



# **Audit Findings (ISA 260) Report for Gravesham Borough Council**

Year ended 31 March 2025

February 2026



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25 February 2026

Dear Members of the Finance and Audit Committee

### Audit Findings for Gravesham Borough Council for the 31 March 2025

This Audit Findings 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 will be discussed with management and the Finance and Audit Committee.

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.

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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 manage risk, quality and internal control particularly through our Quality Management Approach. 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-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-.pdf).

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.

Parris Williams

Director  
For Grant Thornton UK LLP

**Chartered Accountants**

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# Contents

Section	Page
1 Headlines and status of the audit	05
2 Group audit	16
3 Materiality	18
4 Overview of significant risks identified	22
5 Other findings	34
6 Communication requirements and other responsibilities	41
7 Audit adjustments and Action plan	45
8 Value for money	76
9 Independence considerations	78
Appendices	85
– A. Communication of audit matters with those charged with governance	86
– B. Our team and communications	88
– C. Logistics	89
– D. Other Areas of the Financial Statements	90

# Headlines and status of the audit

# Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Gravesham Borough Council (the ‘Authority’) and the preparation of the group and Authority's financial statements for the year ended 31 March 2025 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 group and Authority's financial statements give a true and fair view of the financial position of the group and Authority and the group and Authority's 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 other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), are materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

## Setting the scene – 2024/25 audit objectives

For 2024/25, the collective success criteria agreed with management and the Finance & Audit Committee focused on two core aims:

- Auditing the closing balances as at 31 March 2025, and
- Auditing the in-year transactions for 2024/25,

Recognising that, even if these objectives were achieved, the opinion would remain a disclaimer due to the absence of assurance over opening balances following several years of disclaimed audits.

While there were areas of progress—including completion of our work over the council's share of the collection fund, payroll, pensions, MRP, and several other non-asset-based audit streams—the volume of work required across key areas could not be completed ahead of the statutory backstop deadline. Several high-risk areas, including all significant risks, remained incomplete at the point of backstop.

The fact that such a significant proportion of work could not be completed has resulted in the identification of a significant weakness in the Authority's arrangements for financial reporting and close-down. A key recommendation has therefore been issued within our Auditor's Annual Report, requiring urgent action from management to strengthen systems, processes, and capacity.

Looking ahead to 2025/26, improvement is essential. Implementation of the control recommendations raised—particularly those relating to year-end preparation, reconciliations, valuation processes, and audit evidence—will be critical. Regaining assurance over the financial statements will require demonstrable progress next year, with the clear expectation that a substantially greater proportion of audit work must be completed in-year.

## Delivery of the 2024/25 audit

Our audit work commenced in July 2025 with the objective of selecting samples for the agreed areas in scope. We then continued with our final audit procedures from October to December 2025, in line with the original timelines, which were subsequently extended into January 2026 by agreement with management. This work conducted through regular in person visits to the Council's office as agreed with management.

**(continued overleaf)....**

# Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Gravesham Borough Council (the ‘Authority’) and the preparation of the group and Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

## Financial statements

### Context for Gravesham Borough Council

In some areas of the financial statements, the level of audit evidence required has increased in response to heightened regulator scrutiny and recent changes to auditing standards, resulting in more extensive procedures to obtain sufficient and appropriate assurance.

As Gravesham Borough Council's last audit prior to the imposition of the backstop was 2021/20, the cumulative effect of these raised expectations up to 2024/25 can be significant. Because they did not experience the changes gradually, the shift in evidence requirements can feel like a sudden step-change. This may mean:

- Evidence that was previously considered adequate no longer meets current standards, requiring more detailed documentation, clearer audit trails, and stronger internal controls.
- Historic working practices may not align with today's expectations, creating additional work for council officers to prepare backdated or reconstructed evidence.
- More intense auditor challenge may be experienced, as the auditor applies today's requirements to financial years prepared under earlier practices.
- Longer audit timelines and higher workloads for both the council and the audit team, as the gap between past processes and current standards must be bridged in a single audit cycle rather than incrementally.

### Delivery of the 2024/25 audit

Our audit work commenced in July 2025 with the objective of selecting samples for the agreed areas in scope. We then continued with our final audit procedures from October to December 2025, in line with the original timelines, which were subsequently extended into January 2026 by agreement with management. This work conducted through regular in person visits to the Council's office as agreed with management.

This report follows the November 2025 Finance and Audit Committee meeting, where we presented the Audit Progress Report and highlighted the efforts and resources invested this year. These efforts included:

- 1) Grant Thornton delivering a training sessions in April 2025 for the finance team, focusing on use of Inflo, auditor working papers expectations and clarifying requirements.
- 2) Maintaining regular dialogue with the Director of Corporate Services throughout the year including explaining the expectations for 24/25.
- 3) Selecting samples for key areas as agreed with the management during July 2025, in advance of the audit fieldwork period to enable management to have additional time for collating sample evidence.

*(continued overleaf)...*

# Headlines

## Financial statements

We have found management to be engaging and collaborative throughout the period. However, despite management's willingness and ambition, these efforts were unable to deliver the planned level of audit procedures due to the following matters:

### 1) System and processes

In order to produce auditable listings, there is a lot of manual intervention by your finance team to transform and reconcile listings for key areas of your financial statements including Debtors and Creditors. This means it takes a lot longer both for management and our audit team to sample and test the transactions needed to obtain assurance.

### 2) Skills and capacity of the finance team

The finance team experienced capacity and skills constraints during 2024/25, including matters which were due to unplanned or unforeseen reasons. These had a material impact on the timeliness and quality of the financial reporting process. These constraints affected the Authority's ability to produce reconciled, audit-ready working papers and contributed to delays in progressing a number of core audit areas.

The challenges observed this year manifested in several key areas of the audit:

- Late and incomplete working papers, including those relating to Property, Plant and Equipment, the Fixed Asset Register, debtors, creditors, housing benefits, the collection fund and housing rents.
- Technical gaps in supporting key accounting judgements and estimates, which limited the Authority's ability to provide timely and robust audit evidence.
- Resource pressures across the team, which affected the capacity to respond to audit queries promptly or carry out necessary reconciliations in advance of audit.

These issues had a direct impact on audit delivery. In several cases, the absence of reconciled listings or sufficient, appropriate evidence prevented us from completing planned audit procedures and contributed to the need to backstop a number of testing areas.

We have raised a significant weakness in the Authority's arrangements for financial reporting and close-down within the Auditor's Annual Report. As part of the management response, the Authority must consider how best to strengthen the finance team's capacity and technical capability – including resourcing, training, and prioritisation – to support improvements ahead of the 2025/26 audit cycle.

*(continued overleaf)....*

# Headlines

## Financial statements

### Outcomes of the 2024/25 audit

As a result of our current year audit, we have raised 19 control recommendations for management in Section 7's 'Action Plan'. It is important for the Council to implement these recommendations because in doing so, it will improve the quality of the year-end financial statements and the ability of the Council to produce information required for the audit. We have also identified adjustments to the financial statements detailed in Section 7 'Audit adjustments. Additionally, we have identified areas where we were unable to draw conclusion if material misstatement exist due to time constraints imposed by the Government's 'backstop date' in Section 7.

At the date of this report, we have concluded our audit work subject to the receipt of signed financial statements, management representation letter and responses to subsequent events inquiries. A comprehensive overview of our work and conclusions for all areas within our scope can be found in Section 4, Section 5 and Appendix D of the report.

Due to time constraints ahead of backstop deadline, we could not verify, if management was able to adjust the agreed misstatements as explained in Section 7 of the report. We are unable to conclude that the other information to be published with the financial statements (including the Annual Governance Statement (AGS)) and Narrative Report are consistent with our knowledge of your organisation and with the financial statements. This is due to the fact that sufficient audit work has not been undertaken in these areas to reach a conclusion.

### Audit Opinion – Disclaimer of opinion:

Unfortunately, due to the challenges associated as described above, we have been unable to attain full assurance this year. It has not been feasible for us to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026. In addition to the limitation of no assurance over opening balances, the issues we have identified as part of our audit, as explained in Section 4 and 5 of the report, lead us to the conclusion that we will be unable to form an opinion on the financial statements.

Therefore, our audit opinion will be a **disclaimer of opinion**.

Additionally, the audit opinion will also refer to significant weakness in relation to Council's close down and financial reporting as explained in our Auditors Annual Report (AAR) presented alongside this report.

In the prior year's audit report, the Basis for Qualified Opinion paragraph included an additional qualification relating to the historical St George's transaction. In the current year, we are also required to issue a qualification of opinion in respect of the following current period impacts of the historical St George's transaction:

- the carrying value of the Financial Instruments Adjustment Account; and
- the 2024/25 impact on the General Fund in respect of the amortisation of the balance held in the Financial Instruments Adjustment Account

# 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 Authority 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 Authority'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 Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, presented alongside this report as a separate agenda item. While the majority of the Authority's arrangements to manage its financial position, ensure informed decision-making, and maintain robust governance frameworks were found to be in place and operating as expected, we did identify significant weaknesses in specific areas of governance and financial sustainability.

As a result, we are not satisfied that the Authority has made proper arrangements in all respects for securing economy, efficiency and effectiveness in its use of resources. A summary of our findings is set out in the Value for Money section of this report (Section 8).

As an overview of the work completed:

**Financial sustainability** - The significant weakness in the Council's medium-term financial position identified in prior years has been carried forward. This relates specifically to the Council's continued reliance on reserves and the need to deliver the Balancing the Budget initiative to address the medium-term funding gap. Our key recommendation has been updated to reflect the progress made during the year. No further improvement recommendations have been made..

**Governance** - We have raised a new significant weakness this year in relation to Council's arrangements to produce year-end financial statements and to service the audit process. This arises from the issues outlined on pages 6 to 8 concerning system and process deficiencies, as well as the skills and capacity constraints within the finance team.

Our key recommendation for the significant weakness is set out below:

- The Council must urgently strengthen its arrangements to produce accurate and compliant year-end financial statements and the arrangements to service the audit process. This improvement will be supported by implementing the control recommendations set out in our 2024-25 Audit Findings Report as well as addressing skills and capacity gaps within the finance team.

The Council must address this significant weakness in advance of preparing its 2025/26 financial statements in the Spring of 2026. Failure to do so may require us to consider using our auditors' powers.

**Improving economy, efficiency and effectiveness** - No significant weaknesses in arrangements identified and no improvement recommendations made.

# Headlines

## 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 required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Department of Health & Social Care for NHS and Whole of Government Accounts for non-NHS) have been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

## Significant matters

The limitations arising from the absence of assurance on opening balances (no audits have been finalised since 2019/20) and the challenges identified during the 2024-25 audit process will prevent us from issuing an unqualified opinion on the 2024-25 financial statements. This significant matter will result in issuing a disclaimer audit opinion for 2024-25. As detailed on page 11, we are also required to issue a qualification of opinion in respect of the following current period impacts of the historical St George’s transaction:

- the carrying value of the Financial Instruments Adjustment Account; and
- the 2024/25 impact on the General Fund in respect of the amortisation of the balance held in the Financial Instruments Adjustment Account

## National context – audit backlog

### Government proposals around 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 required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office’s (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

# Headlines

## National context – local audit recovery

### 2024/25:

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop legislation and a qualification of opinion in respect of the St George's transaction.

As a result of the disclaimer of opinion, for 2024/25 we have:

- no assurance over the opening balances for 2024/25
- no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

As are result of the St George's qualification, for 2024/25 have continued to report a qualification in respect of :

- the carrying value of the Financial Instruments Adjustment Account; and
- the 2024/25 impact on the General Fund in respect of the amortisation of the balance held in the Financial Instruments Adjustment Account

Our aim for the 2024/25 audit has been to continue with rebuilding assurance, therefore our focus has been on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances.

Unfortunately, due to the challenges associated as described on previous pages, we have been unable to attain full assurance this year. It has not been feasible for us to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026. In addition to the limitation of no assurance over opening balances, the issues we have identified as part of our audit, as explained in Section 4 and 5 of the report, lead us to the conclusion that we will be unable to form an opinion on the financial statements. Therefore, our anticipated audit opinion will be a disclaimer of opinion for 24/25 audit.

### Future recovery:

On 5 June 2025 the National Audit Office (NAO) published its "Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06" for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach;
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

We will discuss with you our strategy for rebuilding assurance, in the light of this year's audit, as part of our planning for 2025/26.

# Headlines

## Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

### Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

### Impact on the Authority

In our final audit plan presented in September 2025, we communicated to you, IFRS 16 as an area of significant risk particularly in terms of completeness of lease liabilities and completeness and valuation of right of use assets as at year end for the lease contracts where council is a lessee.

Please refer to Section 4 of the report where we have documented our findings and the detailed conclusion.

In summary, while Gravesham has established a reasonable framework for identifying and accounting for leases under IFRS 16, further work is required to strengthen completeness and accuracy. The corrections made during the audit and the confirmation of appropriate treatment for long-leasehold assets demonstrate progress, but unresolved judgements—particularly in relation to GBC Lettings—need to be addressed to fully meet the standard’s requirements. Completing this work will be essential to support a robust IFRS 16 position and avoid similar audit findings in future years.

# Overview and status of the audit

## Introduction

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 and will be shared with the Audit and Standards Committee.

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.

## Recap of our audit approach

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

- An evaluation of the Council's internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks



# Overview and status of the audit

## Status of the audit

As highlighted in page 6 of this report, it will not be possible for us to provide assurance over the 2024/25 financial statements. The limitations imposed by not having assurance on opening balances as well as the issues we have identified as part of our audit testing means that we will be unable to form an opinion on the financial statements ahead of the backstop date of 27 Feb 2026. We therefore plan to issue a disclaimer of the audit opinion for the financial year 2024/25.

As detailed above, we are also required to issue a qualification of opinion in respect of the following current period impacts of the historical St George's transaction:

- the carrying value of the Financial Instruments Adjustment Account; and
- the 2024/25 impact on the General Fund in respect of the amortisation of the balance held in the Financial Instruments Adjustment Account

The circumstances resulting in the application of the local authority backstop to prior year audits are clearly extremely unusual. The government has signalled its intent that where backstops have been applied, local authorities and their auditors work together to recover the position over subsequent years. We will follow relevant guidance including from the NAO and the FRC to work with you over the coming years, as we seek to rebuild audit assurance.

Recognising the backstop date of 27 February 2026, we anticipate issuing a disclaimed audit opinion before 27 February 2026. At the time of writing the report we have completed our audit work. Prior to issuing our disclaimed and qualified audit opinion on the 2024/25 financial statements, we will require the following from the Council:

- receipt of management representation letter; and
- receipt of the final signed set of financial statements updated for the misstatements we have identified.

Our findings and audit recommendation from the work undertaken as part of the audit are summarised within this report.

## Acknowledgements

We would like to express our gratitude for the support extended by the finance team and other staff. Both your finance team and our audit team encountered challenges during the audit process this year, such as delays in data receipt and the quality of the evidence and the financial statements. Furthermore, the extended period since the council's last audit posed additional challenges.

Despite the challenges, engagement between your finance team and the audit team has remained strong. So that there is no misunderstanding, it is important for us to confirm that there has not been a lack of commitment from your finance team to provide evidence for the audit.

# 02 Group audit

# Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Status	Comments
Gravesham Borough Council	Yes			Grant Thornton UK	●	Refer to Sections 4 and 5 of the report for the areas included in the audit scope and our related conclusions. As this represents the largest component within scope of the group audit and we are unable to obtain assurance on this component, the group audit opinion will therefore be disclaimed.
Rosherville Property Development Limited (RPDL)	Yes			Carleys LTD – auditor of the subsidiaries single entity accounts Grant Thornton UK – group auditor	●	For the current year, the following areas were in scope for audit for specific audit procedures: <ul style="list-style-type: none"> <li>Valuation of property, plant and equipment and associated movements - Significant Risk</li> <li>Stocks</li> <li>Cash and cash equivalents</li> <li>Creditors</li> </ul> We have completed our work on stocks, cash and cash equivalents and creditors - no issues were noted. However, we were unable to obtain assurance over the valuation of property, plant and equipment and associated movements. Consequently, we are unable to obtain assurance on these areas of the group audit. Please refer Sections 4 and 5 of the report for details.
Rosherville Limited	No			Carleys LTD	●	
Rosherville Servicing Limited	No			Carleys LTD	●	
Rosherville Repairs and Maintenance Limited	No			Carleys LTD	●	

## Key

- Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
- Specific audit procedures designed by the group auditor (specific scope)
- Specific audit procedures designed by a component auditor (specific scope)
- Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality.

- Planned procedures are substantially complete with no significant issues outstanding.
- Planned procedures are ongoing/subject to review with no known significant issues.
- Planned procedures are incomplete and/or significant issues have been identified that require resolution.

# 03 Materiality

# Our approach to materiality

As communicated in our Final Audit Plan reported to 15 September Finance and Audit Committee, we determined materiality at the planning stage as £1.8m (£1.814M for Group) based on 2% of gross expenditure based on the draft financial statements (draft consolidated financial statements for Group).

A recap of our approach to determining materiality is set out below.

## Basis for our determination of materiality

- We have determined materiality at £1.800m (£1.814M for Group) based on professional judgement in the context of our knowledge of the Authority.
- We have used 2% of gross expenditure as the basis for determining materiality. We have excluded the impact of HRA revaluations in determining this figure.
- We have kept the threshold for the current year at 2%, based on our judgment around the business environment the council operates in, considering the challenges described in our audit plan and the fact the Council has a group structure.

## Component Performance materiality

- Where audit work on components is being performed using component performance materiality, this has been set at £0.649m, with the component performance materiality used reflecting the relative risk and size of that component to the group

## Performance materiality

- We have determined performance materiality at £1.120m, this is based on 65% of headline materiality.

## Specific materiality

- A lower separate performance materiality was identified for Officers' Remuneration disclosures due to its qualitatively material nature.

## Reporting threshold

- We will report to you all misstatements identified in excess of £90k, in addition to any matters considered to be qualitatively material.

# Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Group (£) Authority (£)		Qualitative factors considered
<b>Materiality for the financial statements</b>	1,814,200	1,800,000	Approximately 2% (PY: 1.4%) of gross expenditure for the current year. The increase in materiality level is driven by our firm's revised guidance for determining materiality for local government clients, which has raised the allowable thresholds to up to 2.5% (PY: 2%) for the lowest risk entities. In 2023/24, we determined the materiality percentage at 1.4%, below the allowed maximum of 2%, due to factoring in the impact of backstop from previous year audits. In the current year, the guidance has clarified that the backstop does not affect the overall materiality level; rather, it impacts the performance materiality, which has been reduced based on the factors explained below. We have kept the threshold for the current year at 2%, lower than the maximum 2.5%, based on our judgment around the business environment the council operates in, considering the challenges described in Section 1 and the fact the Council has a group structure.
<b>Performance materiality</b>	1,179,243	1,120,281	<p>When determining the council's component materiality, the audit team initially determined it appropriate to take 65% of headline materiality which resulted in a performance materiality of £1,170,000.</p> <p>However, whilst determining group materiality it was identified that the applicable determined component performance materiality is £1,120,281.</p> <p>Because the Group performance materiality calculation for the single entity has calculated a lower performance materiality in comparison to the initial approach, for an audit opinion to be issued in respect of both the group and component, we must then use the £1,120,281 performance materiality for both the group and single entity.</p>
<b>Reporting threshold</b>	90,711	90,000	This is approximately 5% of overall materiality.

## Performance Materiality for specific transactions, balances or disclosures in the financial statements:

<b>Performance Materiality for Officers' Remuneration disclosure</b>	N/A – this is a Council disclosure	20,000	We have also determined a lower performance materiality of £ 20k for Officers' Remuneration disclosure in the financial statement due to its qualitatively material nature.
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# Our approach to materiality (continued)

	Rosherville Property Development Ltd (Subsidiary of the group)		
	Group (£)	Amount (£)	Qualitative factors considered
Performance materiality	1,179,243	648,584	<p>When determining the subsidiaries performance materiality, the audit team used Total Assets as a benchmark to determine the relative size of the entity. This represents a 1% benchmark of the group.</p> <p>The audit team subsequently reviewed GT thresholds and have applied a percentile of 55% to the benchmark of Total Assets which resulted in the performance materiality of £914,982.</p>

# **04 Overview of significant risks identified**

# Overview of Significant audit risks

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of control	Significant	↔	✓	Low	●
Valuation of Net Pensions Liability	Significant	↔	✗	Medium	●
Valuation of Land and Buildings, Council Dwellings and Investment Properties	Significant	↔	✗	High	●
Group consolidation	Significant	↔	✗	Low	●
The Charter redevelopment project	Significant	↔	✗	Low	●
Implementation of IFRS 16	Significant	↔	✗	Low	●

## Key



Assessed risk increase since Audit Plan



Assessed risk consistent with Audit Plan



Assessed risk decrease since Audit Plan



Audit work is complete



Audit work is ongoing



We are unable to complete all the procedures required, hence unable to conclude

# Rebuttal of significant risk on revenue and expenditure

In accordance with ISA (UK) 240, we have assessed the rebuttable presumed risk of material misstatement due to fraud (significant risk) in revenue recognition. As required by Practice Note 10 (PN 10), we have also considered the risk of material misstatement due to fraud (significant risk) in expenditure recognition. Based on our assessment, we do not consider either area to represent a significant risk.

## Risk

### The revenue cycle includes fraudulent transactions

Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement 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 related to revenue recognition.

### The expenditure cycle includes fraudulent transactions

Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.

As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

## Audit team's assessment

As part of our audit risk assessment, we have identified all revenue streams for the Council/Group. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the revenue streams both individually and collectively.

**There have been no changes to this risk assessment and therefore the rebuttal of this presumed risk remains appropriate**

As part of our audit risk assessment, we have identified all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure and concluded that there is not a significant risk for all expenditure streams. This is due to the low fraud risk in the nature of the underlying transaction, or immaterial nature of the expenditure streams both individually and collectively. We have determined the following:

- there is little incentive to manipulate expenditure recognition;
- opportunities to manipulate expenditure recognition are very limited; and
- the culture and ethical frameworks of local authorities, including Gravesham Borough Council, mean that all forms of fraud are seen as unacceptable.

**Based on the above factors, we do not consider it to be an area of significant risk of material misstatement.**

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Management override of controls</b></p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation of management controls over journals;</li> <li>analysed the journals listing and determined the criteria for selecting high risk unusual journals;</li> <li>tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and</li> <li>evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>	<p>Our evaluation of the design and implementation of management controls over journals identified one control recommendation, in Section 7 action plan, in relation to system administrator rights.</p> <p>We identified a number of changes to the accounting policies as part of our senior engagement team review of the accounts.</p> <p>As part of our planned audit response to the risk of management override of controls, we requested supporting evidence from management to enable us to perform detailed testing of unusual and high-risk journal entries. Management has not provided sufficient and appropriate evidence for all entries to allow us to complete this work. As a result, at this stage of the audit we are unable to conclude on whether there is any indication of inappropriate journal postings or potential management override of controls.</p> <p>In addition, we have not completed detailed audit work on a variety of significant estimates – such as property valuations, accruals and prepayments, and therefore cannot conclude as to whether any management bias in significant accounting estimates exists, albeit our understanding of management’s judgements and estimates applied to the financial statements does not indicate this may be the case.</p> <p>Given the incomplete and insufficient evidence provided by management in respect of our audit testing of unusual journal entries, we have been unable to obtain sufficient appropriate audit evidence to conclude on whether journals were appropriately authorised, valid, and supported by underlying documentation.</p> <p><b>Based on the above, we are unable to reach a conclusion in this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of the audit opinion for the financial year 2024/25.</b></p>

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of land and building, council dwellings and Investment Properties</b></p>	<p><b>Land and Buildings (Council) - £55.721m</b></p> <p>Some audit procedures have been performed in respect of the valuation of council's Land and Building assets. Where audit procedures outlined in our audit plan have not been completed, these are clearly outlined in our below summary.</p> <p><b>Revalued assets during 2024/25:</b></p> <p>As at 31 March 2025, management have engaged their internal valuers to revalue £78.4m of their land and building portfolio of assets. The final valuers report was received during the audit in November 2025, for which a control recommendation has been made in Section 7. This timing delay had meant that there was variance of £0.383 million when compared to the accounts published in July 2025.</p> <p>Two further variances were also identified when reconciling the final internal valuers report to the asset register, including:</p> <ul style="list-style-type: none"> <li>- £0.088 million attributable to an input error in the swimming pool valuation of Cascades Leisure Centre</li> <li>- £0.196 million attributable to management not revising the asset register carrying value of one asset following the revaluation</li> </ul> <p>At at 31 March 2025, management have engaged their external valuers (Colliers) to revalue St George's Shopping Centre, which represents £5.9m of the council's land and building portfolio of assets.</p> <p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated the design and implementation effectiveness of relevant controls put in place by management to ensure that valuations are materially accurate;</li> <li>• evaluated the competence, capabilities and objectivity of the valuation experts (both internal and external);</li> <li>• written to the valuers to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met;</li> <li>• 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;</li> <li>• for St George's Shopping Centre, we have assessed the reasonableness of key assumptions such as rental values (for EUV), Yields (For MV). This included the engagement of an auditor's expert to perform a stage 1, 3 and 3 review of the valuation. No findings were noted from the stage 1 and 2 review. However, queries arising in respect of stage 3 regarding the tenancies of the shopping centre to substantiate the valuation were not resolved by management. Therefore, due to time constraints in meeting the backstop deadline, as per our agreement with management, we backstopped our testing for this area for the current year.</li> </ul>	<p>Due to incomplete procedures, lack of evidence, and backstop constraints, the audit team could not conclude on the accuracy of valuations for significant asset classes. This contributed to the disclaimer of opinion for 2024/25.</p>

**[Continued overleaf]**

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of land and building, council dwellings and Investment Properties</b></p> <p>The Group and Council's valuation of land and building, council dwellings and Investment Properties, represents a significant estimate in the financial statements.</p>	<p><b>Land and Buildings (Council) - £55.721m (Continued)</b></p> <p>Due to the lack of assurance on the valuation assertion, we have not performed the below planned procedure:</p> <ul style="list-style-type: none"> <li>• Testing revaluations made during the year to see if they had been input correctly into the Council's asset register and financial statements</li> </ul> <p><b><u>Assets not subject to revaluation during 2024/25:</u></b></p> <p>The portfolio of land and building assets not subject to revaluation during 2024/25 amounted to £78.4m. The CIPFA code of practice requires that: "Where the carrying amount is based on current value, revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using the current value at the end of the reporting period. (4.1.2.37)".</p> <p>Management have not evaluated the risk of material movements in the carrying value of assets subject to revaluation prior to 2024/25, for which a control recommendation has been made on page in Section 7.</p> <p><b><u>Planned audit responses which have not been performed include:</u></b></p> <p>For remaining samples, we did not receive complete supporting evidence, and we raised the queries with the management. However, it was agreed with the management that the resolution of outstanding queries could not be accomplished within the backstop deadline. Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, with the exception of St George's Shopping Centre, we have not:</p> <ul style="list-style-type: none"> <li>• evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; and</li> <li>• assessed the value of a sample of assets through assessing the reasonableness of key assumptions such as, floor areas, build cost (for DRC), rental values (for EUV), Yields (For MV);</li> </ul> <p>Due to the gap in management's process outlined above and our limitation of scope on the opening balance of these assets not revalued during 2024/25, for asset not revalued in year, we have not:</p> <ul style="list-style-type: none"> <li>• used market indices to determine whether there could be a material movements that could be indicative of misstatement.</li> </ul> <p><b>[Continued overleaf]</b></p>	

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of land and building, council dwellings and Investment Properties</b></p> <p>The Group and Council's valuation of land and building, council dwellings and Investment Properties, represents a significant estimate in the financial statements.</p>	<p><b>Land and Buildings (Group) - £55.721m</b></p> <p>No procedures have been performed in respect of the valuation of consolidated Land and Building assets. In the draft financial statements, the Group and Council land and building balances were the same. However, our audit procedures noted that £2.020m of consolidated assets related to the Land of an Asset Under Construction. As detailed in our audit adjustments, it is not appropriate to classify Land as under construction (only Buildings). We requested that management correct the classification of this asset; however, a valuation of the asset was not performed as at 31<sup>st</sup> March 2025. Therefore, no audit procedures have been performed in respect of the consolidated assets.</p> <p><b>Council Dwellings - £441.911m</b></p> <p>No procedures have been performed in respect of the valuation of consolidated Council Dwelling assets. The assets are revalued as part of a five-year rolling programme under the beacon approach. The most recent full valuation occurred in 2020/21, which was not subject to audit.</p> <p>We have considered the practicalities of completing the 24/25 audit engagement with the best assurance we can obtain. However, it was agreed with management that no additional procedures could be performed to fully compensate for the absence of audited opening balances for council dwelling valuations, as any verification would effectively require reperforming prior years audits which could not be accomplished within the backstop deadline. Note that in 25/26 a new full beacon valuation is anticipated, from which the audit team plan to regain assurance for future periods.</p> <p><i>[Continued overleaf]</i></p>	

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of land and building, council dwellings and Investment Properties</b></p> <p>The Group and Council's valuation of land and building, council dwellings and Investment Properties, represents a significant estimate in the financial statements.</p>	<p><b>Investment Properties - £45.588m</b></p> <p>At at 31 March 2025, management have engaged their internal valuers to revalue £43.8m of their investment property portfolio of assets. The final valuers report was received during the audit in November 2025, for which a control recommendation has been made in Section 7.</p> <p>The portfolio of investment property not subject to revaluation during 2024/25 amounted to £1.7m, which pertained to an in-year asset addition. The CIPFA code of practice requires that: "4.4.2.13 After initial recognition, investment property shall be measured at fair value".</p> <p>No valuation procedures have been performed in respect of the £1.7m asset, as a valuation of the asset was not performed as at 31st March 2025. Therefore, no audit procedures can be performed to evaluate the valuation of this asset.</p> <p>For all other investment properties, we have:</p> <ul style="list-style-type: none"> <li>evaluated the design and implementation effectiveness of relevant controls put in place by management to ensure that valuations are materially accurate;</li> <li>evaluated the competence, capabilities and objectivity of the valuation experts (both internal and external);</li> <li>written to the valuers to confirm the basis on which the valuations were carried out to ensure that the requirements of the Code are met;</li> <li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>assessed the reasonableness of key assumptions such as rental values (for EUV), Yields (For MV). This included the engagement of an auditor's expert to perform a stage 1, 3 and 3 review of the valuation. No findings were noted from the stage 1 and 2 review. However, queries arising in respect of stage 3 regarding the assumptions adopted were not resolved by management. Therefore, due to time constraints in meeting the backstop deadline, as per our agreement with management, we backstopped our testing for this area for the current year.</li> </ul> <p>Due to the lack of assurance on the valuation assertion, we have not performed the below planned procedure:</p> <ul style="list-style-type: none"> <li>Testing revaluations made during the year to see if they had been input correctly into the Council's asset register and financial statements</li> </ul>	

# Significant risks

## Risk identified

### Group consolidation

The accounts of Rosherville LTD and its subsidiaries will need to be consolidated into the Group accounts with appropriate consolidating adjustments. This gives scope for potential material error.

## Audit procedures performed

We have:

- documented the design and implementation of the processes and controls put in place by management to ensure that the group consolidation is free from material error and in line with IFRS reporting standards;
- examined the group structure and determine which elements are in scope;
- reviewed the Council's approach to consolidation and production of group accounts to ensure that this met the requirements of the Code of Audit Practice International Financial Reporting Standards (IFRSs) and other relevant accounting guidance;
- tested material intercompany transactions;
- reviewed the key contracts to gain an understanding of the agreements put in place on the establishment of the companies; and
- reviewed any consolidation adjustments arising by the application of different accounting policies between the subsidiary and the group

## Key observations

We have noted material deviations in the consistency of the Group financial statements, as reported in the adjusted misstatements in Section 7.

**We have not found any other material issues requiring the Finance Audit Committee's attention. However, our audit opinion will be a disclaimer of opinion due to other matters detailed in the report.**

# Significant risks

Risk identified	Audit procedures performed	Key observations
<p><b>The Charter redevelopment project</b></p> <p>Rosherville Property Development Limited (RPDL) is working to stimulate regeneration of Gravesend Town Centre through The Charter project, delivered by their lead development partner (Reef) to build new homes available for rent.</p> <p>It is planned that 20% of these homes will be available at discounted market rent, with the remaining 80% available at open market rent. These are to be marketed locally in the first instance.</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>documented the design and implementation of the processes and controls put in place by management to ensure that the transaction is not materially misstated;</li> <li>updated our understanding of RDPLs transactions with the contractor and development partner. Including evaluation of the capital financing arrangements with the contractor and development partner;</li> <li>ensured the accounting treatment for both the asset and liability align with the relevant accounting standards;</li> <li>assessed the MRP charged in relation to the Charter project capital spend; and</li> <li>reviewed critical judgements in the application of accounting policies</li> </ul> <p>Within our appendix to the audit findings in 2023/24, we requested that management prepare an impairment assessment following the change in construction delivery company during the project. This assessment has not been performed by management and therefore we have been unable to complete the following audit procedure:</p> <ul style="list-style-type: none"> <li>ensure the capitalised value of AUC is not impaired following the change in construction delivery company during the project</li> </ul>	<p>The audit team review of the accounting treatment for both the asset and liability identified complexities in the Council’s accounting treatment of financial instruments relating to the Charter project. This included the equity investment in Rosherville Development Property Ltd (RDPL), loan asset classification, and expected credit loss (ECL) assessment under IFRS 9.</p> <p>The audit team consulted their internal quality team to support in their review of the application of IFRS9, and a list of queries and action items was shared with management for resolution.</p> <p>Management have not yet provided the required responses or supporting evidence—including key judgement papers, fair value assessments, soft-loan considerations, credit risk staging analysis, and forward-looking ECL assumptions.</p> <p>As a result, the audit team were unable to obtain sufficient appropriate audit evidence to conclude on the accuracy, completeness, and appropriateness of financial instruments recognition under IFRS 9.</p> <p>Furthermore, management have not undertaken an impairment assessment following the change in construction delivery company during the project. Consequently, the audit team were unable to perform the required audit procedures to determine whether the capitalised value of Assets Under Construction (AUC) is impaired as a result of the change in delivery arrangements.</p> <p>These limitations have directly contributed to the disclaimer of opinion for the 2024/25 financial statements. However, in looking ahead, these technical matters will be critical to the process of regaining audit assurance over the Charter project. Addressing them promptly—supported by detailed technical papers, valuations, and robust IFRS 9 assessments—will be essential for the 2025/26 audit cycle. We will continue to work with management on these matters after the disclaimer opinion is issued, so that the Authority is well-positioned to demonstrate improved assurance over this area in the next financial year.</p> <p><b>Based on the above, we are unable to reach a conclusion in this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of the audit opinion for the financial year 2024/25.</b></p>

# Significant risks

## Risk identified

### Valuation of the pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (2023/24):

- Present value of the defined benefit obligation (£144,681k)
- Fair value of plan assets £144,323k
- Present value of unfunded liabilities (£1,183k)

Which results in a total net liability of (£1,541k in the Council's balance sheet for 2023/24) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

## Audit procedures performed

We have:

- documented the design and implementation of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial (IAS19) report from the actuary;
- reviewed the IFRIC 14 assessment for 24/25 that was carried out by management experts;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of Kent County Council 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.

## Key observations

Our testing of the net pension liability identified disclosure issues and adjusted misstatements when comparing the Council's reported disclosures and balances against the actuary's report. These discrepancies pertained to the disclosure of unfunded and funded liabilities, a £0.136 million variance in the net charges to CIES in respect of the unfunded liability, the disclosure of the consideration of the McCloud and Sargeant judgment in the net pension fund liability, and the absence of the contingent liability note for the Virgin Media case.

Furthermore, the Kent Pension Fund auditors noted a difference of £8.41 million between the final set of accounts for Kent Pension Fund for the year 24-25 and IAS26 report produced by Pension Fund's actuary (Barnet Waddingham). The calculated difference allocated to the Council based on its share of scheme assets (1.75%) is £0.337 million which the Council opted not to adjust on the grounds of materiality. This has been added to the unadjusted misstatements.

**Our audit work over the valuation of the pension fund net liability is complete, and we have not identified any material issues arising from the procedures performed. We have assessed management's processes, the work of the actuary, the underlying data provided to the actuary, and the reasonableness of key assumptions, and we are satisfied that—based on the evidence available—the pension liability is not materially misstated.**

However, because the overall audit opinion is a disclaimer of opinion, driven by significant unresolved issues in other areas of the financial statements and the absence of assurance over opening balances, we are unable to issue a separate positive conclusion on this balance. The disclaimer of opinion therefore extends to this area despite the fact that our planned pension-specific audit procedures have been completed with no matters to report.

# Significant risks

## Risk identified

### Completeness of IFRS 16 Implementation

IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases, replacing IAS 17 Leases.

The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information provides a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flows of an entity.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to exemptions for short-term or low-value leases), representing a major change from the requirements of IAS 17 regarding operating leases.

Lessor accounting remains substantially unchanged, leading to an asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgment as to whether the lease out is an operating or finance lease is made with reference to the right of use asset rather than the underlying asset.

With the implementation of the new accounting standard IFRS 16, the accounting for lease contracts will be assessed to ensure that they have been correctly classified and accurately recorded in accordance with the requirements of CIPFA Code for IFRS 16. This assessment will involve reviewing contracts that the council currently records as operating leases as a lessee, finance leases as a lessee, as well as leases where the council operates as a lessor.

## Audit procedures performed

Our work has included, but was not limited to:

- evaluating the design and implementation effectiveness of relevant controls put in place by management to ensure that the IFRS 16 assessment is materially complete. This included steps implemented by management to identify leases impacted by IFRS 16, ensuring completeness;
- reviewing steps implemented by management to identify lease agreements that are impacted by IFRS 16 (including those on peppercorn rentals) and confirming they meet the requirements of the CIPFA Code of Audit Practice (Code).
- reviewing accounting policies and disclosures in relation to IFRS 16;
- where material, reviewing and reperforming calculations to determine the future lease liabilities using present value calculations. Including testing a sample of the management's lease contracts and assessing the accuracy of the accounting entries made by the entity to record those contracts as lease liabilities and right-of-use assets under IFRS 16 in the financial statements.

Note that the above procedures are reflective of the Completeness assertion, which is relevant to this significant risk. Other audit procedures have also been performed in respect of applicable assertions

## Key observations

Overall, our work found that Gravesham's approach to implementing IFRS 16 included processes in place to identify leases and calculate the related lease liabilities and right-of-use assets.

Some improvements were identified, including correcting the financial statement mapping of IFRS 16 balances.

For long-leasehold assets, further review confirmed that existing classification within Investment Properties remained appropriate.

The main area requiring future attention relates to GBC Lettings, where additional management judgement on lease terms is needed to fully conclude the IFRS 16 assessment.

**Due to incomplete procedures, the audit team could not conclude on the Completeness of IFRS 16 Implementation. This contributed to the disclaimer of opinion for 2024/25.**

# 05 Other findings

# Other findings – key judgements and estimates

This Section 5 provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and building, council dwellings and Investment Properties	<p><b>Land and Buildings (Council) - £55.721 million</b></p> <p>At at 31 March 2025, management have engaged their internal valuers to revalue £78.4 million of their land and building portfolio of assets.</p> <p>At at 31 March 2025, management have engaged their external valuers (Colliers) to revalue St George's Shopping Centre, which represents £5.9 million of the council's land and building portfolio of assets.</p>	<p><b>Land and Buildings (Council) - £55.721 million</b></p> <p>The final internal valuers report was received during the audit in November 2025, for which a control recommendation has been made. This timing delay had meant that there was variance of £0.383 million when compared to the accounts published in July 2025.</p> <p>Two further variances were also identified when reconciling the final internal valuers report to the asset register, including:</p> <ul style="list-style-type: none"> <li>– £0.088 million attributable to an input error in the swimming pool valuation of Cascades Leisure Centre</li> <li>– £0.196million attributable to management not revising the asset register carrying value of one asset following the revaluation</li> </ul> <p>The final external valuers (Colliers) report to revalue St George's Shopping Centre represents £5.9m of the council's land and building portfolio of assets. Planned procedures were commenced in respect of the valuation of the St George's Shopping Centre, including the engagement of an auditor's expert to perform a stage 1, 3 and 3 review of the valuation. No findings were noted from the stage 1 and 2 review. However, queries arising in respect of stage 3 regarding the tenancies of the shopping centre to substantiate the valuation were not resolved by management.</p> <p>Therefore, due to time constraints in meeting the backstop deadline, as per our agreement with management, we backstopped our testing for this area for the current year.</p>	<p><b>No overall conclusion formed this year, and we anticipate our opinion will be disclaimed</b></p>
	<p><b>Land and Buildings (Group) - £55.721 million (of which £2.02 million is consolidated)</b></p> <p>A valuation of the consolidated Land and Building asset was not performed as at 31<sup>st</sup> March 2025. Therefore, no audit procedures have been performed in respect of the consolidated assets.</p>	<p><b>Land and Buildings (Group) - £55.721 million (of which £2.02 million is consolidated)</b></p> <p>No procedures have been performed in respect of the valuation of consolidated Land and Building assets.</p>	<p><b>No overall conclusion formed this year, and we anticipate our opinion will be disclaimed</b></p>

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and building, council dwellings and Investment Properties	<p><b>Council Dwellings - £441.911 million</b></p> <p>The assets are revalued as part of a five-year rolling programme under the beacon approach. The most recent full valuation occurred in 2020/21, which was not subject to audit.</p>	<p><b>Council Dwellings - £441.911 million</b></p> <p>No procedures have been performed in respect of the valuation of consolidated Council Dwelling assets.</p> <p>We have considered the practicalities of completing the 24/25 audit engagement with the best assurance we can obtain. However, it was agreed with management that no additional procedures could be performed to fully compensate for the absence of audited opening balances for council dwelling valuations, as any verification would effectively require reperforming prior years audits which could not be accomplished within the backstop deadline. Note that in 25/26 a new full beacon valuation is anticipated, from which the audit team plan to regain assurance for future periods.</p>	<p><b>No overall conclusion formed this year, and we anticipate our opinion will be disclaimed</b></p>
	<p><b>Investment Properties - £45.588m</b></p> <p>At at 31 March 2025, management have engaged their internal valuers to revalue £43.9 million of their Investment Properties portfolio of assets.</p>	<p><b>Investment Properties - £45.588 million</b></p> <p>The final internal valuers report was received during the audit in November 2025, for which a control recommendation has been made in Section 7.</p> <p>We also identified that an asset acquired in year (£1.723 million) was not subject to revaluation to a fair value and was instead carried at cost. This is not in accordance with the CIPFA code of practice and therefore a control recommendation has been raised in Section 7.</p> <p>Limited procedures have been performed in respect of the valuation of the council's Investment Property assets.</p>	

# Other findings – key judgements and estimates

## Key judgement or estimate

## Summary of management's approach

## Auditor commentary

## Assessment

### Valuation of net pension fund liability

The Authority's net pension liability at 31 March 2025 is £1.299m (PY £1.541m) comprising the Kent Pension Fund Local Government defined benefit pension scheme obligations. The Authority uses Barnett Waddingham to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.

*[Continued overleaf]*

We have considered and completed the following in the course of our testing:

- Assessment of management's expert
- Assessment of actuary's approach taken regarding valuation method and detail work undertaken to confirm reasonableness of approach
- Use of PwC as auditors' expert to assess actuary and assumptions made by actuary

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.8%	5.6% - 5.95%	Within range
Pension increase rate	3.2%	3.05% - 3.35%	Within range
Salary growth	3.9%	3.85% - 3.95%	Within range
Life expectancy – Males currently aged 45/65	110% of base tables	95% - 130% of base tables	Within range
Life expectancy – Females currently aged 45/65	110% of base tables	95% - 120% of base tables	Within range

*[Continued overleaf]*

We have assessed the estimation process and key judgements applied in valuation of net pension liability and considered this not to be overly cautious or optimistic in either direction from our work performed over the closing balance. However, as we anticipate issuing a disclaimed opinion, which reflects the lack of assurance over various areas of the accounts, we are unable to conclude and report a final assessment in respect of key judgements and estimates.

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension fund liability	The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability (asset), small changes in assumptions can result in significant valuation movements.	<ul style="list-style-type: none"> <li>• Reviewed the reasonableness of the Council's share of Local Pension Scheme (LPS) pension assets.</li> <li>• Reviewed the adequacy of disclosure of estimate in the financial statements</li> <li>• Reviewed the reasonableness and accuracy of IFRIC 14 assessment prepared by the actuary</li> </ul> <p>We are unable to gain assurance over year-on-year movements, interest costs, interest on assets and actual return on asset. This is due to audit opinion being disclaimed in prior years balances, resulting in a lack of assurance over opening balances.</p> <p>Our testing of the net pension liability revealed disclosure issues and adjusted misstatements when comparing the Council's reported disclosures and balances against the actuary's report. These discrepancies pertain to the disclosure of unfunded and funded liabilities, a £0.136 million variance in the net charges to CIES in respect of the unfunded liability, the disclosure of the consideration of the McCloud and Sargeant judgment in the net pension fund liability, and the absence of the contingent liability note for the Virgin Media case.</p> <p>Furthermore, the Kent Pension Fund auditors noted a difference of £8.41 million between the final set of accounts for Kent Pension Fund for the year 24-25 and IAS26 report produced by Pension Fund's actuary (Barnet Waddingham). The calculated difference allocated to the Council based on its share of scheme assets (1.75%) is £0.337 million which the Council opted not to adjust on the grounds of materiality. This has been added to the unadjusted misstatements in Section 7.</p> <p>Based on the above, we are unable to reach a conclusion on this area. Along with the other factors explained in the report, we therefore plan to issue a disclaimer of the audit opinion for the financial year 2024/25.</p>	<b>[As above]</b>

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Minimum revenue provision	<p>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.</p> <p>In 2024/25, the Council’s Treasury Management Consultants, Link, undertook a review of the Council’s historic reported Capital Financing Requirement and Minimum Revenue Provision. Some discrepancies were identified in previously reported Capital Expenditure and Financing note and therefore an adjustment to the opening balance in 2023/24 has been shown above to bring this note in line with the Balance Sheet.</p> <p>As part of this review, Link identified a historic overcharge of £0.813 million relating to errors in the Capital Financing Requirement in prior periods. For 2024/25, the Council has applied a £0.657 million reduction in its Minimum Revenue Provision charge.</p> <p>The year end MRP charge was £4.865 million, a net decrease of £2.862 million from 2023/24. This represents a 2.72% charge against the total borrowing of the council. There is no statutory benchmark for MRP as a percentage of total debt, because the guidance focuses on making a “prudent provision” rather than prescribing a fixed ratio. However, based on CIPFA Guidance and common practice amongst Local Authorities:</p> <p>Authorities typically aim to fully repay debt over the useful life of the asset, often up to 50 years for long-life assets. This translates to roughly 2% per year of the Capital Financing Requirement (CFR) for older debt under the regulatory method.</p> <p>For newer borrowing, repayment is usually aligned with asset life, so annual MRP could range from:</p> <ul style="list-style-type: none"> <li>2% for long-life assets (50 years)</li> <li>4–10% for shorter-life assets (10–25 years)</li> </ul> <p>Therefore, a ratio of around 2–4% of total debt per year is generally seen as prudent for a mixed portfolio.</p>	<p>We reviewed Gravesham Borough Council’s Minimum Revenue Provision (MRP) policy and calculations for 2024/25 to ensure compliance with updated statutory guidance and accuracy of the MRP charge disclosed in the draft accounts. The revised policy applied was consistent with that approved by Full Council and assessed by the Link Group, and all recommended amendments have been implemented to align with legislative requirements.</p> <p>We evaluated the Borrowings data used in the calculations and ensure that it reconciled to the draft accounts, in addition to assessing that the approved policy and methodologies were appropriately applied throughout.</p> <p>We also conducted a recalculation of the MRP charge at project level agreed to the draft accounts.</p> <p>Adjustments for prior overcharges were reviewed and deemed permissible under statutory guidance. Based on these procedures, we are satisfied that the MRP policy is compliant, appropriately applied, and that the MRP charge disclosed in the draft accounts is accurate.</p>	<p><b>We have assessed the estimation process and key judgements applied in the Council’s Minimum Revenue Provision and are satisfied that the MRP policy is compliant, appropriately applied, and that the MRP charge disclosed in the draft accounts is accurate.</b></p> <p>However, as we anticipate issuing a disclaimed opinion, which reflects the lack of assurance over various areas of the accounts, we are unable to conclude and report a final assessment in respect of key judgements and estimates.</p>

# Other findings – Information Technology

This Section 5 provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Civica Financials	<ul style="list-style-type: none"> <li>Detailed ITGC assessment (design effectiveness only):</li> <li>Understanding of IT general controls</li> <li>Understanding of the IT environment</li> <li>IT general controls segregation of duties analysis</li> <li>Cyber security workplan</li> </ul>	 Green	 Amber *	 Green	 Green	Management override of control

\* Please see Section 7 Action Plan for the detailed finding in respect of the Finance System

**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
-  [Black] Not in scope for assessment

# **06 Communication requirements and other responsibilities**

# Other communication requirements

Issue	Commentary
Matters in relation to fraud	<p>We have previously communicated the risks of fraud identified by us with the Audit Committee in our audit plan. We have not been made aware of any other incidents or matter that changed our risk assessment. We have been unable to form a conclusion over the fraud risks identified in our audit plan due to the reasons explained in Section 4.</p>
Matters in relation to related parties	<p>Based on the work performed, we identified a control deficiency outlined in Section 7, which highlights gaps in the provision of timely declarations of interest by members and senior officers.</p> <p>We have been unable to conclude on the accuracy of the disclosure as this area is linked with various other areas within financial statements on which have not been able to obtain assurance over including operating expenditure, receivable and payables. Therefore, we were unable to complete planned audit procedures in this area.</p>
Matters in relation to laws and regulations	<p>Management have not made us aware of any significant incidences of non-compliance with relevant laws and regulations. We have been unable to conclude on this area is linked with various other areas within financial statements which have not been able to obtain assurance over.</p>
Written representations	<p>A letter of representation will be requested from the Council, including specific representations in respect of the Group. This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.</p>
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests to its financial institutions, legal counsels and the relevant management experts. This permission was granted, and the requests were sent.</p> <ul style="list-style-type: none"> <li>• <b>Management's experts</b> - In general, responses to audit queries from management's expert, including the management's property valuation experts and the pension liabilities valuation actuary, were delayed. Whilst we have reached a conclusion on the valuation of net pension liability, we have not been able to complete planned audit procedure in respect of the valuation of other land and buildings (including surplus assets) and investment properties, as detailed in Section 4.</li> <li>• <b>Financial institutions</b> – We have received all the confirmations circularised for the opening balances and year end balances for the bank accounts and year end balances for investments. We did not receive the confirmations for investments opening balance. No issues has been noted in the responses received to date.</li> <li>• <b>Legal counsels</b> – We requested from management permission to communicate directly with the Council's internal legal and received a response with no issues identified</li> </ul>
Disclosures	<p>Upon receipt of the draft financial statements, the Audit Manager and Engagement Lead performed a detailed review of the financial statements and shared this with management in August 2025. This exercise identified material omissions from the code of practice requirements, which are detailed in Section 7's 'Audit Adjustments'.</p>

# Other responsibilities

Issue	Commentary
Going concern	<p>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 2024). 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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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 Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p>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 Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> <li>• the nature of the Authority and the environment in which it operates</li> <li>• the Authority’s financial reporting framework</li> <li>• the Authority’s system of internal control for identifying events or conditions relevant to going concern</li> <li>• management’s going concern assessment.</li> </ul> <p>However, as this year’s audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified</li> <li>• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

# Other responsibilities

Issue	Commentary
Other information	<p>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.</p> <p>Because of the significance of the matter described in the basis for disclaimer of opinion Section 7 of our report, we have been unable to consider whether the Annual Governance Statement does not comply with ‘delivering good governance in Local Government Framework 2016 Edition’ published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• 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,</li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li> </ul> <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>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.</p> <p>HM Treasury requires that entities over a set threshold have their financial information for consolidation ‘audited’. The thresholds are that any of total assets (excluding PPE), total liabilities (excluding pensions*), total income or total expenditure exceed £2bn for Central Government bodies and Local Government, bodies in the devolved nations and Public Corporations.</p>
Certification of the closure of the audit	<p>We would not be able to formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation is received from the NAO that the group audit for Whole of Government Accounts has been certified by the C&amp;AG and therefore no further work is required to be undertaken in order to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code.</p> <p>We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.</p>

# **07 Audit adjustments and Action plan**

# Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Gravesham Borough Council (single entity)

### Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Please note that due to the time constraints associated with meeting the statutory backstop deadline, we have not been able to independently verify the adjustment of identified misstatements. Accordingly, we express no assurance over the completeness or accuracy of the adjustments made.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<b>Short-term Debtors and Short-Term Creditors</b>	Nil	Reversal:	Nil	Nil
As part of our reconciliation of balances to the finance system we identified a £1.2 million manual adjustment between the short-term debtors and creditors balances, which was erroneously input as debit balance that reduced the creditor. When it should have been a credit balance to increase the amount accounted for, in light of the entry moving credit transactions from debtors to creditors.		Short-Term Debtors: 1,199		
		Short-Term Creditors: (1,199)		
		Correction:		
		Short-Term Debtors: 1,199		
		Short-Term Creditors: (1,199)		

# Audit adjustments

## Gravesham Borough Council (single entity)

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
<p><b>Long Term Investments</b></p> <p>The JP Morgan MAF fund investment balance was deemed to be a long-term investment in the draft accounts. As this investment does not have a maturity date to verify the long-term classification, we queried management, who explained that although the fund allows access to capital within two days, the Council has held the investment since 2018 and intended to continue holding it to avoid crystallising an unrealised loss.</p> <p>The CIPFA code required that the classification of investment period should be determined on the accessibility of funds as opposed to the intended period of holding.</p> <p>Cash equivalents are highly liquid, low-risk, short-term investments that a company can quickly convert into a known amount of cash, usually within 90 days.</p> <p>Given the immediate accessibility of the funds and the absence of any contractual restriction, we have determined that classification as a long-term investment is not appropriate. The investment should instead be recognised as a cash equivalent.</p>	Nil	Cash equivalents: 4,583  Long Term Investments: (4,583)	Nil	Nil

# Audit adjustments

## Gravesham Borough Council (single entity)

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
<p><b>Cash and Cash Equivalents</b></p> <p>The reconciled total cash balance of £13.218 million comprises Cash in Hand/(Overdrawn) of (£0.709 million) and Short-Term Deposits of £13.927 million. However, the overdrawn cash position has been presented as part of the net cash figure rather than separately. The overdrawn amount represents a liability and should be presented separately from cash and short-term deposits to ensure accurate classification on the balance sheet.</p>	Nil	<p>Short term assets &gt; Cash and Cash Equivalents: 709</p> <p>Short term liabilities &gt; Cash and Cash Equivalents: (709)</p>	Nil	Nil
<p><b>Remeasurement of the net defined benefit liability</b></p> <p>The net charges to CIES in respect of the Remeasurement of the net defined benefit liability contained £0.531 million difference due to a formula error which adopted the pensions reserve "Actuarial gains and losses" line, as opposed to the Remeasurement of the net defined benefit liability.</p>	Remeasurement of net pension liability (OCI): 531	Pension fund liability: (531)	Nil	175
<b>Overall impact</b>	<b>531</b>	<b>(531)</b>	<b>Nil</b>	<b>Nil</b>

# Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Group

### Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Please note that due to the time constraints associated with meeting the statutory backstop deadline, we have not been able to independently verify the adjustment of identified misstatements. Accordingly, we express no assurance over the completeness or accuracy of the adjustments made.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<b>Consolidation of the Financial Statements</b>	(361)	361	(361)	(361)
A consistency review of the Groups Primary financial statements noted a number of discrepancies in the Surplus/Deficit in Provision of Services balance adopted.				
For the Group CIES, MIRS and Reserves £0.103 million of expenditure for GCIP and a £0.461 million intercompany trading adjustment were excluded from the balance. The net effect of this was £0.361 million				
<b>Overall impact</b>	<b>(361)</b>	<b>361</b>	<b>(361)</b>	<b>(361)</b>

# Audit adjustments

## Gravesham Borough Council (single entity)

### 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.

**\*Please note that due to the time constraints associated with meeting the statutory backstop deadline, we have not been able to independently verify the adjustment of identified misstatements. Accordingly, we express no assurance over the completeness or accuracy of the adjustments made.**

Disclosure	Misclassification or change identified	Adjusted?*
Capital Expenditure and Financing	<p>The £2.172 million balance stated as "Adjustment to 2023/24 Opening Balance*" within the Capital Expenditure &amp; Financing Note arises from a prior period adjustment made during the disclaimed 2023/24 period.</p> <p>Under IAS 8, material adjustments should correct the accounts by restating the comparative amounts for the prior period in which the error occurred. For 2023/24 the comparative period would have been 2022/23.</p> <p>Management incorrectly applied the adjustment to the 2023/24 opening balance. As a result, it now appears within the 2024–25 Draft Accounts, which are subject to this audit engagement.</p> <p>As this matter is represents a material non-compliance of IAS8 within the prior period comparator, we are reporting this matter within our AFR. However, we note that the Opening Balance and Prior period comparators are subject to a disclaimer of opinion, and therefore we are satisfied that we need not raise an additional qualification in this regard.</p>	X
Financial Instruments	<p>In the 2023/24 disclaimed accounts the Note 14.26 Financial Assets table the line item for Total Amortised Cost / Non-current Investments was shown as £0 for both years.</p> <p>In the 2024/25 draft accounts management disclosed the Total Amortised Cost balances as £17.295 million as at 31 March 2024 and £14.079 million as at 31 March 2025. As these balances related to those carried at 'Fair Value through Profit and Loss', the balances did not fall within the Amortised Cost bracket for which the Total pertained. Management should reverse the prior period disclosure amendment and update the 31 March 2025 Total Amortised Cost to also present a £0 balance.</p>	✓*
Throughout	A number of typographical errors have been identified throughout the financial statements.	✓*
Throughout	A number of immaterial accounting policies and disclosures have been included in the financial statements. These should be removed to avoid obscuring material information within the financial statements.	✓*

# Audit adjustments

## Gravesham Borough Council (single entity)

### Misclassification and disclosure changes (Continued)

Disclosure	Misclassification or change identified	Adjusted?
Officer Remuneration and Exit Packages	<p>In the employees earning above £50,000 disclosure, we identified a misstatement in the banding allocation.</p> <p>Three individuals were incorrectly disclosed within the £65,000–£70,000 band, whereas their actual remuneration places them within the £70,001–£75,000 band.</p> <p>This is a disclosure error affecting the employee count per band, rather than the monetary values themselves. As the remuneration bandings form part of the statutory reporting requirements and are intended to reflect accurate categorisation of staff by pay level, this misclassification constitutes a disclosure misstatement only.</p>	✓*
Employee expenses	<p>During payroll sampling, we compared the consolidated payroll reports to the expenditure accounted for within the employee expenses balance of the Income and Expenditure by Nature note. Our review identified that workshop salaries totalling £0.393 million had been omitted from the employee expenses line item. Following inquiry, management confirmed these salaries were misclassified under the operating expenses line item in the same note to the accounts.</p>	✓*
Pension Liability	<p>As part of our reconciliation of the draft accounts to the IAS 19 actuary report we noted that the unfunded and funded liabilities did not reconcile with the balances presented by the council's actuary</p> <p>The present value of the defined benefit obligation was £13.351 million and should have been £130.294 million</p> <p>The FV of plan assets was £130,031 million and should have been £147.566 million</p>	✓*
Pension Liability	<p>Barnett Waddingham incorporated an allowance for the McCloud remedy in the 2022 triennial valuation. Due to prior years' disclaimer opinions, no audit testing was performed over this allowance historically. The McCloud regulations became effective in October 2023, and we have confirmed that the allowance is reflected in the 2024/25 IAS 19 valuation, as evidenced in the Employer Briefing Note and IAS 19 report. The draft 2024/25 Statement of Accounts does not include a specific disclosure explaining the impact of the McCloud judgment.</p>	✓*

# Audit adjustments

## Gravesham Borough Council (single entity)

### Misclassification and disclosure changes (Continued)

Disclosure	Misclassification or change identified	Adjusted?
Pensions Liability	<p>Virgin Media High Court judgment may impact LGPS schemes where historic rule changes lacked a valid Section 37 confirmation. The actuaries notes that the Government Actuary's Department (GAD) is reviewing historic LGPS amendments, and HM Treasury is assessing the implications for public service pension schemes (refer LGPC Bulletin 253, July 2024). At this stage, the actuary considers there is insufficient information to quantify any impact but recommends narrative disclosure.</p> <p>This should be presented as a contingent liability disclosure in the statement of accounts.</p>	✓*
Pensions Liability	<p>The IAS 19 report prepared by the Council's actuary shows net charges to the CIES of £3.185 million. In comparison, the corresponding charges disclosed in Note 15.23 Pension Costs – Transactions Relating to Retirement Benefits of the draft accounts total £3.321 million. This results in a variance of £0.136 million between the actuarial report and the draft financial statements.</p>	✓*
Officer Remuneration and Exit Packages	<p>Election-related payments to senior officers, including the £7k Returning Officer fee paid to the Chief Executive, were excluded from the Senior Officers' Remuneration Note. Under the CIPFA Code and Schedule 1 of the Accounts and Audit Regulations 2015, "remuneration" includes all amounts paid or receivable that are taxable, which would encompass election payments. These amounts should therefore have be included within the remuneration disclosure for senior officers</p>	✓*
Officer Remuneration and Exit Packages	<p>Through a review of Gravesham Borough Council's management structure, it was identified that several roles meeting the definition of senior officers were not included in the Council's Remuneration Report. Under the Local Government and Housing Act 1989, the Monitoring Officer is defined as a statutory chief officer and must therefore be disclosed within the senior officers' remuneration Section 7. For four other omitted roles, the council is required to disclose officers who: Earn more than £50,000 and hold positions reporting directly to the Head of Paid Service (CEO)</p>	✓*
Property, Plant and Equipment	<p>Our reconciliation of the Property, Plant and Equipment note and the Fixed Asset register identified that the draft accounts understated additions reclassified to Council Dwellings by £1.655 million and Assets reclassified from AUC of £1.655 million. The variance relates to Armoury Drive which was completed before the year, and therefore should've been reclassified in both the Property, Plant and Equipment note in addition to the adjustments made within the Fixed Asset register</p>	✓*

# Audit adjustments

## Gravesham Borough Council (single entity)

### Misclassification and disclosure changes (Continued)

Disclosure	Misclassification or change identified	Adjusted?
Property, Plant and Equipment	Our reconciliation of the Council Dwellings in the Property, Plant and Equipment note and the Fixed Asset register identified £95k of Other movements in cost or valuation and Other movements in depreciation and impairment which could not be reconciled to a figure in management's working papers. This has a net nil impact on the NBV carried forward.	✓*
Housing Revenue Account	Our review identified inconsistencies between the property classifications reported in the HRA note and those recorded within the HRA system. While the total number of properties was correct, several asset types were misclassified.	✓*
Housing Revenue Account	The valuation figures disclosed in Note 17.4 had not been updated to reflect the most recent desktop valuation. The £1,270.9 million market value balance should have instead been disclosed as £1,352.3 million. This resulted in outdated information being presented in the draft financial statements.	✓*
Pension Liability	<p>As part of the audit team's review of the comparability of prior period figures to the 2023/24 financial statements, it was identified that Note 15.23 – Pension Costs had been amended by management as a prior period adjustment (PPA). This adjustment related to the funded and unfunded liability disclosures and was based on figures that did not reconcile to the balances provided by the Council's actuary.</p> <p>Audit testing confirmed that the amounts disclosed in the 2023/24 financial statements correctly reconciled to the IAS 19 report, and that the changes made in the 2024/25 draft accounts arose from a misinterpretation of the actuarial data during preparation of those draft statements. The adjustment was therefore not the correction of a prior period misstatement, but an erroneous re-working of accurate prior-year information. Consequently, the PPA recorded by management does not meet the requirements of IAS 8 for correction of a prior period error.</p> <p>Given that the original 2023/24 disclosures were accurate and fully supported by the actuary's IAS 19 report, the PPA should be reversed and the previously reported figures reinstated as follows:</p> <ul style="list-style-type: none"> <li>• Present value of the defined benefit obligation: should be reported as £144.681 million, consistent with the original 2023/24 financial statements (rather than the amended £145.864 million).</li> <li>• Net liability arising from the defined benefit obligation: should be reported as £1.541 million, as per the original 2023/24 accounts (rather than the amended £0.358 million).</li> <li>• Present value of unfunded liabilities: should be reinstated as £nil, reflecting the position disclosed in the original 2023/24 statements (rather than the amended £1.301 million).</li> </ul>	✓*

# Audit adjustments

## Group

### 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.

\*Please note that due to the time constraints associated with meeting the statutory backstop deadline, we have not been able to independently verify the adjustment of identified misstatements. Accordingly, we express no assurance over the completeness or accuracy of the adjustments made.

Disclosure	Misclassification or change identified	Adjusted?
Group Property, Plant and Equipment	Our Group Property, Plant and Equipment audit procedures noted that £2.020m of consolidated assets related to the Land of an Asset Under Construction. As detailed in our audit adjustments, it is not appropriate to classify Land as under construction (only Buildings). Management should reclassify this land asset to an operational classification	✓*
Group Cash Flow	A consistency review of the Groups financial statements noted a number of discrepancies in the Surplus/Deficit in Provision of Services balance adopted including £0.361 million in the Group Cash Flow balance as a result of £0.103 million of expenditure for GCIP and £0.461 million intercompany trading adjustment being excluded from the balance.	✓*
Group MIRS	In our review of the Group financial statements, we noted that the Group MIRS 'Adjustments between group accounts and authority accounts' were unbalanced, resulting in a £0.137 million variance to the other Group financial statement balances	✓*
Group Cash Flow	Our review of the consolidated cash flow statement identified that the following entries had been incorrectly presented in the Group Cash flow statement: <ul style="list-style-type: none"> <li>£11.512 million, representing a loan advanced by the Council to Rosherville to fund further investments. While the loan is correctly recorded as a Long-Term debt receivable in the Single entity financial statements, the Group accounts have erroneously reflected the consolidation adjustment within the trade debtors adjustments of the cashflow statement. This classification is inappropriate, as the balance relates to a long-term loan/intragroup financing arrangement, not a trading balance.</li> <li>£6.199m of additional investment made by the Council in its subsidiaries was recorded within the Groups trade creditors, rather than being recognised as an investment in subsidiaries / capital contribution.</li> </ul>	✓*
Group Cash Flow	An adjustment of £0.122 million in managements working paper could not be corroborated and management have not been able to provide a clear explanation or supporting rationale for this entry	✓*

# Audit adjustments

## Group

### Misclassification and disclosure changes (Continued)

Disclosure	Misclassification or change identified	Adjusted?
Group Property, Plant and Equipment	<p>Our audit of the Group Property, Plant and Equipment (PPE) note identified that the Charter project's full historical additions were incorrectly included within the 2024/25 additions line, rather than being reflected as part of the opening cost/valuation balance. Under the CIPFA Code, only in-year movements should be presented as additions. This error resulted in a material overstatement of additions for 2024/25 and caused the Group PPE note to mis-reconcile to prior-year disclosures.</p> <p>To correct this:</p> <p>For 2024/25, the Charter's cumulative additions of £46.295m have been reclassified from additions to the opening cost/valuation balance.</p> <p>For 2023/24, the same issue was identified, requiring a prior-period adjustment under IAS 8. Historical Charter additions of £40.407m have been reclassified to the opening balance, with a corresponding reduction in reported additions.</p>	✓*

# Audit adjustments

## Gravesham Borough Council (single entity)

### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><b>Employee expenses</b></p> <p>Staff costs amounting to £0.504 million were capitalised based on percentage allocations derived from budgeted staffing schedules, rather than on evidence of actual time incurred on capital projects. Allocations included roles apportioned across multiple projects, in some cases where staff had not directly contributed. This approach also encompassed general administrative positions, which may not meet CIPFA's criteria for direct attribution to capital expenditure. The methodology applied lacks time-based substantiation and therefore presents a risk of material misstatement. We are presenting this here as an uncertainty</p>	Employee expenses: 504	Property, Plant and Equipment: (504)	504	504

# Audit adjustments

## Gravesham Borough Council (single entity)

### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><b>Employee expenses</b></p> <p>Management calculated the annual leave accrual of £0.517 million using an average salary rate and an assumption that all staff carry forward the maximum five days of leave. This approach does not reflect actual employee-level leave balances or salary costs and therefore may overstate the liability. Due to time constraints, management was unable to provide a revised, accurate calculation before the backstop date. The accrual is therefore subject to uncertainty and may be overstated or understated. We are presenting this here as an uncertainty</p>	Employee expenses: (517)	Short-term Creditors: 517	(517)	(517)

# Audit adjustments

## Gravesham Borough Council (single entity)

### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<b>Long Term Investments</b>	Nil	Short Term Investments: 451	Nil	Nil
The Council has reported its remaining holding in the Lothbury Property Trust as a long-term investment. However, the fund was formally terminated on 30 May 2024, with all assets sold and proceeds distributed. As at 31 March 2025, the Council retained a residual balance that was still in the process of repayment. Given the termination of the fund and the expectation that the remaining balance will be realised within the subsequent financial year, the investment should have been classified as a short-term asset rather than long-term.		Long Term Investments: (451)		

# Audit adjustments

## Gravesham Borough Council (single entity)

### Impact of unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><b>Debtors and Creditors</b></p> <p>During our reconciliation of detailed reports for housing rental debtor and creditor balances we identified a variance representing a £0.347 million net understatement when compared to the detailed report.</p> <p>Overall, there is a risk that debtors are overstated by £0.229 million and creditors are understated by £0.577 million.</p> <p>Following discussion with management, it was agreed that they would not be able to identify the source of the discrepancies without the implementation of a new detailed reconciliation control, see Section 7's 'Action Plan' for this finding.</p>	Nil	Short-Term Debtors: 229  Short-Term Creditors: (577)	347	347
<p><b>Benefits Payable in year for the pension liability</b></p> <p>The auditor of the Kent Pension Fund identified a variance of £8.4 million attributed to the testing on pension benefits paid in year to scheme participants. This variance impacts the valuation of scheme liability for the council, based on its share of 2.09%. The calculated variance allocated to the Council, reflecting its share of scheme liability, amounts to £175k.</p>	Remeasurement of net pension liability (OCI): 175	Pension fund liability: (175)	Nil	Nil – the impact of pensions does not impact the general fund following Adjustments Between Accounting Basis and Funding Basis under Regulations

# Audit adjustments

## Gravesham Borough Council (single entity)

### Impact of unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><b>Undervaluation of scheme assets within pension liability</b></p> <p>The auditor of the Kent Pension Fund identified a variance of £8.451 million attributed to the undervaluation of scheme assets between the final set of accounts of Kent Pension Fund for the year 2024/25 and the IAS26 report produced by the Pension Fund's actuary (Barnet Waddingham). This variance impacts the valuation of scheme assets for the council, based on its share of 1.75%. The calculated variance allocated to the Council, reflecting its share of scheme assets, amounts to £337k</p>	Remeasurement of net pension liability (OCI): (337)	Pension fund liability: 337	Nil	Nil – although the increase in scheme assets reduces the IAS 19 net liability, Gravesham Borough Council cannot recognise any additional surplus due to the IFRIC 14 asset ceiling. In any case, the impact of pensions does not affect the General Fund as it is reversed out through the statutory 'Adjustments Between Accounting Basis and Funding Basis' regulations.
<p><b>Housing benefits</b></p> <p>To attribute the unfunded costs of housing benefits expenditure, management recognised an accounting entry that decreased housing benefit expenditure and reduced grant income by £377k. The grant income already recognised the unfunded costs as grant income was not received, and the expenditure recognised was still an expense to the council regardless of the funding status. This entry should therefore not have been recognised and should be reversed.</p>	Operating expenditure: 377	Nil	Nil	Nil
	Grant Income: (377)			

# Audit adjustments

## Gravesham Borough Council (single entity)

### Impact of unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><b>Property, Plant and Equipment</b></p> <p>The final internal valuers report was received during the audit in November 2025, for which a control recommendation has been made and documented within the AFR. This timing delay had meant that there was variance of £560k when compared to the accounts published in July 2025.</p>	Impairment losses: (191)	Property, Plant and Equipment: (383) Revaluation reserve: 575	191	Nil – the impact of revaluation losses does not impact the general fund following Adjustments Between Accounting Basis and Funding Basis under Regulations
<p><b>Property, Plant and Equipment</b></p> <p>Our reconciliation of the final internal valuers report to the Council's asset register identified a £0.196 million variance attributable to management not revising the asset register carrying value of one asset following its revaluation</p>	Impairment losses: 196	Property, Plant and Equipment: (196)	196	Nil – the impact of revaluation losses does not impact the general fund following Adjustments Between Accounting Basis and Funding Basis under Regulations
<b>Overall impact of current year unadjusted misstatements</b>	<b>(170)</b>	<b>(177)</b>	<b>(170)</b>	<b>334</b>

# Impact of unadjusted misstatements in the prior year

## Gravesham Borough Council (single entity)

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24, and the resulting impact upon the 2024/25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
<p>In response to a growing number of authorities moving from a net defined benefit liability to a net defined benefit asset position, there was an emerging need for them need to consider whether their secondary contributions will be available to the Gravesham Borough Council after they are paid into the plan. To the extent that they will not be available, Gravesham Borough Council would need to recognise a liability as the obligation arises in line with IFRIC 14. Which could have the effect of reducing a net pension asset or increasing a net pension liability.</p> <p>Management engaged with their pensions actuary to establish the potential impact on their net defined benefit liability, and the impact was determined to be £308,000. Management did not adjust for this matter in their 2023/24 financial statements</p>	Remeasurements of the net defined benefit liability: 308	Liability Related to Defined Benefit Pension Scheme: (308)	308	Nil	Immaterial
<b>Overall impact of prior year unadjusted misstatements</b>	<b>308</b>	<b>(308)</b>	<b>308</b>	<b>0</b>	
<b>Cumulative impact of prior year and current year unadjusted misstatements on 2024/25 financial statements</b>	<b>138</b>	<b>(485)</b>	<b>138</b>	<b>334</b>	

# Action plan

## Gravesham Borough Council (single entity)

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our 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.

Key	Summary GBC	Summary RDPL	Summary GBC Group	Total
 High – Significant effect on control system and/or financial statements	1			1
 Medium – Limited impact on control system and/or financial statements	10	2	1	13
 Low – Best practice for control systems and financial statements	5			5
<b>Total</b>	<b>16</b>	<b>2</b>	<b>1</b>	<b>19</b>

# Action plan

## Assessment Issue and risk

●  
High

### Deficiency in Council's close-down and financial reporting process

The external audit of the Council's 2024/25 financial statements has been challenging, and our work this year has highlighted that the Council's arrangements for rebuilding assurance post backstop require improvement to ensure the Council can meet its statutory financial reporting obligations. Strengthening the year end accounts preparation process, addressing skills and capacity gaps within the finance team, and ensuring that the financial statements are supported by sufficiently evidenced working papers that meet current auditing standards will be essential going forward.

While the finance team has been constructive and committed throughout the audit, the level of evidence available, the quality of supporting working papers, and the timeliness of key reconciliations were not sufficient to enable audit completion ahead of the statutory backstop date. To re establish assurance, the Council must be able to produce materially accurate accounts, supported by robust working papers, and subject these balances and in year transactions to an external audit process that can be completed in line with statutory deadlines.

Despite undertaking more than four months of audit work, we were unable to complete a substantial proportion of our planned procedures. The challenges experienced extended beyond the preparation of the financial statements and point to broader weaknesses in the Authority's financial reporting framework. Across several areas, working papers were incomplete, key reconciliations were delayed, and audit ready evidence was not consistently available. These issues hindered planned audit progress and, ultimately, prevented us from obtaining the level of assurance required.

It remains essential that management maintains accurate underlying records, prepares fully reconciled and compliant working papers, and provides timely and complete evidence to support the audit. Efficient provision of high quality documentation is critical to the smooth delivery of the audit and underpins the reliability and credibility of the Council's financial reporting.

## Recommendations

The Council needs to improve and strengthen its overall arrangements to produce and facilitate the external audit of the financial statements within the statutory deadlines. Key aspects to strengthen include:

- capacity of the finance team to respond to queries;
- providing a full suite of working papers on day 1 of the audit including fully reconciled and cleansed transactions listings;
- evidence for transactions retained as a matter of course so that they are available on request

We recognise that some of these improvements will need to be iterative and cannot all be achieved in a single year. What our recommendation is seeking is for management to put in place a realistic action plan, prioritising the most important recommendations such that there is tangible improvement for 2025/26.

### Management response

Action has already been taken to respond to the resourcing, skills and capacity issues that affected the Finance Team during the 2024/25 year-end and audit processes.

The council has:

- Brought in an interim Closedown Project Accountant to lead the 2025/26 closedown process, ensure the delivery of a draft statement of accounts by the statutory deadline, alongside the production of high-quality working papers and supporting evidence as a contribution to ensuring an effective audit process.
- Reprocurd asset valuations and brought in an external resource to review the completeness and accuracy of its asset register.
- Tasked a member of the Finance Team with reviewing the closedown timetable and responding to control recommendations made in the 2024/25 audit before the end of March 2026.

# Action plan

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Medium</p>	<p><b>Finance System</b></p> <p>Our review of Civica Financials access controls identified a significant segregation of duties risk, as certain finance personnel held system administrator rights across key modules including the General Ledger, Debtors, and Creditors.</p> <p>These privileges enable unrestricted changes to system configurations while the same individuals also perform operational activities such as posting journals, creating a clear conflict of interest. Although administrative access should require S151 Officer approval, this control was not consistently enforced in practice. Existing technical safeguards—such as password protection and single sign-on—do not mitigate the risk posed by inappropriate privileged access. This weakness affects both IT General Controls and the integrity of financial reporting, increasing audit risk.</p>	<p>We recommend removing system administrator rights from finance staff, limiting such access to IT/system administration personnel, and implementing periodic access reviews supported by formal policy and oversight.</p> <p><b>Management response</b></p> <p>The council will review system access controls with a view to removing system administrator access where not necessary for operational purposes or implementing additional audit controls where access removal is not considered to be a suitable option. An increased level of access reviews with oversight will be implemented.</p>
<p>●</p> <p>Medium</p>	<p><b>Property, Plant and Equipment</b></p> <p>A number of assets remain on the Council’s asset register with a nil net book value (NBV) despite being fully depreciated, disposed of, replaced, or no longer providing economic benefit.</p> <p>This risks overstating the gross book value of assets (GBV) or understating depreciation where adjustment to useful lives is appropriate</p>	<p>We recommend that management implement a formalised control process to identify, verify, and remove nil NBV assets that are no longer operational.</p> <p><b>Management response</b></p> <p>The council have agreed to implement this finding</p>

# Action plan

Assessment	Issue and risk	Recommendations
<p data-bbox="216 339 254 375">●</p> <p data-bbox="180 396 290 432">Medium</p>	<p data-bbox="384 339 792 375"><b>Property, Plant and Equipment</b></p> <p data-bbox="384 386 1429 554">As permitted by the CIPFA code, Gravesham adopts a five-year rolling valuation basis for Property, Plant and Equipment assets. When using this approach, the CIPFA code requires revaluations to be performed with sufficient regularity to ensure that the carrying amount of assets measured at “current value” does not differ materially from their fair value at the reporting date.</p> <p data-bbox="384 568 1396 632">There is no formal process to assess whether assets not revalued in the current year have experienced material changes in value since their last valuation.</p> <p data-bbox="384 646 1403 746">This creates a risk that asset values may be misstated, as management cannot demonstrate compliance with CIPFA’s requirement for valuations to remain “current”.</p>	<p data-bbox="1485 339 2397 575">We would typically recommend that management implement a formal process to assess whether assets not revalued in the current year have experienced material changes in value since their last valuation. However, upcoming changes to the CIPFA code (effective from 2025/26) have meant that the valuation of property, plant and equipment will in future be required once every five years, or on a five-year rolling basis, supported by indexation in intervening years.</p> <p data-bbox="1485 589 2346 761">As Management plan to conduct a full valuation of the whole asset portfolio in 2025/26, a recommendation for the upcoming financial year is not applicable. However, in 2026/27 we recommend that management implement a new indexation process to ensure compliance with the updated CIPFA requirements.</p> <p data-bbox="1485 775 1786 811"><b>Management response</b></p> <p data-bbox="1485 825 2372 889">Asset Valuations have been externalised for 2025/26, which includes consideration of the new indexation process.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<p data-bbox="214 339 249 374">●</p> <p data-bbox="175 396 287 431">Medium</p>	<p data-bbox="384 339 792 374"><b>Property, Plant and Equipment</b></p> <p data-bbox="384 386 1421 515">Valuation reports prepared by the internal valuer are shared with the finance team without formal sign-off by the lead valuer. As a result, the draft accounts were based on unsigned valuation reports, increasing the risk of using unverified or incomplete information.</p>	<p data-bbox="1480 339 2354 505">We recommend that management obtain formal sign-off from their lead valuer for all valuation reports before accounting entries and accounts are produced by the finance team. This should include a dated signature or electronic approval to confirm accuracy and completeness.</p> <p data-bbox="1480 525 1783 559"><b>Management response</b></p> <p data-bbox="1480 572 2410 666">Asset Valuations have been externalised for 2025/26, with the valuation report expected to be dated and signed to confirm accuracy and completeness.</p>
<p data-bbox="214 736 249 771">●</p> <p data-bbox="175 793 287 828">Medium</p>	<p data-bbox="384 736 792 771"><b>Property, Plant and Equipment</b></p> <p data-bbox="384 783 1437 912">Disposal information within the Fixed Asset Register (FAR) is limited to aggregated book values and does not include disposal proceeds and gains or losses. As a result, disposal transactions cannot be reconciled or substantiated, and sufficient appropriate audit evidence cannot be obtained.</p>	<p data-bbox="1480 736 2397 1005">We recommend that management should strengthen controls over PPE disposals by maintaining a complete asset-level disposal record that includes carrying values, disposal proceeds and gains or losses. Disposal information should be reconciled to the general ledger and bank statements, with supporting documentation retained for each transaction. Clear ownership and periodic review of the Fixed Asset Register should be established to ensure disposals are complete, accurate and auditable.</p> <p data-bbox="1480 1025 1783 1059"><b>Management response</b></p> <p data-bbox="1480 1072 2397 1195">Asset expertise has been brought into the Finance Team on an interim basis to work alongside Members of the substantive team to ensure the completeness and accuracy of the asset registers, including disposal records.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<p data-bbox="216 339 254 375">●</p> <p data-bbox="180 396 290 432">Medium</p>	<p data-bbox="384 339 830 368"><b>Short-term Debtors and Creditors</b></p> <p data-bbox="384 382 1238 589">Effective internal controls require periodic reconciliations between supporting systems (such as housing rents and collection fund software) and the general ledger (finance system) to ensure completeness, accuracy, and validity of recorded balances. Reconciliations are a fundamental control to detect and correct discrepancies in debtor and creditor accounts.</p>	<p data-bbox="1281 339 2321 432">We recommend that management design and implement a formal reconciliation control between the key supporting systems and the finance system. This should include:</p> <ul data-bbox="1319 454 2262 575" style="list-style-type: none"> <li>• Monthly reconciliations of arrears and prepayments balances.</li> <li>• Documentation and review of reconciling items.</li> <li>• Clear assignment of responsibility and evidence of supervisory review.</li> </ul> <p data-bbox="1281 632 1582 661"><b>Management response</b></p> <p data-bbox="1281 682 2372 746">Arrangements are in place for periodic reconciliations to take place, but these will be strengthened to improve supporting evidence of reconciling items and review.</p>
<p data-bbox="216 811 254 846">●</p> <p data-bbox="180 868 290 903">Medium</p>	<p data-bbox="384 811 593 839"><b>Heritage Assets</b></p> <p data-bbox="384 853 1251 1268">The valuation of heritage assets is based on a third party insurance schedule from Zurich Municipal. Following discussions with management it was determined that the estimate noted in the insurance schedule was determined internally by the council. Management have not been able to determine the source of this estimate as it has been rolled forwards over several years with % uplifts applied (for which the sources cannot also be substantiated). The CIPFA code requires that Heritage assets valuations must be reviewed with sufficient frequency to ensure that the valuations remain current. As the source of the original estimate cannot be determined, we have formed the view that the estimate has not met this requirement of sufficient frequency</p>	<p data-bbox="1281 811 2397 875">We recommend that management implement a formal Heritage Asset Valuation Policy requiring periodic valuations and annual desktop reviews.</p> <p data-bbox="1281 932 1582 961"><b>Management response</b></p> <p data-bbox="1281 982 2313 1046">The Finance Team are working with the relevant service to develop and enhance arrangements in this area.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<p data-bbox="214 297 249 329">●</p> <p data-bbox="180 354 282 382">Medium</p>	<p data-bbox="384 291 774 319"><b>Related parties - declarations</b></p> <p data-bbox="384 339 1090 715">Councillors did not complete annual declaration of interest forms in the 2024-25 financial year and last completed their declarations upon taking office. Whilst this complies with the Localism Act 2011 requirement for a member (or their spouse/civil partner) with a Disclosable Pecuniary Interest (DPI) to register that interest upon taking office. By not performing an annual review of these interests with members there is a risk that the Council may be unable to capture related party transactions that could materially affect the Council's related parties' disclosure.</p>	<p data-bbox="1136 291 2168 319">Members should ensure that declarations of interest are complete and accurate.</p> <p data-bbox="1136 344 2372 405">Management should ensure that all declarations of interests are receipted in a timely manner to inform year-end disclosures</p> <p data-bbox="1136 429 1429 458"><b>Management response</b></p> <p data-bbox="1136 476 2410 605">Management acknowledge that, although an annual declarations-of-interest process was in place and issued to Members by Committee Services, the outcomes of this process were not shared with the audit team during the 2024/25 audit. The Council confirms that this annual process remains in operation, requiring Members to be responsible for ensuring their declarations are up to date.</p> <p data-bbox="1136 625 2359 719">A request to review Declarations of Interest is annually issued to all Members by the Committee Services Team. Updates will be received and accepted where a Member draws attention to a change in their Interests.</p> <p data-bbox="1136 739 2397 868">In addition, each Member is required to complete a Related Party Transaction (RPT) form annually as part of the Statement of Accounts Process. Where a RPT form is not received for any reason, additional checks are carried out using sources such as Companies House to identify any related parties which could materially affect the disclosure in the accounts.</p> <p data-bbox="1136 888 2384 949">This process is also supported by a review of declarations made at council meetings by Members and review of council appointments to outside organisations.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<p data-bbox="216 339 249 372">●</p> <p data-bbox="180 396 285 425">Medium</p>	<p data-bbox="384 337 937 365"><b>Income and Expenditure Cut-Off Controls</b></p> <p data-bbox="384 382 1447 586">Testing of Income and Expenditure Completeness Cut-Off identified several errors that were indicative of cut-off weaknesses. Due to the lack of available evidence for selected samples, the extent of these errors could not be quantified, and the balances were ultimately disclaimed. To mitigate the risk of misstated year-end balances in future periods, management should strengthen controls over the recording and evidencing of year-end transactions.</p> <p data-bbox="384 604 1447 768">Without robust cut-off controls and complete evidential records, there is an increased risk that these balances are misstated due to transactions being recorded in the wrong financial period. This can result in material misstatement of the financial statements and undermine auditability, as experienced in the current year.</p>	<p data-bbox="1480 337 2415 468">We recommend that management implement enhanced cut-off controls to ensure that all Income and Expenditure is recorded in the correct accounting period and that adequate supporting evidence is retained. This should include:</p> <ul data-bbox="1480 486 2390 629" style="list-style-type: none"> <li data-bbox="1480 486 2390 554">– Clear cut-off procedures for identifying and recording year-end income, expenditure, receivables, and payables.</li> <li data-bbox="1480 568 2390 629">– Periodic reconciliation and review of transactions around year-end by an independent reviewer to verify correct period allocation.</li> </ul> <p data-bbox="1480 646 1786 675"><b>Management response</b></p> <p data-bbox="1480 694 2125 722">The council have agreed to implement this finding</p>
<p data-bbox="216 796 249 829">●</p> <p data-bbox="198 853 267 882">Low</p>	<p data-bbox="384 793 715 822"><b>Related parties - register</b></p> <p data-bbox="384 839 1447 1143">Senior Officer declarations and the associated register of interests are currently overseen and updated by the finance team. Under Section 81 of the Local Government Act 2000, responsibility for maintaining the register of officer interests should sit with the Monitoring Officer, not finance. This misallocation of responsibility creates a risk that related-party information is incomplete or not reviewed with sufficient independence. Without a formally owned and consistently maintained declarations process, the Council may be unable to identify and disclose all related-party transactions, increasing the risk of material misstatement in the financial statements.</p>	<p data-bbox="1480 793 2415 893">We recommend that responsibility for maintaining, reviewing, and updating Senior Officer declarations of interest should be formally reassigned to the Monitoring Officer, in line with statutory requirements.</p> <p data-bbox="1480 911 1786 939"><b>Management response</b></p> <p data-bbox="1480 958 2339 986">The council have agreed to review their arrangements in this area.</p>

# Action plan

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Low</p>	<p><b>Cash and Cash Equivalents</b></p> <p>Bank reconciliations are currently prepared on a combined basis for both the income and payments Lloyds accounts. This limits visibility over individual account activity and makes it harder to identify errors or issues within each account.</p>	<p>We recommend that management prepare separate reconciliations for each account to ensure effective monitoring of cash movements.</p> <p><b>Management response</b></p> <p>The council have agreed to review their arrangements in this area.</p>
<p>●</p> <p>Low</p>	<p><b>Short-term Debtors</b></p> <p>During our review of the short-term debtors' listings, we noted that a number of debtor balances have remained outstanding for a prolonged period with no realistic prospect of recovery.</p> <p>Whilst we understand that the cumulative value of aged debtors is trivial, these aged balances continue to be carried in the authority's books, which may overstate the assets the balance sheet.</p>	<p>We recommend that management conduct regular reviews (e.g., quarterly or semi-annually) of the debtor ledger to identify aged debtor balances where the likelihood of receipt is remote.</p> <p><b>Management response</b></p> <p>The council carries a level of aged debt against which payments are still being made. We will review arrangements in this area to confirm the position and identify any aged debts that could be considered for write-off.</p>
<p>●</p> <p>Low</p>	<p><b>IFRS 16</b></p> <p>We identified a control deviation in the IFRS 16 journal approval process. While journals were prepared by the Principal Accountant as intended, approvals were frequently provided by an individual (principal accountant only) other than the designated Assistant Director, contrary to the documented process. This leads to mismatch between the process communicated to auditor's and the process adopted in practice by GBC.</p>	<p>We recommend that management evaluate the approval requirements for transactions related to IFRS 16</p> <p><b>Management response</b></p> <p>The council have agreed to action this finding</p>

# Action plan

Assessment	Issue and risk	Recommendations
<p data-bbox="214 339 249 374">●</p> <p data-bbox="206 396 257 425">Low</p>	<p data-bbox="384 337 677 365"><b>Capital Commitments</b></p> <p data-bbox="384 382 1233 482">During our review of capital commitments for one Project, the Council was only able to provide an unsigned draft version of the contract. No formally executed (signed) agreement was available.</p>	<p data-bbox="1284 337 2364 436">We recommend that management strengthen its contract-approval and document-management processes by ensuring that all capital project contracts are formally executed, retained, and readily accessible.</p> <p data-bbox="1284 454 1582 482"><b>Management response</b></p> <p data-bbox="1284 499 2125 528">The council have agreed to review their arrangements in this area</p>

# Action plan

## Rosherville Property Development Limited (subsidiary)

### Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

We set out here our recommendations for the RDPL which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our Group 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
<span style="color: yellow;">●</span> Medium	<p><b>Cash and Cash Equivalents</b></p> <p>Bank reconciliations for weekly and month-end periods are prepared and reviewed by the same individual, who also posts reconciling adjustments directly into QuickBooks.</p> <p>There is no independent review of reconciliations or a separate journal approval process. This concentration of duties increases the risk that errors or inappropriate adjustments could go undetected.</p>	<p>We recommend that management implement segregation of duties by introducing an independent review of all bank reconciliations and related adjustments.</p> <p>This should include a requirement for a second individual to verify reconciliations and approve journal entries before posting.</p> <p><b>Management response</b></p> <p>The council will take this recommendation into account when reviewing the accounting arrangements for the Rosherville Group.</p>
<span style="color: yellow;">●</span> Medium	<p><b>Cash and Cash Equivalents</b></p> <p>There is no formal documentation or authorisation of the bank reconciliation process. Current checks between the finance system and bank records lack evidence of accuracy and review. Without documented and approved reconciliations, there is an increased risk that errors or irregularities may go undetected.</p>	<p>We recommend that management implement a formal bank reconciliation process requiring:</p> <ul style="list-style-type: none"> <li>• Preparation of reconciliations for all bank accounts at least monthly.</li> <li>• Documentation of reconciling items with supporting evidence.</li> <li>• Independent review and sign-off by an authorised individual.</li> <li>• Maintain records of reconciliations and approvals to demonstrate accuracy and oversight.</li> </ul> <p><b>Management response</b></p> <p>The council will take this recommendation into account when reviewing the accounting arrangements for the Rosherville Group.</p>

# Action plan

## Group

### Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

We set out here our recommendations for the Group which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our Group 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
<p style="text-align: center;"><span style="color: yellow;">●</span></p> <p style="text-align: center;">Medium</p>	<p><b>Group Property, Plant and Equipment</b></p> <p>Our audit procedures noted that £2.020m of consolidated assets related to the Land owned by the Group.</p> <p>A valuation of this asset was not performed as at 31st March 2025.</p>	<p>We recommend that management ensure Group Property, Plant and Equipment Assets are revalued in accordance with the requirements of the CIPFA code</p> <p><b>Management response</b></p> <p>A Valuation of material assets will be carried out.</p>

# Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in one recommendation being reported in our 2023/24 appendix to the audit findings.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Within our appendix to the audit findings in 2023/24, we requested that management prepare an impairment assessment following the change in construction delivery company during the project. This assessment has not been performed by management and therefore we have been unable to complete the following audit procedure:</p> <ul style="list-style-type: none"> <li>– ensure the capitalised value of AUC is not impaired following the change in construction delivery company during the project</li> </ul>	<p>Management have not undertaken an impairment assessment following the change in construction delivery company during the project. Consequently, the audit team were unable to perform the required audit procedures to determine whether the capitalised value of Assets Under Construction (AUC) is impaired as a result of the change in delivery arrangements.</p>

## Assessment

✓ Action completed

X Not yet addressed

# 08 Value for Money arrangements

# Value for Money arrangements

## Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30<sup>th</sup> November each year from 2024-25. Our interim AAR was reported to you on 5 November 2025 at the council's Finance and audit committee and our final AAR accompanies this audit findings report.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



### Improving economy, efficiency and effectiveness

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



### Financial sustainability

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



### Governance

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

In undertaking this work we have identified a significant weakness in arrangements.

**Please refer to our accompanying Auditor's Annual Report (AAR) for further details.**

# 09 Independence considerations

# 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 have no matters to report to you in this regard.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We have no matters to report to you in this regard.

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

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority or group 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 Authority or group or investments in the group held by individuals.
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 Authority or group 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 Authority or group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority/group, senior management or staff (that would exceed the threshold set in the Ethical Standard).

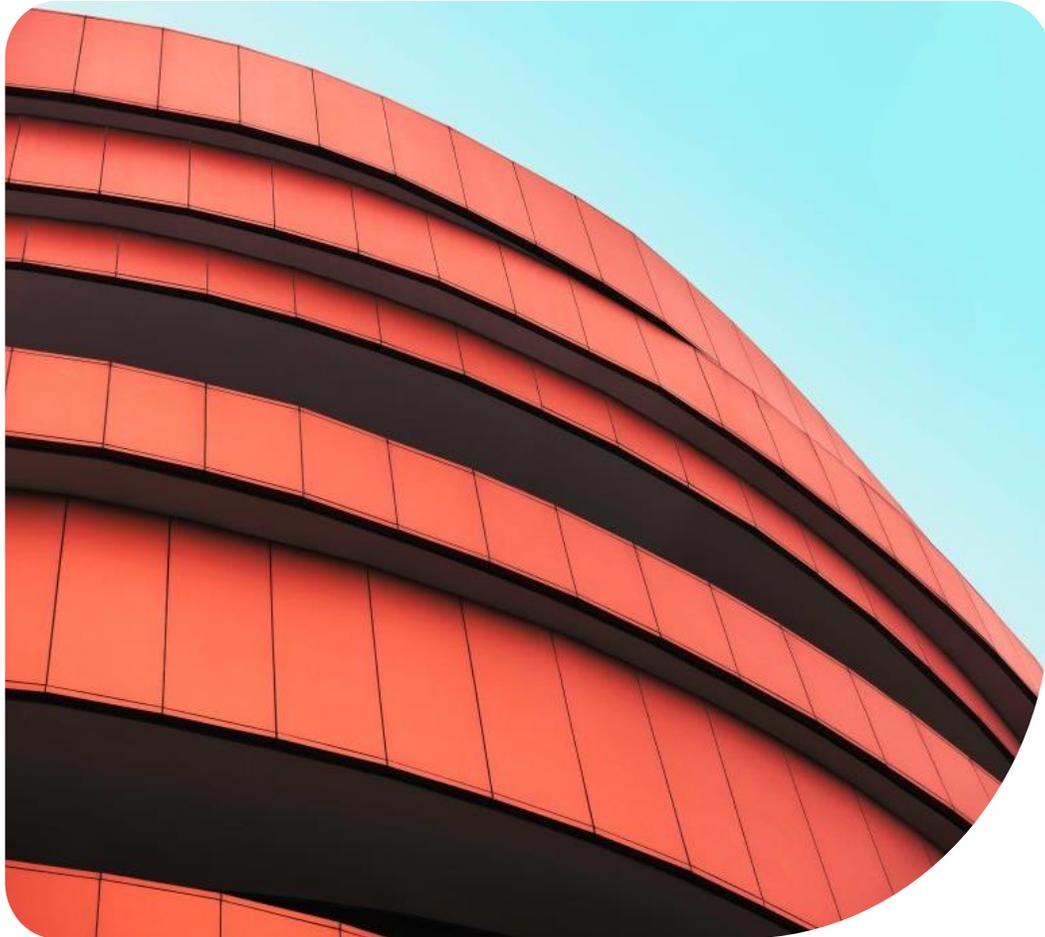
# Independence considerations

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 and network firms 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.

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.



# Fees and non-audit services



The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Gravesham Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees, see overleaf.

# Fees and non-audit services

## Audit services

Service	Proposed fee for 2024/25 (£)	Final fee for 2024/25 (£)
Gravesham Borough Council Audit	174,405	174,405
Group Accounts*1	£5,000	£6,800
Auditors' expert – PPE and Investment property valuations*2	£5,000	£7,000
IFRS16*3	£7,500	£3,500
Internal quality team– Financial Instruments*4		£7,800
<b>Total (Exc. VAT)</b>	<b>£191,905</b>	<b>£199,505</b>

\*1 Group accounts were not included within the published 2023/24 and 2024/25 scale fees. The above is therefore an estimated fee variation that is subject to PSAA approval.

\*2 As set out in our response to significant risks, we have determined that it is appropriate to engage an auditor's expert to support the audit team challenge of key assumptions underpinning the valuation of PPE and Investment property. The above is therefore an estimated fee variation that is subject to PSAA approval.

\*3 The audit of the new accounting standard IFRS16 was not included within the published 2024/25 scale fees. The £ above is therefore an estimated fee variation, dependant upon the volume of work required (as set out on pages 10 - 11), that is subject to PSAA approval.

\*4 In the course of our audit procedures in respect of the Charter, which is identified as a significant risk above, we have determined that it is appropriate to engage technical specialists from within our internal quality team to support the audit team challenge of key assumptions and judgements in the application of IFRS 9 Financial Instruments. This underpins the carrying value of the investment and loans provided to RDPL, as accounted for in the single entity accounts. The above is therefore an estimated fee variation that is subject to PSAA approval.

2024/25 Audit fee update – following the imposition of the backstop, there was insufficient time to complete all the work but in good faith, we have completed work in several areas including VfM and risk assessment. Our expectation is that the final fee for 2023/24 will therefore be a portion of the full scale fee reported to you in our interim Audit Plan (and summarised above for reference).

# Fees and non-audit services

## Audit-related non-audit services

Fees for open non-audit work £					Threats Identified	Safeguards applied
Service	2021/22	2022/23	2023/24	2024/25		
Housing Benefit Assurance Process	45,000	45,000	55,000	56,300	Self-Interest (because this is a recurring fee)	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence considering the 2024/25 fee for this work is £56,300 in comparison to the total fee for the audit of £191,905 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self review threat and management threat, we have not prepared the form which we are reviewing and do not expect material misstatements to the financial statements to arise from this service. Furthermore, the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.</p>
Certification of Pooling of Housing Capital Receipts claim	-	-	10,000	10,000	Self-Interest (because this is a recurring fee)	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £191,905 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self review threat and management threat, we have not prepared the form which we are reviewing and do not expect material misstatements to the financial statements to arise from this service. Furthermore, the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.</p>
Reasonable Assurance Report - Social Housing Decarbonisation Fund				5,500	Self-Interest Self review Management	<p>Self-Interest - The work is on a non-audit related service with a fixed fee and no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>Self review - This is not considered a significant threat as GT are not reviewing any information that we have prepared. GT have not prepared any elements of the return and are carrying out work on the information submitted to us. As this is a non-audit related service, it is acceptable for another audit team to carry out this work.</p> <p>Management - The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. GT will carry out work in accordance with agreed upon procedures, that has been agreed with the grant paying body.</p>
<b>Total</b>	<b>45,000</b>	<b>45,000</b>	<b>65,000</b>	<b>71,800</b>		

# Fees and non-audit services

## Total audit and non-audit fee

(Audit fee)	£199,505	(Non-audit fee)	£71,800
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The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

- fees per financial statements:
  - Fees payable with regard to external audit services carried out for the year - £180k
  - Fees payable for the certification of grant claims and returns for the year - £55k
- Reconciling item
  - 1 = Management estimated accruals for audit fees differed from the audit plan by £12k
  - 2 = Management omitted the non-audit fee of £10k in relation to the Pooling of Housing Capital Receipts claim
  - 3 = Management estimated accruals for non-audit fees differed from the audit plan by £1.3k
  - 4 = Updates to audit fee between audit plan and audit findings of £7.6k
  - 5 = Updates to non-audit services for Social Housing Decarbonisation Fund with fee of £5.5k

Total fees per above = £271.4k

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

# 11 Appendices

# A. 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	●	
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	●	●
Matters in relation to the group audit	●	●
Views about the qualitative aspects of the Group's 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		●

# A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
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, as a minimum a requirement exists for our findings to be distributed to all the company directors and 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 those charged with governance.

# B. Our team and communications

## Grant Thornton core team



**Parris Williams**  
Engagement Lead/  
Key Audit Partner

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



**Jasmine Kemp**  
Audit Manager

- Audit planning
- Resource management
- Complete a thorough quality review of all audit work.
- Draft comprehensive audit reports outlining findings and recommendations
- Hold regular meetings with key finance members to discuss audit progress and findings.



**Louis Niven**  
Audit Senior / In-charge

- Audit team management
- Day-to-day point of contact
- Audit fieldwork

	<b>Service delivery</b>	<b>Audit reporting</b>	<b>Audit progress</b>	<b>Technical support</b>
<b>Formal communications</b>	<ul style="list-style-type: none"> <li>• Annual client service review</li> </ul>	<ul style="list-style-type: none"> <li>• Gravesham Borough Council Audit Plan</li> <li>• Audit Progress and Sector Update Reports</li> <li>• The Audit Findings</li> <li>• Auditor's Annual Report</li> </ul>	<ul style="list-style-type: none"> <li>• Audit planning meetings</li> <li>• Audit clearance meetings</li> <li>• Communication of issues log</li> </ul>	<ul style="list-style-type: none"> <li>• Technical updates</li> </ul>
<b>Informal communications</b>	<ul style="list-style-type: none"> <li>• Open channel for discussion</li> </ul>		<ul style="list-style-type: none"> <li>• Communication of audit issues as they arise</li> </ul>	<ul style="list-style-type: none"> <li>• Notification of upcoming issues</li> </ul>

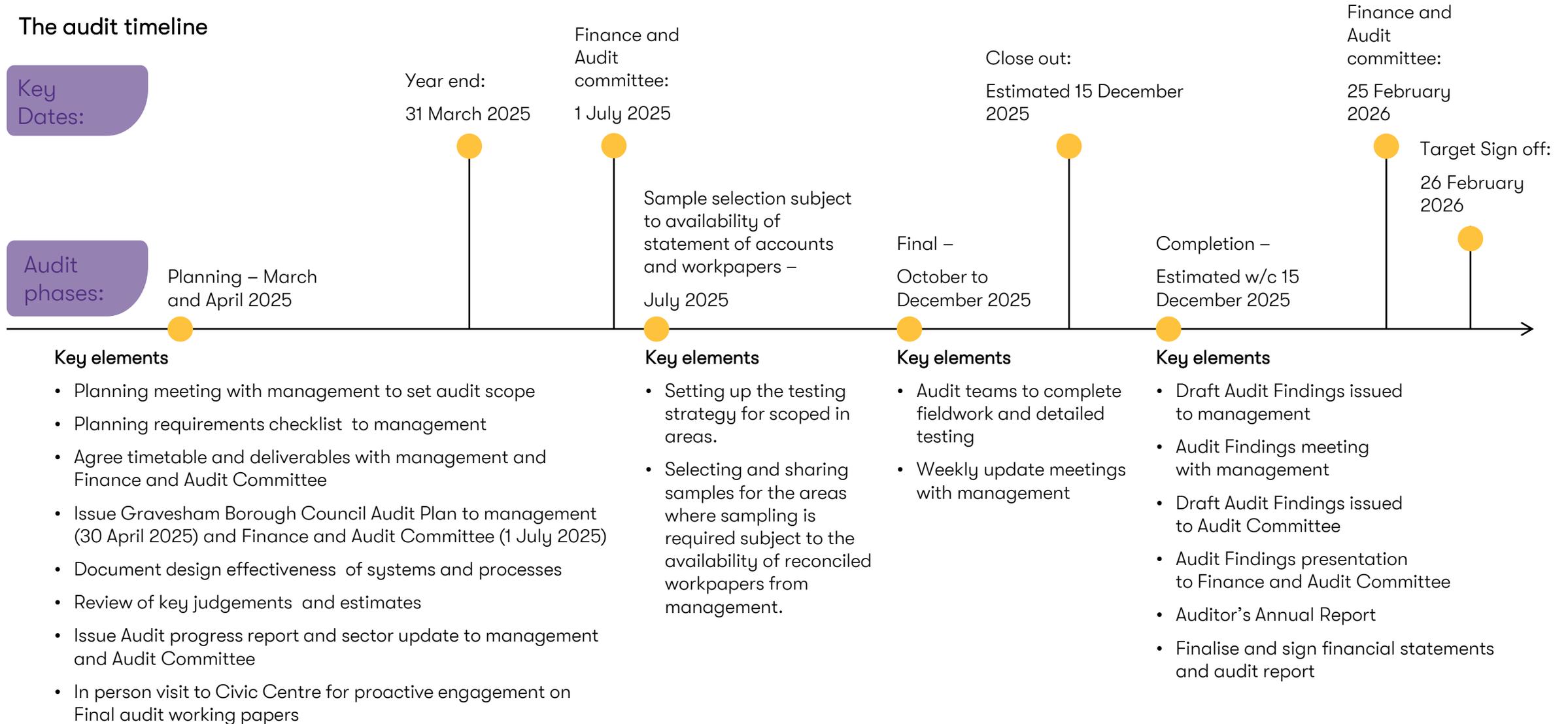
As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

# C. Logistics

## The audit timeline

Key Dates:

Audit phases:



# D. Other Areas of the Financial Statements

## Purpose of this Appendix

This appendix provides a comprehensive summary of our work across all other financial statement areas that fall outside the significant risks already reported. It brings together the status of each scoped audit area, highlights where work was completed, where testing was constrained or backstopped, and sets out the findings from our audit procedures.

## What This Appendix Covers

In this appendix we have therefore presented:

- A full area-by-area breakdown of all other audit streams within scope
- The procedures performed, and where applicable, the limitations encountered
- The status of each testing area, using the Red/Amber/Green convention applied throughout the appendix
- Key observations, including delays, evidence gaps, or control weaknesses affecting audit progress
- Dependencies and forward actions, particularly where testing was backstopped due to time constraints or unavailable evidence

## How This Supports Those Charged With Governance

This appendix is intended to:

- Give the Finance and Audit Committee a transparent overview of the procedures performed during the audit
- Provide clear communication that explains why certain areas could not be fully concluded
- Highlight where control weaknesses or process gaps limited the extent of audit work completed
- Support governance discussions around prioritisation and improvement ahead of the 2025/26 audit cycle

# D. Other Areas of the Financial Statements

## Key

- [Green] Audit work is completed
- [Amber] Audit work is ongoing
- [Red] Audit work is backstopped

Testing area	Commentary	Status	Relevant to Council and/or Group
CIES – Income			
<b>Fees and charges and other service income, Incl. HRA housing rents and other rental income (£44.24 million)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the income ledger breakdown to the TB and supporting note for Income and Expenditure by Nature.</li> <li>• Selected 21 fees and charges, 23 HRA rental income and 5 other rental income samples for testing to verify accuracy and occurrence of the transactions.</li> <li>• Experienced delays in receiving appropriate supporting evidence from management for the selected samples.</li> <li>• Tested all 5 other rental income samples as management provided sufficient supporting evidence. No issues were noted in the tested samples.</li> <li>• Tested 21 fees and charges samples and identified:               <ul style="list-style-type: none"> <li>• 1 entry included classification errors, where income was recorded in the incorrect accounting period</li> <li>• 2 entries included classification errors, where grant income was recorded in fees and charges.</li> <li>• 11 were tested, with no significant issues noted in the items for which complete evidence was provided.</li> <li>• For remaining samples, we did not receive complete supporting evidence, and we raised the queries with the management. However, it was agreed with the management that the resolution of outstanding queries could not be accomplished within the backstop deadline.</li> </ul> </li> <li>• For all 23 HRA rental income samples, we did not receive complete supporting evidence, and we raised the queries with the management. However, it was agreed with the management that the resolution of outstanding queries could not be accomplished within the backstop deadline.</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	<span style="color: red;">●</span>	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>CIES – Income</b>			
<b>Council Tax and NNDR Income (£12.123 million)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the collection fund income ledger breakdown to the TB and supporting note for Income and Expenditure by Nature and taxation and non-specific grant income.</li> <li>Performed substantive analytical procedures to determine values for council tax and NDR and compared this to the values in the financial statements. We did not note any issues.</li> <li>Within the council tax and NDR substantive analytical procedures, we included a number of council tax and NDR reliefs. We therefore selected a sample of 20 of these tax reliefs (10 Council Tax reliefs and NDR reliefs) and re-performed the calculations and agreed the values back to source documentation. We did not note any issues.</li> <li>This Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	●	Council
<b>Grants and contributions (£30.164 million)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the income ledger breakdown to the TB and supporting note for Income and Expenditure by Nature.</li> <li>Selected 11 samples for testing to verify accuracy and occurrence of the transactions.</li> <li>Experienced delays in receiving appropriate supporting evidence from management for the selected samples.</li> <li>Tested 2 transactions as management provided sufficient supporting evidence.</li> <li>For remaining samples, we did not receive complete supporting evidence, and we raised the queries with the management. However, it was agreed with the management that the resolution of outstanding queries could not be accomplished within the backstop deadline.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to complete planned audit procedures in this area.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
CIES – Income			
Interest and investment income (£3.163 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the interest income as per the financial statements to the GL.</li> <li>• Reconciled £1.78m of the balance to capitalised interest related to Rosherville and evaluated the appropriateness of the capitalisation in line with the CIPFA code</li> <li>• Not obtained a disaggregation of the interest income balance at an individual interest receipt level</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
CIES – Expenditure			
Employee benefit costs (£25.388 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Obtained the understanding of the process and controls over the employee benefits expenditure</li> <li>Reconciled the expense ledger breakdown with the TB and the supporting note for employee benefits expenditure. Our reconciliation identified that workshop salaries totalling £0.393 million had been omitted from the employee expenses line item, as reported in the disclosure misstatements.</li> <li>Reconciled the expense ledger breakdown with the payroll system reports for the year and selected 18 samples from payroll reports for testing to verify accuracy and occurrence of the transactions.</li> <li>Also selected 5 agency staff samples and key items for the annual leave accrual, Pensions IA19 entries and Capital Recharges</li> <li>Received the complete supporting evidence from the management for the samples selected from payroll reports, agency staff and key items.</li> <li>Capital recharges of staff costs amounting to £0.504 million were capitalised based on percentage allocations derived from budgeted staffing schedules, rather than on evidence of actual time incurred on capital projects. Allocations included roles apportioned across multiple projects, in some cases where staff had not directly contributed. This approach also encompassed general administrative positions, which may not meet CIPFA’s criteria for direct attribution to capital expenditure. The methodology applied lacks time-based substantiation and therefore presents a risk of material misstatement. We have presented as an uncertainty in the Section 7’s ‘unadjusted misstatements’.</li> <li>Our review of the annual leave accrual found that the estimate was calculated using an average salary rate and an assumption that all staff carry forward the maximum five days of leave. This approach does not use actual leave balances or individual salary data and therefore introduces a risk of material misstatement. We have presented as an uncertainty in the Section 7’s ‘unadjusted misstatements’</li> <li>Other than the above, this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
CIES – Expenditure			
Other Service expenses, Incl. housing benefit expenditure (£25.388 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of process and controls over other service expenditure.</li> <li>• Agreed the expense ledger breakdown to the TB and supporting note for Income and Expenditure by Nature.</li> <li>• Selected 7 housing benefit samples and 27 operating expenditure samples for testing to verify accuracy and occurrence of the transactions.</li> <li>• Received evidence for the 7 housing benefit samples</li> <li>• Experienced delays in receiving appropriate supporting evidence from management for the selected 27 Other Service expenses samples.</li> <li>• Tested 7 housing benefit samples noted no issues.</li> <li>• Tested 17 operating expenditure samples and identified:               <ul style="list-style-type: none"> <li>• 3 entries included classification errors, where expenditure was fully or partially recorded in the incorrect accounting period</li> <li>• 1 entry included a classification error, where expenditure was erroneously debited to account for a write off of irrecoverable income</li> <li>• 1 entry included a classification error, where an ECL was erroneously classified between ‘CIES – Net Cost of Services’ and ‘CIES - Financing and investment income and expenditure’</li> <li>• 8 were tested, with no significant issues noted in the items for which complete evidence was provided.</li> </ul> </li> <li>• For remaining 14 samples, we did not receive complete supporting evidence, and we raised the queries with the management. However, it was agreed with the management that the resolution of outstanding queries could not be accomplished within the backstop deadline.</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
CIES – Expenditure			
<b>Depreciation, Amortisation, Impairment and Revaluations (£5.302 million)</b>	<p>For depreciation, we have:</p> <ul style="list-style-type: none"> <li>Agreed the depreciation fixed asset register breakdown to the TB and supporting note for Income and Expenditure by Nature.</li> <li>Selected 7 samples for testing to verify accuracy and occurrence of the transactions.</li> <li>We have recalculated the depreciation charge using the UEL in the Fixed Asset Register and no issues were noted.</li> <li>Tested 4 transactions to evidence outside of the Fixed Asset Register as management provided supporting evidence, and for these samples we noted that management did not document reassessment of whether the useful economic lives remain appropriate for the current period.</li> <li>For remaining samples, we did not receive supporting evidence from management, and it was agreed with the management that the resolution of outstanding evidence could not be accomplished within the backstop deadline.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul> <p>For Impairment and Revaluations, we have:</p> <ul style="list-style-type: none"> <li>Agreed the movement in the fair value of investment properties and (surplus) / deficit on the revaluation of PPE as per the financial statements to the GL.</li> <li>Been unable to complete testing for the samples due to the factors explained in Section 4.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council
<b>Loss on disposal of Non-Current Assets (£0.719 million)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the loss on disposal of non-current assets as per the financial statements to the GL.</li> <li>Not received any workpaper supporting the loss on disposals balance at an individual asset level (i.e. a cumulative working paper of differences between carrying value and cash received on disposal).</li> <li>Raised a control deficiency related to the process for accounting for (Gains)/losses on disposal of non-current assets as detailed in Section 7's 'Action plan'</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council

## D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>CIES – Expenditure</b>			
Interest payments (£6.605 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the interest payments as per the financial statements to the GL.</li> <li>Not obtained a disaggregation of the interest payments balance at an individual borrowing payment level</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>		Council
Precepts and Levies (£0.674 million)	Immaterial – no work performed		Council
<b>Surplus on provision of services, i.e. CIES Income and Expenditure total (£15.116m)</b>			

*\*Other Comprehensive Income & Expenditure pertain to Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication*

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
CIES - Other	<p>We have:</p> <ul style="list-style-type: none"> <li>• Obtained the list of invoices raised and the bank statements post year-end.</li> <li>• Selected 15 samples for invoices raised post year-end, and 15 samples for receipts post year-end to ensure that transactions are recorded in the correct period.</li> <li>• Initial evidence received did not meet the expectations set out in our initial request – i.e identification of the period the good or service related to</li> <li>• Tested 8 bank receipts samples and identified: <ul style="list-style-type: none"> <li>• 1 entry spanned across financial periods and an accrual should have been raised the pro rate the income between 24/25 and 25/26</li> <li>• 1 entry related to 25/26 income, but the entries input into the 24/25 had the effect of increasing Debtors and Payments in advance. This meant that both balances were overstated as the debtor was not due as at 31 March 2025 and the payment had not been received in advance of year end.</li> <li>• 6 were tested, with no significant issues noted in the items for which complete evidence was provided.</li> </ul> </li> </ul> <p>For the remaining 7 samples, appropriate supporting evidence was not received.</p> <ul style="list-style-type: none"> <li>• Tested 11 invoices raised samples and identified: <ul style="list-style-type: none"> <li>• 1 entry spanned across financial periods and an accrual should have been raised the pro rate the income between 24/25 and 25/26</li> <li>• 4 entries related to 24/25 income, but the entries accounted for in the 25/26 period which had the effect of understating Debtors and Income in 24/25.</li> <li>• 1 entry related to 25/26 income, but the entries accounted for in the 24/25 period which had the effect of overstating Debtors and Income in 24/25.</li> <li>• 5 were tested, with no significant issues noted in the items for which complete evidence was provided.</li> </ul> </li> </ul> <p>For the remaining 4 samples, appropriate supporting evidence was not received.</p> <ul style="list-style-type: none"> <li>• Raised a control deficiency related to the Income and Expenditure Cut-Off Controls as detailed in Section 7's 'Action plan'</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to complete planned audit procedures in this area.</li> </ul>	●	Council
Income - Completeness			

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
CIES - Other	<p>We have:</p> <ul style="list-style-type: none"> <li>• Obtained the list of invoices received post year-end. Also obtained the bank statements post year-end.</li> <li>• Selected 25 samples for invoices received post year-end, and 25 samples for payments made post year-end to ensure that transactions are recorded in the correct period.</li> <li>• Initial evidence received did not meet the expectations set out in our initial request – i.e identification of the period the good or service related to</li> <li>• Tested 25 bank payments samples and identified: <ul style="list-style-type: none"> <li>• 2 entries related to 24/25 expenditure, but the entries were accounted for in the 25/26 period which had the effect of understating expenditure and creditors in 24/25.6 were tested, with no significant issues noted in the items for which complete evidence was provided.</li> <li>• 7 were tested, with no significant issues noted in the items for which complete evidence was provided.</li> </ul> </li> </ul> <p>For the remaining 16 samples, appropriate supporting evidence was not received.</p> <ul style="list-style-type: none"> <li>• Tested 13 invoices received samples, with no significant issues noted in the items for which complete evidence was provided.</li> </ul> <p>For the remaining 12 invoices received samples, appropriate supporting evidence was not received.</p> <ul style="list-style-type: none"> <li>• Raised a control deficiency related to the Income and Expenditure Cut-Off Controls as detailed in Section 7's 'Action plan'</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to complete planned audit procedures in this area.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Assets</b>			
<i>In year PPE Movements – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication</i>			
<b>Additions (£16.358 million)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the ledger breakdown for additions to the GL and the supporting note for property, plant and equipment.</li> <li>Selected 14 samples for testing to verify accuracy, existence and completeness of the transactions.</li> <li>Experienced delays in receiving appropriate supporting evidence from management for the selected samples.</li> <li>Tested 9 transactions as management provided sufficient supporting evidence. No issues were noted in the tested samples.</li> <li>For remaining samples, we did not receive supporting evidence from management, and it was agreed with the management that the resolution of outstanding evidence could not be accomplished within the backstop deadline.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>		Council
<b>Disposals less accumulated depreciation (£2.432 million)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the disposals fixed asset register breakdown to the TB and supporting note for property, plant and equipment.</li> <li>Selected 5 samples for testing to verify accuracy, rights &amp; obligations and completeness of the disposal transactions using the FAR.</li> <li>Management provided supporting evidence regarding the proceeds received. However, insufficient evidence was provided to breakdown of the £719k (Gains)/losses on disposal of non-current assets, per the Expenditure and Income analysed by nature note, at an individual asset level. This meant that we were unable to reconcile the difference between the proceeds received and the carrying value on the FAR to recompute the (Gain)/loss for our 5 samples.</li> <li>Raised a control deficiency related to the process for accounting for (Gains)/losses on disposal of non-current assets as detailed in Section 7's 'Action plan'</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>		Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Assets</b>			
<b>In year PPE Movements (Continued)</b>			
Depreciation (£8.994 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the depreciation fixed asset register breakdown to the TB and supporting note for Income and Expenditure by Nature.</li> <li>Selected 7 samples for testing to verify accuracy and occurrence of the transactions.</li> <li>We have recalculated the depreciation charge using the UEL in the Fixed Asset Register and no issues were noted.</li> <li>Tested 4 transactions to evidence outside of the Fixed Asset Register as management provided supporting evidence, and for these samples we noted that management did not document reassessment of whether the useful economic lives remain appropriate for the current period.</li> <li>For remaining samples, we did not receive supporting evidence from management, and it was agreed with the management that the resolution of outstanding evidence could not be accomplished within the backstop deadline.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	<span style="color: red;">●</span>	Council
<b>In year Investment Property Movements – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication</b>			
Additions (£1.723 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the ledger breakdown for additions to the GL and the note for property, plant and equipment.</li> <li>Selected 1 samples for testing to verify accuracy and occurrence of the transactions.</li> <li>Been able to test the samples, as management provided sufficient working papers and supporting evidence.</li> <li>this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	<span style="color: green;">●</span>	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Assets</b>			
<b>In year PPE Movements (Continued)</b>			
PPE and Investment Properties Closing Balances – Existence & Rights and Obligations	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the fixed asset register breakdown to the TB and supporting note for property, plant and equipment.</li> <li>Experienced delays in reconciling the opening and closing balances in the fixed asset register to the TB</li> <li>Selected 28 samples for testing to verify Existence &amp; Rights and Obligations of the assets.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>		Council
<b>PPE Closing Balances – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication</b>			
Vehicles, plant and equipment (£5.456 million) and Community assets (£3.121 million)	<p>We have no prior period assurance over this balance. We have performed audit procedures on in year transactions only for this classification of PPE assets – refer to ‘In year PPE Movements’ Section 7 above for more detail</p>		Council
Assets under construction (£9.456 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the Assets under construction FAR breakdown to the TB and supporting note for property, plant and equipment.</li> <li>Selected 4 samples for testing to verify the presentation classification of the transactions.</li> <li>Been able to test the samples, as management provided sufficient working papers and supporting evidence.</li> <li>this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>		

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Assets</b>			
<b>In year PPE Movements (Continued)</b>			
Heritage assets (£4.946 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the depreciation fixed asset register breakdown to the TB and supporting note for Income and Expenditure by Nature.</li> <li>Selected 2 samples for testing to verify accuracy and occurrence of the transactions.</li> <li>We identified that the valuation of heritage assets was based on an insurance schedule for which the estimated valuation has been calculated internally by the council. Management have not been able to determine the source of this internal estimate as it has been rolled forwards over several years with % uplifts applied, therefore it has been agreed with the management that the resolution of outstanding evidence could not be accomplished within the backstop deadline.</li> <li>Raised a control deficiency related to the process for valuing heritage assets as detailed in Section 7's 'Action plan'</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council
Long Term Debtors (£45.872 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the ledger breakdown for additions to the GL and the note for property, plant and equipment.</li> <li>Selected 2 key items and 5 residual samples for testing to verify accuracy and occurrence of the transactions.</li> <li>Been able to test the samples, as management provided sufficient working papers and supporting evidence.</li> <li>As noted in the financial instrument's response, we have not received the assessment from management regarding the appropriate carrying value of the Charter loan transaction under IFRS 9</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council and Group

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
Balance Sheet - Assets			
Other Non-Current Assets			
<b>Long term Investments</b> (£38.317 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the ledger breakdown to the TB and relevant note in the accounts for long-term investments and long-term debtors.</li> <li>• Matched the amounts disclosed as long-term investments and long-term debtors to the respective contracts and have determined the split of debt and equity to be in line with the underlying contracts.</li> <li>• As noted in the financial instrument's response, we have not received the assessment from management regarding the appropriate carrying value of the Charter equity investment under IFRS 9</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council and Group

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Assets</b>			
<b>Other Current Assets</b>			
Short -term Debtors (£22.580 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the ledger breakdown to the TB and supporting notes for short-term debtors</li> <li>Identified a £1.2 million manual adjustment between the short-term debtors and creditors balances, which was erroneously input as debit balance that reduced the creditor. When it should have been a credit balance to increase the amount accounted for, in light of the entry moving credit transactions from debtors to creditors.</li> <li>Experienced delays in receiving appropriate supporting breakdowns from management at an individual debtor level at the balance sheet date, particularly for debtors derived from systems external to finance (such as housing rents and collection fund). The reports received identified a £229k risk of overstatement to the short-term debtor's balance in respect of housing rents</li> <li>Noted a trivial amount of highly aged balances where the likelihood of receipt is most probably remote.</li> <li>Selected 9 samples to verify accuracy and existence of the balances as at year-end. This sample excluded collection fund debtors as management were unable to provide a breakdown of these balances.</li> <li>Raised two control deficiencies for management to design and implement a formal reconciliation control between the external systems and the finance system and to establish / implement a formal policy for the periodic review and clearance of aged debtor balances where the likelihood of receipt is remote as detailed in Section 7's 'Action plan'</li> </ul> <p>For the all 9 samples, internal evidence and invoices were deemed insufficient supporting evidence, and the requested receipt of payment evidence was not received. It was therefore agreed with the management that the resolution of outstanding evidence could not be accomplished within the backstop deadline.</p> <ul style="list-style-type: none"> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Assets</b>			
<b>Other Current Assets</b>			
Debt Impairment Provision (-£8.260 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>• Been unable to test allowance for impaired debt as management did not provide the supporting calculation to reconcile with the amount reported in the financial statements, and the working forming basis for the percentages used in the calculation of the allowance as at the year-end.</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>		Council
Cash and Cash Equivalents (£13.218 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of process and control over cash and cash equivalents.</li> <li>• Agreed the ledger breakdown to the TB and supporting notes for cash and cash equivalents.</li> <li>• Obtained and tested bank reconciliation statement for the bank accounts as at the year- end where reconciling items were noted. We have tested the reconciling items on sample basis to ensure those are appropriately reflected in the bank reconciliation statement.</li> <li>• Circularised the balance confirmations for both, Council and the RDPL subsidiary, as at the opening date and year end directly to the financial institutions and have received the responses. No issues has been identified in the balances confirmed.</li> <li>• As part of our testing, we have identified a control deficiency in relation to the bank reconciliation statement as detailed in Section 7's 'Action plan'</li> <li>• No other issues noted in our testing.</li> <li>• Other than the above, this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>		Council and Group

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Liabilities</b>			
<b>Borrowing</b> (£60.341 million Short-term and (£118.618 million Long-term)	We have: <ul style="list-style-type: none"> <li>• Agreed the ledger breakdown to the TB and supporting notes for short and long-term borrowings.</li> <li>• Tested all the borrowings as at year end to verify accuracy and existence of the balances as at year-end.</li> <li>• We obtained direct confirmation from third party where applicable and matched the amount for borrowings to the underlying contracts.</li> <li>• Verified the classification of borrowing as short-term and long-term for the disclosure purposes.</li> <li>• Upon our review of the borrowings, we identified misstatements related to classification and disclosure. Please refer to Section 7's 'misclassification and disclosure changes' for further detail</li> <li>• Other than the above, this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	●	Council
<b>Provisions</b> (£1.717 million)	We have: <ul style="list-style-type: none"> <li>• Been unable provisions as management did not provide a breakdown to reconcile with the amount reported in the financial statements, and details to describe each provision and how this meets IAS37 criteria.</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council and Group

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Balance Sheet - Liabilities</b>			
Short-term creditors (£12.778 million)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the ledger breakdown to the TB and supporting notes for short-term creditors</li> <li>Identified a £1.2 million manual adjustment between the short-term debtors and creditors balances, which was erroneously input as debit balance that reduced the creditor. When it should have been a credit balance to increase the amount accounted for, in light of the entry moving credit transactions from debtors to creditors.</li> <li>Experienced delays in receiving appropriate supporting breakdowns from management at an individual creditor level at the balance sheet date, particularly for creditors derived from systems external to finance (such as housing rents and collection fund). The reports received identified a £577k risk of understatement to the short-term creditor's balance in respect of housing rents</li> <li>Raised a control deficiency for management to design and implement a formal reconciliation control between the external systems and the finance system as detailed in Section 7's 'Action plan'</li> <li>Selected 11 samples to verify accuracy and existence of the balances as at year-end. This sample excluded collection fund creditors as management were unable to provide a breakdown of these balances that reconciled to the TB.</li> <li>Raised queries on 6 samples as management provided insufficient supporting evidence.</li> <li>For remaining samples, we did not receive supporting evidence from management, and it was agreed with the management that the resolution of outstanding evidence could not be accomplished within the backstop deadline.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
Other Disclosures – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication			
Payroll – Senior officer remuneration, Exit packages and Remuneration Bands (Note 15.20)	<p>We have:</p> <ul style="list-style-type: none"> <li>Obtained the understanding of the process and controls over the officers’ remuneration disclosure, however we were unable to obtain understanding of the iTrent IT system relevant to it as the necessary information for this was not readily available from management.</li> <li>Obtained management’s working for the officers’ Remuneration as disclosed in the financial statements.</li> <li>Requested management provide the supporting evidences for the figures disclosed in the note including senior officer remuneration, exit packages and remuneration bands.</li> <li>For exit packages, Selected a sample of 4 employees who got an exit package during the year and noted no matters above our trivial threshold for reporting</li> <li>For senior officer remuneration we noted that there were Election-related payments to senior officers, including the £7k Returning Officer fee paid to the Chief Executive, were excluded from the Senior Officers’ Remuneration Note. Under the CIPFA Code and Schedule 1 of the Accounts and Audit Regulations 2015, “remuneration” includes all amounts paid or receivable that are taxable, which would encompass election payments. These amounts should therefore have be included within the remuneration disclosure for senior officers</li> <li>For senior officer remuneration we also noted that Through a review of Gravesham Borough Council’s management structure, it was identified that several roles meeting the definition of senior officers were not included in the Council’s Remuneration Report. Under the Local Government and Housing Act 1989, the Monitoring Officer is defined as a statutory chief officer and must therefore be disclosed within the senior officers’ remuneration Section. For four other omitted roles, the council is required to disclose officers who: Earn more than £50,000 and hold positions reporting directly to the Head of Paid Service (CEO)</li> <li>For the employees earning above £50,000 disclosure, we identified a misstatement in the banding allocation for three individuals affecting the employee count per band, rather than the monetary values themselves.</li> <li>We have presented the above matters as disclosure misstatements in Section 7. No other matters noted</li> <li>Other than the above, this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Other Disclosures</b> – <i>Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication</i>			
<b>Earmarked reserves (Note 15.16.3)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed back to Council meeting minutes showing that the members have agreed the values to be carried forward - no issues noted.</li> <li>this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>		Council
<b>Financial instruments (Note 15.26)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Reviewed the disclosures around financial instruments and engaged a financial instruments expert to provide detailed support in respect of Financial Instruments associated with the Charter. The audit team review of the accounting treatment for both the asset and liability identified complexities in the Council’s accounting treatment of financial instruments relating to the Charter project. This included the equity investment in Rosherville Development Property Ltd (RDPL), loan asset classification, and expected credit loss (ECL) assessment under IFRS 9.</li> <li>The audit team engaged an expert to support in their review of the application of IFRS9, and a list of queries and action items was shared with management for resolution.</li> <li>Management have not yet provided the required responses or supporting evidence—including key judgement papers, fair value assessments, soft-loan considerations, credit risk staging analysis, and forward-looking ECL assumptions.</li> <li>Been unable to obtain sufficient appropriate audit evidence to complete our testing of Note 15.26 Financial Instruments. This is due to the disclosures reliance upon underlying areas that feed into the disclosure— including debtors, creditors, provisions, investment interest, and wider income and expenditure balances—which were themselves backstopped due to inadequate evidence. As these components are inherently interconnected with the Financial Instruments note, we could not obtain assurance over its accuracy, completeness, internal consistency, or the appropriateness of financial asset classification and measurement. Accordingly, the entire note has been backstopped, and a disclaimer of opinion will be issued over Note 15.26.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>		Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Other Disclosures</b> – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication			
<b>Related Party Transactions</b> (Note 15.18)	<p>We have:</p> <ul style="list-style-type: none"> <li>Requested copies of Annual Declarations of Interest for Councillors and Senior Officers, and identified that: <ul style="list-style-type: none"> <li>24 councillors did not complete annual declaration of interest forms in the 2024-25 financial year and last completed their declarations upon taking office. Whilst this complies with the Localism Act 2011 requirement for a member (or their spouse/civil partner) with a Disclosable Pecuniary Interest (DPI) to register that interest upon taking office.</li> <li>1 senior officer did not complete annual declaration of interest forms in the 2024-25 financial year.</li> </ul> </li> <li>By not performing an annual review of these interests there is a risk that the Council may be unable to capture related party transactions that could materially affect the Council's related parties' disclosure.</li> <li>Senior Officer declarations and their register of interest are overseen and updated by the finance team. This is a responsibility that the monitoring officer should hold under Section 71 LGA 2000.</li> </ul> <p>Control recommendations for these matters have been identified in Section 7's 'Action Plan'</p> <ul style="list-style-type: none"> <li>Due to the inherent completeness risk identified in the above control recommendation, we have not been able to complete planned audit procedures to evaluate the identified related parties against the definitions prescribed in the CIPFA code of practice or reconciled the entries disclosed to the GL.</li> <li>We have also been unable to conclude on the accuracy of the disclosure as this area is linked with various other areas within financial statements which have not been able to obtain assurance over including operating expenditure, receivable and payables. Therefore, we were unable to complete planned audit procedures in this area.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council

## D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Other Disclosures</b> – <i>Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication</i>			
<b>Capital Expenditure and Capital Financing (Note 15.24)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>Recalculated the Minimum Revenue Provision (MRP) and compared the values to those used by Management.</li> <li>Reviewed the revised Minimum Revenue Provision (MRP) policy and noted that this is in-line with CIPFA guidance and Capital Regulations.</li> <li>Confirmed that the Minimum Revenue Provision (MRP) policy has been applied in practice in the Councils Minimum Revenue Provision (MRP) calculation</li> <li>Confirmed that full council have approved the revised MRP statement</li> <li>Agreed the values in the Capital Financing Requirement (CFR) note back to other notes within the financial statements</li> <li>this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	●	Council
<b>Usable reserves (Note 15.16) and Unusable reserves (Note 15.15)</b>	<p>Opening balances on reserves will be subject to a disclaimer opinion due to the prior years audit being backstopped</p> <p>We have:</p> <ul style="list-style-type: none"> <li>Cross referenced the values in this note to where each item is testing within our audit documentation</li> <li>this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Other Disclosures</b> – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication			
<b>Adjustments Between Accounting Basis and Funding Basis under Regulations (Note 15.17)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Cross referenced the values in this note to where each item is testing within our audit documentation - no issues noted.</li> <li>• this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>		Council
<b>Capital Commitments (Note 15.22)</b>	<p>We have:</p> <ul style="list-style-type: none"> <li>• Agreed the values included within the capital commitment note back to supporting contracts</li> <li>• Not been able to complete planned audit procedures due to queries not being addressed in respect of 4 capital commitments and because an unsigned contract was deemed to not provide sufficient evidence for 1 capital commitment</li> <li>• Raised a control deficiency related to the retention of signed contracts as detailed in Section 7's 'Action plan'</li> <li>• Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>		Council

## D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Other Disclosures</b> – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication			
Expenditure and Funding Analysis (Note 15.1)	<p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the Expenditure and Funding Analysis (EFA) and related notes to the outturn reporting and to the comprehensive income and expenditure statement, except for Note 2 due to the non-availability of supporting evidence and listings from the management regarding the disaggregation of adjustments across reporting segments</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year.</li> </ul>	●	Council
Housing Revenue Account	<p><b>Income and Expenditure Account:</b></p> <p>We have:</p> <ul style="list-style-type: none"> <li>Agreed the Income and Expenditure Account to the TB.</li> <li>Selected samples on income and expenditure of the HRA as part of our wider procedure on the I&amp;E by Nature note</li> </ul> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>Agreed on the notes to the Housing Revenue income and expenditure account with the supporting workpapers and documents, except for Notes 17.8 and 17.10 due to the non-availability of supporting evidence and listings from the management.</li> <li>Identified that the Note 17.2 stock reporting was not consistent with the HRA system report and Note 17.4's HRA valuation disclosure had not been updated to reflect the most recent desktop valuation information. . This has been reported as a misstatement in Section 7's 'misclassification and disclosure changes'</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</li> </ul>	●	Council

# D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
<b>Other Disclosures</b> – Excluding Significant Risks reported above – these have therefore been excluded from this Section of the report to avoid duplication			
Collection Fund Account	<p><b>Income and Expenditure Account:</b></p> <p>We have:</p> <ul style="list-style-type: none"> <li>Received the collection fund models used for council tax, NDR and their reliefs for the year, which we matched to the collection fund income and expenditure account disclosure.</li> <li>Observed the transactions listings for NNDR and CTAX from the Northgate system.</li> <li>Agreed preceptor income was agreed to third-party confirmation letters for KCC, Kent Police, Kent Fire &amp; Rescue, and central government</li> <li>Performed substantive analytical procedures to determine values for council tax and NDR and compared this to the values in the financial statements. We did not note any issues.</li> <li>Within the council tax and NDR substantive analytical procedures, we included a number of council tax and NDR reliefs. We therefore selected a sample of 20 of these tax reliefs (10 Council Tax reliefs and NDR reliefs) and re-performed the calculations and agreed the values back to source documentation. We did not note any issues.</li> <li>Tested precepts and demand and business rate expenses and its allocation to the relevant authorities as per collection fund disclosure. We noted a disclosure misstatement as outlined in Appendix C.</li> <li>Been unable to perform test on bad debt allowance and its allocation to the relevant authorities due to non-availability of workpapers.</li> </ul> <p><b>Notes:</b></p> <ul style="list-style-type: none"> <li>Agreed on the notes to the collection fund income and expenditure account with the supporting workpapers and documents, except for Note 4 due to the non-availability of supporting evidence and listings from the management. We identified misstatements in the disclosures as outlined in Appendix C.</li> </ul> <p>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to obtain assurance on this area.</p>	●	Council

## D. Other Areas of the Financial Statements

Testing area	Commentary	Status	Relevant to Council and/or Group
Other Primary Statements			
Movement in Reserves Statement	<p>Opening balances on reserves will be subject to a disclaimer opinion due to the prior years audit being backstopped</p> <p>We have:</p> <ul style="list-style-type: none"> <li>Reconciled the Movements in Reserve statement to the CIES, Balance Sheet, adjustments between accounting basis and funding basis note, transfer to / from ear marked reserves note and other notes to the draft financial statements. Differences were noted in the CIES Remeasurement of the net defined benefit liability and Group statements. This has been reported as a misstatement in Section 7's 'adjusted misstatements'</li> <li>Other than the above, this Section of the file has not identified any reporting points to be communicated to management and those charged with governance.</li> </ul>	●	Council and Group
Cashflow Statement	<p>We have:</p> <ul style="list-style-type: none"> <li>Obtained the working paper for cashflow statement and its related notes as at the year end from the management for the draft financial statements. However, did not received updated workpaper after changes were made to the financial statements as result of adjustments passed as detailed in Section 7's 'Audit Adjustments'. Therefore, we have been unable to test this area.</li> <li>Due to time constraints in meeting the backstop deadline, as per our agreement with management, backstopped our testing for this area for the current year. Therefore, we were unable to complete planned audit procedures in this area.</li> </ul>	●	Council and Group



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