The Audit Plan for Royal Berkshire Fire and Rescue Authority

Year ending 31 March 2026

28 April 2026

Contents

The Backstop

The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

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

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

Local Audit Recovery

In the audit report for the year ended 31 March 2025, a disclaimer of opinion was issued due to the impact of disclaimed opening balances arising from the backstopped prior-year audits from 2021/22 to 2022/23, and related opening balances post these periods.

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

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

We will work with the Authority to rebuild assurance over time. We are completing the required risk assessment procedures to determine the extent of work needed as part of the rebuild process.

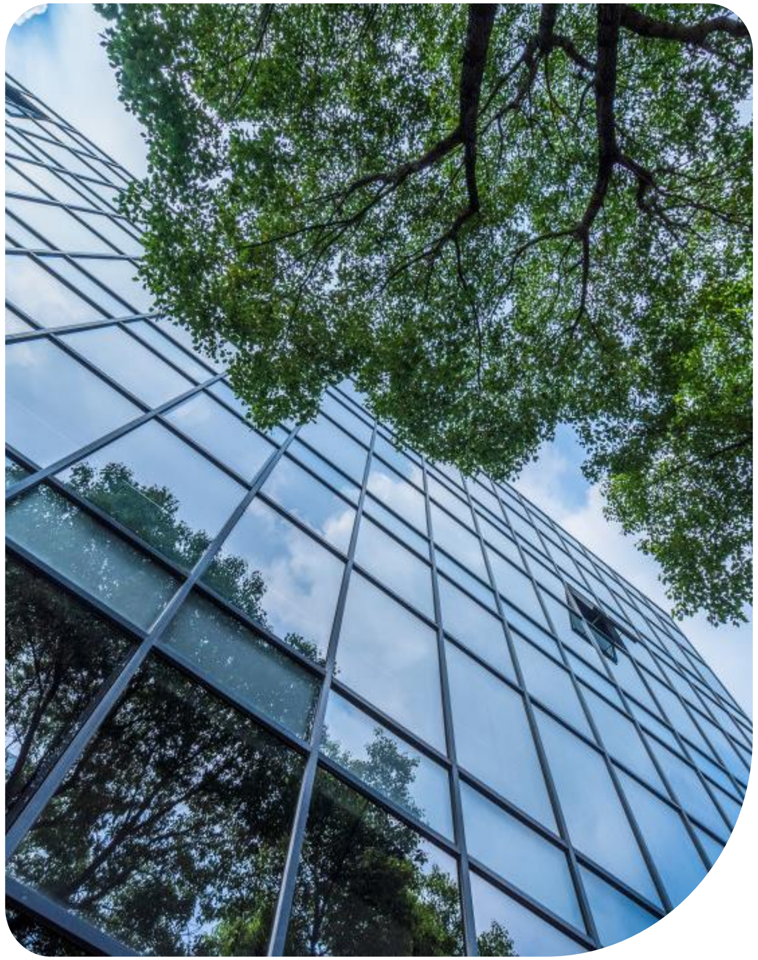
These procedures are currently subject to internal consultation, and any additional required work will be communicated to the Committee in due course.

The Authority has undergone audits in both 2023/24 and 2024/25, which have supported the process of regaining assurance. This has included targeted procedures on land and building valuations in 2024/25 following the full valuation exercise. We will therefore focus our efforts on re-establishing assurance over the opening balance position as a result of the backstopped years.

Our Work

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

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Royal Berkshire Fire and Rescue Authority ('the Authority') for those charged with governance.

Respective responsibilities

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

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance committee); and we consider whether there are sufficient arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

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

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

Introduction and headlines (continued)

Significant risks

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

- Management override of control
- Valuation of land and buildings and investment properties
- Valuation of the net pension liability

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

Materiality

We have determined planning materiality to be £1.214m (PY £1.000m) for the Authority, which equates to 2.5% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Our performance materiality for the audit has been set at 70% of materiality at £0.850m.

Clearly trivial has been set at £0.060m (PY £0.050m).

We will report to you all misstatements identified in excess of triviality.

We have also set a separate materiality for Senior Officer Remuneration disclosures, for individual officers, at £20,000.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any significant weakness areas or related risks, requiring separate attention. We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

Audit logistics

Our planning visit took place in March 2026, and our final visit will take place from the week commencing 8 June 2026, with an expected completion date of 24 August 2026. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £115,037 (PY: £111,904) for the Authority, subject to the Authority delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

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

Significant risks identified

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

Significant risk	Audit team's assessment	Planned audit procedures
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: • gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness concerning corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions • evaluate the design effectiveness of management controls over Journals • analyse the journals listing and determine the criteria for selecting high risk, unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration review unusual significant transactions.

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

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

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	We have identified and completed a risk assessment of all revenue streams for the Authority. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. We have rebutted the risk of fraud in revenue recognition for revenue streams due to the low fraud risk in the nature of the underlying transactions, mainly because of; • there is minimal incentive for the Authority to manipulate revenue recognition; • opportunities for manipulation are inherently limited given the nature of the Authority's income streams; and • the culture, governance and ethical framework of local government bodies, including the Authority strongly discourages any form of fraudulent behaviour.	We do not consider this area to represent a significant risk for the Authority. Accordingly, we intend to apply our standard audit procedures. We will continue to keep this assessment under review throughout the audit to ensure that our judgement remains appropriate. Our planned standard procedures include, but are not limited to: • agreeing, on a sample basis, material income streams, grant income and year-end receivables/income accruals to underlying supporting evidence, such as invoices, remittance documentation or cash receipts; and • testing, on a sample basis, invoices raised in the periods immediately before and after 31 March 2026 to evaluate whether income has been recognised in the correct accounting period, in accordance with the amounts billed to the relevant counterparties and in line with the Authority's accounting policies.

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

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

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Authority. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This reflects the inherently low fraud risk associated with the nature of the transactions, supported by: • Well-established expenditure controls and a strong overall control environment; and • Clear, transparent reporting of the Authority's financial plans and financial position to those charged with governance. We have also considered the potential cut-off risks affecting year-end expenditure and related payables. While this is not assessed as a significant risk, we will design and perform appropriate procedures to address cut-off-related assertions.	We do not consider this to represent a significant risk for the Authority, and we will therefore apply our standard audit procedures. We will continue to revisit this assessment throughout the audit to ensure that our judgement remains appropriate. Our planned procedures include, but are not limited to: • agreeing, on a sample basis, relevant expenditure items and year-end payables/accruals to invoices or other appropriate supporting evidence; and • testing, on a sample basis, invoices received in the periods immediately before and after 31 March 2026 to assess whether expenditure has been recognised in the correct accounting period, in line with the amounts billed by suppliers.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings and Investment Properties impacting closing balances	The Authority undertakes annual valuations of its land, buildings and investment properties to ensure that carrying amounts remain materially aligned to current value at the balance sheet date. Given the scale of these assets (c. £68 million in total per prior year audited accounts) and the inherent sensitivity of valuations to key assumptions, this area represents a significant accounting estimate. The valuation process remains judgement-intensive, with outcomes influenced by market conditions, professional assumptions and the methodology required by the CIPFA Code. The introduction of a five-year rolling programme of full valuations, supported by indexation in intervening years, has increased estimation uncertainty. This is particularly relevant to the selection of appropriate indices, the classification of assets for indexation purposes, and the assumptions supporting management's application of the revised approach as first time implementation. The engagement of a new valuer in the current year adds a further inherent layer of risk. The Authority's 2023/24 financial statements were qualified in respect of property valuations, following the identification of discrepancies in gross internal areas used by the valuer compared with the Authority's own records. While no similar issues were identified during the 2024/25 audit, the historical position heightens the risk profile associated with the current year's valuations. In view of these factors, we have identified the valuation of land, buildings and investment properties as a significant risk. Our work will focus on high-value or unusual assets, movements in valuations that fall outside expected ranges, and the appropriateness of any indexation adjustments.	We will: • evaluate management's processes and assumptions, including instructions issued to the valuer and the scope of their work. • assess the competence, capabilities and objectivity of the valuer and obtain written confirmation of the valuation basis. • challenge key information and assumptions used by the valuer, including completeness, consistency with our understanding of the Authority, and alignment with the valuation report. • test the accuracy of in-year revaluations and confirm correct posting within the fixed asset register. • review the appropriateness of useful economic lives used in calculating depreciation. Indexation-Specific Procedures include: • review management's indexation methodology for CIPFA Code compliance and asset-class suitability. • assess the rationale for selected indices, including relevance, sensitivity and reasonable alternatives. • reperform sample indexation calculations and confirm consistent application and appropriate asset classifications. • review the new valuer's assumptions, management's challenge, and the adequacy of related valuation disclosures.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net asset/liability	The Authority's balance sheet includes total pension liabilities of £248m, comprising the Firefighters' Pension Scheme (£245m) and the Local Government Pension Scheme (£2.2m), per prior year audited accounts. Both schemes involve complex actuarial valuations and represent significant estimates within the financial statements due to the level of judgement inherent in the calculation of the IAS 19 liability. The valuation of these liabilities is highly sensitive to changes in key actuarial assumptions, including the discount rate, inflation, salary growth and life expectancy. Even small movements in these assumptions can have a material impact on the reported liability. While the assumptions are the responsibility of management, they must be informed by the professional judgement of the Authority's actuary, and the Authority must ensure that they are appropriate and supportable. Given the magnitude of the balances, the inherent uncertainty in the estimation process, and the reliance on expert judgement, we consider there to be a significant risk of material misstatement relating to the valuation of the Authority's pension liabilities. Our audit will therefore focus on the appropriateness of the assumptions used, the accuracy and completeness of the underlying data provided to the actuary, and the reasonableness of the actuary's outputs.	We will: • update our understanding of management's processes and controls over the pension liability and assess whether the design of those controls mitigates the risk of material misstatement. • evaluate the instructions provided to the actuary and assess the competence, capabilities and objectivity of the actuarial expert. • assess the accuracy and completeness of data supplied by the Authority to the actuary and test the consistency of asset, liability and disclosure figures against the actuarial report. • review the reasonableness of key actuarial assumptions, drawing on the auditor's consulting actuary and performing any additional procedures recommended. • obtain assurances from the auditor of the Berkshire Pension Fund over controls relating to membership data, contributions, benefits and asset valuations relating to the Local Government Pension Scheme. • test the data provided to the actuary for the Firefighters' Pension Scheme.

Other matters

Other work

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

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
  - issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act)
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

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

Our approach to materiality

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

Description	Planned audit procedures
Determination We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements	We determine planning materiality in order to: • establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements • assist in establishing the scope of our audit engagement and audit tests • determine sample sizes and • assist in evaluating the effect of known and likely misstatements in the financial statements.
Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements	An item may be considered to be material by nature when it relates to instances where greater precision is required.
Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the Authority's financial statements	1.214m	Materiality has been set at 2.5% of the Authority's 2024/25 gross expenditure, reflecting the upper end of the sector-recommended range. This is considered appropriate given that the prior year audit did not identify any significant issues and the authority continues to demonstrate a robust and stable control environment.
Performance materiality	0.850m	Performance materiality has been maintained at 70% of headline materiality, consistent with the prior year. This reflects the impact of the disclaimed opinions for 2021/22, 2023/24, 2022/23 and 2024/25, which highlight prior limitations in obtaining sufficient audit evidence and therefore increase inherent risk in the current audit. The 70% threshold provides a proportionate response, ensuring additional focus on in-year transactions and supporting the rebuilding of assurance over areas previously affected by evidence gaps.
Triviality	0.060m	This is 5% of headline materiality.
Materiality for specific transactions, balances or disclosures – Senior Officer Remuneration	0.020m	As this is a sensitive disclosure area within the financial statements, we have set a separate materiality of £20,000 for Senior Officer Remuneration, assessed at an individual officer level.

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

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Authority's financial statements, which resulted in two recommendations being reported in our 2024/25 Audit Findings Report. We have followed up on the implementation of our recommendations, and both are still to be addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	During the audit, we identified several adjustments—relating to LGPS, Firefighter Pensions, Authority Tax and NNDR—that had not been posted through the general ledger and were instead processed manually. Although each item was verified to third-party evidence, all financial transactions should be recorded in the GL to reduce the risk of error and ensure controls operate effectively. We recommend that all such adjustments are posted through the GL in future.	We will review progress against this recommendation as part of our 2025/26 financial statements audit.
In progress	During our testing of Useful Economic Lives (UELs) for Vehicles, Plant and Equipment, we identified 60 assets with a nil NBV but a remaining useful life. A sample of five confirmed that these assets remain operational, indicating that current UELs are not appropriate and require review. We recommend that the Authority reassesses UELs to ensure they accurately reflect asset usage.	We will review progress against this recommendation as part of our 2025/26 financial statements audit.

IT audit strategy

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

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

IT application	Audit area	Planned level IT audit assessment
SAGE	Financial reporting	• ITGC assessment (design, implementation and operating effectiveness) • Application controls assessment (Revenue, Procurement, Payroll)
E Paysafe	Payroll	• ITGC assessment (design and implementation effectiveness only)

Value for Money Arrangements

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

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

Financial sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

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

Risks of significant weakness in VFM arrangements

Risk assessment of the Authority's VFM arrangements

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

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	G	No risks of significant weakness reported and no improvement recommendations made	No risks of significant weakness identified	As no risk of significant weakness have been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.
Governance	A	No significant weaknesses in arrangements identified; one improvement recommendation re-raised in relation to the review of key policy documents.	No risks of significant weakness identified	As no risk of significant weakness have been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Improving economy, efficiency and effectiveness	A	No significant weaknesses in arrangements identified; one improvement recommendation re-raised in relation to data quality.	No risks of significant weakness identified	As no risk of significant weakness have been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2024/25.

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

Risks of significant VFM weaknesses

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

Potential types of recommendations

Statutory recommendation

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

Key recommendation

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

Improvement recommendation

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

Logistics

The audit timeline

Key Dates

- Year end: 31 Mar 2026
- Audit and Governance Committee: 15 Jul 2026
- Close out: 24 Aug 2026
- Audit and Governance Committee: 09 Sept 2026
- Sign off: 11 Sept 2026

Audit phases:

Planning – 1 week
w/c 02 Mar 2026

Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and Audit Committee
- Issue the Audit Plan to management and Audit Committee
- Planning meeting with Audit and Governance Committee to discuss the Audit Plan

Final – 11 weeks
w/c 08 Jun 2026

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management
- Technical review of financial statements

Completion – 1 week
w/c 31 Aug 2026

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Audit Committee
- Audit Findings presentation to Audit and Governance Committee
- Auditor’s Annual Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Grace Hawkins

Engagement Lead

- Key contact for senior management and Audit Committee
- Overall quality assurance

Ebenezer Adom-Mensah

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Isha Saini

In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Joint Audit Plan • The Joint Audit Findings • Joint Auditor’s Annual Report	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

Our fee estimate

Our fee estimate

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

- prepare good quality sets of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- ensure journals listing and transactional breakdowns of account balances are provided before the audit commences.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
  – Land and Building and investment property valuations (indexation), and
  – Pension liability valuations.

Previous year

In 2024/25 the scale fee set by PSAA was £111,904. The actual fee charged for the audit was £111,904.

As the audit reports for 2021/22 and 2022/23 and the opening balances post this year were disclaimed due to the imposition of the statutory backstop date, this continues to inform our risk assessment for the current year; we will need to undertake further audit work in respect of opening balances, as briefly explained on page 3. We will discuss the practical implications of this with you.

It is worth noting that additional funding has been made available to support Authorities with the audit fees arising from the regaining assurance work.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Authority Audit	111,904	115,037
Total (Exc. VAT)	**111,904**	**115,037**

Our fee estimate (continued)

Relevant professional standards

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

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Authority to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £115,037.

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

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

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

Updated Auditing Standards

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

Independence considerations

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, managers and network firms).

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

For the year ended 31 March 2026, we have not provided any non-audit services to the Authority.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

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

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

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

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

Respective responsibilities

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

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

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Authority accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Escalation Policy

The Backstop

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

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

Escalation Process

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

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

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

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

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

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

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

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

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

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

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

Aim

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

Financial reporting changes

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

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

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

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

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

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

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

IFRS 18 Presentation and Disclosure in the Financial Statements

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

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

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

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