The Audit Findings (ISA260) Report for Elmbridge Borough Council

Year ended 31 March 2024

Private and Confidential

Grant Thornton UK LLP
30 Finsbury Square,
London,
England
EC2A 1AG

T +44 020 7383 5100

www.grantthornton.co.uk

Elmbridge Borough Council

Civic Centre, High St,
Esher
KT10 9SD

29 January 2025

Dear Members of the Audit and Standards Committee

Audit Findings for Elmbridge Borough Council for the year ended 31 March 2024

This Audit Findings report 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 have been 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.

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 drive audit quality by reference to the Audit Quality Framework. 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-2023.pdf (grantthornton.co.uk).

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.

Paul Cuttle

Director
[For Grant Thornton UK LLP]

Contents

Your key Grant Thornton team members are:

Paul Cuttle
Key Audit Partner
E Paul.Cuttle@uk.gt.com

Trevor Greenlee
Audit Manager
E Trevor.Greenelee@uk.gt.com

Afif Azman
Audit Assistant manager
E Afif.Azman@uk.gt.com

Section	Page
1. Headlines	4
2. Financial statements	7
3. Value for money arrangements	24
4. Independence and ethics	25
Appendices	
A. Communication of audit matters to those charged with governance	28
B. Action plan – Audit of Financial Statements	29
C. Audit Adjustments	31
D. Fees and non-audit services	37

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. 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.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Elmbridge Borough Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2024 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 Council's financial statements give a true and fair view of the financial position of the Council 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 the other information published together with the audited financial statements (including the Narrative Report and the Annual Governance Statement), is materially consistent with the financial statements and with our knowledge obtained during the audit.	Our audit work on the Council's 2023/24 financial statements is now substantially complete. Our findings for the work completed to date are summarised in the section on "Financial Statements" from page 7. We have identified the need for a number of amendments to the financial statements. These include material adjustments both to the primary statements and disclosure notes. The amendments are detailed at Appendix C. We have also raised a number of recommendations for management as detailed at Appendix B. The areas where our work is still to be completed include; • obtaining reposes to audit queries in a number of areas, including creditors, financial instruments and related parties. These include obtaining revised workings and calculations which will need to be reviewed by audit; • obtaining further information from the Council's actuary to assess if amendments are required to the pension disclosures in the financial statements under IFRIC 14; • obtaining a revised set of the financial statements including all required amendments and supporting calculation trails; • completion of all audit review and closing procedures; and • obtaining a management letter of representation. As explained on page 6 under "Significant Matters" the finance team are currently prioritising work on the Council's 2025/26 budgets. No responses to audit queries have been received since 20 December 2024 and we have been advised that work on the remaining queries may not recommence until 23 January 2025. Under the backstop arrangements applying to 2023/24 audits if our work is not completed by 28 February 2025 we will be required to give a disclaimer opinion. A clear management timetable and focus for responding to all remaining audit queries, and for producing the revised financial statements, will be required if our work is to be completed ahead of the 28 February 2025 backstop deadline. Based on the work completed to date, and subject to all remaining work being completed by the backstop deadline, we anticipate giving an unqualified opinion on the Council's 2023/24 financial statements .

1. 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 Council 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 Council'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 Council's arrangements under the following specified criteria: • Improving economy, efficiency and effectiveness; • Financial sustainability; and • Governance	We have completed our VFM work. Our detailed commentary is set out in our Auditor's Annual Report, which will be presented to the January 2025 Audit and Standards Committee. We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our work did not identify any significant weaknesses in the Council's arrangements. We have made one recommendation for improvement relating to the Council's arrangements for developing financial savings plans.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.
Significant matters	Our detailed testing on the financial statements commenced in October 2024. Our work is still in progress. Management advised that finance team resources would be entirely focused on preparing the Council's 2024/25 budgets in the period 2- 23 January 2025, As a result, and given the holiday period, we have not received any responses to audit queries since 20 December 2024. We will need to receive responses to all outstanding queries, discuss any relevant issues with management and complete all outstanding work, including audit review and closing procedures, prior to giving our opinion. As amendments are required to the draft accounts received in May 2024 we will also need to receive a final updated version of accounts containing all amendments in sufficient time to allow for audit review. On 30 July 2024 the Minister of State for Local Government and English Devolution, Jim McMahon, provided a written statement to Parliament Written statements - Written questions, answers and statements - UK Parliament This confirmed the government's intention to introduce a backstop date for English local authority 2023/24 audits of 28 February 2025. Under these arrangements if work on the 2023/24 financial statements is not completed by 28 February 2025 we will be required to give a disclaimer opinion. There is therefore a risk the audit cannot be completed by the deadline and we will have to issue a disclaimer opinion instead of an unqualified opinion. This would have implications for future audits and likely result in increased costs to the Council. A clear focus and firm timetable for responding to remaining audit queries, and for producing the revised financial statements, will be required if our work is to be completed ahead of the 28 February 2025 backstop deadline. Further reporting issues and changes to the disclosures in the financial statements may be identified in completing our outstanding work . These will be reported to management and the Chair of the Audit and Standards Committee in an updated version of our Audit Findings Report.

1. Headlines

New National Audit Office Code
As part of ongoing reforms to local audit the National Audit Office has laid a new Code before Parliament. One of the objectives is the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Annual Auditor's Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit in accordance with International Standards on Auditing (UK) and the Code, 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.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- An evaluation of the Council's internal control environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements, although responses to audit queries are outstanding in a number of areas. Given the national backstop arrangements for 2023/24 all outstanding audit queries will need to be resolved and all required amendments actioned in a revised set of financial statements prior to 28 February 2025. Subject to all work being completed on this timescale we anticipate giving an unqualified opinion on the 2023/24 financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other Council staff. The finance team is small and has a number of competing priorities but has engaged with us positively during the course of our audit.

2. Financial Statements

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.

Materiality levels remain the same as reported in our audit plan on July 2024.

We set out in this table our determination of materiality for Elmbridge Borough Council.

	£	Qualitative factors considered
Materiality for the financial statements	2,200,000	This is equivalent to approximately 2% of the Council's gross operating expenditure for the period ended 31 March 2024.
Performance materiality	1,650,000	Performance materiality has been set at 75% of financial statement materiality. Performance materiality is an amount used for audit testing purposes to reduce to an appropriately low level the probability that the aggregate value of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial matters	110,000	This balance is set at 5% of materiality.
Materiality for cash and cash equivalents	825,000	We set a lower materiality level, calculated as 50% of performance materiality, for our work on cash and cash equivalents, as we considered there was additional sensitivity around these disclosures.

2. Financial Statements: Significant risks

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.

This section provides commentary on the significant audit risks communicated in our July 2024 Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control as an area of significant risk. The related areas of risk include management estimates, use of journals and any significant transactions outside the Council's normal course of business.	We have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk and unusual journals • identified and tested high risk and unusual journals for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and • evaluated the rationale for any changes in accounting policies, estimation processes or significant unusual transactions. Authorisation processes for journals As we have reported in prior years, only accounting technicians are able to post journals. Some journals are prepared directly by the accounting technicians – other journals are prepared initially by accountants and then passed to the accounting technician for posting. In our testing of journals we noted that the recording of authorisation for journals was inconsistent. Where journals were first prepared by an accountant, in some cases the accountant signed the completed journal to record authorisation – in other cases the journal was signed as authorised by a different accountant – and in some cases the journal was not signed as authorised at all. The lack of a consistent authorisation process may make it more difficult to identify responsibility for journals posted. An effective authorisation process is also required as the Council does not have senior officer review processes covering all high value or non-standard journals, but places reliance on overall budgetary control procedures to identify any errors arising from journal postings. We have not identified any errors in our testing in 2023/24 (or in recent years) but the lack of consistency does expose the Council to risk in this area. We understand the approach is in place due to the small size of the finance team but we again recommend consistent authorisation procedures for journals are agreed and implemented even it is within the existing arrangements of using accounting technicians in the process. Our audit work in this area is substantially complete. Our work to date has not identified any other issues in respect of this risk.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
ISA240 fraudulent revenue recognition [Rebutted] Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	In our July 2024 Audit Plan we rebutted this risk as we concluded; • revenue streams based on Council Tax, Business Rates and government grants derive primarily from grants or formula- based income from central government and taxpayers and that the opportunities to manipulate the recognition of these income streams are very limited. • for other revenue streams, based on our experience as your auditor and our understanding of your business processes for revenue recognition there is little incentive to manipulate revenue recognition and the opportunities for manipulation are very limited. During the course of our audit we have not identified any information which would lead us to amend our initial assessment as reported in our Audit Plan.
Risk of fraud related to expenditure recognition (completeness) PAF Practice Note 10 [Rebutted] In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).	In our July 2024 Audit Plan we rebutted this risk as ; • we concluded that the Council's control environment around expenditure recognition was strong; • we had not found significant issues, errors or evidence of fraud in expenditure recognition in previous year audits. During the course of our audit we have not identified any information which would lead us to amend our initial assessment as reported in our Audit Plan.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of Land and Buildings (including Investment Properties and Council Dwellings) The Council has material balances for Property Plant and Equipment (Including Council dwellings) and Investment Property at 31 March 2024. These valuations represents significant estimates by management in the financial statements due to the size of the numbers involved and the sensitivity of these estimates to changes in key assumptions. We therefore identified valuation of land and buildings as a significant risk requiring special audit consideration.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding • assessed how management have challenged the valuations produced by the professional valuer to assure themselves that these represent the materially correct current value; • tested revaluations made during the year to see if they had been input correctly into the Council's asset register; and • evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. Our work in this area is still in progress. Our findings to date are reported at the section "Key Judgements and Estimates".

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability The Council's pension fund net liability represents a significant estimate in the financial statements due to the size of the numbers involved, the complexity of the actuarial valuation and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. 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. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the 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 experts (the actuary) and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability disclosures in the notes to the core financial statements with the actuarial reports from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (using an auditor's expert) and performing any additional procedures suggested within the auditor expert report; and • obtained assurances from the auditor of the Surrey 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. Our work in this area is still in progress. Our findings to date are reported at the section "Key Judgements and Estimates".

2. Financial Statements: key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations: PPE (including Council Dwellings) and Investment Property	The Council's PPE assets are valued on a five yearly cyclical basis. All investment property assets are revalued annually. PPE Other land and buildings (OLB) comprises specialised assets which are required to be valued at depreciated replacement cost (DRC) reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remaining other land and buildings assets are not specialised in nature and are required to be valued at value in existing use (EUV). The Council has engaged Bruton Knowles to complete the valuations for land and building assets as at 31 March 2024., other than for car parks, which are valued by the Council's internal valuer. During the year the Council reclassified a number of properties from Investment Property to PPE Council dwellings. Other assets acquired during the year were also classified as PPE Council Dwellings. Properties classified as PPE Council dwellings should be valued on an EUV – Social Housing basis. The Council engaged Bruton Knowles to complete the valuation of council dwelling assets on this basis.	We; • did not identify any concerns over the competence, capabilities and objectivity of the valuation experts used by the Council. • reviewed the completeness and accuracy of the underlying information used to determine the valuations. We also assessed the appropriateness of the valuation method, and of the assumptions made by the valuer • agreed the valuation reports provided by management's expert to the fixed asset register and to the financial statements. • considered if the disclosures in the financial statements relating to the method of valuation and the valuation estimates were appropriate. Our work in this area is still in progress. The issues identified to date are reported below. **Temporary accommodation assets incorrectly classified** We noted that the Council has a number of assets used for the purposes of temporary accommodation. Some of these assets had been classified as PPE Other Land and Buildings (OLB) but others had been included under the heading PPE Council Dwellings. As all temporary accommodation assets are valued on an EUV basis, and as all assets classified as Council dwellings should be valued on an EUV-Social Housing basis, we agreed with management that all temporary accommodation assets should have been classified under PPE OLB. The value of PPE Council Dwellings was therefore overstated by £1,425,000 and the value of PPE OLB understated by the same amount. Although the issue is not material for our opinion the error is above the level at which we request management to amend the accounts.	Estimate unlikely to be materially misstated

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

2. Financial Statements: key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
		Assets not revalued Where assets are not revalued during the year management are required to assess (Code paragraph 4.1.2.37) if the valuations included in the financial statements are materially different from the current value which would have been determined if the assets had been revalued at the end of the reporting period. The value of the Council's PPE assets not revalued during 2023/24 was £32.3m. There was no evidence (for example, through obtaining information from the council's external valuer, using market indices to estimate the potential valuation movements since the assets were last revalued, or considering the implications of the revaluation movements in 2023/24 for the remaining assets) that management had performed this assessment for 2023/24. We performed audit procedures to assess if the valuations in the accounts for PPE assets not revalued in 2023/24 were materially misstated, using market indices to assess the potential movement in valuation for these assets since they were last revalued. We concluded that this was not a material issue for our opinion. However, management need to perform an annual assessment covering all assets not revalued to comply with the provisions of the Code. We recommend that this assessment is completed in all future years. Our recommendation is at Appendix B.	Estimate unlikely to be materially misstated

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

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £4.522m	The Council's net pension liability at 31 March 2024 is £4.5m (PY £16.258m). The Council uses Hymans Robertson LLP to provide actuarial valuations of the Council's assets and liabilities under the scheme. A full actuarial valuation of the Surrey Pension Fund is required every three years. The latest full actuarial valuation was completed in 2022.	See audit comments below	TBC

Audit Comments:

- We have assessed management's actuarial expert and concluded they are competent, capable and objective.
- We engaged PWC as an auditor's expert to review the reasonableness of the approach taken by the Council's actuary, including the estimation methods and assumptions used. The auditors' expert provided us with indicative ranges for key assumptions. As set out below the key assumptions used by management's expert were within the ranges indicated by PWC and were therefore considered reasonable.

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.80%	4.80%-4.95%	
Pension increase rate	2.80%	2.80%-2.85%	
Salary growth	3.80%	2.90%-5.35%	

Our audit work to date has not identified any issues in respect of this estimate.

IFRIC 14 – information required from the Council's actuary

The Council's accounts show that it continues to have a net pensions liability, although this is now relatively small and has reduced significantly from the previous year. The Council continues to make significant secondary contributions to the Local Government Pensions Scheme.

Under IFRIC 14, which addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet, significant secondary contributions can give rise to "onerous liabilities" which need to be reflected in the financial statements even where there is a net liability position.

To assess if there is an issue for the 2023/24 financial statements we need to obtain further information from the Council's actuary. This has been requested by management but has not yet been received. We will complete our audit procedures when the relevant information is received.

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision	The Council 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.	The Council is required to prepare a statement ahead of each financial year explaining how the MRP will be calculated; this statement is then approved by full Council. We considered the MRP statement approved by the Council in February 2023 in respect of the 2023/24 financial year. The statement advised that MRP would be determined using the "asset life method", with a formula based on equal annual instalments over the life of the asset. Audit review of the Council's calculations for 2023/24 indicated that MRP for a number of assets had been calculated on this "equal annual instalments" basis. However, for other assets MRP had been calculated using an asset life, "annuity" approach. The MRP calculations for some assets are therefore not consistent with the policy statement approved by members. Review indicated that this had been the position since use of the annuity methodology was first introduced in 2017/18. We noted that statutory guidance identifies both the equal annual instalment and annuity methods as options for calculating a prudent amount of MRP. We therefore concluded that the Council's approach to calculating MRP was prudent for all assets. However, in future years the annual policy statement approved by members should be updated to ensure it is consistent with the Council's underlying calculations.	Management's process for the calculation of the estimate is appropriate .

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

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Creditors	Where revenue expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.	**Creditors and debtors overstated –incorrect journal** Management identified that due to an incorrect journal the balances for both creditors and debtors had been overstated by £518,000. **Creditors – audit testing - creditors overstated** Our testing of creditors included both a review of large individual items and sample testing of the remaining population. Our review of large individual items included two balances for £543,400 and £230,000 relating to Covid grant. Management have reviewed these balances and concluded that they are not creditors, as the amounts involved are not repayable to the government, and that the balances can be taken to reserves. We are currently awaiting further evidence from management to clarify what these amounts are not repayable under the conditions of the scheme. We are also awaiting further evidence for one creditor balance of £330,000 (the Council's cumulative share of on-street car parking surpluses under an arrangement with Surrey CC) to clarify if this amount is an external liability requiring presentation as a creditor or would be more appropriately included in reserves. When our work is complete we will ask management to amend the accounts for any aggregate misstatement exceeding our triviality level (£110,000). We tested 9 items in our sample testing of the remaining creditors population. We concluded that three of these items, with an aggregate value of £22,600, were not valid creditors because there was no outstanding balance at yearend. Extrapolating the impact of these errors to the sampling population as a whole indicates that the creditor balance in the accounts may be overstated by £679,000. As this is an extrapolation we will not request management to amend the accounts. However, given the error rate identified from sampling we recommend that the council performs a review of long-outstanding creditor balances to confirm that these remain valid. **Creditors – audit testing – classification issues** The balance for creditors is analysed at Note 21 in the accounts. Our review identified that a number of balances had been misclassified between the analysis lines on the disclosure note. Further details are included at Appendix C. The total for creditors includes grant balances of £4,159,000 relating to Ukrainian and Afghan refugees. These balances represent amounts of revenue grant received under these schemes which were unspent as at 31 March 2024. For both grants amounts are potentially repayable if the conditions of the scheme are not met. Under the Code (paragraph 2.3.2.9) where revenue grants have outstanding conditions and expenditure has not been incurred then the balances should be disclosed as revenue grant receipts in advance rather than creditors. As the amount is material we have asked management to amend the accounts. A prior period adjustment may also be required.	Our work in this area is still in progress. However, we have identified that amendments to the financial statements will be required.

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Cash and cash equivalents	The Council's accounting policies include a policy defining cash and cash equivalents.	**Cash and cash equivalents – balances not meeting the definition of short term investments incorrectly included** The Council's draft accounts included a balance of £17,965,000 for cash and cash equivalents, including a balance of £18,101,000 described as "short term deposits with banks and building societies". Paragraph 3.4.2.2 of the Code defines cash equivalents as "short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value". Paragraph 7 of IAS 7 indicates that "short term" would typically be for periods of 3 months or less from the date of acquiring the investment. We noted that the total for "short term deposits with banks and building societies" included three deposits (aggregate value £8,000,000) where amounts had been invested for a 12 month period. The deposits could not be converted into cash without penalty prior to maturity. Given the length of the investments, and as the investments were not readily convertible to cash, we concluded that these deposits did not meet the definition of cash equivalents per the Code. As the amounts were material we agreed with management that the accounts would be amended to reclassify the balances as investments. We noted that the three deposits had maturity dates in April 2024, and had been defined as cash equivalents on this basis, following the wording in the Council's accounting policy "Cash equivalents are investments that mature in a specified period, no more than one month or less from the date of the balance sheet…". This wording is potentially misleading and inconsistent with the definition of cash equivalents per the Code and accounting standards. We recommend that the Council's accounting policy relating to cash and cash equivalents is revised. Review indicates that this issue also arose in previous years, with the balances for cash and cash equivalents at 31.3.22 and 31.3.23 including one year deposits which should have been classified as investments. As the relevant amounts in each year are also material a prior period adjustment will be required. **Cash and cash equivalents – negative cash book balance incorrectly presented on the balance sheet** The balance of £17,965,000 for cash equivalents disclosed on the balance sheet under "current assets" is a net figure, with deposit balances of £18,101,000 netted down by a negative cash book balance of £136,000. Under the Code (paragraph 7.3.5.1) a financial asset and a financial liability can only be offset if certain conditions apply, for example if there is a legally enforceable right to offset the relevant amounts. As the conditions are not satisfied in this case the amounts should not be netted off but disclosed separately, with the negative cash book balance included on a separate line under "current liabilities". The issue is not material for our opinion, but as the amount involved is above the triviality level (£110,000) at which we are required to identify and report misstatements we have asked management to amend the accounts.	Material amendments to the financial statements are required.

2. Financial Statements: Other accounting issues

Accounting area	Audit Comments	Assessment
Financial instruments	**Financial instruments - amounts not meeting the definition of financial instruments incorrectly included as financial assets and liabilities** The accounts disclose amounts for financial assets and financial liabilities. Identifying these figures requires analysing the balance sheet figures for debtors and creditors to exclude those amounts which do not meet the definition of financial instruments. We noted that the Council's workings to analyse these balances did not exclude a number of grant-related and other balances arising under statutory prescription which did not meet the definition of financial instruments. Management have now produced revised workings to exclude the relevant balances. Using these workings the total for financial assets has reduced from £10731k to £3777k. Management have agreed to amend the accounts. Audit review indicates that this issue also arose in previous years and that the relevant amounts were material. A prior period adjustment to the disclosure note will therefore also be required. We are currently awaiting management's review of the creditor trails supporting the total for financial liabilities.	Our work in this area is still in progress. However, material amendments to the financial statements will be required.

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of the Council's Information Technology (IT) environment and controls which includes identifying risks from the use of IT related to business process controls relevant to the financial audit.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating: Security management	ITGC control area rating: Technology acquisition, development and maintenance	ITGC control area rating: Technology infrastructure	Related significant risks/other risks	Assessment
Civica	ITGC assessment (design and implementation effectiveness only)	● (green)	● (green)	● (green)	● (green)	N/a	No risk identified
Adelante	ITGC assessment (design and implementation effectiveness only)	● (green)	● (green)	● (green)	● (green)	N/a	No risk identified
iTrent	ITGC assessment (design and implementation effectiveness only)	● (green)	● (green)	● (green)	● (green)	N/a	No risk identified

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
- ● (grey) Not in scope for testing

2. Financial Statements: other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit & Standards Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed. As part of our work on related parties we need to review the outcomes from the Council's annual declaration process. An initial working paper was provided but this appears to cover 39 councillors only. We also need to clarify which senior management officers or posts should be covered by the declaration process., to confirm that all necessary declarations have been received. We first raised these queries in early October 2024 but management responses are still outstanding. Our work in this area will need to be completed before we give our audit opinion.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to various financial institutions and other local authorities for bank and investment balances This permission was granted and the requests were sent in October 2024. We also requested management's assistance in obtaining responses were these were not initially received. However, at the date of writing this report third party confirmations for 8 investment balances as at 31 March 2024 are still to be been received. If third party confirmations are not received we will seek to obtain the required audit assurance from alternative audit procedures.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies. We recommend that the wording of the Council's policy relating to cash and cash equivalents is reviewed to ensure the policy is consistent with guidance in the Code and accounting standards. We did not identify any other issues relating to the Council's accounting policies. Our findings in respect of accounting estimates are reported at the section "Key Judgements and Estimates". Our findings in respect of financial statement disclosures are reported at "Appendix B – audit adjustments".

2. Financial Statements: other communication requirements

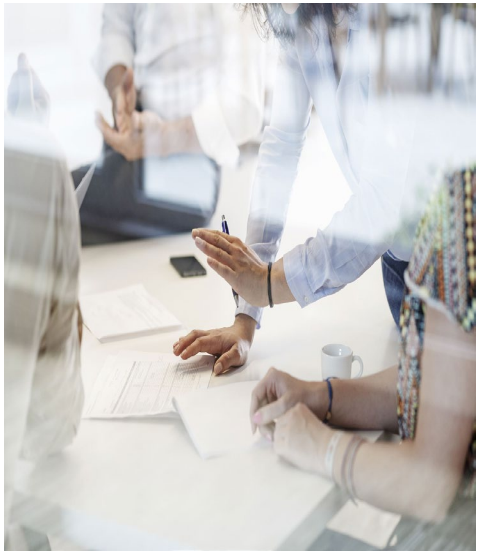
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	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 2020). 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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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 • 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 Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. 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 Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council's financial reporting framework • the Council's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	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. No inconsistencies have been identified.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • 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, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We have nothing to report on these matters.
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. We have confirmed that the Council does not exceed the thresholds specified by the National Audit Office for 2023/24. As such no detailed work will be required.
Certification of the closure of the audit	We intend to certify the completion of the audit when we give our audit opinion.



3. Value for Money arrangements (VFM)

Value for Money work 2023/24: Our approach

The National Audit Office issued its guidance for auditors in December 2021. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Value for Money work 2023/24: Our procedures and conclusions

We have completed our work on each of the specified reporting criteria. We have not identified any significant weaknesses in the Council's arrangements. We have made one recommendation for improvement relating to the Council's arrangements for developing financial savings plans.

Our detailed commentary on the Council's arrangements is included in our 2023/24 Auditor's Annual Report, which will be presented to the January 2025 Audit and Standards Committee.

5. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers).

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard 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.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

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

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 the Council's members, 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 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.

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. We report below on the non-audit services identified from the beginning of the 2023/24 financial year to January 2025, together with the threats to our independence and the safeguards that have been applied to mitigate these threats.

Service		Fees (excluding VAT)	Threats identified	Safeguards
		£		
Audit related				
Reporting Accountant work on the Housing Benefit subsidy claim	Planned fees relating to work on the 2023-24 Housing Benefit subsidy claim	43,000	Self-interest (because this is a recurring fee)	The planned fee for this work in 2023-24 as reported in our Audit Plan is £43,000, plus £1,500 day rate for any additional re-performance/other work necessary outside of the core agreed fee. The level of this recurring fee taken on its own is not considered a significant threat to independence in comparison to the total fee for the audit of £157,786 and in particular relative to Grant Thornton UK LLP's turnover overall. Furthermore, it is a fixed fee and there is no contingent element to it. These factors mitigate the perceived self-interest threat to an acceptable level.
	Fees relating to work on the annual Housing Benefit subsidy claim in earlier years which were invoiced in the period April 2023 – January 2025	0	Self-review (because GT provides audit services)	The self-review threat is mitigated by the materiality of the amounts involved relative to our opinion. We also note that the Council has informed management who will decide whether to amend the claim for our findings and who will agree the accuracy of the report we issue as the Reporting Accountant.

Appendices

A. Communication of audit matters to those charged with governance

B. Action plan – Audit of Financial Statements

C. Audit Adjustments

D. Fees and non-audit services

A. Communication of audit matters to 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 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		•
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, we are also required to distribute our findings to 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 all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified recommendations for the Council as a result of issues identified during the course of our audit. We will report on progress with implementing these recommendations during the course of the 2024/25 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
●	**PPE assets not revalued** Where PPE assets are not revalued during the year management are required to assess (Code paragraph 4.1.2.37) if the valuations included in the financial statements are materially different from the current value which would have been determined if the assets had been revalued at the end of the reporting period. This management assessment was not performed for 2023/24.	To comply with the provisions of the Code management should perform an annual assessment to clarify if the value include in the financial statements for assets not revalued is materially different from their current value at the balance sheet date. Management response […]
●	**Minimum Revenue Provision – Annual statement** The Council is required to prepare a statement ahead of each financial year explaining how the Minimum Revenue Provision (MRP) will be calculated. The statement for 2023/24 was not consistent with the underlying MRP calculations.	In future years the annual policy statement approved by members should be updated to ensure it is consistent with the underlying MRP calculations. Management response […]
●	**Creditor balances overstated** Audit testing identified a number of long-outstanding balances included in the total for creditors where there was no outstanding liability at 31.3.24.	Management should perform a review of long-outstanding creditor balances to confirm that these remain valid. Management response […]

Controls

- ● High – Significant effect on financial statements
- ● Medium – Limited Effect on financial statements
- ● Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
●	**Authorisation processes for journals** In our testing of journals we noted that the recording of authorisation for journals was inconsistent. The lack of a consistent authorisation process may make it more difficult to identify responsibility for journals posted. An effective authorisation process is also required as the Council does not have senior officer review processes covering all high value or non-standard journals, but places reliance on overall budgetary control procedures to identify any errors arising from journal postings.	We recommend that consistent authorisation procedures for journals are agreed and implemented. Management response […]
●	**Accounting policy on cash and cash equivalents** We note that the Council's accounting policy defines cash equivalents as "investments that mature in a specified period, no more than one month or less from the date of the balance sheet…". This wording is potentially misleading and inconsistent with the definition of cash equivalents per the Code and accounting standards.	We recommend that the wording of the Council's policy relating to cash and cash equivalents is reviewed to ensure that the policy is consistent with guidance in the Code and accounting standards. Management response […]

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Audit Adjustments

Under auditing standards we are required to request that the accounts are amended for all non-trivial misstatements (i.e. for the 2023/24 financial statements, all misstatements > £110,000).

We report these misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

At the date of this report management have not yet produced a revised set of accounts, and therefore we are unable to confirm that the relevant misstatements have been adjusted. We will need to review a final updated version of the financial statements containing all amendments prior to giving our opinion.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
Debtors and Creditors both overstated by £518,000 due to incorrect journal Dr. Creditors Cr. Debtors Being overstatement of debtor balances in the financial statement amounting to £518k reclassified and corrected to creditors		518 (518)		
Balance for cash and cash equivalents includes amounts not meeting the definition of short term investments under the code and accounting standards Dr. Investments Cr. Cash and cash equivalents		8,000 (8,000)		
Negative cash book balance incorrectly included in current assets on the balance sheet but should be disclosed as a current liability Dr Cash and cash equivalents – current assets Cr Cash and cash equivalents – current liabilities		136 (136)		
Overall impact (c/f)		0		

C. Audit Adjustments

Impact of adjusted misstatements (continued)

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
Overall impact (b/f)		0		
Revenue grants with outstanding conditions classified as creditors but should be classified as revenue grants received in advance. Dr. Creditors Cr. Revenue grants received in advance.		4159 (4159)		
Overall impact		**0**		

C. Audit Adjustments

Under auditing standards we are required to request that the accounts are amended for all non-trivial misstatements (i.e. for the 2023/24 financial statements, all misstatements > £110,000).

We report these misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

At the date of this report management have not yet produced a revised set of accounts, and therefore we are unable to confirm that the relevant misstatements have been adjusted. We will need to review a final updated version of the financial statements containing all amendments prior to giving our opinion.

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 issue	Auditor recommendation	Adjusted?
Narrative Report The Narrative Report includes a table providing information on “Budget and actual expenditure”. The table includes a column giving the actual expenditure by service in 2022/23. A number of the figures in this column are incorrect.	The disclosure should be amended.	TBC
CIES The analysis of Cost of Services has revised for 2023/24 to reflect a new corporate structure. The 2022/23 information needs to be annotated to confirm these figures have been restated. This is also required for the 2022/23 information included at Note 38.	The disclosure should be amended.	TBC
Note 5: Estimation Uncertainty This disclosure has separate sections relating to PPE and Investment Property valuations. Some information on the investment property valuations is currently included at the PPE section.	The disclosure should be amended.	TBC
Note 12: PPE A number of temporary accommodation assets were incorrectly classified. At Note 12 the total for PPE Other Land and buildings was therefore understated by £1,425,000 and the total for PPE Council dwellings overstated by the same amount.	The disclosure should be amended.	TBC

C. Audit Adjustments

Misclassification and disclosure changes (continued)

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 issue	Auditor recommendation	Adjusted?
Note 16: Financial Instruments A total for debtors is stated to include cash and cash equivalents. It would be clearer for the cash and cash equivalents balances to be shown on a separate line.	The disclosure should be amended.	TBC
Note 16: Financial Instruments The total for financial assets included a number of grant-related and other balances which did not meet the definition of financial instruments. The total for financial assets was therefore overstated by £6,954,000.	The disclosure should be amended.	TBC
Note 21: Creditors Our review identified that a number of balances had been misclassified between the analysis lines on the disclosure note. The total at the line "Local Taxation" had been overstated by £822,000. The total at the line "Other Payables had been overstated by £137,000. The total at the line "Receipts in Advance" had been understated by £959,000.	The disclosure should be amended.	TBC

C. Audit Adjustments

Misclassification and disclosure changes (continued)

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 issue	Auditor recommendation	Adjusted?
Note 28: Expenditure and Income Analysed by Nature The disclosure states income from Council Tax and Non-Domestic Rates is £53,075,000. However, per Note 11 this figure is the total income in the section "Taxation and Non-specific Grant Income and Expenditure. Only £45,052,000 of this total relates to Council tax and NNDR.	The analysis or the line descriptions in the disclosure note should be amended.	TBC
Note 28: Expenditure and Funding Analysis A number of prior year figures at this note do not agree to the audited 2022/23 accounts.	The disclosure should be amended.	TBC
Note 31: Officer's emoluments A number of amendments have been agreed to; • clarify that election fees are not included in the total remuneration used for the banding analysis table • adjust the banding analysis table as a compensation payment for one officer had been omitted • add additional information to explain why three lines in the emoluments table for senior officers refer to the Council's Strategic Director.	The disclosure should be amended.	TBC

C. Audit Adjustments

Misclassification and disclosure changes (continued)

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 issue	Auditor recommendation	Adjusted?
Note 32: External audit costs The total for 2023/24 statutory audit costs is stated to be £150,256, but should be £157,786 to agree to the 2023/24 Audit Plan.	The disclosure should be amended.	TBC
Note 37: Impairment losses The note states that the value of an asset is £1 as the asset has been impaired due to contamination issues. What should be disclosed is the amount of the impairment loss (£252,000).	The disclosure should be amended.	TBC
Collection fund: Note 3 Note 3 to the Collection Fund states that the NNDR multiplier for 2023-24 is 54.6p, but the correct figure is 51.2p.	The disclosure should be amended.	TBC

D. Fees and non-audit services

Audit fees	Planned fee £	Final fee £
Fee for the statutory audit	157,786	TBC
Total audit fees (excluding VAT)	**157,786**	**TBC**

External audit costs are disclosed at Note 32 in the financial statements. The total fee for the 2023//24 statutory audit of £150,256 disclosed at Note 32 represents the PSAA scale fee only, as the 2023/24 Audit Plan had not been received at the date the disclosure note was prepared. Our 2023/24 Audit Plan advised that the planned fee included a further £7530 for work associated with changes to ISA315.

As our audit remains outstanding we may require additional fee to reflect additional work completed. Any additional fee with be discussed with management, communicated to the Audit and Standards Committee and approved by the PSAA.

The total of £43,000 for non-statutory fees disclosed at Note 32 agrees to the planned fee for our work on the 2023/24 housing benefit subsidy claim.

Non-audit fees for other services	Planned fee £	Final fee £
Reporting accountant work on the 2023/24 housing benefit subsidy claim (core fee)	43,000	TBC
Total non-audit fees (excluding VAT)	**43,000**	**TBC**

Grant Thornton

grantthornton.co.uk