reviewed management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components.
- Gained assurance over the right of use asset included in the 2024/25 financial statements
- Sample tested leases to ensure that transition arrangements have been correctly applied.
- Considered the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.

Areas of Audit Focus

Pension liability valuation (Inherent risk)

Inherent Risk

What is the risk, and the key judgements and estimates?

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 administered by the Cambridgeshire Pension Fund.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Council.

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.

What are our conclusions/status of our work?

We have completed our work on the roll forward of the gross Local Government Pension Scheme liability, subject to review, but we are still awaiting the IAS 19 assurance letter from the auditors of the Cambridgeshire Pension Fund to conclude our work in this area. As reported in Section 05 of this report, we have identified misstatements in the disclosure notes which management have agreed to adjust but have no further matters to highlight to the Committee at the time of writing this report.

Our response to the key areas of challenge and professional judgement

We undertook the following audit procedures to address the risk:

- Liaised with the auditors of Cambridgeshire Pension Fund to obtain assurances over the information supplied to the actuary in relation to the Council;
- Assessed the work of the pension fund actuary including the assumptions they have used by relying on the work of PwC Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team;
- Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

What else did we do?

We considered outturn information available at the time we undertook our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets.

We used this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

Areas of Audit Focus (cont'd)

Valuation methods applied

Financial statement area	Valuation method applied and related disclosures	Impact of changes made to the valuation method applied
Property, plant and Equipment	Depreciated Replacement Cost (DRC) and Existing Use Value (EUV)	No changes to the valuation methods.
Investment Property	Fair Value	No changes to the valuation method.
Pension Liability	Projected Unit Credit Method	No changes to the valuation method

Going concern

The provisions of the CIPFA Code of Practice on Local Authority Accounting in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that local authorities cannot be created or dissolved without statutory prescription and that they must prepare their financial statements on a going concern basis of accounting. Local authorities carry out functions essential to the local community, are themselves revenue-raising bodies and the financial reporting framework presumes the continuation of service provision. However, the Council is required to carry out a going concern assessment that is proportionate to the risks it faces. Under the auditing standard in relation to going concern (ISA570), the Council is required to ensure that its going concern disclosure within the statement of accounts adequately reflects its going concern assessment and in particular highlights any uncertainties it has identified.

While the work on the going concern assessment is complete, the reviews are currently underway but we are satisfied that the Council remains a going concern in line with the accounting framework.



03 Value for Money

Value for Money

The Authority's responsibility for Value for Money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

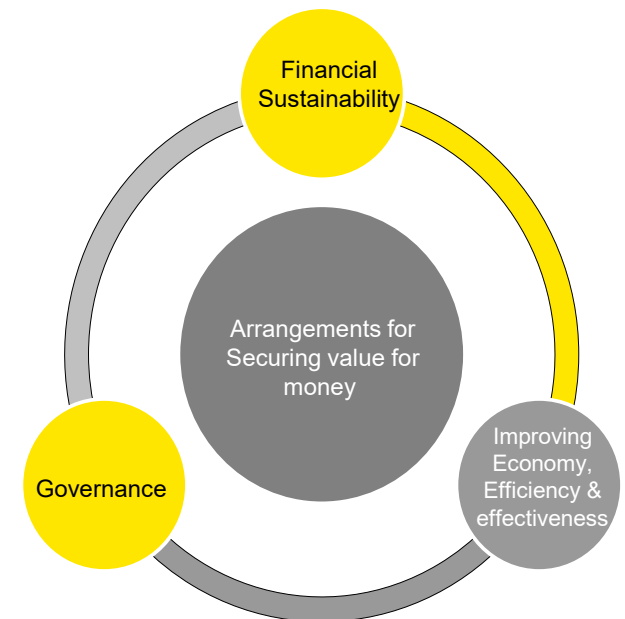
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council arrangements against three reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- 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.

In our Audit Planning Report dated 29 April 2025 we reported that, although we had not completed our value for money (VFM) risk assessment, we had identified a risk of significant weakness in respect of the internal audit function. Having updated the planned procedures in these areas we did not identify any further risks of significant weaknesses in arrangements but will keep this under review until the date of signing our opinion. Further detail on the significant weakness in arrangements identified is set out on the next page.



Corporate Governance (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?	What arrangements did this impact?	What did we do?
<p>Following our reporting in 2023/24, we have identified a significant weakness in arrangements relating to the effectiveness of the internal audit function.</p> <p>As reported in 2023/24 the management commissioned external review of internal audit reported several high and medium areas of concern. This continues to have an impact on the functioning of internal audit in the 2024/25 financial year.</p> <p>In addition, during 2024/25 the internal audit opinion was disclaimed due to non-compliance with the Public Sector Internal Audit Standards (PSIAS).</p> <p>We therefore considered there to be a risk that the internal audit function was not operating effectively during 2024/25.</p>	<p>Governance:</p> <p>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>	<p>Our approach focused on:</p> <ul style="list-style-type: none">▪ Reviewing the report on the internal audit opinion and the Annual Governance Statement to determine the extent to which the areas of concern are relevant to the 2024/25 financial year.

Findings

As a result of the concerns raised by the external review of Internal Audit for 2023/24 and the disclaimed internal audit opinion issues for 2024/25, we are unable to conclude that the internal audit function was operating effectively for the whole of 2024/25 and will therefore report a significant weakness in governance arrangements again this year. We do, however, recognise that management have taken action to address concerns and have engaged external support to ensure that the Internal Audit function is on track to operate effectively for 2025/26.

We will issue our VFM narrative commentary in our 2024/25 Auditor's Annual Report which is required to be issued by the end of November 2025 in line with the National Audit Office Code of Practice.



04 Audit Report

Audit Report

Draft audit report

Our opinion on the financial statements - Expected modifications to our Audit Report

In our 2023/24 Audit Report (dated 26 February 2025) we issued a disclaimer audit report on the financial statements.

We anticipate completing our planned programme of work for 2024/25, however, due to the gaps resulting from the 2023/24 disclaimer audit opinion and the fact that the rebuilding of assurance over reserves has not yet commenced, we anticipate that we will not be able to conclude that the 2024/25 financial statements are free from material and pervasive misstatements. We are therefore anticipating issuing a disclaimed audit opinion for 2024/25.

As set out in section 03 of this report, we also expect to report a significant weakness in governance arrangements following the areas of concern around the effectiveness of the Internal Audit function across 2024/25.

The form and content of the Audit Report will be shared with the Section 151 Officer to enable you to formally authorise the 2024/25 financial statements for issue.



05 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted and unadjusted differences

We highlight the following misstatement which management have agreed to correct that were identified during the course of our audit:

- Included in property plant and equipment is an item (mobile home park) where the valuation was overstated by £0.2m due to the valuer using incorrect income information in the valuation. Management has agreed to adjust for this misstatement in the final version of the financial statements.

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We highlight the following misstatements in the disclosures which management has agreed to adjust:

- Note 4: the note does not include the significant assumptions on the valuation of land and buildings, and investment property. .
- Note 30.2: For Officers' remuneration some employees have been included in the incorrect banding.
- Note 37.1 - 37.5: Several updates are required to ensure that the disclosures for the LGPS liability reflect the advice given by the actuary
- Clerical accuracy corrections to other disclosure notes that were less significant in nature

Audit Differences (cont'd)

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We ask that the Corporate Governance Committee request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Corporate Governance Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2025	Effect on the current period		Net assets (Decrease)/Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors						
Known differences:						
- Capital expenditure accrued for in 2025/26 instead of 2024/25		173,199	66,388	158,740	(398,328)	
Judgemental differences:						
- Differences in the valuation of other land and buildings (Paxton Pits)				(1,004,190)		1,004,190
- Projected misstatements resulting from sampling: long-outstanding purchase orders incorrectly accrued for as liabilities.		(545,637)	545,637			
Cumulative effect of uncorrected misstatements before turnaround effect		(372,438)	612,025	(845,450)	(398,328)	1,004,190
Turnaround effect (note 1)		96,000				
Cumulative effect of uncorrected misstatements after turnaround effect		(276,438)				

Note 1: turnaround effect is the post-tax impact of uncorrected misstatements related to the prior period, on results of the current period.

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the financial statements for the year ended 31 March 2025.



06 Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

During the audit, we identified the following significant deficiencies in internal control:

- The Council does not have a formal process for reaching settlement agreements in place. In addition, for some of the exit packages paid during the year, we identified that the settlement agreement does not contain signatures of all parties.
- We have identified significant weaknesses as part of our Value for Money work. Please refer to section 03 for further detail.

Other than the above control deficiency, we have not identified any matters to draw to the attention of the Committee.



07

Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Huntingdonshire District Council Statement of Accounts 2024/25 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Huntingdonshire District Council Statement of Accounts 2024/25 and published with the financial statements was consistent with the audited financial statements.

We have completed the work on the Annual Governance Statement with no matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the NAO.

We have not yet performed the procedures required by the NAO on the Whole of Government Accounts submission. We cannot issue our Audit Certificate until these procedures are complete, and the NAO has confirmed no further procedure are required.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) 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 are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State.

Management also brought to our attention one potential instance of non-compliance with laws and regulations that we are continuing to keep under review, to assess whether there is any impact on the financial statements.

Other than matters already highlighted in this report, we did not identify any issues which required us to issue a report in the public interest/issue statutory recommendations under Schedule 7.



08 Independence

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors 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 our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Relationships

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

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.

Independence

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.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements 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.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	Current Year	Prior Year
	£	£
Scale Fee - Code Work	166,727	151,835
Proposed scale fee variation	TBD Note 2	TBD Note 1
Total audit	0	0
Other non-audit services not covered above (Housing Benefits)	TBC	TBC
Total non-audit services	0	0
Total fees	0	0

All fees exclude VAT

(1) As set in our 2023/24 Audit Results Report / Auditor's Annual Report a scale fee variation was submitted to PSAA covering the following areas:

- ISA 315; additional procedures to address the enhanced requirements of revised standard.
- IFRS 16; additional procedures to assess preparedness for the new accounting standard.
- Use of internal specialists to provide assurance over the roll forward of the LGPS liability for the disclaimed period.
- Quality and preparation issues leading to extra work.
- Work performed to address significant weakness in value for money arrangements identified, including internal consultation processes on form of opinion.
- Other: internal consultations regarding impact of matters identified in VfM weakness on financial statements audit.
- Testing of 2022/23 PPE additions to support 2023/24 audit procedures.
- Consultation process required for the issuing of the disclaimed opinion.

As at the date of this report that scale fee variation has not yet been determined.

(2) The 24/25 scale fee is likely to be impacted by:

- Additional procedures performed as it is the first year of implementing IFRS 16.
- VFM weaknesses identified and the consultation on the impact on the audit opinion.
- Additional consultation on the matter of potential non-compliance brought to our attention by management.

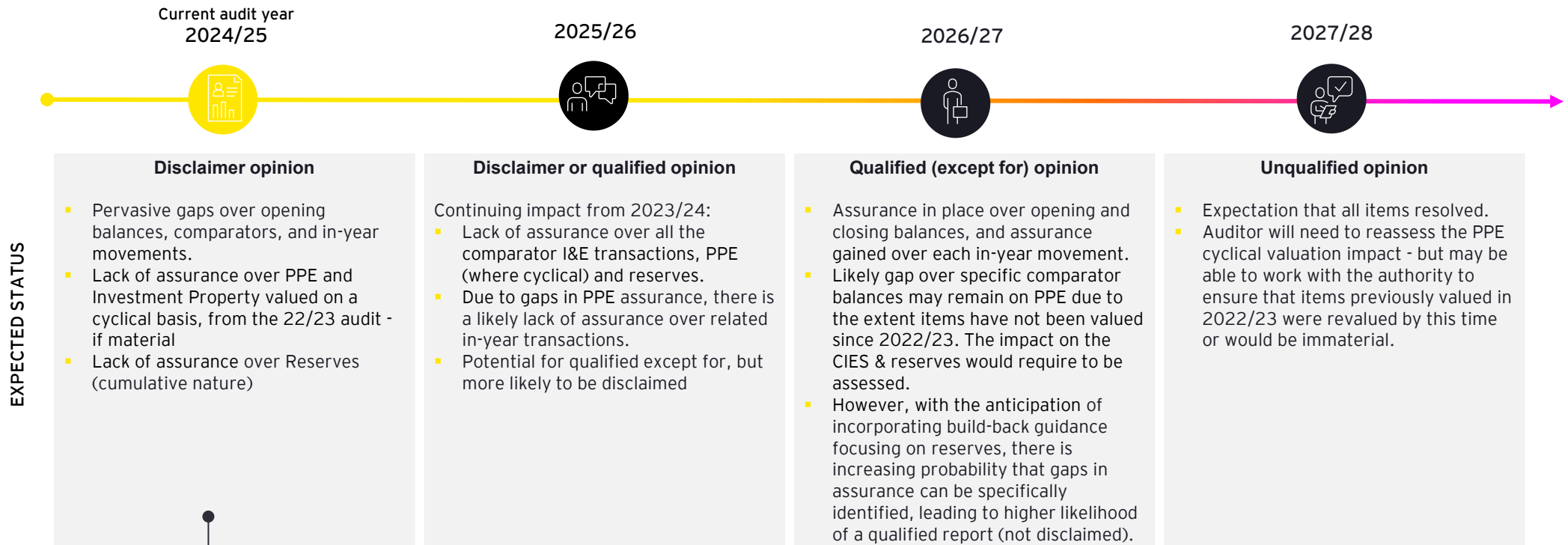


09 Appendices

Appendix A – Progress to full assurance

Progress to full assurance

Set out below is the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.



CURRENT AUDIT STATUS OF HUNTINGDONSHIRE DISTRICT COUNCIL

- The Council's progress is behind the expected timescales set out in LARRIG 01.
- This is because *no procedures* were completed in 2022/23. In addition, not all of the balance sheet procedures for the prior have been completed resulting in limited or no assurance obtained for that year.
- Appendix B sets out in more detail the assurance we have gained by accounts area.

Appendix B – Updated summary of assurances

Summary of Assurances

The table below summarises the audit work we have completed on the 2023/24 and 2024/25 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit. Where final review and queries are being closed down we have set out our expected assurance rating in the table below

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Property, Plant and Equipment ('PPE')	Partial	Expected partial	We have completed testing of the 2023/24 and 2024/25 additions and disposals to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 and 2024/25 and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognize those assets; however, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2025.
Investment Property	Substantial	Expected substantial	While we have completed our planned audit procedures in this area the review process is still currently underway.
Intangible Assets	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Long Term Investments	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Long Term Debtors	Partial	Expected substantial	We have completed our planned audit procedures in this area, however, the review of impairment is in progress.
Short Term Investments	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Short Term Debtors	Substantial	Expected substantial	We have completed our planned audit procedures in this area, however, the review of impairment is in progress.
Cash and Cash equivalents	Substantial	Expected substantial	We have completed our planned audit procedures, however, we are addressing a review note relating to the testing of reconciling items.

Appendix B – Updated summary of assurances

Summary of Assurances (continued)

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Creditors (short and long term)	Partial	Expected substantial	We have performed our planned audit procedures in this area; however, the review thereof is currently in progress.
Borrowings (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Provisions (short and long term)	Partial	Expected substantial	We have completed our planned audit procedures in this area; however, the review is currently underway.
Grants received in advance	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Local Government Pension Scheme Liability	Substantial	Expected substantial	We have completed our planned audit procedures in this area, subject to review and receipt of the IAS 19 assurance letter from the auditor of the Cambridgeshire Pension Fund.
Collection Fund	Partial	Expected partial	We have completed our planned audit procedures in this area; however, reviews are currently underway. As a result of not completing all planned procedures in 2023/24, we do not have full assurance over in-year movements and will therefore not be able to obtain full assurance for 2024/25
Comprehensive Income and Expenditure Statement	None	Expected partial	We performed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24; however, we did not have the resource capacity to complete the reviews. In addition, while the audit work for 2024/25 is complete the audit team is currently addressing notes resulting from the review. Furthermore, we do not have full assurance over income and expenditure entries relating to PPE, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Reserves	None	None	In 2024/25 we have performed the planned work on the movements in reserves, subject to review. Furthermore, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements.
Cash Flow Statement	None	Expected partial	As a result of not having assurance on the opening balance sheet balances for 1 April 2023 and only having assurance on some balance sheet balances on 1 April 2024, we do not have assurance over all the in-year movements. In addition, while the audit work for 2024/25 is complete, the review is currently in progress.

Appendix C – Required communications with those charged with governance

Required communications with those charged with governance

There are certain communications that we must provide to those charged with governance. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the corporate governance 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.	Audit planning report 18 June 2025 Corporate Governance Committee
Planning and audit approach	Communication of: <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 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.	Audit planning report 18 June 2025 Corporate Governance Committee
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 	Audit results report 24 September 2025 Corporate Governance Committee

Appendix C – Required communications with those charged with governance (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 related to going concern Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements The appropriateness of related disclosures in the financial statements 	<p>Audit results report 24 September 2025 Corporate Governance 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>Audit results report 24 September 2025 Corporate Governance Committee</p>
Fraud	<ul style="list-style-type: none"> Enquiries of the corporate governance 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"> Management; Employees who have significant roles in internal control; or 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 Corporate Governance Committee responsibility. 	<p>Audit results report 24 September 2025 Corporate Governance Committee</p>
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>Audit results report 24 September 2025 Corporate Governance Committee</p>

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
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> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ 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>Communications 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 18 June 2025 Corporate Governance Committee</p> <p>Audit results report 24 September 2025 Corporate Governance Committee</p>
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. 	<p>Audit results report 24 September 2025 Corporate Governance Committee</p>
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 corporate governance committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the corporate governance committee may be aware of 	<p>Audit results report 24 September 2025 Corporate Governance Committee</p>
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▪ Significant deficiencies in internal controls identified during the audit. 	<p>Audit results report 24 September 2025 Corporate Governance Committee</p>

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit results report 24 September 2025 Corporate Governance Committee
System of quality management	<ul style="list-style-type: none"> How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit results report 24 September 2025 Corporate Governance Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report 24 September 2025 Corporate Governance Committee
Auditors report	<ul style="list-style-type: none"> Any circumstances identified that affect the form and content of our auditor's report 	Audit results report 24 September 2025 Corporate Governance Committee

Appendix D – Outstanding matters

Outstanding matters

- Receipt of IAS 19 assurance letter from the auditor of the Cambridgeshire Pension Fund
- Receipt of management responses to final queries on the implementation of IFRS 16 for leases
- Receipt of report on a whistleblowing case investigated by Internal Audit
- Final senior manager and partner review of the following areas of the our audit file:
 - Pension scheme liabilities
 - Property, plant and equipment, and Investment Properties
 - Provisions (including NDR appeals)
 - Leases
 - CIES (including other income and expenditure, grant income, taxation and non-specific grant income)
 - Collection fund income and expenditure
 - REFCUS
 - Journals
 - Going concern and Related parties
 - Reserves
 - VFM and WGA
 - Cash Flow Statement
- Clearance of review comments (Officers' remuneration, Borrowings, Cash and bank, Creditors, Debtors)
- Receipt of financial statements and completion of necessary checks
- Consultation on the format of the audit opinion
- Update, review and consultation on conclusions for the potential matter of non-compliance identified by management.
- Audit completion procedures

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge.

Appendix E – Regulatory update

The English Devolution and Community Empowerment Bill – Audit Measures

Background

On 16 December 2024, the Government published the English Devolution White Paper. The White Paper outlines how England is one of the most centralised countries in the world and contends that over-centralisation is holding back the prosperity of the regions. As a result, there is an intention from Government to widen and deepen devolution to local areas across England. The English Devolution and Community Empowerment Bill (the Bill) intended to provide the legislative framework to do this by setting out a standardised framework of devolved powers, duties and functions. The bill is in six parts:

- Part 1 introduces the new devolution architecture for England, centred around the new category of “strategic authorities” (SAs). These are organisations designated by Government to have responsibility for strategy development and programme delivery over larger functional economic areas.
- Part 2 outlines the powers and duties which existing and future SAs will have, and the new process by which new powers and duties can be conferred on SAs by Government in the future.
- Part 3 is focused on measures designed to strengthen local government and communities.
- Part 4 is intended to strengthen the accountability of the local government sector by reforming the local audit system, including the establishment of the Local Audit Office (LAO) as the body responsible for overseeing local audit.
- Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.
- Part 6 contains the technical sections related to the Bill, including on regulations, commencement and extent.

The draft legislation can be found in full at [English Devolution and Community Empowerment Bill](#).

Part 4 of the Bill - Reforming local audit

The Bill is intended to overhaul the local audit system as is part of the wider measures to address the backlog in local government audit previously considered by this report. Specifically:

- The LAO will be established with the aim of radically simplifying the current audit system and bringing functions together under a single organisation with a clear remit. The LAO will be responsible for coordinating the system, standard setting, contracting, quality oversight and reporting. It will also support and enable wider measures to address pressing challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- The LAO will be responsible for audit quality and the regulation of audit providers. Regulatory powers can be delegated.
- The LAO will be responsible for auditor appointment to all local audits other than for NHS bodies, will set indicative fees, publish those fees and make final determinations on the fees to be paid. The ability of local authorities to appoint their own auditors is removed.
- Audit firms will be required to nominate ‘lead individuals’ and have pre-approval of their own eligibility criteria.
- The responsibility for production of the Code of Audit Practice passes from the NAO to LAO. The LAO is also able to determine technical standards that auditors must follow.
- Statutory guidance for Audit Committees will be developed by LAO in conjunction with the Local Government Association, CIPFA and other relevant bodies.

We will continue to keep you updated as these arrangements develop.

Appendix F – 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

To be prepared on the entity's letterhead]

[Date]

Ernst & Young

This letter of representations is provided in connection with your audit of the financial statements of Huntingdonshire District Council ("the Council") for the year ended 31 March 2025. 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 Huntingdonshire District Council as of 31 March 2025 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 2024/25.

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

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 2024/25.

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 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.

The material accounting policy information adopted in the preparation of the financial statements are appropriately described in the financial statements.

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 in the United Kingdom 2024/25, that are free from material misstatement, whether due to fraud or error.

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].

We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

Appendix F – 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

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

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.

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.

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.

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'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

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.

All material transactions have been recorded in the accounting records and are reflected in the financial statements.

We have made available to you all minutes of the meetings of the Council and committees, specifically Council, Cabinet, Corporate Governance Committee and Overview and Scrutiny Panel (performance and customers) (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]*.

We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council'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.

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 the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Appendix F – 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

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.

From the date of our last management representation letter 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

D. Liabilities and Contingencies

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.

We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

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.

E. Going Concern

Note 40 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.

F. Subsequent Events

There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report, Explanatory Foreword, Statement of Responsibilities for the Statement of Accounts and Glossary included within the Annual Financial Report for the year ended 31 March 2025.

We confirm that the content contained within the other information is consistent with the financial statements.

Climate-related matters

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, including the impact resulting from the commitments made by the Council, and reflected in the financial statements.

The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, aligned with the statements we have made in the other information or other public communications made by us (see section G).

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Reserves

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

Use of the Work of a Specialist

We agree with the findings of the specialists that we engaged to evaluate the valuation of investment property, the valuation of property, plant and equipment, the valuation of the local government pension scheme liability, the calculation of the non-domestic rates appeals provision and the fair values of loans and borrowings 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.

Valuation of Investment Property and Property, Plant and Equipment

We confirm that the significant judgments made in making the estimate of the valuation of investment property and property, plant and equipment have taken into account all relevant information of which we are aware.

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 estimate of the valuation of investment property and property, plant and equipment.

We confirm that the significant assumptions used in making the estimate of the valuation of investment property and property, plant and equipment appropriately reflect our intent and ability to carry out the management of our assets on behalf of the entity.

We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We confirm that appropriate specialized skills or expertise has been applied in making the estimate of the valuation of investment property and property, plant and equipment.

We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

Valuation of Local Government Pension Scheme Liability

We confirm that the significant judgments made in making the estimate of the valuation of the local government pension scheme liability have taken into account all relevant information of which we are aware.

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 estimate of the valuation of the local government pension scheme liability.

We confirm that the significant assumptions used in making the estimate of the valuation of the local government pension scheme liability reflect our intent and ability to meet the cost of retirement benefits on behalf of the entity.

We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

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We confirm that appropriate specialized skills or expertise has been applied in making the estimate of the valuation of the Local Government Pension Scheme Liability.
We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

Retirement benefits
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.

Yours faithfully,

Corporate Director of Finance & Resources (S151 Officer)

Chair of the Corporate Governance Committee

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