



Report To:	AUDIT AND GOVERNANCE COMMITTEE
Date:	Wednesday 12 February 2025
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 Financial Statements 2023/24.
Key Decision:	N/A
Portfolio Holder:	Councillor Thomas Kemp, Portfolio Holder for Finance
Report Of:	Christine Marshall, Deputy Chief Executive - Corporate Development (S151)
Report Author:	Ellie Stacey, Deputy Chief Finance Officer (Corporate)
Ward(s) Affected:	None
Exempt Report:	No

Summary

The Annual Governance Statement 2023/24 and 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 99-112 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 28 February 2025, 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 Governance and Audit Committee on 27 November 2024.
- 1.2. The 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 Due to the requirement for the Financial Statements 2023/24 to be published by the backstop date of 28 February 2025, KPMG have not undertaken the full external audit to gain sufficient appropriate audit evidence across all areas of the Financial Statements. On that basis, they propose issuing a disclaimed opinion for 2023/24. In addition, the audit of the Financial Statements 2022/23 was not completed, therefore sufficient appropriate audit evidence has not been obtained in respect of the 2023/24 opening balances. Assurances will be rebuilt over multiple audit cycles with the intention of achieving an unmodified opinion.
- 2.2 Additional narrative disclosures have been added in relation to pensions, regarding a potential ruling which may have implications for public service pension schemes.
- 2.3 There are no unadjusted audit misstatements identified by the work undertaken by KPMG.

- 2.4 Four control deficiencies were identified as part of the planning phase of the audit, for which management responses have been provided. Work is already underway on these items to ensure they are implemented by the due dates.
- 2.5 Value for Money recommendations have been raised within the Auditors Annual Report regarding the governance arrangements over Invest East Lindsey Limited, for which management responses have been provided. These will be followed up by KPMG as part of the 2024/25 audit.

Annual Governance Statement

- 2.6 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 99-112 within Appendix 1, to allow it to be published with the Financial Statements.

3. Conclusion

- 3.1. The Financial Statements and Annual Governance Statement are being presented to the Committee for review and approval, in advance of 28 February 2025 backstop date.

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 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

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 body.

Report Approval

Report author:	Ellie Stacey, Deputy Chief Finance Officer (Corporate) Ellie.Stacey@pspsl.co.uk
Signed off by:	Christine Marshall, Deputy Chief Executive - Corporate Development (S151) Christine.Marshall@sholland.gov.uk