



REPORT TO:	Governance and Audit Committee
DATE:	Tuesday, 19 September 2023
SUBJECT:	Audited Financial Statements 2021/2022
PURPOSE:	To seek approval for the Annual Governance Statement for inclusion with the Council's published Financial Statements, and approval of the Audited Financial Statements 2021/22 for publication.
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Paul A Redgate
REPORT OF:	Deputy Chief Executive – Corporate Development (S151)
REPORT AUTHOR:	Nicole Hayes – Business Partner (Corporate) (PSPS Ltd)
WARD(S) AFFECTED:	All Wards
EXEMPT REPORT?	No

SUMMARY

The audited Financial Statements 2021/22 are required to be approved by the Committee and the S151 Officer prior to publishing on the Council's website, as per the Accounts and Audit Regulations.

RECOMMENDATIONS

That the Governance and Audit Committee:

- 1) Approve the Financial Statements 2021/22 (Appendix A).
- 2) 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 Accounts.
- 3) Approve the Annual Governance Statement 2021/22.
- 4) Review the letter of representation to EY (Appendix B) and if it agrees, approve the S151 Officer and the Chair to sign on its behalf.

REASONS FOR RECOMMENDATIONS

To update the Committee on the progress for publishing the Financial Statements 2021/22.

To meet corporate governance best practice and statutory reporting requirements.

OTHER OPTIONS CONSIDERED

To approve the audited Financial Statements and the Annual Governance Statement.

Not to approve the Financial Statements.

There is a statutory requirement for the Financial Statements to be approved and published by 30 November 2022, or as soon as reasonably practicable after receipt of the auditors final findings (if later).

1. BACKGROUND

- 1.1 The audited 2021/22 Financial Statements were approved by Governance and Audit 16 March 2023 with authority given to 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 accounts.
- 1.2 The audited Financial Statements are presented to committee for their review and approval.
- 1.3 The Accounts and Audit Regulations 2015 have been amended by the Accounts and Audit Amendments Regulation 2022 (SI 2015/234) to extend the statutory deadline for approval of the Financial Statements to 30 November 2022 for all local authorities.

2. REPORT

- 2.1 The external audit of the Financial Statements for the year ended 31 March 2022 is now substantially complete, and the Statements are attached as Appendix A. At the time of writing this report, there are some areas of outstanding work but these are not expected to identify any issues. The Audit Results report from EY on this agenda provides the areas of audit focus which remain outstanding detailed on page 47 of the report.
- 2.2 A small number of presentational adjustments were made to the draft Financial Statements to ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.
- 2.3 An adjustment has been made to the pension liability following the 2022 Lincolnshire Pension Fund Triennial Valuation. This has resulted in a reduction of the net pension liability of £2.135m.
- 2.4 A review of the valuation assumptions used for Council Dwellings was undertaken resulting in an increased carrying value of £9.244m as at 31 March 2022.

- 2.5 There is one audit difference that remains unadjusted. The PSPS share of the pension liability has not been updated following changes to the Investment valuations at Lincolnshire Pension Fund resulting in an overstatement of the Group's pension liability of £0.094m.
- 2.6 Following the addition of Boston Borough Council to PSPS from 1 April 2021, the relationship between South Holland District Council and PSPS changed. The accounting treatment for the arrangement has changed from a joint operation to an associate. The draft accounts were prepared under the incorrect accounting treatment which have since been adjusted to correctly reflect the associate accounting treatment.

Annual Governance Statement

- 2.7 The Annual Governance Statement is required to be signed by the Leader of the Council and Chief Executive. This Committee is requested to approve the final statement to allow it to be published with the Financial Statements.

3. CONCLUSION

- 3.1 The external audit is drawing to a conclusion and the Financial Statements are therefore being presented to the Committee for review and approval.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

- 4.1 Strengthened governance arrangements.

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

- 5.1.1 None.

5.2 CORPORATE PRIORITIES

- 5.2.1 None.

5.3 STAFFING

- 5.3.1 None.

5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

- 5.4.1 The Accounts and Audit Regulations 2015 and the Accounts and Audit Amendments Regulation 2022 (SI 2015/234) define these arrangements.

5.5 DATA PROTECTION

- 5.5.1 None.

5.6 FINANCIAL

- 5.6.1 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.

5.6.2 The Financial Statements presented in Appendix A 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.

5.7 RISK MANAGEMENT

5.7.1 The Council's risk management arrangements are reflected in the Annual Governance Statement.

5.7.2 The audit process has identified some areas where improvements are necessary, and these will be implemented for the production of the Financial Statements 2022/23.

5.8 STAKEHOLDER / CONSULTATION / TIMESCALES

5.8.1 None.

5.9 REPUTATION

5.9.1 None.

5.10 CONTRACTS

5.10.1 None.

5.11 CRIME AND DISORDER

5.11.1 None.

5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.12.1 None.

5.13 HEALTH AND WELL BEING

5.13.1 None.

5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.14.1 None.

5.15 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

5.15.1 None.

6. ACRONYMS

6.1.1 CIPFA – Chartered Institute of Public Finance and Accounting

6.1.2 PSPS Ltd – Public Sector Partnership Ltd

APPENDICES

(If none then insert the word 'None' and delete the below text/boxes).

Appendices are listed below and attached to the back of the report: -

APPENDIX A	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

None.

REPORT APPROVAL

Report author:	Nicole Hayes Nicole.Hayes@pspsl.co.uk
Signed off by:	Christine Marshall - Deputy Chief Executive - Corporate Development (S151) Christine.Marshall@sholland.gov.uk
Approved for publication:	Christine Marshall - Deputy Chief Executive - Corporate Development (S151)