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# Finance Update

Governance & Audit Committee

Date of meeting: 18 April 2024

Lead director/officer: Amy Oliver, Director of Finance

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## **Useful information**

- Ward(s) affected: All
- Report author: Kirsty Cowell, Head of Finance
- Author contact details: [Kirsty.cowell@leicester.gov.uk](mailto:Kirsty.cowell@leicester.gov.uk)
- Report version number: 1

### **1. Summary**

- 1.1 To present a finance update including implementation of improvements to the statement of accounts process.
- 1.2 This report highlights the steps for improvements that have been put into place for the 2023/24 statement of accounts.

### **2. Recommended actions/decision**

- 2.1 The Governance & Audit Committee is recommended to note the report.

### **3. Background and options with supporting evidence**

- 3.1 A report on the statement of accounts 2022/23 is found elsewhere on your agenda. Included within that report is the report from the external auditors on audit findings and includes a number of recommendations.

### **4. Detailed report**

- 4.1 The report on the Statement of Accounts 2022/23, elsewhere on the agenda includes the external auditors report on their audit findings. This includes issues identified and areas for improvement. A previous report to the committee in November brought these issues to your attention.
- 4.2 Issues identified during the audit included:
  - Evidence on assumptions relating to valuation of assets
  - Issues with capital additions and capital expenditure not adding value
  - Issues with depreciation calculations
  - Journal authorisation process
  - Unit 4 Segregation of duties
  - Debtors and receipts in advance, issues with accounting in the wrong year.
  - Issue with estimation of Pension fund, due to timing of receiving valuation
  - Schools bank balances based on estimates
  - Misclassification on notes to the statement of accounts
- 4.3 The following improvements have been implemented this year:
  - Improved guidance on the closedown process and the evidence required
  - Training sessions have been held for all of accountancy.
  - Training sessions for capital project managers.

## Valuations

- 4.4 Discussions have been held to agree a revised process for capturing the required evidence for audit during the valuation process.
- 4.5 This process includes revised guidance issued from finance to clarify requirements by the auditors.
- 4.6 Additional review steps by both the valuations and finance teams have been included in the revised process to help identify issues during the statement of accounts preparation process and prior to submitting the accounts and working papers to the auditors.

## Other

- 4.7 It should be noted that due to the cyber incident we are expecting potential issues as staff access has been impacted to action tasks at the appropriate time. This is especially the case with the valuations team who were working to a tight deadline, following audit queries in relation to 2022/23 statement of accounts. We are monitoring the situation and updating deadlines where possible to enable completion of the statement of accounts by the 31 May requirement.

## **5. Financial, legal, equalities, climate emergency and other implications**

### 5.1 Financial implications

There are no financial implications arising from this report.

### 5.2 Legal implications

There are no direct legal implications arising from this report.

Kevin Carter, Head of Law, Ext 37 4197

### 5.3 Equalities implications

There are no direct equalities implications arising from the report.

Equalities Officer, Surinder Singh, Ext 37 4148

### 5.4 Climate Emergency implications

There are no climate emergency implications directly associated directly with this report.

Aidan Davis, Sustainability Officer, Ext 37 2284

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

**6. Background information and other papers:**

- Finance Update and 2022/23 External Audit Progress report presented to Governance & Audit Committee on 22 November 2023
- Statutory Statement of Accounts & Annual Governance Statement 2022/23 presented to Governance & Audit Committee on 18 April 2024

**7. Summary of appendices:**

N/A

**8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

**9. Is this a “key decision”? If so, why?**

No