



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Governance and Audit Committee

24 January 2024

Report of Councillor Ashley Baxter,
Deputy Leader of the Council

Statement of Accounts and Annual Governance Statement 2022/23

Report Author

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Purpose of Report

The Statement of Accounts 2022/23 is presented to the Governance and Audit Committee for approval. This report covers:

Accounts and Audit Regulations 2015

Accounts and Audit (Amendment) Regulations 2022

Section 21(2) Local Government Act 2003

Revised Statement of Accounts

Commentary on the outcome of the audit of the Statement of Accounts

Recommendations

It is recommended that the Governance and Audit Committee:

- 1. Notes the outcome of the audit work undertaken to date by the Council's external auditors Grant Thornton.**
- 2. Delegates authority to the 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 Chief Finance Officer**

following the completion of the audit of the 2022/23 Statement of Accounts.

Decision Information	
Does the report contain any exempt or confidential information not for publication?	No
What are the relevant corporate priorities?	High performing Council
Which wards are impacted?	All

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 2022/23.

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 was 30 November 2023. The reasons why the accounts have not been finalised in accordance with the target date are explained in the report.

Completed by: Graham Watts, Assistant Director (Democratic and Public Protection) and Monitoring Officer

2. Background to the Report

- 2.1 The external audit process has not currently been completed as there is an outstanding query with the Actuary relating to the pension information and the audit of the group accounts needs to be finalised. The Statement of Accounts has been

updated to reflect the changes agreed to date with our external auditors, Grant Thornton.

- 2.2 The target date for completing the 2022/23 audit and publishing the final accounts was 30 November 2023 which the Council did not meet due to delays beyond its control. These delays are commonplace amongst local authorities with many authorities unable to meet the 30 November deadline for similar reasons.
- 2.3 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 the quality of life of the residents, businesses and visitors.
- 2.4 Pages iv to xviii of the Narrative Report provide a review of the core statements.
- 2.5 The Council is required to produce an Annual Governance Statement (AGS) in accordance with the CIPFA/SOLACE framework "Delivering Good Governance in Local Government" in order to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit Regulations 2015. The statement is an open and transparent review of the effectiveness of the Council's system of governance, risk management and internal control, including performance across all its activities.
- 2.6 Group accounts have been prepared to reflect the Council's relationship with Gravitas Housing Ltd and LeisureSK Ltd, these have been included in the Statement of Accounts at pages 67 - 72.

Accounts and Audit Regulations 2015

- 2.7 The external auditor must complete their audit and issue the relevant audit opinion. The external auditor's draft report is a separate item on this agenda. The purpose of the external audit of the financial statements is to give an opinion on:
 4. 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
 5. whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.

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.

Section 21(2) Local Government Act 2003

2.8 Section 21(2) of the Local Government Act 2003 requires that the Statement of Accounts is prepared in accordance with the statutory framework established by the Accounts and Audit Regulations (England) 2015. The Statement of Accounts which accompanies this report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 based on International Reporting Standards (the Code) produced by CIPFA which sets out proper accounting practices.

Statement of Accounts

2.9 The draft Statement of Accounts was published on 20 October 2023. The Statement of Accounts has been amended to reflect the changes identified to date and which are listed at table 1. An updated set of draft accounts is shown at Appendix A and a commentary setting out the main findings from the audit and subsequent amendments is provided for members consideration.

2.10 Audit Adjustments

Table 1 shows the amendments that have made to the draft accounts to date:

Table 1 - Notes

Page	Note	Description
16	13	Officer Remuneration Omission in relation to one senior officer's compensation for loss of employment. This was due to the payment being made in 2023/24.
35	27	Cash and Cash Equivalents 'Cash held by authority' included £214k of cash in transit this has been transferred to the 'Bank Current Accounts' line. This does not affect the overall total balance of the note.
69	Group Accounts	Comprehensive Income and Expenditure Statement Transactions relating to Gravitas Ltd were included in the Finance Directorate in 2021/22 and in the Housing and Property Directorate in 2022/23, this has been corrected to the Finance Directorate. This does not affect the overall balances on the statement.

3. Reasons for the Recommendations

3.1 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.

The Council's Statement of Accounts must be prepared, audited and published in accordance with the following legislation:

Section 21(2) of the Local Government Act 2003
Accounts and Audit Regulations (England) 2015.
Accounts and Audit (Amendment) Regulations 2022

4. Appendices

4.1 Appendix A – 2022/23 Draft Statement of Accounts