



East Devon District Council

2024/25

Audit progress report and sector updates

10 November 2025



Agenda

Audit progress report	03
Introduction	04
Progress at 10 November 2025	05
Audit deliverables	07
Appendix A: Sector updates	09
Appendix B: Detailed status audit update	24
Appendix C: Audit Committee Resources	29

Audit Progress Report

Introduction



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This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.



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Progress at 10 November 2025

Financial Statements Audit

As reported to previous meetings of the Audit and Governance Committee we have worked with finance officers during the April to September 2025 period to prepare for our post-statements visit and to ensure we could hit the ground running.

The post-statements fieldwork element of the audit commenced on 29 September 2025 in accordance with our agreed timetable. At the time of drafting this update we are five weeks into this audit and note a step change in the Council's commitment to supporting the audit process. Particular early wins include:

- Bank reconciliation – we were unable to gain assurance over the closing balance as at 31 March 2024 due to the Council not being able to provide a listing of and justification for the reconciling items. As at 31 March 2025, we have been presented with working papers that show details of the closing balance as well as the reconciling items and we have selected a sample of these to test. Subject to satisfactory responses to this queries we hope to be able to conclude that this represents a fully reconciled year end bank position.
- Reconciliation of Trial Balance to Financial Statements at 31 March 2025– this has given us assurance that the Financial Statements are a true representation of the values included within the financial ledgers.
- Working papers and reconciliations – we can see an improvement in the presentation of working paper and reconciliations which has allowed us to progress certain audit areas further, including sample selection, than we were unable to do in previous years.
- Sampling – we have sampled a number of audit areas and have started to receive evidence to test, which is an improvement on prior year whereby listings for sampling could not be provided by Management in a number of areas.

We recognise that a normal audit requires significant amount of work on the part of the Council to support the disclosures. This is compounded when the Council has not had a full audit in prior years, as is the case at East Devon.

Whilst the improvements achieved to date are encouraging, we are currently slightly behind our ambitious target of completing by the end of December 2025. This slippage is primarily due to the additional time needed this year to obtain the right evidence first time and reflects the raising of the bar in terms of audit evidence introduced over recent years.

The working paper requests to support the post-statements audit were uploaded to Inflo (our data sharing portal) in March 2025 as requested by Officers. At the time of drafting this report some of these remain outstanding. We are continuing to chase Management for the remaining requests, which will become more critical in the next couple of week giving the increased size of the audit team.

A detailed query log and sample tracker is discussed with Management on a weekly basis in order to ensure that any slippage is identified and discussed with resolution being as early as possible.

We will continue to work with finance officers to ensure efforts are maintained and accelerated to put us in the best position to conclude this audit ahead of the 28 February 2026 backstop deadline.

A detailed update of progress against each area can be found in Appendix B of this report.

Value for Money

The draft Auditors Annual Report was presented to the Audit and Governance Committee on 18th September 2025.

Progress at 10 November 2025 (cont.)

Other areas - Certification of claims and returns

The following claims are currently in progress:

Housing Benefits

2024/25 – in progress

Pooling of capital housing receipts

2022/23 – work is in progress

2023/24 – waiting for Management to provide information

2024/25 – not yet started

Events

On 4th June 2025 we hosted a webinar on devolution and local government re-organisation, and lessons from our 2023/24 value for money audits. The recording can be accessed here: [Audit committee webinar](#).

The next event taking place shortly will be:

- ❖ 27th January 2026 – webinar providing updates on managing local authority debt; and on preparing for local government reorganisation.

Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Audit Fees

PSAA have published their scale fees for 2024/25 [2024/25 audit fee scale – PSAA](#)

For East Devon District Council these fees are £164,498 for the Council audit. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Audit Deliverables

Below are some of the audit deliverables planned for 2024/25

2024/25 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2024/25 financial statements.	July 2025	Complete
Audit Findings Report The Audit Findings Report will be reported to the Audit and Governance Committee.	January 2026	On-going
Auditors Report This includes the opinion on your financial statements.	January 2026	On-going
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	January 2026	On-going

A. Sector Updates

Lessons from 2023/24 auditors' annual reports

Recommended reading for Audit Committees:

In August 2025, we published a review of 100 Auditors' Annual Reports (AARs) produced by Grant Thornton for our local government audited bodies across England. This represents about a third of all councils in the country. The AARs offer a wealth of insights on what works, and what doesn't, when it comes to value for money and governance.

The reports in our sample showed that financial sustainability remains the major challenge for the majority of councils. Poor governance has led to some councils depleting their reserves and others incurring excessive borrowing, which current government policies around exceptional financial support and statutory override for dedicated schools grant deficits are not helping.

Common challenges for councils include gaps in risk management; high vacancy rates in internal audit; de-centralised contract management; under-supported project management; and the need for stronger, timelier data on performance. For Councils with Housing Revenue Accounts, there are also significant challenges with identifying, costing and managing high volumes of backlog repairs and maintenance work needed to meet regulatory Governance.

However, with this being the second year of reporting on lessons from AARs, we also charted notable examples of cases where arrangements have been strengthened since 2022/23, yielding benefits. As well as good practice questions and reminders, the report includes case studies showing better: Control over transformation planning; approach to internal audit; project management; key performance indicator reporting; and rightsized workforce.

AAR findings in August 2025 can be compared to those from one year earlier by accessing the two years of full reporting here:

[Lessons from 2023/24 auditors' annual reports](#)

[Lessons from recent auditor's annual reports](#)



Financial Instruments in Local Government Accounts (1)

Recommended reading for Audit Committees:

Financial instruments are contracts that give rise to a financial asset for one party and a financial liability or equity instrument for another. In local government, these include a wide range of arrangements such as cash, loans, trade receivables and payables, pooled investments, financial guarantees, and more complex instruments like derivatives or loans with embedded features.

These instruments are governed by accounting Governance and can significantly influence how a council's financial position and performance are presented in the accounts. Proper identification and treatment of these instruments are essential to ensure that financial statements reflect the true nature of the authority's financial commitments and exposures.

The accounting for financial instruments is not just a technical exercise. It has real implications for financial planning, risk management, and public accountability. Misclassification or incorrect measurement can lead to material misstatements, unexpected financial impacts, or audit challenges. Financial instruments can affect key areas such as the General Fund, usable reserves, and statutory reporting.

Ensuring that these instruments are correctly accounted for supports transparency, compliance with professional and statutory requirements, and the safeguarding of public resources.

We have recently released a thought leadership report, "Local authority accounting: Avoiding pitfalls in financial instruments" which covers financial instruments in detail.

Our full report includes insight about some of the potential pitfalls relating to financial instruments that can occur in local authority accounts. In addition, each section includes a range of challenge questions for authorities to consider.

The table on the next page highlights key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions that Audit Committee members may wish to raise with management.

The full report is available here:

[Local authority accounting: Avoiding pitfalls in financial instruments | Grant Thornton](#)



Financial Instruments in Local Government Accounts (2)

Key areas of focus in accounting for financial instruments, along with explanatory context and suggested questions for Audit Committees to ask:

Area of Focus	Description	Challenge Questions
Identification	Proper identification ensures that all relevant instruments are captured in the financial statements and assessed for risk and impact. While some items like loans and investments are obvious, others may be less visible.	<ul style="list-style-type: none"> How have you ensured that all financial instruments, including less obvious or complex arrangements, have been identified? What controls are in place? Have any new or unusual arrangements been reviewed for potential financial instrument implications?
Classification	Financial instruments must be classified based on how they are managed and the nature of their cash flows. Classification determines how movements are reported in the financial statements and can influence the volatility of reported results.	<ul style="list-style-type: none"> What process is followed to determine the classification of financial instruments, and how do you ensure that the classification reflects the nature of the financial instrument, including both business purpose and characteristics? Have any instruments been classified differently this year, and if so, why?
Measurement	Once identified and classified, financial instruments must be measured appropriately. Measurement affects reported balances and income, and errors can lead to misstatements.	<ul style="list-style-type: none"> What valuation methods are used for financial instruments, and how are they validated? Were any experts required during this process? Do changes in assumptions or market conditions require remeasurement?
Disclosure	Disclosures help users of the financial statements understand the nature, significance, and risks of financial instruments. Disclosures should be tailored to your specific circumstances, avoiding unnecessary complexity or boilerplate language.	<ul style="list-style-type: none"> How do you ensure that disclosures are tailored to reflect the authority's specific financial instruments and risks, and are any additional disclosures required for unusual or complex financial instruments, or for particular risks? Are disclosures complete, clear, and free from unnecessary detail?
Other Considerations	Other considerations include soft loans, capital treatment of financial assets, statutory overrides, and the requirement to make prudent revenue provisions (MRP) for certain losses. These adjustments can have a direct impact on financial planning and budget setting.	<ul style="list-style-type: none"> Have all relevant statutory overrides and adjustments been correctly applied and disclosed, and what impact have these adjustments had on the General Fund or other usable reserves? Are expected credit losses / impairments reflected in the financial strategy?

The Local Authority Backstop

Key information for Audit Committees to be aware of:

On 5th June 2025, the National Audit Office published [Local Audit Reset and Recovery Implementation Guidance \(LARRIG 06I\)](#). This followed on from the fact that on 28 February 2025, approximately 40% of local authorities received an unqualified opinion on their financial statements for 2023/24; and the remaining 60% of audits were disclaimed as auditors had not been able to conclude work by the deadline.

We are pleased to report that Grant Thornton issued unqualified opinions on 65% of our local authority audits, well ahead of the national average. Nevertheless, all Audit Committees need to be aware of work currently ongoing across the sector to help rebuild assurance for stakeholders.

How you can support us

Timely preparation of draft accounts and high quality supporting working papers is fundamental to the success of audit closedown. We look for all local authorities to prioritise this in enabling the sector to return to balance. In addition, agreeing timescales for build back work will also be key.

An audit approach to build back assurance on financial statements

The LARRIG provides principles as well as indicative procedures which, with the application of professional judgement, enable the auditor to regain assurance in respect of opening balances. These include a framework for auditors to:

- ❖ Assess risk at an entity wide level
- ❖ Assess risk at a line-item level including in respect of specific balances and reserves
- ❖ Determine a response to risk, including appropriate testing of prior year transactions.

This will enable auditors to undertake audit work in respect of old year transactions (e.g. years which were not subject to an audit). Without that work, there would be uncertainty as whether reserves are properly accounted for.

Grant Funding for build back

The first priority at all audited bodies which have previously been backstopped is to gain assurance regarding in year transactions and closing balances for the current audit year. This is the approach which we will adopt over the coming months for your audit for 2024/25.

The Council has received grant funding under a Section 31 Grant Determination to support build-back. The government has set out its expectation that local authorities and audit firms work closely together to enable this build back to happen. We are currently piloting an approach at other local authorities which is intended to remove the disclaimer from future audit reports. We will discuss with the Director of Finance how re-assurance can be best achieved at your authority, including the appropriate timing of further audit work.

Reorganisation update



Key reorganisation dates for Audit Committees to be aware of:

Key dates that Audit Committees need to be aware of for Councils other than Surrey (whose deadline was 9th May 2025) are listed below. :

26th September 2025: Deadline for areas in the Devolution Priority Programme to submit final proposals for reorganisation.

28th November 2025: Deadline for all other areas to submit final proposals for reorganisation.



Comments from Unison for Audit Committees be aware of, June 2025:

Reorganisation “poses a risk for thousands of local government jobs. Crucial services on which some of society’s most vulnerable people rely could also be disrupted”. The union called for workers to be protected and for the support of residents and staff to be engaged.



August 2025: [Lessons from 2023/24 auditors annual reports](#)

Among the 100 AARs we reviewed in August 2025, were eight AARs for relatively new unitary authorities formed during or since the local government reorganisation of 2019. Our report analyses recommendations made to these councils in 2023/24 for insights that will be useful to others as they embark on their reorganisation journey.



Other recommended materials to support Audit Committees:

September 2024: [Learning from the new unitary councils](#)

March 2025: [Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

June 2025: [Audit committee webinar](#)

May 2025: We also directly shared a technical briefing on reorganisation with statutory officers in May 2025. Audit Committees can obtain a copy of the briefing note now from their Section 151 officer, or from their Audit Engagement Lead or Audit Manager.

Other structural changes

Key information for Audit Committees to be aware of:



Multi-year allocations – 11th June 2025

The Spending Review on 11th June 2025 committed to multi-year allocations through the upcoming 2026/27 Local Government Finance Settlement. An assessment of each council's needs and resources was also committed to.

[Spending Review 2025 \(HTML\) - GOV.UK](#)

Additional information on the Spending Review and Fair Funding Review can be seen on pages 16 and 17 of this update.



Simplified local structures – 24th June 2025

The Minister of State for Housing, Communities and Local Government announced on 24th June 2025 that Councils with a committee system will be required to transition to a leader and cabinet model. He also announced a ban on creating new directly elected council mayors.

[Written statements - Written questions, answers and statements - UK Parliament](#)



Pensions pooling – 11th August 2025

Seven Council pension funds announced plans to join the Border to Coast pool on 11th August 2025. The government has committed to allow some “limited flexibility” to other administering authorities looking for new asset pools (moving away from Access and Brunel) but does expect all to conform as closely as possible to the 31 March 2026 deadline for meeting new minimum Governance set for asset pooling.

[Pension Investment Review Final Report](#)



English Devolution and Community Empowerment

The English Devolution and Community Empowerment Bill was presented to the House of Commons and given its first reading on 10th July 2025; and its second reading on 2nd September 2025. With ayes of 365 and noes of 164 on 2nd September, the Bill now moves to Committee stage.

[English Devolution and Community Empowerment Bill](#)

Local government financial sustainability

Key information for Audit Committees to be aware of:

On 18th June 2025, the Committee of Public Accounts reported that “MHCLG has implemented short-term and unsustainable approaches to keep local government afloat”.

As evidence, the Committee reported that :

- ❖ Forty-two local authorities had to receive exceptional financial support;
- ❖ Spending on special educational needs and disabilities has outstripped the money available from the Department for Education to pay for it.

Adding to concern, the Committee also reported:

- ❖ MHCLG does not know if the billions spent delivering services locally results in better outcomes for people;
- ❖ Neither MHCLG nor HM Treasury have assessed the impact that increases in national insurance contributions will have; and
- ❖ There is significant uncertainty around how the proposed local government finance reforms and reorganisation will be implemented.

Two days later, on 20th June 2025, the government announced that the statutory override for dedicated schools grant deficits will be extended by another two years, until 31 March 2028. There is no clarity yet about how the debt associated with the grant will be managed once this new period of statutory override ends.

For wider debt burdens, the [LocalGov daily bulletin 19th August 2025](#), reported that Freedom of Information request responses from 254 councils found that:

- ❖ There has been a 60% increase in Council debt over the last sixty years; and
- ❖ Roughly a fifth of council tax revenue is being spent on payments for debt interest.

For a full copy of the Committee of Public Accounts report see [Local Government Financial Sustainability](#).



The Spending Review

Key questions for Audit Committees to ask officers:

- ❖ Have we calculated what impact the Spending Review will have on the assumptions in our medium-term financial plan?
- ❖ If the impact is negative, what mitigation is planned?

Background:

The Spending Review on 12th February 2025 did not directly address local government debt (other than that in some cases exceptional financial support increases the debt). However, the Spending Review did provide an additional £3.3 billion of grant funding in real terms for local authorities in 2028/29 compared with 2023/24. This included:

- ❖ Over £4 billion of funding available for adult social care in 2028-29 compared to 2025/26.
- ❖ £555 million to help more children stay with their families; and £560 million, between 2026/27 and 2029/30, to refurbish and expand children's homes and foster care placements.
- ❖ £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026/27 to 2035/36.

- ❖ £100 million for a new community partnership approach to spending on adults with complex needs.

The Spending Review also announced a new £3.25 billion Transformation Fund to support the reform of public services so that they are focused on prevention, including for special educational needs and disability and homelessness.

The intention is that investment in digital technology and artificial intelligence transformation programmes will drive productivity improvements and help to deliver the government's missions.

[Spending Review 2025 \(HTML\) - GOV.UK](#)



Fair Funding Review 2.0

Key questions for Audit Committee to ask officers:

- ❖ What impact do we expect the Fair Funding Review to have on our medium-term financial plan?
- ❖ Have we calculated what level of support we will need from transitional arrangements?
- ❖ What mitigations are we planning if we don't receive transitional support?

Background:

Between June and August 2025, the government ran a [public Fair Funding Review consultation](#) on how it should implement Fair Funding Review 2, including on how the local government grant system should be made fairer and how transitional arrangements should work.

Under the Fair Funding Review, significant changes to the grant funding system for English local government are now expected to take effect on 1st April 2026, for the 2026/27 financial year. It is expected that grant funding will be allocated to English local authorities using a three-part system, consisting of an assessment of relative need, based on socio-economic indicators; an area costs adjustment; and a resource assessment, measuring the capacity of each council to raise council tax.

It is expected that:

- ❖ There will be no further retained business rates revenue;
- ❖ Recent spending on social care and deprivation will influence the formula; and
- ❖ There will be reduced funding for Councils with higher capacity to raise council tax.

The new methodology will apply to the Revenue Support Grant, which will also swallow up several other smaller grants that Councils currently receive.

Because the existing system has been untouched for many years, and because no new money will accompany the review, there are likely to be some very large changes to some councils' funding allocations.

The [Local Government Information Unit](#) recently argued that “in many ways (the changes) will start to put England back onto its pre-2013 footing”; and a three-year transitional period has been proposed.

Nevertheless, the changes are going to be difficult for some Councils to absorb, especially those that already have other issues with their financial sustainability.



Public procurement

Key questions for Audit Committee to ask officers:

- ❖ How much do we currently spend per annum on contracts with small and medium-sized enterprises and voluntary, community and social enterprises?
- ❖ Do we test whether our suppliers pay their creditors within appropriate timescales?
- ❖ Which outsourced services, if any, have we assessed to test whether outsourcing is still the best solution?

Background:

Between June and September 2025, the government consulted on public procurement. With an estimated £385 billion spent through public procurement every year, the consultation is intended to support implementation of the new National Procurement Policy Statement.



Cabinet Office

Proposals that are being consulted on include:

- ❖ Mandating large contracting authorities with procurement spend over £100 million per annum to publish their own 3-year target for direct spend with small and medium-sized enterprises and voluntary, community and social enterprises; and report against it annually;
- ❖ excluding suppliers from bidding for major contracts (over £5 million per annum) if they cannot demonstrate they pay their invoices within an average of 60 days;
- ❖ requiring contracting authorities to make a standard assessment before procuring a major contract to test whether service delivery should be inhouse or outsourced;
- ❖ mandating contracting authorities to carry out a public interest test prior to making a sourcing decision on major service contracts; and
- ❖ requiring contracting authorities to publish the results of the public interest test in the tender notice.

The government states that the proposals will “open up more opportunities for small and medium-sized enterprises (SMEs) and voluntary, community, and social enterprises (VCSEs), which are vital for driving the UK economy”.

For a full understanding of the proposals that were put forward, follow this link: [Public Procurement: Growing British industry, jobs and skills](#)

Keeping fit for the future



Key question for Audit Committees to ask officers:

- ❖ What changes to governance structures do we expect the new ten-year health plan to have on us?
- ❖ How are we preparing?

Background:

On 3rd July 2025, the government outlined the new ten-year NHS plan [Fit for the future](#). The plan points to a closer working partnership between local government and Integrated Care Board (ICBs), stating that:

- ❖ The number of ICBs will be reduced from 42 and the remaining ICBs will then be encouraged to adjust their boundaries to match those of new combined authorities;
- ❖ the government's aim over ten years is that ICBs will be coterminous with strategic authorities wherever feasibly possible;
- ❖ Integrated Care Partnerships will be abolished but in future, a neighbourhood health plan will be drawn up by local government, the NHS and its partners at single or upper tier authority level under the leadership of the Health and Wellbeing Board, incorporating public health, social care, and the Better Care Fund;
- ❖ mayors are going to replace local government representatives on ICB Boards;
- ❖ local authorities are going to take up Local HealthWatch social care functions; and
- ❖ from 2026, every single or upper tier local authority will be required to participate in an external public health peer review exercise, on a 5-year cycle, with the results directly informing local plans.

Keeping the leisure estate fit for the future

Key question for Audit Committees to ask officers:

- ❖ How are repairs and maintenance and replacement costs for our leisure estate reflected in our medium-term financial plan?
- ❖ Are we on track to cover replacement costs for the leisure estate?

Background:

Some £400 million was announced in [Fit for the future](#) for grassroots sports facilities, but it is not yet clear how much of that will be directed to local authorities. On 2nd August 2025, the [Local Government Association](#) reported that:

- ❖ Since 2010, 500 swimming pools have closed, representing a loss of over 34,000 square metres of water space. Nearly half of the closures occurred in the last five years.
- ❖ 63 per cent of main sports halls and 60 per cent of swimming pools are beyond their expected lifespans or in need of refurbishment.
- ❖ 24 per cent of council areas face the risk of reducing or closing leisure services due to rising energy and operational costs.

An early understanding of the condition of the estate will help to maximise the effectiveness of any funding that does become available to Councils.



Asylum seekers update

Key questions for Audit Committees to ask their officers:

- ❖ How do we capture and report accommodation costs?
- ❖ Have we calculated whether costs are matched by grant income received?
How are we managing any difference?
- ❖ What are our safeguarding responsibilities? What assurance do we have that we are meeting them?
- ❖ What assurance do we have that we are meeting our duty of care to children and vulnerable adults?

Background:

On 29th August 2025, the Court of Appeal ruled that The Bell Hotel in Epping Forest can continue to house asylum seekers, overturning an interim injunction that Epping Forest District Council had secured ten days previously to restrain the use of the hotel for such a purpose unless planning permission was granted. The Council was then denied the opportunity to appeal to the Supreme Court.

[Home Office data](#) published on 21st August 2025 shows that 115 other Councils currently have hotels within their areas that are housing asylum seekers. Those Councils may have been watching the outcome of The Bell Hotel case closely.

[The National Audit Office](#) recently estimated that it costs £15.3 billion per annum to house asylum seekers in hotels; and that hotel accommodation accounts for 76% of the annual cost of asylum contracts but houses only 35% of people in asylum accommodation system.

The [Spending Review 2025](#) committed to ending government use of asylum hotels during the current Parliament. The expectation is that these will be replaced by central government owned accommodation, probably delivered by purchasing tower blocks and former student accommodation. However, no timeline has been set for this initiative yet. Without a timeline, hotel costs are likely to be incurred and need managing for some time yet.



Future Webinars for Audit Committee members



We plan to hold a webinar for members of Audit Committees on 27th January 2026. Invitations will be available shortly on our website or can be obtained from your Engagement Lead or Audit Manager.

Areas our webinar will help with include:

Managing debt:

Understanding the true level of debt across all sources;

Assessing the viability of plans for debt repayment;

Understanding and assessing current and future exposure to risk; and

Best practice for Councils managing debt.

Local government reorganisation:

Understanding and anticipating outcomes from the latest submissions;

Managing change whilst waiting for decision announcements; and

Preparing for next steps after decision announcements.

B. Detailed status audit update

B. Status of audit testing 2024/25 – 10 November 2025

Primary Statement

Balance Sheet

Financial Statement Line Item	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Property Plant and Equipment (PPE) – Opening balance		N/A				<ul style="list-style-type: none"> No audit procedures will be undertaken over opening balances due to the backstopped audit opinion as at 31 March 2024.
PPE – Additions & REFCUS		Additions 9 REFCUS TBC				<ul style="list-style-type: none"> We have queried with Management why spend of less than £20k per asset has been capitalised when the accounting policy states that spend less than £20k is treated as revenue. The total value of this spend is £207k. Additions sample sent to Council on 17 October 2025 – some sample evidence received. Currently in discussion with Management over outstanding items/further queries. Query on S106 breakdown preventing sampling for REFCUS – requested 21 August 2025 – This was received on 3 November 2025, the audit team is process of selecting samples.
PPE – Revaluation and impairment (Other land & building)		TBC				<ul style="list-style-type: none"> A reconciliation between the Fixed Asset Register, Valuers Report and the Financial Statements has been requested from Management before the sample process can begin. Requested 20 March 2025 – outstanding from Management.
[Significant risk]						

Assessment

● [Grey] We were unable to fully test the balance/transaction.

● [Teal] We reviewed the balances and where applicable tested on a sample of transactions, however, we identified a number of issues/exceptions to be able to conclude.

● [Purple] We were able to test the balances and conclude for 24/25 and we did not identify any significant issues

B. Status of audit testing 2024/25

Primary Statement						
Balance Sheet						
Financial Statement Line Item	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
PPE – Revaluation and impairment (Council dwellings) [Significant risk]		TBC				<ul style="list-style-type: none"> We have requested working papers to support the value included within the financial statements. The number of properties in the valuation schedule does not agree to the value in the FAR and we are unable to select samples until this is resolved.
Investment Property valuations [Significant risk]		1				<ul style="list-style-type: none"> We have requested information to support the valuation, and this currently remains outstanding.
Short- & Long-term debtors (Including Completeness testing)		Debtors TBC Completeness 24	Debtors TBC Completeness 16 to date			<ul style="list-style-type: none"> We requested a list of debtors as at 31 March 2025. Management are currently working on producing the listings that support the figures in the financial statements. Completeness – 16 have been cleared and we are processing 8.
Short- & Long-term Creditors (Including Completeness testing)		Creditors TBC Completeness 26	Creditors TBC Completeness 15 to date			<ul style="list-style-type: none"> We requested a list of creditors as at 31 March 2025. Management are currently working on producing the listings that support the figures in the financial statements. Completeness – 15 have been cleared, we are processing 10 and 1 remain outstanding.

B. Status of audit testing 2024/25

Primary Statement						
Balance Sheet						
Financial Statement Line Item	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Short- & Long-term investments		N/A tested in full				<ul style="list-style-type: none">Testing is complete however we are waiting one external confirmation
Cash & Cash Equivalents		13	10 cleared 3 processing			<ul style="list-style-type: none">Working papers have been provided to support the bank balance. We have compared the values listed in these working papers to the balances provided by third parties and have confirmed that these agree. The listing of reconciling items has been sample tested and we have some queries that Management is currently working on. We have some recommendations to discuss with Management to improve the processes currently in place.
Short- & Long-term Borrowing		N/A tested in full				<ul style="list-style-type: none">Testing is complete however we are waiting one external confirmation
Pensions Liability		N/a				<ul style="list-style-type: none">We have the information to start testing this area but have been concentrating on sampling to date.
[Significant risk]						
Usable & Unusable Reserves		TBC				<ul style="list-style-type: none">TBC
Provisions		TBC				<ul style="list-style-type: none">TBC

B. Status of audit testing 2024/25

Primary Statement						
Comprehensive Income and Expenditure Statement						
Financial Statement Line Item (Expenditure)	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Employee benefits expenses		TBC				<ul style="list-style-type: none">The initial payroll reconciliation provided by Management did not explain how the payroll reports reconciled to the value in the financial statements. We discussed this with Management and viewed draft reconciliations. A final reconciliation has been shared with us recently. The audit team is currently undertaking sampling.
Other expenses		38	17 cleared 19 queries to date 2 outstanding			<ul style="list-style-type: none">Testing is on-going
Depreciation, amortisation and impairment		TBC				<ul style="list-style-type: none">TBC
Housing benefit		12				<ul style="list-style-type: none">Sample with Council
Grants received in advance		TBC				<ul style="list-style-type: none">We requested the transaction listing of grants received in advance which was shared with us recently, however, there are further queries before the audit team is able to select samples.

B. Status of audit testing 2024/25

Primary Statement

Comprehensive Income and Expenditure Statement

Financial Statement Line Item (Income)	Status	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Fees, charges and other service income		33	5 cleared 5 processing 16 queries to date 7 outstanding			<ul style="list-style-type: none">Testing is on-going
Income from council tax and non-domestic rates		TBC				<ul style="list-style-type: none">TBC
Capital Grant income		TBC				<ul style="list-style-type: none">The audit team initially selected samples on 21 August 2025, however, the council highlighted that some of the samples may have further transaction listing. As a result, the audit team needs to re-select the samples based on listing shared by 10 Nov.
Government grants and contributions		24	16 cleared 1 query to date 7 outstanding			<ul style="list-style-type: none">Testing is on-going

Other areas of testing

Journals testing [Significant risk]		61	13 cleared 48 outstanding			<ul style="list-style-type: none">Testing is on-going
Joint operation – Strata Service Solutions Limited		TBC				<ul style="list-style-type: none">TBC

Litigation and claims		TBC				<ul style="list-style-type: none">TBC
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C. Audit Committee Resources

Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Governance

<https://www.gov.uk/government/publications/public-sector-internal-audit-Governance>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crossectoral-guidance-notes-2021-edition>



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