



Report To:	Audit and Governance Committee
Date:	30 October 2024
Subject:	Annual Governance Statement 2021/22 and Financial Statements 2021/22
Purpose:	To seek approval of the Annual Governance Statement 2021/22 and approval of the Audited Financial Statements 2021/22 for publication.
Key Decision:	N/A
Portfolio Holder:	Councillor Thomas Kemp
Report Of:	Christine Marshall, Deputy Chief Executive (Corporate Development) & S151
Report Author:	Ellie Stacey, Deputy Chief Finance Officer (Corporate) – PSPS Ltd
Ward(s) Affected:	All
Exempt Report:	No

Summary

The Annual Governance Statement 2021/22 and audited Financial Statements 2021/22 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 2021/22 (Pages 103-117 Appendix A).
- 2) Following approval of the Council's Annual Governance Statement approve the Financial Statements 2021/22 (Appendix A).
- 3) Approve the Chairman of the Committee and the Section 151 officer sign the letter of Representation (Appendix B).

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 2021/22 Financial Statements were considered by the Audit and Governance Committee on 6 July 2022.
- 1.2 The audit commenced in July 2022, and was substantially complete by March 2023. Outstanding queries at that time were in relation to balances presented in the Group Accounts relating to Invest East Lindsey, regarding inventories, asset values and the use of the loans granted by East Lindsey. Further to this, additional work has been undertaken to resolve the outstanding items.
- 1.3 At the time of writing this report, and following the completion of the Financial Statements 2021/22, the Financial Statements 2022/23 are almost complete, with 2023/24 also in progress. Resources and robust plans are in place to produce the Financial Statements 2024/25 by the revised statutory deadline of 30 June 2025.
- 1.4 The backstop dates for outstanding prior years financial statements are now published in legislation, and the Accounts and Audit (Amendment) Regulations 2024 stipulate the statutory deadline for publishing of the Financial Statements 2021/22 is 13 December 2024 for all local authorities.
- 1.5 The audited Annual Governance Statement and Financial Statements are presented to committee for their review and approval.
- 1.6 Members will be aware that areas with control concerns have been considered by internal audit as part of their programme of activity and positive progress has been made in dealing with the actions identified. These have been considered by this committee as part of the internal audit reporting process and as a matter of course all low or no assurance audit reports are required to have follow up audits to track progress in addressing concerns as reported to this committee.

2. Report

- 2.1 The external audit of the Financial Statements for the year ended 31 March 2022 is now complete, and the Statements are attached at Appendix A.
- 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 2021/22.
- 2.3 There are 6 audit differences that have been adjusted, which are detailed in Mazars' Audit Completion Report.
- The pension settlement costs disclosure arising on the expansion of PSPS Ltd to include Boston Borough Council was misclassified within services; this has been moved to Financing and Investment Income and Expenditure within the Comprehensive Income and Expenditure Statement (CIES).
 - The split between long and short term debtors relating to Invest East Lindsey loan balances have been corrected.
 - Property fund distributions have been corrected from Other Operating Expenditure to Financing and Investment Income and Expenditure within the CIES.
 - Revised pension valuations were sought following identified changes in actuarial assumptions and the amendments made within the Financial Statements.
 - Invest East Lindsey loans were re-assessed and some were re-classified from capital to revenue.
 - The consolidation of the interest in PSPS Ltd has been amended to an associate within group accounts as a result of East Lindsey's share reducing when Boston Borough Council became a third shareholder; this was previously consolidated as a joint venture within the single entity accounts.
- 2.4 There are 2 audit differences that remain unadjusted, which are detailed in Mazars' Audit Completion Report.
- An extrapolated error estimated at £230k, due to the incorrect valuation of public conveniences.
 - An error in the calculation of the Collection Fund NNDR bad debt provision.
- 2.5 A small number of disclosure differences were identified that have subsequently been corrected, which are detailed in the Audit Completion Report presented by Mazars LLP.
- 2.6 Four control deficiencies were identified 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 103-117 within Appendix A, to allow it to be published with the Financial Statements.

3. Conclusion

3.1. The external audit is now concluded 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.

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 A	Audited Financial Statements 2021/22
Appendix B	Letter of Representation

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 2021/22 and supporting Guidance Notes	CIPFA public guidance document

Chronological History of this Report

A report on this item has not been previously considered.

Report Approval

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Signed off by:

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