

Meeting of the Governance and Audit Committee



SOUTH
KESTEVEN
DISTRICT
COUNCIL

Wednesday, 18 February 2026, 2.00
pm

Committee Members present

Councillor Tim Harrison (Chairman)
Councillor Paul Wood (Vice-Chairman)
Councillor Robert Leadenham
Councillor Bridget Ley
Councillor Habib Rahman
Councillor Rhea Rayside
Councillor Paul Stokes
Councillor Mark Whittington
Councillor Sue Woolley
Alan Bowling

Other Members present

Councillor Philip Knowles
Councillor Elvis Stooke

Officers

Richard Wyles, Director of Finance and Section 151 Officer
David Scott, Assistant Director of
Finance and Deputy Section 151 Officer
Joshua Mann, Democratic Services Officer
Salma Younis, External Auditor

62. Apologies for absence

An apology for absence was received from Councillor Ashley Baxter in his capacity as Leader of the Council and Cabinet Member.

63. Disclosure of interests

No interests were disclosed.

64. Minutes of the meeting held on 21 January 2026

The minutes of the meeting held on 21 January 2026 were proposed, seconded and agreed as an accurate record.

65. Updates from previous meeting

It was noted that the outstanding task had been closed since the previous meeting.

66. Year-end report (ISA 260) 2024-25

The Year-end report (ISA 260) 2024-25 was introduced by the external auditor.

The report outlined the outcome of the following audit areas:

- Valuation of land and buildings (neutral)
- Valuation of investment property (neutral)
- Management override of controls (no significant unusual transactions detected)
- Valuation of post-retirement benefit obligations (neutral)
- Adoption of IFRS16 (neutral)

The auditor confirmed that they were on target to complete the statement of accounts audit by the 27 February 2026 deadline.

Given the audit scope included LeisureSK Ltd, it was confirmed that no significant risks were identified attached to the account balances.

Regarding the narrative report, the audit confirmed it did not identify any material inconsistencies between the knowledge acquired during the audit and the statements of the Council.

It was also confirmed that the annual governance statement was not misleading and was consistent with the information available.

The auditor confirmed that the approval of significant related party transactions had been added as an additional control deficiency and management had accepted the recommendations provided.

During discussions, Members commented on the following:

- Clarity was sought about use of the term 'balanced' to describe the assumptions used in the valuations of land and buildings. The external auditor confirmed this language was intended to indicate that the auditor was neither too cautious, nor too optimistic, about the matter.
- The Chairman had sought clarification from the Section 151 Officer that the audit misstatement identified was due to a capital invoice that had been missed, but since been paid.
- A Member praised Officers for their implementation of the IFRS16 but noted concern that posting journals without independent review had been repeatedly flagged. The external auditor responded that management review control had been repeatedly raised in most

authorities due to the high threshold for qualifications within the team needed to comply with the audit standard.

The Year-end report (ISA 260) 2024-25 was noted by the committee.

67. Auditors Annual Report 2024-25

The Auditors Annual Report 2024-25 was introduced by the external auditor.

The annual audit report outlined the procedures undertaken to determine that no material misstatements were identified for the following areas:

- Valuation of land and buildings
- Valuation of investment properties
- Management override of controls
- Valuation of post-retirement benefit obligations.

Whilst the audit identified a risk regarding the Council not meeting the draft accounts production deadline, the audit was satisfied this did not amount to a significant weakness in governance arrangements at the Council.

The head of internal audit opinion was rated as moderate assurance.

It was confirmed that the Value for Money statement was the final version of the document previously presented to the committee in November 2025 and no signs of weakness had been identified.

Discussions commented on the following:

- A Member praised the financial management of the Council, given the audit findings. However, they did express a desire to be kept informed of medium-term factors to be wary of.
- The Section 151 Officer expressed Officers would endeavour to meet the upcoming deadline for draft accounts but noted that their emphasis was on meeting the deadline for the final accounts.

The Auditors Annual Report 2024-25 was noted by the committee.

68. Statement of Accounts 2024-25

The Statement of Accounts 2024-25 were introduced by the Section 151 Officer.

The back stop deadline for completion of the audit of 2024/25 Statement of Accounts was 27 February 2026. The completion of the Statements had meant that the Council met the statutory deadline.

The Annual Governance Statement was reviewed by the external auditors, who confirmed there were no substantive amendments in terms of identification of further significant governance issues.

The 'Narrative Report' section of the Statement of Accounts provided a guide to the most significant matters reported. It explained the Council's financial position and assisted in the interpretation of the accounting statements. It provided 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 had been made to improve quality of life for residents, businesses and visitors.

As part of the audit work one uncorrected item was 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.

During discussions, Members commented on the following:

- The request was made for greater detail about impairments with creditor and debtors over the year. This was acknowledged and it was confirmed that the definition of impairments was within the accounting policies and greater detail was provided within the narrative statement.
- A Member praised the work done by officers to create quality accounts.
- A Member requested clarity about whether Development Plans for Councillors had been undertaken. This was to be clarified with the Monitoring Officer. **ACTION**
- Reassurance was sought whether the Section 151 Officer had any concerns about the Housing Revenue Account. The Section 151 Officer did acknowledge concern about the current level of overspend. It was noted that a report on this was being presented to the Finance Overview & Scrutiny Committee on 24 February 2026.

Following discussions, it was proposed, seconded, and AGREED to:

1. Note the outcome of the audit work undertaken by the Council's external auditors KPMG.
2. Delegate 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. Delegate 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.

69. Work Programme 2025 - 2026

The Section 151 Officer confirmed the following:

- The Annual Report on Grants and Returns could be removed from the Work Programme.
- The Year-End Preparatory report could be added to outline the actions the Council would be undertaking in order to meet the draft accounts deadline of 30 June 2026.

70. Any other business, which the chairman, by reasons of special circumstances, decides is urgent.

There was none.

The Chairman concluded the meeting at 14.44.