



Leicester  
City Council

Minutes of the Meeting of the  
GOVERNANCE AND AUDIT COMMITTEE

Held: Tuesday, 11 February 2025 at 5:30 pm

P R E S E N T :

Councillor Kaur Saini (Chair)  
Councillor Clarke (Vice Chair)

Councillor Ted Cassidy  
Councillor Joel

Councillor Westley

Councillor Kitterick  
Councillor Rae Bhatia

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**1 Apologies for Absence**

Apologies were received from Bipon Bhakri.

**2 Declarations of Interest**

There were no declarations of interest.

**3 Minutes of the Previous Meeting**

RESOLVED:

That the minutes of the meeting of the Governance and Audit Committee held on 29 January 2025 be confirmed as a correct record.

**4 Statutory Statement of Accounts and Annual Governance Statement 2023/24**

The Director of Finance and External Auditors submitted a report to the Governance and Audit Committee with presented the Statutory Statement of Accounts and Annual Governance Statement 2023/24, along with updates from the External Auditor which details of their audit work and recommendations.

Members sought further clarification and raised the below points:

- Members expressed concerns about approving the accounts without full knowledge and understanding of the financial details provided.

- In response to a query regarding net asset values and whether there would be a detrimental impact on resources, it was clarified that the International Accounting Standards adopted in 2010 required local authorities to align their accounts with corporate financial reporting and valuation processes. It was reiterated that revaluations will take place where appropriate and there will not be an impact on financial resources.
- The Director of Finance informed members the opportunity to have a session to go into the financials in further detail is always open to them/
- Grant Thornton, the auditors clarified that the changes do not impact the General Fund balances. Ultimately, reserve balances stay same regardless of change.
- The Director of Finance confirmed that technical figure that goes into account for Property, Plant and Equipment and won't change the General Fund or reserves but is just a technical figure that goes into the accounts.

The Head of Finance provided a breakdown of the addendum report, explaining the updated figures. In response members provided further comments:

- Members highlighted the difficulty of interpreting the technical financial information provided in the report pack. The Director of Finance acknowledged these challenges and noted that CIPFA (Chartered Institute of Public Finance and Accountancy) are aware and considering improving the financial reporting to enhance clarity for both members and the public.
- Members requested an executive summary for future years to capture key financial highlights and provide a, overview of the accounts.
- The External Auditors, Grant Thornton, reiterated that their role as external auditors is to provide assurance on whether the financial processes have been followed correctly, if any significant concerns arose during the auditing process, the committee would be formally notified.
- A member raised concerns about recurring issues in the financial reporting process, and whether these challenges would persist in future. The Director of Finance acknowledged the ongoing challenges, particularly regarding PPE valuations where a shortage of in-house valuers has placed additional strain on the process. To address this, outsourced valuers are being sought to improve efficiency. Whilst challenges are anticipated for the 2024/25 accounts, significant improvements are expected for the 2025/26 reporting cycle.

## RESOLVED

Proposed by Councillor Saini, seconded by Councillor Westley:

“That the committee:

- Noted the auditor’s ISA 260 Report (the Audit Findings Report)
- Approved the Statements of Accounts 2023/24
- Approved the Annual Governance Statement 2023/24
- Approved the Letter of Representation
- Delegated authority to approve any minor amendments to the Annual Accounts and the Annual Governance Statement to the Director of Finance”

The External Auditors, Grant Thornton, submitted a report to the Governance and Audit Committee and presented the External Audit Report 2023-24.

In response members raised the following:

- A member noted the financial challenges affecting multiple authorities where reserves had been exhausted and expressed concerns about Leicester City Council facing challenges from the increased demand for services and resource constraints.
- A member highlighted concerns from page 251, noting the statement on the 'internal framework' appearing incomplete. The External Auditor explained that the cybersecurity breach had impacted the council's ICT controls, which is why full assurance could not be provided.
- A member questioned whether there was an inconsistency in the council's risk registers, referencing the three areas of improvement in the reports. The External Auditor responded that this was related to the Strategic Risk Register and Operational Risk Register which should be resolved before the March Committee.
- A member raised concerns about predictions of a potential Section 114 notice, noting that while warnings of financial distress had been ongoing, the expected notice had not materialised. It was further expressed the frustration and challenge for members to effectively monitor forecasting and expenditure.
- A member questioned whether expenditure on social care and logistical transport was being properly managed, suggesting that some areas may be subject to inefficiencies for the Council.
- The Director of Finance informed members that Special Educational Needs and Disabilities (SEND) would be incorporated into the Internal Audit Plan.
- Further discussions took place on transportation and cultural projects, with members questioning whether they provide value for money the real social, economic and cultural value.

RESOLVED

The committee noted the report.

## **6 Governance and Audit Workplan 2024/25**

The Director of Finance informed Committee that the Internal Audit Plan had been added to the workplan, as requested by Committee at the previous meeting.

There were no other comments or amendments from the Committee.

## **7 Action Tracker**

There were no further comments from Committee on the Action Tracker.

## **8 Any Other Urgent Business**

The meeting was declared closed as there was no other urgent business.