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April 2026

Dear Ellie

Project Management Plan for delivery the 2025-26 audit

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans. As I am sure you are aware, 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.

In order to be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. To help make this achievable, we are going to undertake a dry run of finishing our work on the 2025-26 Accounts by the end of November 2026. On this basis, we would like you to assist with this process by firstly setting an Audit Committee date in advance of the end of November 2026, to enable us to sign off our opinion by that date. We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

In advance of that, we are looking to start our work on your accounts from September 2026 and we are proposing to spend a week on 13th July 2026 selecting samples. To facilitate this we will require you to provide your draft financial statements to us by 30 June 2026. This early engagement will allow us to identify and request samples ahead of the summer period, providing you with time to collate the necessary supporting evidence and upload this before we our work states in September. We consider this an important step towards supporting an efficient audit and achieving closure by the end of November.

In Appendix A overleaf, we have set out some Key Performance measures and milestones that we both sign up to. Appendix B provides a more detailed schedule of audit activity with planned start and completion dates that we can mutually hold each other to account to ensure that the audit is delivered in line with planned expectations. This is a summarised version of the more detailed delivery plan that the audit team have developed which goes down to individual activity level.

We will regularly share progress against this plan as part of our regular liaison meetings to ensure that we both fully sighted on the stage of completion and where there are potential areas of focus where action is required to get back on track. This will also act as an early warning where additional time is required or further testing is being undertaken that might lead to additional fees and hopefully provide an opportunity to address or mitigate this.

This plan should allow us as a firm to deliver our 2025-26 audit by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen. We will undertake early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the Council's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VfM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

Beth Bowers

Beth Bowers

Engagement Lead

APPENDIX A

KPI measure	Target	Achieved
Delivery of accounts by agreed audit deadline	30 June 2026	Yes/No
Delivery of accounts by statutory deadline (30 June)	Statutory deadline met / not met	Yes/No
RAG rating of quality and completeness of draft financial statements	Green	<p>Green – draft accounts are complete and of good quality</p> <p>Amber – draft accounts are complete with some missing notes or incomplete disclosures</p> <p>Red – draft accounts are not complete with areas of work still in progress and/or significant notes are incomplete</p>
% of audit working papers requests available at commencement of audit	80%	X%
% of audit working papers requests available within 10 working days of audit commencement	100%	X%
RAG rating of quality and completeness of working papers	Green	<p>Green – working papers are complete and of good quality with clear cross referencing to the financial statements</p> <p>Amber – working papers of a reasonable quality but some additional clarification or reconciliation needed to agree to the financial statements</p> <p>Red – working papers are unclear and do not provide appropriate audit trail between the financial statements and the accounting records</p>
% of audit samples returned in time set out below at appendix A.1	100%	X%
% of audit queries responded to within 2 working days	100%	X%
RAG rating of quality and completeness of audit sampling evidence	Green	<p>Green – sample documentation is comprehensive and of good quality with clear cross referencing to the items sampled</p> <p>Amber – sample documentation of a reasonable quality but some additional clarification or reconciliation needed to agree to items sampled</p> <p>Red – sample documentation is unclear or incomplete and does not provide appropriate audit evidence to support the items sampled</p>
Draft audit findings report issued in advance of audit committee	2 weeks prior to audit committee	Yes/No
Draft Auditors Annual report issued in advance of audit committee	3 weeks prior to audit committee	Yes/No
Audit opinion issued by agreed target date	30 November	Yes/No

APPENDIX A.1

Sample return time expectations:

% of audit samples returned within 3 working days (where the total sample is less than 10)	100%
% of audit samples returned within 5 working days (where the total sample is less than 40)	100%
% of audit samples returned within 8 working days (where the total sample is equal to or greater than 40, but less than 100)	100%
% of audit samples returned within 10 working days (where the total sample is equal to or greater than 100)	100%