

SUBJECT:	EXTERNAL AUDIT: AUDIT COMPLETION REPORT 2023/24
DIRECTORATE:	CHIEF EXECUTIVE & TOWN CLERK
REPORT AUTHOR:	LAURA SHIPLEY, FINANCIAL SERVICES MANAGER

1. Purpose of Report

- 1.1 This report summarises the findings from the 2023/24 audit, which is substantially complete. It identifies the key issues that Members should consider before an opinion, conclusion and certificate are issued.
- 2.1 This report includes only matters of governance interest that have come to the external auditor's attention in performing the audit. It is not designed to identify all matters that might be relevant to the Authority.
- 2.2 The report will be presented at the meeting by the Council's External Auditors, KPMG.

2. Executive Summary

- 2.1 The Council's financial statements are an important means by which the Council accounts for its stewardship of public funds. Council Members have final responsibility for the financial statements. It is therefore important that the Audit Committee consider KPMG's findings before recommending the adoption of the financial statements to Full Council.

3. Opinion on the financial statements

- 3.1 At the time of preparing this report, KPMG's work on the financial statements was substantially complete. Subject to the satisfactory conclusion of any outstanding work, KPMG anticipate issuing an unqualified audit opinion (a report to those charged with governance (IAS 260) is attached at Appendix A).
- 3.2 As a result of the work undertaken by KPMG on the external audit there are four misstatements above the threshold level of £100k, of these two misstatements have been amended in the final version of the Statement of Accounts. The unadjusted misstatements relate to a valuation of a Council property that was deemed "optimistic" and the treatment of a historic transaction agreed by the Council's previous auditors. Further details are provided in page 27-28 of the attached report.
- 3.3 During the completion of the external audit KPMG have considered the internal controls in place relevant to the preparation of the financial statements, as a result of this work a number of recommendations were made around internal controls that management have made comment on. Further details are provided in page 29-31 of the attached report.

- 3.4 A fully amended copy of the Statement of Accounts is presented elsewhere on this agenda.

4. Value for Money conclusion.

- 4.1 KPMG are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money'. At the time of preparing this report, no significant weaknesses in arrangements, that require a recommendation to be made, have been identified.

5. Strategic Priorities

- 5.1 The Council's Statement of Accounts are a financial summary of the Council's activities in support of its Vision 2025 and Strategic Priorities during the financial year 2023/24.

The external audit of the Council's financial statements and VFM conclusion is a statutory requirement and as such contributes towards the fitness for purpose of the Council's governance arrangements.

6. Organisational Impacts

6.1 Finance

There are no direct financial implications arising as a result of this report.

6.2 Legal Implications including Procurement Rules

In accordance with the Accounts and Audit (Amendment) Regulations 2024 the Statement of Accounts must be approved and published by the Council, together with the audit opinion and certificate, by the 28 February 2025. Where an audit of accounts has not been concluded by the specified date, the Council must publish as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the Statement of Accounts and its reasons for this. City of Lincoln Council are not in a position where this is required for 2023/24 and will meet the new backstop date.

6.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities

Due to the nature of the report, no specific Equality Impact Analysis is required.

7. Risk Implications

7.1 There are no risk implications arising as a result of this report.

8. Recommendation

8.1 Audit Committee are asked to:

- a) Consider the matters raised in the report before recommending the financial statements for referral to the Executive and subsequent approval by Full Council (as per separate report on this Agenda);
- b) Approve the draft letter of representation, attached at Appendix B (To Follow), on behalf of the Council before KPMG issue an opinion, conclusion and certificate and delegate any further amendments to the letter, should any additional issues be raised by KPMG, to the Chief Finance Officer who will report any changes to the Chair of the Audit Committee.

Is this a key decision?

No

Do the exempt information categories apply?

No

Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?

No

How many appendices does the report contain?

Two

List of Background Papers:

Draft Statement of Accounts 2023//24 – Audit Committee 15 July 2024.

Lead Officer:

Laura Shipley, Financial Services Manager
Email: laura.shipley@lincoln.gov.uk