



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Governance and Audit Committee


Wednesday, 18 February 2026

Report of Councillor Ashley Baxter
Leader of the Council, Cabinet Member
for Finance, HR and Economic
Development

Statement of Accounts and Annual Governance Statement 2024/25

Report Author

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Purpose of Report

To approve the Statement of Accounts and Annual Governance Statement for 2024/25.

Recommendations

It is recommended that the Governance and Audit Committee:

- 1. Notes the outcome of the audit work undertaken by the Council's external auditors KPMG.**
- 2. Delegates authority to the Deputy Chief Executive and s151 Officer (Chief Finance Officer) to make any final wording changes and accounting adjustments following the conclusion of any outstanding audit queries.**
- 3. Delegates approval of the audited Statement of Accounts and the Letter of Representation to the Chairman on behalf of the Governance and Audit Committee in consultation with the Deputy Chief Executive and s151 Officer (Chief Finance Officer) following the completion of the audit of the 2024/25 Statement of Accounts.**

Decision Information

Does the report contain any exempt or confidential information not for publication?

No

What are the relevant corporate priorities?

All

Which wards are impacted?

All Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 The financial considerations are contained in the report and the Statement of Accounts for 2024/25.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.2 In accordance with the Accounts & Audit (Amendment) Regulations 2022 the target date for the Statement of Accounts to be approved by the Governance and Audit Committee is 27th February 2026.

Completed by: James Welbourne, Democratic Services Manager

2. Background to the Report

- 2.1 The draft Statement of Accounts 2024/25 was published on 7 October 2025. The external audit process has now been completed and the Statement of Accounts has been updated to reflect the changes identified by the Finance Team and those agreed with our external auditors, KPMG.
- 2.2 The issues with delays to local government audits are well documented and have affected the whole sector. The Government introduced back stop dates to try and create a resolution for those authorities with significant backlogs.
- 2.3 The back stop deadline for completion of the audit of 2024/25 Statement of Accounts is 27 February 2026. The completion of the Statements has meant that the Council has met the statutory deadline which is a positive achievement.

3. Key Considerations

Audit of the Accounts

- 3.1 To comply with the provisions of the Accounts and Audit Regulations 2015, the Council's Statement of Accounts for 2024/25 must be approved by the designated member body, which for the Council is the Governance and Audit Committee.
- 3.2 The external auditor (KPMG) must complete their audit and issue the relevant audit opinion. KPMG's draft report (ISA260) is a separate item on this Governance and Audit Committee agenda. The purpose of the external audit of the financial statements is to give an opinion on:
- whether they present a true and fair view of the financial position of the audited body and its expenditure and income for the year in question.
 - whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.
- 3.3 Auditors must provide reasonable assurance that, subject to the concept of materiality, the financial statements:
- are free from material misstatements, whether caused by fraud or other irregularity or error.
 - comply with the statutory and other requirements applicable to the accounts of the audited body and
 - comply with all relevant requirements for accounting presentation and disclosure.

Letter of Representation

- 3.4 As part of the overall assurance provided to External Audit a letter of representation is supplied. This is presented at Appendix B. These are largely standard clauses to confirm the Council has fully disclosed all relevant information and acted with due care and reference to the relevant accounting practices in preparing the statements.

Annual Governance Statement

- 3.5 The Annual Governance Statement has to be published alongside the Statement of Accounts, although it does not form part of them. The Annual Governance Statement was endorsed by the Governance and Audit Committee on 23 July 2025.

- 3.6 The Annual Governance Statement is reviewed by External Audit to ensure it is consistent with their knowledge of the Council and is in line with guidance around compilation and presentation.
- 3.7 There are no substantive amendments in terms of identification of further significant governance issues.

Statement of Accounts

- 3.8 The 'Narrative Report' section of the Statement of Accounts provides a guide to the most significant matters reported. It explains the Council's financial position and assists in the interpretation of the accounting statements. It provides information about the District, including; issues and challenges affecting the Council and its accounts, the political composition, the ambitions of the Council and an overview of the many achievements that have been made to improve quality of life for residents, businesses and visitors.
- 3.9 The draft Statement of Accounts was published on 7 October 2025. In addition to a small number of presentational changes, the Statement of Accounts has been amended to reflect the changes identified as listed in Table 1.

Table 1 – Audit Adjustments 2024/25

| Page | Note | Description |
|------|---------------|---|
| 4 | Balance Sheet | Capital Grants Receipts in Advance. £1.754m Future High Street Funding has been moved to current liabilities because the expiry date of the funding is within one year of the balance sheet date. |
| 14 | 13 | Various presentational adjustments including adding directors' full titles and adding the Head of HR to the note to comply with disclosure requirements. |
| 36 | 31 | Operating leases disclosure added in which were omitted from the original draft in error. |

- 3.10 These changes have been incorporated into the final Statements that are shown at Appendix A.
- 3.11 As part of the audit work one uncorrected item identified. An accrual of £189K (1.47% of total surplus for 2024/25) was missed due to the close proximity to Year End and not highlighted by the service area to the finance team. It was agreed with audit that this would remain unadjusted as it was below our materiality threshold of £1.7m.

4. Other Options Considered

- 4.1** Governance and Audit Committee could choose not to approve the Statement of Accounts but this would result in the Council missing the statutory backstop deadline for completion of the 2024/25 audit of 27 February 2026.

5. Reasons for the Recommendations

- 5.1** Section 21(2) of the Local Government Act 2003 requires the Statement of Accounts to be prepared in accordance with the statutory framework established by the Accounts and Audit Regulations (England) 2015. In accordance with the Accounts and Audit (Amendment) Regulations 2022 once the accounts have been audited, they must be published.

6. Consultation

- 6.1** The draft accounts were published on the Council's website on 7 October 2025 following which there was a statutory 30 working day consultation period.

7. Appendices

- 7.1** Appendix A – 2024/25 Statement of Accounts
7.2 Appendix B – Letter of Representation