



Report To:	Audit and Governance Committee
Date:	14 October 2024
Subject:	Annual Governance Statement 2023/24 and Financial Statements 2023/24
Purpose:	To seek approval of the Annual Governance Statement 2023/24 and approval of the Audited Financial Statements 2023/24 for publication.
Key Decision:	N/A
Portfolio Holder:	Councillor Sandeep Ghosh
Report Of:	Christine Marshall, Deputy Chief Executive (Corporate Development) & S151
Report Author:	Nicole Hayes, Finance Manager (Corporate) – PSPS Ltd
Ward(s) Affected:	All
Exempt Report:	No

Summary

The Annual Governance Statement 2023/24 and audited Financial Statements 2023/24 are required to be approved by the Committee prior to publishing on the Council's website, as per the Accounts and Audit Regulations 2015.

Recommendations

It is recommended that Audit and Governance Committee:

- 1) Approve the Annual Governance Statement 2023/24 (Pages 85-95 Appendix 1).
- 2) Following approval of the Council's Annual Governance Statement approve the Financial Statements 2023/24 (Appendix 1).

- 3) Authorise the S151 Officer, in consultation with the chairman of the Committee, to approve any amendments if required, after the Committee date and prior to the official signing of the Financial Statements.
- 4) Authorise the S151 Officer, in consultation with the chairman of the Committee, to approve the letter of representation on its behalf once received from KPMG.

Reasons for Recommendations

To meet corporate governance best practice and statutory requirements.

Other Options Considered

Not to approve the Annual Governance Statement or Financial Statements.

There is a statutory requirement for the Financial Statements to be approved and published by 13 December 2024, or as soon as reasonably practicable after receipt of the auditors final findings (if later).

1. Background

- 1.1 The draft Annual Governance Statement and unaudited 2023/24 Financial Statements were considered by the Audit and Governance Committee on 8 July 2024.
- 1.2 The audited Annual Governance Statement and Financial Statements are presented to committee for their review and approval.
- 1.3 The Accounts and Audit (Amendment) Regulations 2024 stipulate the statutory deadline for publishing of the Financial Statements 2023/24 is 28 February 2025 for all local authorities.

2. Report

- 2.1 The external audit of the Financial Statements for the year ended 31 March 2024 is now substantially complete, and the Statements are attached as Appendix 1. At the time of writing this report there are some areas of outstanding work, which are detailed in the Progress Report from KPMG LLP on this agenda.
- 2.2 A small number of presentational adjustments were made to the audited Financial Statements to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
- 2.3 There are 2 audit differences that have been adjusted.
 - The Council received £10.855m from the Levelling Up Fund for which associated expenditure had not been incurred as at 31 March 2024. This was accounted for

as a creditor on the balance sheet, but upon review, should have been transferred to Capital Grants Unapplied for drawdown in future years. Journals have been posted to correct this within the ledger.

- The changes in fair value of investment property presented within note 7 (Expenditure and Income Analysed by Nature) showed an incorrect split between income and expenditure.

2.4 There are 2 audit differences that remain unadjusted.

- £279k cash received prior to year end but not posted into the ledger until 2024/25, of which £240k related to Collection Fund.
- £126k of expenditure relating to Mayflower Town Fund was not accrued in 2023/24.

2.5 A small number of disclosure differences were identified that have subsequently been corrected. These can be found within the Progress Report presented by KPMG.

2.6 A number of control deficiencies were identified (7) for which management responses have been provided. Work is already underway on these items to ensure they are implemented by the due dates.

Annual Governance Statement

2.7 Regulation 6 of the Accounts and Audit Regulations 2015 requires the Authority to prepare and approve an Annual Governance Statement in advance of the Statement of Accounts being approved. The Committee is requested to approve the Annual Governance Statement which is contained at pages 85-95 within Appendix 1, to allow it to be published with the Financial Statements.

3. Conclusion

3.1. The external audit is now drawing to a conclusion and the Financial Statements and Annual Governance Statement are therefore being presented to the Committee for review and approval.

Implications

South and East Lincolnshire Councils Partnership

None.

Corporate Priorities

None.

Staffing

None.

Workforce Capacity Implications

None.

Constitutional and Legal Implications

The Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendments) Regulation 2024 define these arrangements.

Data Protection

None.

Financial

There are no financial implications as a result of this report. The audit of the Financial Statements provide external validation that the stewardship of public funds has been undertaken effectively, and that the statutory reporting requirements laid out in the accounting code of practice have been followed.

The Financial Statements presented in Appendix 1 are currently being subject to a final verification by the external auditors. Minor presentational issues may arise in this process and an approved final version will be submitted to the chair of the Committee for signature.

Risk Management

The Council's risk management arrangements are reflected in the Annual Governance Statement.

The audit process has identified some areas where improvements are necessary, and these will be implemented for the production of future Financial Statements.

Stakeholder / Consultation / Timescales

None.

Reputation

None.

Contracts

None.

Crime and Disorder

None.

Equality and Diversity / Human Rights / Safeguarding

None.

Health and Wellbeing

None.

Climate Change and Environmental Implications

None.

Acronyms

CIPFA – Chartered Institute of Public Finance and Accounting

PSPS Ltd – Public Sector Partnership Ltd

Appendices

Appendices are listed below and attached to the back of the report:

Appendix 1 Audited Financial Statements 2023/24

Background Papers

Background papers used in the production of this report are listed below: -

Document title	Where the document can be viewed
CIPFA Accounting Code of Practice 2023/24 and supporting Guidance Notes	CIPFA public guidance document

Chronological History of this Report

A report on this item has not been previously considered by a Council.