

The Audit Plan for Teignbridge District Council

Year ending 31 March 2026

April 2026



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The Backstop

The Future of 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 require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support 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.

Local Audit Recovery

In the audit report for the year ended 31 March 2025, a disclaimer of opinion was issued due to the backstop, there was also a specific disclaimer linked to the revaluation of Property, Plant and Equipment (following on from 2020/21 disclaimed opinion).

As a result, we anticipate that for 2025/26:

- we will have limited assurance over the opening balances for 2025/26; and
- no assurance over the closing reserves balance, due to the uncertainty over their opening amount.

We will work with the Council to rebuild assurance over time.

Our Work

In order to meet future statutory deadlines, for 2025/26 we will be working towards an internal deadline of 30 November 2026, as a dry run for future years. Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration disclosures; and closing balances for 2025/26. Our objective is to establish a pathway to recovery, by providing assurance over the in-year 2025/26 transactions and movements, where possible, and those closing balances which can be wholly determined in isolation without regard to the opening balance, such as creditors and debtors. As our work progresses, we will formulate a more detailed strategy as to how assurance can be gained on prior years. We will need the cooperation and input of management throughout the rebuilding process.

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Teignbridge District Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared

by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Land and Buildings
- Valuation of Pension Fund Net Liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £1.65m (PY £1.5m) for the Council, which equates to 2.2% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £82.5k (PY £75k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Standards of behaviour
- Incorrect governance processes
- Arrangements for decision making and high profile capital projects

We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

Audit logistics

Our interim has taken place in March and April and our final visit will take place from September to November. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £164,055 (PY: £266,193 – this is still subject to PSAA approval) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk 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 will:</p> <ul style="list-style-type: none"> • review accounting estimates, judgements and decisions made by management • test journal entries • review unusual significant transactions.

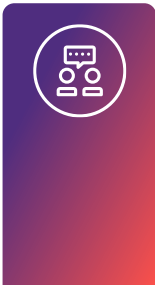


“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team’s assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated 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 transactions, or immaterial nature of the revenue streams both individually and collectively.</p>	<p>We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p>



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk

The expenditure cycle includes fraudulent transactions

Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

Audit team's assessment

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, due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively.

There is also a risk of fraudulent capital expenditure recognition where the Council may seek to manipulate the year end impact on the general fund. During the year ended 31 March 2025 the Council's capital programme was £6.8m, with a material level of capital additions. Therefore, if the Council were to fraudulently recognise expenditure, we believe it would be through the inappropriate capitalisation of revenue items.

We have not identified a significant risk of fraud in expenditure recognition for either revenue or capital expenditure streams due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively.

Planned audit procedures

We do not consider this to be a significant risk for the Council and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings	<p>The valuation of land and buildings represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions.</p> <p>In 2020/21 land and Buildings valuations was also subject to a specific disclaimed opinion as the council did not retain sufficient to appropriately evidence the significant assumptions and judgements made by the valuer in their valuation.</p> <p>We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document our understanding management's process and controls for the calculation of the estimate • evaluate the competence, capabilities and objectivity of management's expert • evaluate the consistency of the disclosure with the valuation report • evaluate the basis on which the valuations have been carried out • evaluate the information and assumptions used by the valuer • evaluate the accounting entries for the valuation • evaluate the reasonableness of the assumptions used to form the estimate

Significant risks identified (continued)

Significant risk

Valuation of the pension fund net liability

Audit team's assessment

The valuation of the pension fund net Liability represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.

Planned audit procedures

We will:

- document our understanding management's process and controls
- evaluate the competence, capabilities and objectivity of management's expert
- evaluate the consistency of the disclosure with the actuarial report
- evaluate the reasonableness of the assumptions used to form the estimate
- obtain assurances from the Devon pension fund auditor on the underlying data shared by the fund to the actuary which has been used in the calculation of this estimate
- we will review the IFRIC 14 assessment carried out by the actuary and evaluate the reasonableness of the assumptions used as part of the assessment.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the Council financial statements	1,650,000	We consider the size, complexity and operating environment.
Materiality for specific transactions, balances or disclosures	20,000	This relates to individual officers disclosures within the Remuneration report due to heightened public interest.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior years audit recommendations

We identified the following issues in our 2024/25 audit of the Council's financial statements, which resulted in 11 new recommendations being reported in our 2024/25 Audit Findings Report, a number of recommendations remained open from 2023/24. We have followed up on the implementation of our recommendations and 11 are still to be addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<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>	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.
In progress	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.	The councils finance system allows them to address this in the following year by adjusting the opening balances.
In progress	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.	There has been no change to report format
Addressed	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.	Valuation date changed in 2024/25 so this will not occur again in 2025/26.

Progress against prior years audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	During our testing we noted that several working papers were still prepared in handwritten form. While the information itself was sufficient, handwritten documentation can be more difficult to follow, review and reference, and increases the risk of errors or omissions. It also makes it more challenging to complete audit testing efficiently.	Management are ensuring that moving forwards working papers are not handwritten.
Not complete	The council does not have a formal de minimis limit set out in its policies. However, staff have an informal de minimis of £1k, which is not always followed and instead is viewed as an option during busier periods.	No formal limit has been introduced in 2025/26.
In progress	From our CIL income testing in grants and debtors, we have identified a number of errors in the postings between the Exacom system and FMS system.	This is being reviewed but is a large piece of work so has not yet been completed.
In progress	In our review of related parties we have identified a number of instances where the declarations in the Register of Interests were last updated two years ago and do not reflect an annual confirmation process.	Each year employees are sent an annual reminder, which includes the link to the declarations of interest form reminding all employees of their duties in regards to this.
Not complete	In our work on cash although the Council ultimately provided all required evidence and we completed our cash testing, the process took longer than expected due to the need to trace transactions across three separate systems. This multi-step process increases workload for staff and auditors and creates an inherent risk of error because of the level of manual navigation involved. We do recognise that move to the pay360 in 2024/25 has improved the process in place.	No changes have occurred to the systems used.

Progress against prior years audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed	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.	The council has confirmed bank reconciliations are complete and reconciled in 2025/26.
Not complete	<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>	No action taken.
In progress (2023/24)	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.	The nature of the finance system does mean that obtaining reports in the format we require is still sometimes challenging.
In progress (2023/24)	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.	Management confirmed 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.

Progress against prior years audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Addressed (2023/24)	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.	In 2025/26 the Director of Finance and Deputy Director of finance have not posted any journals.
Addressed (2023/24)	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. 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.	They have asked the Waste department to hold such information longer and until the audit is complete.

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
P-FMS (Data Migration from Strata Servers to Microsoft Servers in December 2025)	Financial Reporting	<ul style="list-style-type: none"> ITGC assessment (design effectiveness only) Data Migration – We will review managements documentation relating to the transfer of data to the cloud-based system to assess the completeness of the migration.
P-Assets	Fixed Asset System	<ul style="list-style-type: none"> ITGC assessment (design effectiveness only)
iTrent	Payroll	<ul style="list-style-type: none"> ITGC assessment (design effectiveness only)
Pay 360	Income Management	<ul style="list-style-type: none"> ITGC assessment (design effectiveness only)

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Initial Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	R Statutory recommendation from 2023/24 is retained in relation to member behaviour and 3 significant weaknesses identified. Two improvement recommendations were raised, one concerning stewardship and the second concerning budget monitoring.	Three risks of significant weakness identified. These risks relate to findings from 2023/24 work that were followed up in 2024/25, specifically in relation to member behaviour, involvement of members in council business, and decision-making processes. We recognise that during 2024/25 progress was made in addressing these recommendations.	We will review: <ul style="list-style-type: none"> • Monitoring the implementation of our Statutory Recommendation from 2024-25 and continued review of further actions taken by the council; • Review of meeting minutes and meeting webcasts; • Review of complaints and whistleblowing in year; • Checks on membership of the Standards Committee; • Review of any other changes to the constitution in year; • Review of key decisions in year (and reversal of any such decisions in year); • Interviews with key officers and key members of the Council; and • Inspection of the conflicts of interest audit results.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	<p>A</p> <p>No risks of significant weakness reported; however, one of the governance improvement recommendations concerning stewardship is relevant to financial sustainability.</p>	<p>No risks of significant weakness identified.</p>	<p>As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.</p>
Improving economy, efficiency and effectiveness	<p>A</p> <p>No risks of significant weakness reported; one improvement recommendations made in relation to partnerships and procurement.</p>	<p>No risks of significant weakness identified</p>	<p>As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.</p>

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table above along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations



Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.

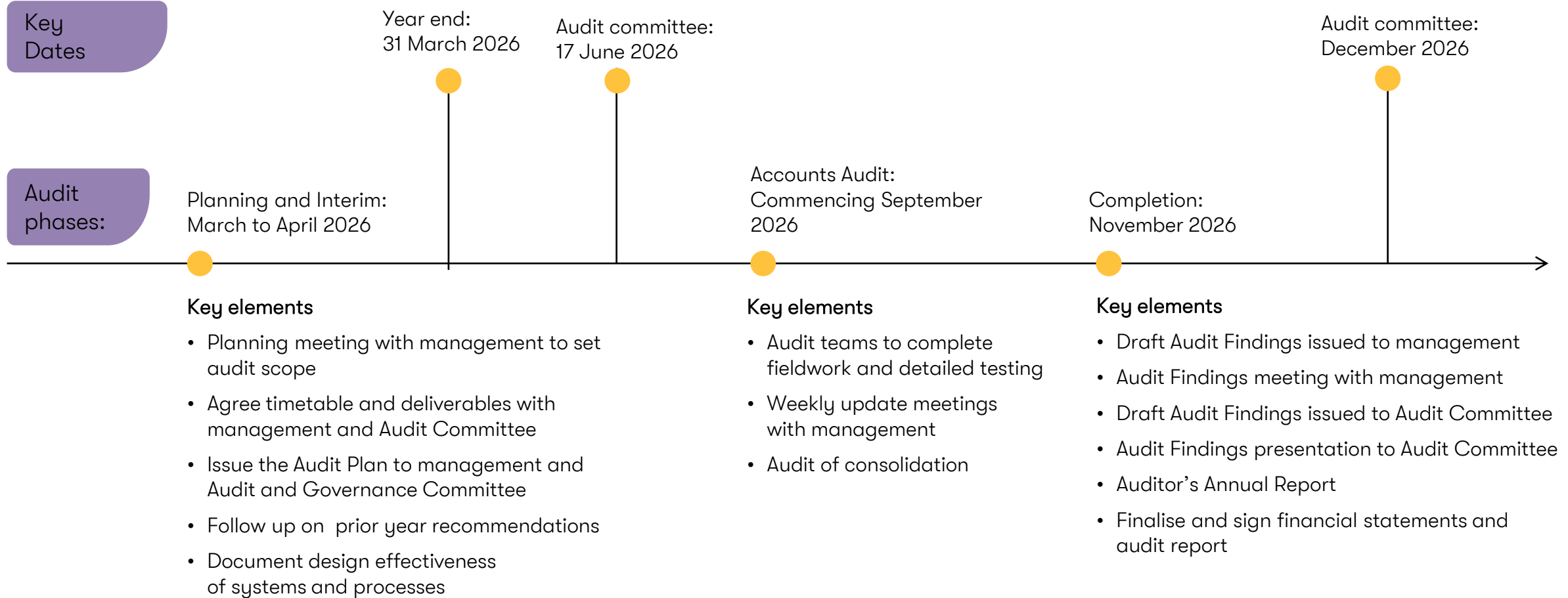


Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

<p>Beth Bowers Engagement Lead/Key Audit Partner</p> <ul style="list-style-type: none"> • Key contact for senior management and Audit Committee • Overall quality assurance 	<p>Roz Apperley Audit Manager</p> <ul style="list-style-type: none"> • Resource management • Leading on running of the audit 	<p>Lordina Owusu-Donkar In-charge</p> <ul style="list-style-type: none"> • Day-to-day point of contact • Audit fieldwork 	<p>Joanne Taylor VFM Specialist</p> <ul style="list-style-type: none"> • VFM Specialist • Main contact for VFM reporting
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	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • The Audit Findings Report • Audit Opinion • Auditors Annual Report • Progress and Sector Update Reports 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Previous year

In 2024/25 the scale fee set by PSAA was £159,588. The actual fee charged for the audit subject to PSAA approval was £266,193.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Council Audit	159,588	164,055
Proposed additional fees	106,605	0
Total (Exc. VAT)	266,193	164,055

No non-audit services are provided to the Council. Therefore no non-audit fees in 2025/26.

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.

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £164,055.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Independence considerations

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council 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 Council.
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 Council 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 Council.
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 Councils board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning 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.

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 and Key Audit Matters	●	
Planned use of internal audit	●	
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	●	●

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 Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

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.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Councils 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		●
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		●

Escalation Policy

The Backstop

The Ministry of Housing, Communities and Local Government has introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Council's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from [2027/28](#).



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