

# **Audit Findings (ISA 260) Report for Teignbridge District Council**

Year ended 31 March 2025

30 January 2026



## Teignbridge District Council

Forde House  
Brunel Road  
Newton Abbot  
TQ12 4XX  
30 January 2026

Dear Members of the Audit Committee

## Grant Thornton UK LLP

2 Glass Wharf  
Bristol  
BS2 0EL  
0117 305 7600  
[www.grantthornton.co.uk](http://www.grantthornton.co.uk)

### Audit Findings for Teignbridge District Council for the 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

#### Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-2025.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Beth Bowers

Director  
For Grant Thornton UK LLP

**Chartered Accountants**

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



# Contents

Section	Page
Headlines and status of the audit	05
Materiality	13
Overview of significant and other risks identified	16
Other findings	26
Communication requirements and other responsibilities	34
Audit adjustments	41
Value for money	66
Independence considerations	69
Appendices	73

# **Headlines and status of the audit**

# Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Teignbridge District Council (the ‘Authority’) and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

## Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the ‘Code’), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

As of this report's date, we have concluded several areas of our audit work, detailing the findings in the body of this report on pages 51 - 66 . For work not yet concluded, we have highlighted the work undertaken to date, and any findings or recommendations.

Key areas where we have been unable to conclude include: opening balances, property valuations, creditors, grants received in advance, movements in reserves and Capital expenditure and financing. There are also a number of other areas still in progress these include:

- Leases and IFRS16
- Debtors – including bad debt provision
- Cash
- Fees and charges income
- Grants and contributions
- Housing benefit
- Expenditure and funding analysis
- Financial instruments
- Collection fund account and disclosures
- Joint arrangement – Strata

**Continued.**

# Headlines

## Financial statements continued

- Whole of government accounts
- Review of pay 360 system
- Review of management letter of rep
- Review of final set of financial statements

Areas subject to quality review:

- Pensions
- Operating expenditure
- Remuneration disclosures
- Capital commitments
- Journal entry testing

Our findings to date are summarised on pages 16 - 33. We have not identified any adjustments to the financial statements that result in an adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed from page 41 - 45 . During our work, we have also raised 5 recommendations for management, which are set out at pages 46 and 47, with follow up of our prior year's audit recommendations detailed at pages 49 - 50.

Owing to the challenges of undertaking an audit where the previous years audits were subject to backstop-related disclaimed audit opinions, we have been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements. Our anticipated financial statements audit report opinion will be a disclaimed opinion.

Our draft Audit Report is provided separately. We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

# Headlines

## Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented at the 17<sup>th</sup> December Audit Committee. We identified one statutory recommendation and three significant weakness in the Authority's arrangements; these were all retained from the 2023/24 work. We are therefore not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report pages 70 – 72.



# Headlines

## Statutory duties

We have retained a statutory recommendation that was issued as part of the 2023/24 VFM work around member behaviour at the Council although we note that progress has been made in implementing the recommendations made.

## Significant matters

There were a number of issues that we encountered during the audit, that have led to delays in areas where we had planned to complete work and ultimately to us not being able to conclude work on all areas. While progress is greater than in previous periods, there is still a way to go for the authority to be able to conclude an audit by the end of November.

We experienced issues with some populations where the volume of debit and credit entries was so significant that it increased our sample sizes significantly. Given this was the first year the authority has been subject to a number of audit procedures in several years, we also experienced challenges in obtaining sufficient, appropriate audit evidence to support the nature of transactions.

Throughout the audit process we have maintained dialogue with officers to seek to conclude in the most efficient manner, and this will continue as we move our attention to planning for the 2025/26 financial statements audit.

# Headlines

## National context – audit backlog

### Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

# Headlines

## National context – local audit recovery

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop legislation. Our audit opinion also included a qualification over PPE balances due to the disclaimed opinion from 2020/21 being carried forward and also a qualification on the SANGS balance.

As a result, for 2024/25:

- we have limited assurance over the opening balances for 2024/25, the opening balance areas we have assurance over are investments and cash.
- no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

Our aim for the 2024/25 audit has been to continue with rebuilding assurance, therefore our focus has been on in-year transactions including income and expenditure, journals, payroll and remuneration and disclosures; and closing balances.

On 5 June 2025 the National Audit Office (NAO) published its “Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06” for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach;
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

At Teignbridge the scale of the challenge is large. With the year ended 31 March 2025 being the fourth consecutive set of financial statements subject to a disclaimer of opinion, we recognise how challenging future audit periods will be with the backstop date moving forward. Both external auditors and council officers are committed to working together to support the regaining of as much assurance as possible over the coming financial periods.

# Headlines

## Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

### Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

### Impact on the Authority

Implementation of IFRS 16 resulted in 16 operating lease and 1 peppercorn being transferred from PPE, these have been recognised appropriately under IFRS 16.

The following adjustments to opening balances were made to the Council's accounts following the implementation of IFRS 16:

Right-of-use - Other Land & Buildings - £9,814,000 transferred from Property, plant and equipment (other land & buildings) plus £1,587,000 recognised on transition – total £11,401,000.

Other Land & Buildings – reduced by £9,814,000 (net) as shown above.

Lease Liabilities: long term £1,261,000 plus short term £326,000 – total £1,587,000.

Accounting policies and disclosures have been updated to reflect the requirements of the new standard.

# Materiality

# Our approach to materiality

As communicated in our Audit Plan dated April 2025, we determined materiality at the planning stage as £1.5 million which equates to approximately 2.2% of your prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. Materiality levels have been updated from those in the audit plan to reflect actual calculations based on the draft 2024/25 accounts.

## Basis for our determination of materiality

- We have determined materiality at £1.6m based on professional judgement in the context of our knowledge of the Authority.
- We have used 2.2% of gross expenditure as the basis for determining materiality.

## Performance materiality

- We have determined performance materiality at £960,000; this equates to 60% of headline materiality.

## Specific materiality

- A lower materiality was identified for senior officers' remuneration of £20k due to the sensitivity of disclosures.

## Reporting threshold

- We will report to you all misstatements identified in excess of £80k, in addition to any matters considered to be qualitatively material.

# Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Authority (£)	Qualitative factors considered
Materiality for the financial statements	1,600,000	Materiality has been based on 2.2% of Gross Operating Expenditure.
Performance materiality	960,000	Calculated as 60% of materiality. This is due to the partial completion of audit work in 2023/24
Specific materiality for Senior Officers	20,000	A specific materiality for senior officer remuneration is applied due to heightened public interest of these disclosures.
Reporting threshold	80,000	Based on 5% of materiality.

# **Overview of significant and other risks identified**



# Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	In progress
Valuation of land and buildings	Significant	↔	✗	High	●
Valuation of pension fund net liability	Significant	↔	✗	Low	In progress
Suitable alternative natural green space (SANGS)	Significant	↑	✗	Low	●
Cash and cash equivalents	Significant	↑	✗	Low	In progress
The implementation of IFRS 16	Other	↔	✗	Low	In progress

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements / unable to complete sufficient audit procedures

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of management controls over journals;</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals;</li> <li>identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;</li> <li>gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness</li> </ul>	<p>Our testing of journal entries is still in progress. To date we have not identified any issues in respect of management override of controls.</p> <p>For all journals reviewed we have concluded that they were appropriate transactions.</p> <p>However, we have noted two deficiencies in the control environment:</p> <ul style="list-style-type: none"> <li>- We identified that the S151 and deputy s151 can post and do post journals in the year. From our testing we have not identified any issues in these journals but we would not expect senior officers to have this level of access.</li> <li>- We also identified that users can self-authorise their own journals. We therefore recommend that management consider amending their processes such that the self-authorisation of journals is removed.</li> </ul>

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Presumed risk of fraud in revenue recognition</b></p> <p>Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue.</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the revenue streams both individually and collectively.</p>	<p>Throughout the audit we have continually reviewed this assessment and our judgement still stands, therefore we do not consider this to be a significant risk of for the Authority.</p>

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Presumed risk of fraud in expenditure recognition</b></p> <p>Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.</p>	<p>We have identified and completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p>	<p>Throughout the audit we have continually reviewed this assessment and our judgement still stands, therefore we do not consider this to be a significant risk of for the Authority.</p>

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of land and buildings</b></p> <p>The Authority revalues its land and buildings on a rolling five-yearly basis.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date.</p> <p>We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li> <li>• Evaluated the competence, capabilities and objectivity of the valuation expert</li> <li>• Written to the valuer to confirm the basis on which the valuation was carried out</li> <li>• challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>• tested revaluations made during the year to see if they had been input correctly into the Authority’s asset register; and</li> <li>• evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value (fair value for surplus assets) at year-end.</li> </ul>	<p>Due to the previous two financial statements audits being subject to a backstop disclaimer opinion we do not have assurance on assets valued in prior years. In addition, in the 20/21 audit opinion, we disclaimed the Valuation of land and buildings due to little evidence being provided to support the inputs to the valuation calculations.</p> <p>We received the Fixed Asset Register and the valuers report and used these as a basis for selecting a sample for testing. However, due to time constraints imposed by the statutory audit backstop, we are unable to conclude our work in this area.</p>

# Significant risks

## Risk identified

### Valuation of pension fund net liability

The Authority's share of the pension fund net liability, as reflected in its Balance Sheet as the pension liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£17.3m in the Authority's Balance Sheet at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

## Audit procedures performed

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of the Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

## Key observations

Management had considered the impact of IFRIC14 and included an asset ceiling adjustment in the draft financial statements. We reviewed the calculations undertaken by the Actuary.

We have also reviewed the IAS19 letter received from the Auditor of the Devon Pension Fund, they identified an understatement of the pension funds asset figures which has been reported as an unadjusted misstatement.

Our work is completed subject to quality reviews.

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>SANGS</b></p> <p>The council purchased land to use as Suitable Alternative Natural Green Space (SANGS). This transaction was entered into in 21/22 and treated as capital, in our 21/22 Audit Findings Report we reported that we believed SANGS did not meet the definition of capital expenditure. In 24/25 the council have agreed to an alternative method of treatment which aligns with our view as external auditors. The council is therefore doing a prior period adjustment to ensure SANGS is appropriately recorded in the accounts as a revenue transaction. There is a risk that the adjustment is not appropriately accounted for.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of the SANGS adjustments;</li> <li>analysed the rationale for the adjustment;</li> <li>Reviewed the adjustments in the prior year figures to ensure that all adjustments have been made appropriately;</li> <li>Reviewed the third balance sheet to ensure this is appropriately presented.</li> </ul>	<p>Our work completed identified that there was no third balance sheet produced, the council had initially produced one but removed it due to confusion from previous email correspondence. The council has updated the accounts to include a third balance sheet. No further issues identified and we are satisfied that the specific disclaimer issued in 2023/24 can be removed as all relevant adjustments have been processed in relation to this transaction.</p>
<p><b>Cash and cash equivalents</b></p> <p>While officers have invested significant time into the bank reconciliation work, the council was not able to fully reconcile the bank reconciliations from October to February; this is primarily due to personnel shortages and the introduction of the new IMS system. We have therefore determined this as a significant risk due to the nature of cash and cash equivalents being fundamental to an organisations financial position.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>Gained an understanding of the processes in place within the cash system;</li> <li>Obtained the year end bank reconciliation;</li> <li>Agreed year end balances back to bank statements and</li> <li>Reviewed reconciling items.</li> </ul>	<p>Our work in this area is still in progress. To date we have not identified any issues in this area.</p>

# Other risks

Risk identified	Audit procedures performed	Key observations
<b>Changes to risk assessment</b> The following risks have been reassessed from the version previously communicated in the Audit Plan:		
<b>Escrow</b> As part of our planning inquiries, management confirmed their awareness of a transaction outside the normal course of business—specifically, the use of an escrow account in relation to one of the Council’s Future High Streets Fund (FHSF) projects. We have identified a risk that the escrow account may be subject to incorrect accounting treatment or mis-presentation in the financial statements. This is considered a risk factor, as any such misstatement could result in errors and potential non-compliance with applicable accounting standards relating to the recognition, classification, and disclosure of the escrow arrangements.	We have: <ul style="list-style-type: none"><li>• evaluated the nature of the escrow agreement to determine how it should be treated in the accounts;</li><li>• analysed the rationale for entry into escrow account and</li><li>• Reviewed the accounting entries to ensure it is being appropriately accounted.</li></ul>	Our work in this area is complete and has not identified any issues in this area.



# Other risks

Risk identified	Audit procedures performed	Key observations
<p><b>Implementation of IFRS16</b></p> <p>The adoption of IFRS 16 is required for local government authorities at 1 April 2024. We would expect audited bodies to disclose the implementation of the new accounting standard requirements, the nature of the changes in accounting policy for leases, along with the impact of IFRS 16 on transition. This represents a significant change in accounting standards and we have therefore recognised the risk of misstatement in implementation of this standard.</p>	<p>Reviewed the steps taken by management to identify leases to be disclosed under IFRS16</p> <ul style="list-style-type: none"><li>– Tested a sample of leases to ensure these have been calculated accurately</li><li>– Tested a peppercorn right of use asset valuations</li></ul>	<p>Our audit work in this area is still in progress.</p>

# Other findings

# Other findings – significant matters

Issue	Commentary	
Significant events or transactions that occurred during the year	None noted.	Not required.
Business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement	None noted.	Not required.
Concerns about management's consultations with other accountants on accounting or auditing matters	None noted.	Not required.
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services	None noted.	Not required.

# Other findings – significant matters

Issue	Commentary	
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	None noted.	Not required.
Other matters that are significant to the oversight of the financial reporting process	None noted.	Not required.
Prior year adjustments identified	The council purchased land to use as Suitable Alternative Natural Green Space (SANGS). This transaction was entered into in 21/22 and treated as capital, in our 21/22 Audit Findings Report we reported that we believed SANGS did not meet the definition of capital expenditure. In 24/25 the council have agreed to an alternative method of treatment which aligns with our view as external auditors. The council is therefore doing a prior period adjustment to ensure SANGS is appropriately recorded in the accounts as a revenue transaction.	The draft accounts did not include a third balance sheet for 2022/23, the council had initially produced one but removed it due to confusion from previous email correspondence. The council has updated the accounts to include a third balance sheet.

# Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

**Assessment:**

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<b>Valuation of land and buildings</b> £112.4m at 31 March 2025	Other land and buildings comprises of specialised assets such as leisure centres and tennis courts which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged an internal valuer and an external valuer (District Valuer) to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. 85% of total assets were revalued during 2024/25.  (continued)	We have: <ul style="list-style-type: none"><li>• Reconciled the valuation report to the Fixed Asset Register</li><li>• Reviewed the valuation report to identify any changes in valuation basis from the prior year.</li><li>• Performed review over indices to compare the valuation movement to the expected movement using Gerald Eve reports</li><li>• Evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work</li><li>• Evaluated the competence, capabilities and objectivity of the valuation expert</li><li>• Written to the valuer to confirm the basis on which the valuation was carried out</li></ul>	No overall conclusion formed this year, as our opinion has been disclaimed.

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Valuation of land and buildings	Management have considered the year end value of non-valued properties. Our assessment of assets not revalued has identified no material change to the properties value. The total year end valuation of land and buildings was £112.4m, a net decrease of £3.4m from 2023/24 (£115.8m).	<p>Due to the previous three financial statements audit being subject to a backstop disclaimer opinion we do not have assurance on assets valued in prior years. In addition, in the 20/21 audit opinion, we disclaimed the Valuation of land and buildings due to little evidence being provided to support the inputs to the valuation calculations.</p> <p>We received the Fixed Asset Register and the valuers report and used these as a basis for selecting a sample for testing. However, due to time constraints imposed by the statutory audit backstop, we are unable to conclude our work in this area.</p>	No overall conclusion formed this year, as our opinion has been disclaimed.

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																								
Valuation of net pension liability £17.3m at 31 March 2025	<p>The Authority's net pension liability at 31 March 2025 is £17.3m (PY £18.5m) . The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from the Devon County Pension Fund. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £1.2m net actuarial gain during 2024/25.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none"> <li>the actuary's experience, competence and professional qualifications;</li> <li>the actuary's approach, through the use of PwC as an auditors expert, used to assess the methods and assumptions used (see below table for consideration of the assumptions adopted);</li> <li>the impact of any changes to valuation method – none were noted;</li> <li>the completeness and accuracy of the underlying information used to determine the estimate by comparing it to source records and other data provided through the audit;</li> <li>the assurances provided by the auditor of Devon Pension Fund over the process and controls in place at the Fund over the information provided to the actuary; and</li> <li>the adequacy of disclosures of estimate in the financial statements.</li> </ul> <table> <tr> <th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>5.80%</td><td>5.60% - 5.95%</td><td>Reasonable</td></tr> <tr> <td>Pension increase rate</td><td>2.90%</td><td>2.85% - 2.95%</td><td>Reasonable</td></tr> <tr> <td>Salary growth</td><td>3.90%</td><td>3.85% - 3.95%</td><td>Reasonable</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>22.7 21.4</td><td>20.6 – 23.1 19.2 – 21.8</td><td>Reasonable</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>24.1 22.7</td><td>24.1 – 25.7 22.7 – 24.3</td><td>Reasonable</td></tr> </table>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.60% - 5.95%	Reasonable	Pension increase rate	2.90%	2.85% - 2.95%	Reasonable	Salary growth	3.90%	3.85% - 3.95%	Reasonable	Life expectancy – Males currently aged 45/65	22.7 21.4	20.6 – 23.1 19.2 – 21.8	Reasonable	Life expectancy – Females currently aged 45/65	24.1 22.7	24.1 – 25.7 22.7 – 24.3	Reasonable	<p>No overall conclusion formed this year, as our opinion has been disclaimed.</p> <p>No issues identified from our work.</p>
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.80%	5.60% - 5.95%	Reasonable																								
Pension increase rate	2.90%	2.85% - 2.95%	Reasonable																								
Salary growth	3.90%	3.85% - 3.95%	Reasonable																								
Life expectancy – Males currently aged 45/65	22.7 21.4	20.6 – 23.1 19.2 – 21.8	Reasonable																								
Life expectancy – Females currently aged 45/65	24.1 22.7	24.1 – 25.7 22.7 – 24.3	Reasonable																								









# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<b>Minimum revenue provision</b> £1.5m in 2024/25	<p>The Authority is responsible on an annual basis for determining the amount charged for the repayment of debt known as its minimum revenue provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £1.5m, a net increase of £1.26m from 2023/24.</p>	<ul style="list-style-type: none"> <li>• The MRP has been calculated in line with the statutory guidance</li> <li>• The Authority's policy on MRP complies with statutory guidance.</li> <li>• Assess whether any changes to the Authority's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full Council</li> <li>• The MRP has increased Reasonableness of the increase/decrease in MRP charge</li> </ul> <p>New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p>	Our audit work in this area is still in progress.







# Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
FMS Financial Reporting	ITGC assessment (design, implementation and effectiveness)	 Amber	 Amber	 Green	 Green	Management override of controls, valuation of PPE and investment property assets and valuation of pension liability.
i-Trent Payroll	ITGC assessment (design and implementation effectiveness only)	 Green	 Green	 Black	 Black	Employee benefit expenditure

## Assessment:

-  [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  [Black] Not in scope for assessment

# **Communication requirements and other responsibilities**

# Other communication requirements

Issue	Commentary
Matters in relation to fraud	<ul style="list-style-type: none"><li>• We have previously discussed the risk of fraud with the Audit Committee and were not made aware of any instances at that time. During the course of our audit procedures, we were informed by management of a minor case of employee fraud. The matter has been addressed by the council, and the amount involved is considered trivial. No further impact on our audit conclusions has been identified.</li></ul>
Matters in relation to related parties	<ul style="list-style-type: none"><li>• We are not aware of any related parties or related party transactions which have not been disclosed.</li></ul>
Matters in relation to laws and regulations	<ul style="list-style-type: none"><li>• During the audit, we were informed of a governance matter where a councillor was disqualified, and the seat was not declared vacant promptly as required by legislation. The seat has since been declared vacant. This matter does not impact our audit opinion.</li></ul>
Written representations	<ul style="list-style-type: none"><li>• A letter of representation will be requested from the Council.</li></ul>

# Other communication requirements

Issue	Commentary
Confirmation requests from third parties	<ul style="list-style-type: none"><li>• We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. We are still awaiting some of these confirmations.</li></ul>
Disclosures	<ul style="list-style-type: none"><li>• Our review found no material omissions in the financial statements</li></ul>
Audit evidence and explanations / Significant difficulties	<ul style="list-style-type: none"><li>• We have encountered challenges during the audit due to the continued use of scanned documents and limited digital audit working papers. The financial system in use by the Council has also hindered our interrogation of the finance system as the data we need to be able to complete our work has not been readily available due to the reporting limitations of the current software being used</li></ul>
Other matters	<ul style="list-style-type: none"><li>• None noted.</li></ul>

# Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"><li>• The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li><li>• For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li></ul> <p>(continued)</p>

# Other responsibilities

Issue	Commentary
Going concern	<p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"><li>• the nature of the Authority and the environment in which it operates</li><li>• the Authority’s financial reporting framework</li><li>• the Authority’s system of internal control for identifying events or conditions relevant to going concern</li><li>• management’s going concern assessment.</li></ul> <p>However, as this year’s audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"><li>• a material uncertainty related to going concern has not been identified</li><li>• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li></ul>

# Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with ‘delivering good governance in Local Government Framework 2016 Edition’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>Our Auditors Annual Report includes a Statutory Recommendation retained from 2023/24 due to the members behaviour, the member-officer relationship and bullying and aggressive behaviour having persisted among some members.</p> <p>The Annual Governance Statement will be subject to the disclaimer opinion.</p>

# Other responsibilities

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. This work is not required as the Council does not exceed the threshold.
Certification of the closure of the audit	We intend to certify the closure of the 2024/25 audit of Teignbridge District Council in the audit report when we have concluded our audit testing.



# Audit adjustments

# Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

No adjusted misstatements have been identified at the date of issuing our report. We will provide an update to management and the Audit Committee should any issues be identified from the remaining testing.

# Audit adjustments

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
SANGS	As detailed on page 34 this transaction was entered into in 21/22 and treated as capital, in our 21/22 Audit Findings Report we reported that we believed SANGS did not meet the definition of capital expenditure. In 24/25 the council have agreed to an alternative method of treatment which aligns with our view as external auditors. The council is therefore doing a prior period adjustment to ensure SANGS is appropriately recorded in the accounts as a revenue transaction. The draft accounts did not include a third balance sheet for 2022/23, the council had initially produced one but removed it due to confusion from previous email correspondence. The council has updated the accounts to include a third balance sheet. This also involved updates to the prior period adjustments accounting policy to ensure appropriate disclose of this prior period adjustment.	✓
Pensions disclosures	In our work on pensions we identified that there was no reference to the Virgin media judgement. Updates have been made to include this within the pensions note.	✓
Investment in shares	Following our review of the Council's investment in shares disclosed in Note 17 – Long-Term Investments, we noted that the investment is not included in the Financial Instruments tables (Note 31) because its carrying amount is nil, although Note 17 provides a narrative disclosure. Under IFRS 7, disclosure requirements apply to all financial instruments, regardless of their carrying value. As a result, the Council has agreed to include a narrative disclosure for this investment in Note 31 (Financial Instruments).	✓
Pensions Note	We identified a £270k variance arising from a transposition error in the overseas equities figure disclosed on page 108 of the accounts. The Council reported £65.714 million, whereas our reconciliation to the Actuarial Report indicates the amount should be £65.983 million. Management has confirmed that this error will be corrected.	✓
Throughout	A number of typographical errors have been identified throughout the financial statements.	✓

# Audit adjustments

## Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
We identified a calculation error in the NNDR debtors provision	-	Dr Debtors - 136 Cr Creditors - (82)	-	Cr Unusable reserves - (54)
The pension fund auditor identified an understatement of the total fund assets provided to the actuary amounting to £17,551k. Based on the council's share of 2.069% this results in a £363k understatement.	-	Dr Pension Assets - 363 Cr Pension Reserves - (363)	-	-
Overall impact of current year unadjusted misstatements	0	54	0	(54)

# Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24, and the resulting impact upon the 2024/25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
One issue identified within our creditors testing, resulting in an over-accrual of £399k. We have extrapolated a total possible variance of £589k.	589	589	589	589	Projected error is not material
Overall impact of prior year unadjusted misstatements	589	589	589	589	
Cumulative impact of prior year and current year unadjusted misstatements on 2024/25 financial statements	589	643	589	535	

# Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<div><div></div><div>Medium</div></div>	<p>An employee who had left the organisation continued to appear on the payroll report for four months after their departure date. Although no payments were made to the individual in this period. They remained on the payroll whilst it was confirmed the appropriate backpay had been paid to the individual.</p> <p>The presence of a former employee on payroll records increases the risk of erroneous or fraudulent payments occurring.</p>	<p>The council should ensure it does everything in its power to follow up on these matters to ensure individuals can be removed from payroll within a month of leaving the organisation.</p> <p>Management response</p> <p>The Council will ensure that former employees are removed from the payroll system as soon as we have all of the relevant information to enable this to take place.</p>
<div><div></div><div>Medium</div></div>	<p>The 2023/24 closing trial balance and the 2024/25 opening trial balance did not balance due to posting errors, and although the corrections were made in 2024/25, they should have been addressed as part of the 2023/24 year-end process.</p>	<p>The council should ensure year-end trial balances are fully reconciled and corrected before accounts are closed.</p> <p>Management response</p> <p>Our finance system allows us to address in the following year by adjusting the opening balances. We were aware of the change very early due to our robust weekly testing and reconciliation reports and required a simple journal to correct the two numbers in question.</p>

## Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

# Action plan continued

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Low</p>	<p>In our work on depreciation, we identified six assets with negative carrying values due to an extra year of depreciation being charged after the asset was fully depreciated. We also identified 87 assets being left with small residual balances instead of being fully depreciated or cleared on disposal.</p> <p>Although the value of residual amounts were below trivial, assets should be depreciated to zero or appropriately removed from the fixed asset register.</p>	<p>The council should consider implementing checks to prevent additional depreciation being charged in error and to identify and correct small residual balances occurring.</p> <p>Management response</p> <p>These checks are in place every year and we are aware of these old assets with very small negative values. The 87 assets are retained if still held and being used, any that have been sold are flagged as such and only retained on the assets spreadsheet for reference purposes</p>
<p>●</p> <p>Medium</p>	<p>In obtaining our journals population the required general ledger listing could not be obtained in the format needed as the council's general ledger was only in weeks and for our report, we needed this information in days. System constraints limit the completeness of data available.</p>	<p>The council should consider the existing system capabilities or whether available add-ons could enhance general ledger data date extraction.</p> <p>Management response</p> <p>Journals are recorded by date and this is available on the journal listing report, which was provided during the audit</p>
<p>●</p> <p>Medium</p>	<p>In line with the CIPFA code assets should be valued every 5 years as part of the 5-year rolling programme. We have identified 101 assets totalling £1.3million that were last valued on 1/04/2019 and not revalued until 31/03/2025. This is therefore outside of the 5-year period, this has occurred due to change in the valuation date in 2024/25 to March from April. We are satisfied there is not a risk of material misstatement of these assets as our analysis identified a potential movement of these assets of £185k.</p>	<p>The council should ensure compliance with the CIPFA codes 5-year rolling programme valuation requirement.</p> <p>Management response</p> <p>These assets were still valued within the five year accounting periods but valuation date moved to the end of the financial year. As this change of accounting valuation date is a one off this won't happen again in future years</p>

# Follow up of prior year recommendations

We identified the following issues in the audit of the Authority’s 2023/24 financial statements, which resulted in 9 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented 4 of our recommendation.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	The audit was delayed by the age and user-friendliness of the finance system as there is typically only one member of the finance team the Finance Systems Analyst/Administrator, who can integrate the system and pull-down financial reports. At the start of the audit, this individual was seconded to a project team to roll out a new income management system and therefore was not able to assist the finance team in providing reports to the audit team such as a trial balance and general ledger reports.	<p>Management comment: We continue to make this individual available for the audit work required. We have also trained others in aspects of the report writing to give more cover moving forward.</p> <p>GT Comment: As noted previously, we faced some challenges as part of the audit process that we will work with management to address in future periods.</p>
✓	The PPE valuations are undertaken as at 31 December and therefore we challenged Management to confirm that the difference between the valuation date and the value in the financial statements is not material. We asked Management if any indexation exercise is undertaken. Management confirmed that no such exercise was performed.	<p>Management comment: For 24/25 we have moved valuations to 31 March.</p> <p>GT Comment: Valuations have been moved to 31 March.</p>
X	During our work we have noted that there are multiple codes within the trial balance where they do not relate to only one area of the balance sheet. For example, debtors and creditors are routinely posted to one nominal ledger code and manually split out at year end. We have therefore had difficulty in reconciling account codes and listings in order to performing sampling.	<p>Management comment: This will continue to occur as we try and split a control code between long and short term elements e.g. sundry debtors and those with 'arrangements' they are easily reconcilable from our working papers.</p>

**Assessment**

- ✓ Action completed
- X Not yet addressed



# Follow up of prior year recommendations continued

Assessment Issue and risk previously communicated

Update on actions taken to address the issue

✓	<p>During our testing of payroll we check a sample of starters, leavers and those employees who have changed roles within the year. Our testing noted that Several of the forms we were provided with were not signed by the employee and/or their manager and one form was even signed with the wrong name and date. This is not in line with the Council's policies.</p> <p>We also noted that Two of our samples related to members and upon investigation it was noted that there are no official starters and leavers process for Councillors.</p>	<p>Management comment:</p> <p>We continue to ensure that all documentation is signed as part of our leavers procedures. This may not always happen if someone is dismissed or leaves whilst on long term sick etc so a small number of anomalies will arise.</p>
✓	<p>We obtained the listing for the REFCUS expenditure and selected 11 samples. For each sample, we documented the nature of the expenditure and agreed the nature and value of the expenditure to supporting evidence. We then assessed whether the item was correctly accounted for as REFCUS in line with the CIPFA Code. No issues were noted in our testing on the classification and value of REFCUS expenditure, however the expenditure for one of our samples was noted to have occurred in the prior financial period. We have challenged Management as to the inclusion of this expenditure in this financial year and note that this was not recorded in the prior financial year and therefore needs to be included now. This is due to a timing issue and the accrual for this item was missed by Management when preparing the financial statements.</p>	<p>Management comment:</p> <p>This was a small item based on accruing and cut off and shouldn't concern the considerable accuracy around how we set our accrual policy and should be considered as a 'one off'.</p>
X	<p>A review of the journals download highlighted that the Director of Finance and the Deputy Director of Finance had been posting journals throughout the financial year. We therefore selected each of their journals to test to give us assurance over the management override of controls. In total, we therefore selected 113 journals to test, with 42 being posted by the Director of Finance and 43 by the Deputy Director of Finance. Posting of journals by the S151 was also raised as an issue in the prior audit.</p>	<p>Management comment:</p> <p>We continue to input journals. The transition period after I retire is to train 2 members of Finance staff who will then be able to do the majority/all of the journals as they cover asset and pension accounting</p>

# Follow up of prior year recommendations continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	Our testing of journals also noted gaps in the sequential numbers of the journals posted. This is due to a manual numbering system being used and users “taking” journal numbers to use and then that then number no longer being needed.	<p>Management comment: This was just a blip in using the numbers and can easily be reconciled based on input</p> <p>GT Comments: No gaps identified in our 2024/25 journals work</p>
X	<p>During our testing of employee benefit expenditure testing we sampled some payslips and asked management for support so that we could recalculate the elements of pay received.</p> <p>There were two lines of overtime hours paid for one of the samples, so we asked for supporting timesheets to confirm the number of hours worked and the dates to confirm the appropriate rate of pay. Payroll team advised they were not able to provide timesheets as the Waste Depot destroy timesheets after 12 months and the payroll team didn’t have any other records to evidence this.</p>	<p>Management comment: We can ask the Waste department to hold such information longer if necessary until the audit is complete. I would imagine Payroll could identify payslips from the iTrent system.</p>
X	We also noted that users can self-authorise their own journals. During our testing we noted that one of the S151 journals had not been reviewed.	<p>Management comment: We carry out an exercise to ensure the CFO journals are checked which will continue until we have gone through the transition period above</p>

# Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Property Plant and Equipment (PPE) – Opening balance			2024/25: unknown 2023/24: unknown 2022/23: unknown	54	50		4	Our audit work in this area is still in progress. No issues have been identified in our testing completed. We do not have assurances over this area due to prior year backstop.
PPE – Additions & REFCUS			2025/25: No 2023/24: No 2022/23: unknown	15	15	-	-	No issues identified from testing completed.

Assessment

- [Red] We were unable to fully test the balance/transaction.
- [Amber] We reviewed the balances and where applicable tested on a sample of transactions, however, we identified a number of issues/exceptions to be able to conclude.
- [Green] We were able to test the balances and conclude for 24/25 and we did not identify any significant issues

# Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
PPE – Disposals (and the associated gain/loss on disposal)			2025/25: No 2023/24: No 2022/23: unknown	-	-	-	-	Not material, no sample testing work undertaken.
Depreciation charge			2024/25 unknown 2023/24: no 2022/23: unknown	8	-	-	8	Our audit work in this area is still in progress. No issues have been identified in our testing completed.

# Status of audit testing 2024/25

## Primary Statement

### Balance Sheet

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size	Samples with appropriate evidence	Failed samples	Inconclusive samples	Auditor Comments
PPE – Revaluation and impairment (Other land & building)  [Significant risk]			2024/25 unknown 2023/24: unknown 2022/23: unknown	25	-	-	25	We have agreed the financial statement notes to the Fixed Asset Register, Valuers Report and Trial Balance. We have also agreed that the Valuers Report agrees to the Fixed Asset Register. We have confirmed the value of assets not revalued. We have undertaken a high level review of the significant assumptions we would expect to see within each valuation method and what evidence we would expect to observe for each assumption.  We completed a sampling strategy and identified 25 assets for testing. We have received the evidence for the 25 assets however due to the statutory audit backstop, we lack sufficient time to complete the planned audit procedures in this area.
Property Plant and Equipment (PPE) – closing balance			2024/25 unknown 2023/24: unknown 2022/23: unknown	25	-	-	25	We have been unable to test the opening PPE and the revaluation movement in the financial year due to the statutory audit backstop, we lack sufficient time to complete the planned audit procedures in this area. Consequently, we are unable to conclude our work in this area.

# Status of audit testing 2024/25

## Primary Statement

### Balance Sheet

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Property Plant and Equipment (PPE) – closing balance (Other)			2024/25: unknown 2023/24: unknown 2022/23: unknown	-	-	-	-	- Due to the statutory audit backstop, we lack sufficient time to complete work on the in year PPE movements which means we do not have assurance over the closing position. No specific samples were selected.
Long and Short term debtors (accuracy & Occurrence)			2024/25: unknown 2023/24: unknown 2022/23: unknown	98	In progress	-	-	At the date of drafting this report, no issues have been identified from our testing performed on debtors. As the prior year work on debtors was not completed, we do not have assurance over the opening balances contained within the year end debtors listing.
Short term debtors (Completeness)			2024/25: no 2023/24: unknown 2022/23: unknown	24	In progress	-	-	Testing still in progress. No issues identified from our testing performed to date.

# Status of audit testing 2024/25

## Primary Statement

### Balance Sheet

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Allowance for bad debts			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Our work in this area is still in progress. To date we have not identified any issues. We have recalculated the bad debt provision and note that the percentages used within the calculation are similar to previous years and there isn't a material movement compared to the prior years provision. This section has not identified any reporting points to be communicated to management and those charged with governance.
Cash and Cash equivalents			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Testing still in progress. No issues identified from our testing performed to date.

# Status of audit testing 2024/25

## Primary Statement

### Balance Sheet

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Short-term Creditors			2023/24: unknown 2022/23: unknown	51	16	-	-	Audit work still in progress and awaiting evidence on 35 items, to be updated on conclusion of audit work.
Investments – long term and short term			2024/25: no 2023/24: no 2022/23: unknown	5	5	-	-	No issues identified from our testing performed.



# Status of audit testing 2024/25

## Primary Statement

### Balance Sheet

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Short term creditors (completeness)			2024/25: no 2023/24: unknown 2022/23: unknown	50	In progress	-	-	Testing still in progress. No issues identified from our testing performed to date.
Grants received in advance			2023/24: unknown 2022/23: unknown	23	In progress	-	-	Audit work still in progress and awaiting evidence on 10 items, to be updated on conclusion of audit work.

# Status of audit testing 2024/25

## Primary Statement

### Balance Sheet

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Pensions Liability  [Significant risk]			2024/25: no 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	<p>Areas covered within this section include:</p> <ul style="list-style-type: none"> <li>- IAS19 – we have agreed the values in the IAS19 report agrees to the values included within the nominal ledgers and the draft statement of accounts both for the Council and those including the Council’s share of the Strata values.</li> <li>- Reviewed the competence, capability and objectivity of the Managements expert – no issues noted</li> <li>- Source data – we reviewed the source data, including the Council’s records. No issues were noted.</li> <li>- Analytical reviews – we performed a series of analytical reviews and evaluated the results.</li> <li>- Pension liabilities – we have assessed the actuarial assumptions and methods behind the actuary’s calculations and have noted no issues.</li> <li>- Pension assets – we have reviewed the letter of assurance provided by the pension fund auditor and have noted no issues.</li> <li>- IFRIC14 – We have recalculated the IFRIC14 values and have agreed these back to the Actuary’s figures.</li> </ul> <p>This is now green for 24/25 as testing has been completed in 23/24 and 24/25, therefore meaning we have assurance over the movement.</p>

# Status of audit testing 2024/25

## Primary Statement

### Balance Sheet

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Reserves			2024/25: unknown 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	<p>Areas covered within this section include:</p> <ul style="list-style-type: none"> <li>- Working paper prepared for the Movement In Reserves Statement showing that the totals agree to CIES, adjustments between accounting basis and funding basis note and the transfer to / from ear marked reserves note. No issues were noted.</li> <li>- Adjustments between accounting basis and funding basis note – cross referenced the values in this note to where each item is testing within the file. No issues were noted.</li> <li>- Usable reserves – cross referenced to other notes / where tested on file. No issues were noted.</li> <li>- Transfers to / from ear marked reserves – agreement back to Council meeting minutes showing that the members have agreed the values to be carried forward. No issues were noted.</li> <li>- Unusable reserves - cross referenced to other notes / where tested on file. No issues were noted.</li> <li>- Management prepared the MIRS consistency checker however differences were noted. Due to the time constraints imposed by the backstop it is not practical to resolve the remaining differences.</li> </ul>

# Status of audit testing 2024/25

## Primary Statement

### Comprehensive Income and Expenditure Statement

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Fees and charges			2024/25: no 2023/24: unknown 2022/23: unknown	32	25	-	7	Testing still in progress. No issues have been identified from our testing performed to date.
Grant income			2023/24: unknown 2022/23: unknown	20	In progress	-		Audit work still in progress and queries on a number of sample items, to be updated on conclusion of audit work.
Employee Benefit Expenditure			2024/25: no 2023/24: unknown 2022/23: unknown	-	-	-	-	We identified one item where a leaver was still included on the payroll 4 months after their leaving date. They were not paid anything during this period; this has been raised as part of our action plan and recommendations.

# Status of audit testing 2024/25

Primary Statement								
Comprehensive Income and Expenditure Statement								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Housing Benefits			2024/25: no 2023/24: no 2022/23: unknown	22	20	-	2	Testing still in progress. No issues identified from our testing performed to date.
Other Services Expenditure			2024/25: no 2023/24: unknown 2022/23: unknown	23	19	-	4	Testing still in progress. No issues identified from our testing performed to date.
Precepts and levies			2024/25: no 2023/24: no 2022/23: unknown	5	5	-	-	No issues identified from our testing performed.

# Status of audit testing 2024/25

Primary Statement								
Comprehensive Income and Expenditure Statement								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Council tax income and non-domestic rates (including Collection fund disclosures)			2023/24: unknown 2022/23: unknown	10	10	-	-	No issues identified from our testing performed.

# Status of audit testing 2024/25

## Primary Statement

### Other areas of testing

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Remuneration disclosures			2024/25: no 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	Review still in progress. No issues identified from our testing performed to date.
Leases and IFRS 16			2024/25: no 2023/24: no 2022/23: unknown	20	In progress	-	-	Testing still in progress. No issues identified from our testing performed to date.
Audit fees			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	No issues identified from our testing performed.

# Status of audit testing 2024/25

Primary Statement								
Other areas of testing								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Capital Expenditure and Financing			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Review still in progress. No issues identified from our testing performed to date.
Financial Instruments			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Review still in progress. No issues identified from our testing performed to date.



# Status of audit testing 2024/25

## Primary Statement

### Other areas of testing

Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Journals			2024/25: unknown 2023/24: unknown 2022/23: unknown	107	107	-	-	Testing still in progress. No issues identified from our testing performed to date.
Statement of cash flows			2024/25: unknown 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	This area is assessed as amber because, although we have completed our audit work on the 2024/25 cashflow statement, it is dependent on figures drawn from other sections of the accounts that are subject to a disclaimed opinion. As a result, we cannot obtain assurance over all of the inputs used in its preparation.

# **Value for Money arrangements**

# Value for Money arrangements

## Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30<sup>th</sup> November each year from 2024-25. Our draft AAR was reported to you on 17 December audit committee.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



### Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have identified a one statutory and three key recommendations in arrangements relating to governance that have been retained from 2023/24 work.

Our detailed findings in this area were set out in the Interim Auditor's Annual Report, which was presented to the Audit Committee on 17 December 2025. A final report will be issued in due course once our wider responsibilities have been completed.

# Other statutory powers

We set out below details of other matters which we, as auditors, are required by the Act and the Code to communicate to those charged with governance.

Issue	Commentary
Statutory recommendations	In 2023/24 we concluded that it was appropriate for us to use our powers to make written recommendations under section 24 of the Local Audit and Accountability Act, due evidence of bullying and aggressive behaviours having persisted among some members. This statutory recommendation remains in 2024/25.

# **Independence considerations**

# Independence considerations

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority, senior management or staff that would exceed the threshold set in the Ethical Standard.

# Independence considerations

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to January 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

No non-audit services are provided to the Council. Therefore no non-audit fees.

None of the below services were provided on a contingent fee basis.

<b>Audit fees</b>	<b>£</b>
Scale Fee	159,588
Additional VFM Fee	23,165
SANGS	7,325
Escrow	4,045
Journals	7,180
Debtors	4,680
IFRS 16	4,590
Cash 360 – New System	1,170
Laws and regulations	1,240
Elector Communication	4,460
General delays in audit process	48,750
<b>Total</b>	<b>266,193</b>

- The above fees are exclusive of VAT and out of pocket expenses.
- The scale fee agrees to the financial statements.

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.







# Appendices

# A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

# A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		
Non-compliance with laws and regulations		
Unadjusted misstatements and material disclosure omissions		
Expected modifications to the auditor's report, or emphasis of matter		

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

**Respective responsibilities**

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

**Distribution of this Audit Findings report**

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

## B. Management letter of representation

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report.



© 2025 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.