



## **CORPORATE GOVERNANCE COMMITTEE – 23 JANUARY 2026**

### **REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

### **EXTERNAL AUDIT OF THE 2024/25 STATEMENT OF ACCOUNTS, ANNUAL GOVERNANCE STATEMENT AND PENSION FUND ACCOUNTS - UPDATE**

#### **PURPOSE**

1. The purpose of this report is to present an update on the external audit of the 2024/25 financial statements.

#### **BACKGROUND**

2. The committee received an interim Audit Findings Report (AFR) for Leicestershire County Council at its last meeting on 24 November 2025.
3. The report explained that the external audit had been substantially completed with the exception of final matters on the County Council audit including; final asset valuation queries, pensions liability, operating expenditure and final quality reviews by the audit manager and key audit partner. The pension fund audit had been completed.
4. Delegated authority was approved by the Committee to the Director of Corporate Resources and Chairman of the Committee to approve and sign the financial statements and letters of representation for 2024/25, once the final outstanding items had been resolved.
5. The work has now been completed and the accounts are due to be signed by the end of January 2026. The Auditor anticipates issuing an unmodified opinion.
6. The financial statements comprise the accounts for the County Council, the Annual Governance Statement and the accounts for the Pension Fund.
7. The Committee received copies of the 2024/25 external audit plans at its meetings in March 2025 (County Council) and in June 2025 (Pension Fund). A progress report on the external audit was reported to the committee in September 2025.
8. Grant Thornton UK LLP are the County Council's external auditor. Representatives from Grant Thornton UK LLP, responsible for the audit will attend the Committee to answer any questions.

9. The Accounts and Audit (Amendment) Regulations 2024 introduced 'backstop' dates by when local authorities must publish their audited accounts. For the financial year 2024/25 the deadline is the 27 February 2026. The 'backstop' dates then gradually move forward in subsequent years to the end of January 2027 for the 2025/26 accounts and then to the end of November 2027 for the 2026/27 accounts. The backstop dates were introduced to address delays in publishing local authority audited accounts.

### **AUDIT FINDINGS REPORT 2025/26 – UPDATED (COUNTY COUNCIL)**

10. During completion of the Auditors final checks in December the following technical areas were discussed and amended in the accounts:
- Social Care Grant, £44m – amended to a specific grant, instead of a general grant. Now shown as part of Service expenditure within the Comprehensive Income and Expenditure Statement (CIES) instead of general income. No change to net expenditure.
  - Better Care Fund, £33m – updated the accounting treatment of the contribution from the NHS Integrated Care Board (ICB). The arrangement meets the definition of a joint operation which requires the expenditure incurred by the Council on behalf of the ICB to be netted off against the contribution received. This amendment requires the gross expenditure and gross income for the Adult Social Care department line within the CIES to be netted down. There is no change to the reported net expenditure.
  - Pooled Property & Pooled Infrastructure Investments, £34m - following a review of the accounting treatment it has been determined that these should be accounted for as revenue investments instead of capital expenditure. The amendment requires the financing to be moved between the capital adjustment account and revenue reserves resulting in an increase in reserves of £27m as at 31 March 2025. This is not new funding, the funding was already planned to be received when the investments mature, however £9m was expected beyond the current MTFS and will now be used to reduce the overall capital shortfall from £84m to £75m. The funding was already committed for this purpose but can now be used earlier.

These amendments have also been made retrospectively to update prior year balances in the accounts.

11. In addition, the following amendments were also discussed and amended where appropriate:
- Derecognition of Property, Plant and Equipment, £5.7m. Assets fully depreciated and held at nil net book value were derecognised in the 2024/25 accounts. However some of the assets were still in residual use as at the balance sheet date. An amendment has been made to reinstate the gross balances which increases the gross carrying value and gross accumulated depreciation. There is no change to the nil net book value in the balance sheet.
  - Land and Buildings Valuation, £1.0m. Understatement of the valuation of County Hall. This is immaterial overall and has not been adjusted for in the

accounts (materiality is £20m). The letter of representation has been updated to confirm the accounts have not been amended for this item.

12. The final Audit Findings Report has now been received and a copy is attached as Appendix A. The report is substantially the same as the copy the Committee received in November with additions made for the areas mentioned above; pages 7 and 8 (headlines), page 36 (social care grant), page 37 (better care fund), page 38 (pooled investments), page 41 (derecognition) and page 43 (land and buildings valuation).
13. The updated financial statements are attached as Appendix B.
14. The final audit fee for the Council is £282,063, the same as advised in the external audit plan.
15. The updated letter of representation for the County Council is attached as Appendix C.

### **RECOMMENDATION**

16. The Committee is asked to note the Auditor's updated Audit Findings Reports and approve the updated letter of representation. Once the accounts have been signed at the end of January a final copy will be emailed to all members of the committee.

### **BACKGROUND PAPERS**

External Auditor's Annual report and External Audit of the 2024/25 Statement of Accounts, Annual Governance Statement and Pension Fund Accounts - 24 November 2025.

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7963&Ver=4>

External Audit of the 2024/25 Statement of Accounts – Audit Progress Report – 19 September 2025.

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7962&Ver=4>

External Audit Plan 2024/25 (Pension Fund), Corporate Governance Committee – 23 June 2025. <https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7961&Ver=4>

External Audit Plan 2024/25 (LCC), Corporate Governance Committee – 31 March 2025

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7960&Ver=4>

Terms of Reference, Corporate Governance Committee – 6 December 2024

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=434&MId=7724&Ver=4>

### **CIRCULATION UNDER THE LOCAL ISSUES ALERT PROCEDURE**

None.

### **EQUAL OPPORTUNITIES IMPLICATIONS**

None.

**APPENDICES**

Appendix A - Updated Audit Findings Report - County Council

Appendix B – Updated Statement of Accounts, AGS and Pension Fund Accounts 2024/25

Appendix C - Letter of Representation – County Council

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