



The Audit Plan for Slough Borough Council

Year ending 31 March 2025

30 April 2025



Contents

Section	Page
Key developments impacting our audit approach	3
Introduction and headlines	11
Identified risks	14
Group audit	27
Our approach to materiality	30
Progress against prior year recommendations	33
IT audit strategy	40
Interim audit work	42
Value for money arrangements	44
Logistics	50
Fees and related matters	53
Independence considerations	55
Communication of audit matters with those charged with governance	59
Delivering audit quality	61
Appendices	63

01 Key developments impacting our audit approach

Local Government Reorganisation

External factors

English Devolution White Paper

On 16 December 2024, the Secretary of State for Housing, Communities and Local Government, Angela Rayner, Presented to Parliament the English Devolution White Paper.

The White Paper sets out the direction of travel for the devolution of power across England. Devolution is seen by the government as being fundamental in achieving the change the public expect and deserve. The government's aim is for devolution to promote growth, a joined-up delivery of public services, and politics being done with communities, not to them. England is one of the most centralised countries in the developed world. The goal is universal coverage of strategic authorities in England.

Strategic authorities will be a combination of pre-existing Combined Authorities and Mayoral Strategic Authorities (MSAs). They will be funded through an integrated settlement which can be used by the Authority across housing, regeneration, local growth, local transport, retrofit, skills and employment support. This removes the complexity of numerous grants, conditions and reporting requirements, simplifying it into a single mutually agreed outcomes framework monitored over a supply review period. In combination with this Mayors will be given more control over the devolution of transport, skills & employment support, housing and planning, environment and climate change, supporting business and research, reforming and joining up public services.

The government plans to facilitate a programme of local government reorganisation for 2-tier areas across England. It will also facilitate the reorganisation of unitary councils where there is evidence of failure, or where their size and/or boundaries are a hinderance to local decision making. This will be done in a phased approach and for most will mean creating councils serving a population of 500 000 or more. Along with devolution government wants to reset its relationship with local government, end micro-management and enable local governments through multi-year settlements.

The next steps are:

- A widening and deepening of devolution, expanding on the 2 new Mayors and 6 non-mayoral devolutions already noted in the white paper, with a priority programme for those with plans ready for action;
- An invitation from all remaining 2-tier areas and unitary councils where appropriate, to submit proposals for local reorganisation;
- And re-committing to the English Devolution Bill by putting the devolution framework into statute and moving to a systematic approach that ensures local leaders have the powers they need.

Update

Jim McMahon, Minister for Local Government and English Devolution, wrote to two-tier authorities in February 2025 to set out a timetable for reorganisation proposals to be submitted. We are expecting an interim plan by 21 March 2025 and a full proposal by 28 November 2025. As discussed on page 7, Slough Borough Council is considering and discussing the various options within the area, including the potential merger of Slough Borough Council with other councils in the surrounding area.

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign-off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

The Council's last completed audit for 2018/19 identified pervasive scope limitations due to insufficient documentation, resulting in a disclaimed opinion for that year. Coupled with delayed financial statement preparation for the years ending 31 March 2020 to 31 March 2024, this resulted in further disclaimed opinions. However, the Council has recently revised its management structure, establishing a new and stable finance team and senior leadership to complete the remaining prior year accounts for the year ending 31 March 2024.

We are in frequent communication with the Council to discuss readiness for the 31 March 2025 audit.

Key developments impacting our audit approach

National Position

Local governments face many challenges, the pandemic along with the cost of living crisis has left local governments with economic, social, and health challenges to address:

Staffing: A key challenge facing councils in maintaining service sustainability is the growing difficulties in relation to workforce recruitment and retention. Councils struggle to attract and retain qualified staff, especially younger talent. Many councils have outdated recruitment processes and are heavily reliant on agency staff.

Climate change: As the impacts of climate change become increasingly evident, local government plays a pivotal role in mitigating and adapting to these changes. The UK's targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.

Housing crisis: The shortage of affordable housing continues to be an issue. There aren't enough social rented homes to meet demand and it's difficult to find land for new housing developments. New requirements around net zero and other environmental considerations make it more complex to get planning permission. Local authorities therefore face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements.

Funding : Local governments face many challenges in securing funding, including declining grant income, slow tax revenue growth, and rising demand for services. These challenges can make it difficult for local government to balance their budgets, assess their revenue base, enforce taxes, and prevent tax evasion. Social care costs, maintaining aging infrastructure, SEND and homelessness are driving up council spending and cuts to discretionary services impact local communities. Strained budgets are making it challenging to fund essential services, infrastructure projects and the ongoing stream of section 114 notices will not come as a surprise this year.

Digital Transformation : The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.

Cybersecurity: Local government needs to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

Our Response

Building and maintaining public trust is arguably the cornerstone of effective governance. Local government must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Despite councils' best efforts, financial pressures are affecting the scale, range and quality of council services provided to local residents. The clearest evidence of this is that councils' service spending is increasingly focused on adult and children's social care, SEND and homelessness. Ultimately spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas on key issues such as housing, economic growth, and climate change

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that local authorities are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We know the difficulties and challenges faced within our Local Authority bodies and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims. The delayed publication of the Council's financial statements, resulting in disclaimed opinions for multiple prior years, has increased the user expectations in the Council's financial reporting. We will follow required National and firmwide guidance to obtain the required assurance where possible over the Council's financial statements

Key developments impacting our audit approach

Local Context

- On 2 July 2021, Slough Borough Council issued a Section 114 notice due to a significant estimated unfunded financial deficit, primarily caused by incorrect Minimum Revenue Provision calculations, overstated asset lives, and high levels of borrowing. Consequently, commissioners were appointed in October 2021 to oversee the Council's financial recovery plan, aiming for financial stability and compliance with best value duty through a capitalisation direction from the Department for Levelling Up, Housing and Communities (DLUHC).
- The Council's last completed audit for 2018/19 identified pervasive scope limitations due to insufficient documentation, resulting in a disclaimed opinion for the 2018/19 financial year. Subsequent changes within the Senior Leadership Team, including the Section 151 Officer, disrupted continuity and delayed financial statement preparation for the years ending 31 March 2020 to 31 March 2024, resulting in further disclaimed opinions. However, the Council has recently revised its management structure, establishing a new and stable finance team and senior leadership team.
- In view of the Secretary of State for Housing, Communities and Local Government's white paper on local government reorganisation, our risk assessment and media analysis have noted the council is considering and discussing the various options within the area, including the potential merger of Slough Borough Council with other councils in the surrounding area.

Our Response

- We have considered these matters in our risk assessment procedures to assess and design appropriate audit responses that will address any inherent risks of material misstatements in the Council and the Group's financial statements.

New accounting standards and reporting developments

- Local authorities will need to implement IFRS 16 Leases from 1 April 2024. The principal change from IAS 17 will be for leases that had been previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability as well as an associated right of use asset. Further details on the requirements are set out on page 9.
- The FRC issued revisions to ISA (UK) 600 'Audits of group financial statements (including the work of component auditors)'. The revised standard includes new and revised requirements that better aligns the standard with recently revised standards such as ISQM 1, ISA 220 (Revised) and ISA 315 (Revised 2019). The new and revised requirements strengthen the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditor, and documentation. The changes are to keep the standard fit for purpose in a wide range of circumstances and the developing environment.
- Detailed review of the authority's implementation of IFRS 16, see page 9.
- Enhanced procedures in respect of audits of group financial statements.
- Slough has a diverse group structure, including a joint venture consolidated via the equity method and other industry-specific entities. With the delayed publication of the accounts of related subsidiaries, we have performed the required risk assessment over the Council's group structure and adopted appropriate procedures to address the associated risks of material misstatement in the consolidation process. Please refer to page 27 for detailed documentation of the group analysis and understanding obtained by the audit team.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan, have been discussed with the Executive Director, Corporate Resources.
 - To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your staff will make themselves available to our audit team.
 - We will continue to have regular formal meetings with the Chief Executive, the Executive Director Corporate Resources and the best value commissioners as part of our commitment to keep you fully informed on the progress of the audit.
 - At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit and Corporate Governance Committee to brief them on the status and progress of the audit work to date.
 - Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
 - We will continue to provide you and your Audit and Corporate Governance Committee with sector updates providing our insight on issues from a range of sources via our Audit and Corporate Governance Committee updates.
 - We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.
-



IFRS 16 Leases



Summary

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 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.

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 all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

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

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgement, 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. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

We believe that most LG Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Planning enquiries

As part of our planning risk assessment procedures, we have commenced procedures to understand the business processes, controls, and policies developed by the Council to comply with the requirements of IFRS 16 implementation. We have also begun discussions to commence early testing of relevant disclosures. Due to ongoing work preparing the outstanding 2023-24 accounts, the Council has not progressed the necessary procedures for IFRS 16 implementation at this stage, resulting in an inability to advance with our business process understanding and relevant control procedures due to the absence of required documentation. In view of the challenges from the 2018/19 audit and the complexities of IFRS 16 compliance, we recommend that the Council enhances its focus on IFRS 16 procedures. Adopting robust processes and controls is essential for compliance.

Additionally, we recommend designating an individual to guide us through related business processes and controls during our risk assessment.

The Backstop

Local Government National Context – 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 2023 and earlier by 13 December 2024; and
- for years ended 31 March 2024 by 28 February 2025; and
- for years ended 31 March 2025 by 27 February 2026.

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.

Local Government National Context – Local Audit Recovery

In the audit report for the year ended 31 March 2020 through to 31 March 2023, a disclaimer of opinion was issued due to the backstop, with a proper disclaimer issued in the last completed audit for 2018/19 due to several pervasive issues reported. Whilst the accounts for the 2023-24 period are awaited, as the backstop date has already passed for this period, this will also be subject to a disclaimer of opinion due to the backstop.

As a result, we anticipate that for 2024/25:

- we will have limited or in most circumstances, 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.

We are in discussion with the NAO and the Financial Reporting Council (FRC) as how we regain assurance. We will work with the Council to rebuild assurance over time.

Our Work on your audit

Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances for 2024/25. Our objective is to begin a pathway to recovery, by providing assurance over the in year 2024/25 transactions and movements, where possible, and those closing balances which can be purely determined in isolation without regard to the opening balance, such as payables and receivables. As guidance is received from the NAO and the FRC, we will formulate a more detailed strategy as to how assurance can be gained on prior years.



02 Introduction and Headlines

Introduction and headlines



Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Slough Borough Council ('the Council') for those charged with governance.

Respective responsibilities

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

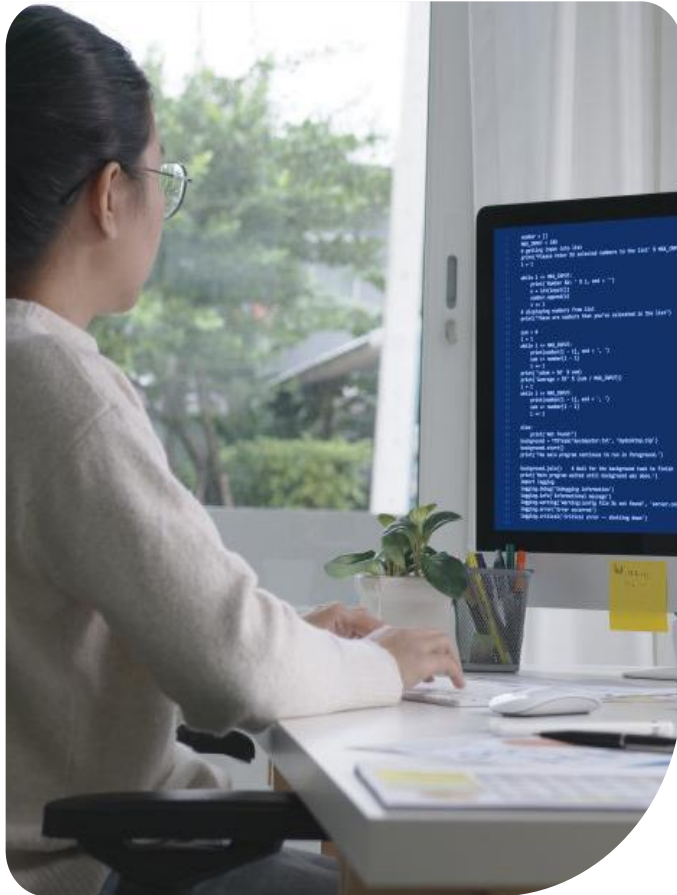
Scope of our Audit

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

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

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Introduction and headlines (continued)



Significant risks

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

- Management override of controls
- Valuation of land and buildings, council dwellings, and investment properties
- Valuation of the net defined benefit liability
- Cash balance and reconciliation process
- Minimum revenue provision
- Group account consolidation process
- Incomplete records, inadequate documentation, and multiple disclaimers due to local audit backstop
- Income from library fees, car parks, contract fees, other fees and charges, and grants
- Valuation of Right-of-use assets – Other risk

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

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of James Elliman Homes Ltd., Ground Rent Estates 5 Ltd., Slough Urban Renewal LLP – a joint venture, and Slough Children First Ltd.

Materiality

We have determined planning materiality to be £6.1m and £6.2m for the Council and the Group, respectively, which equates to 1.3% of your provisional prior-year gross operating costs for the year ending 31 March

2024. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £305k and £310k for the Council and the Group, respectively.

Value for Money arrangements

Our previous report, which covered the three-year period 2021/22 to 2023/24 and reported issues identified for the period, as well as responded to the issues arising from the statutory recommendations as issued in 2021. The report noted that a number of significant weaknesses remained outstanding from prior reports alongside a number of the statutory recommendations from May and July 2021 reports.

As a result of our review of progress and actions to address the significant weaknesses identified in previous reports, we consider there remains a risk of significant weakness for 2024/25, until we have been able to complete our work to assess changes made to arrangements in 2024/25.

Audit logistics

Our planning work commenced in March 2025 with expected completion in April and our final visit will take place in September through to December 2025. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the 2024-25 audit is £525,825 for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

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

03 Identified risks

Significant risks identified

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

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. There have been reported issues of incomplete records associated with the Council’s financial reporting, which impacts the reliability of journals recorded by management to report performance. Additionally, the increased external scrutiny and interest in the Council’s reporting increases pressure on management concerning how performance is reported.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	<ul style="list-style-type: none"> • Evaluate the effectiveness of the design and implementation of controls over journals. • Analyse journal listing by utilising data analytics tools and establishing criteria for selecting unusual and high-risk journals for testing • Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • Review of accounting estimates, judgments, and decisions made by management in juxtaposition to corroborative information for reasonableness • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.



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

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



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

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

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Income from library fees, car parks, contract fees, other fees and charges and grants	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. However, with respect to Slough Borough Council, we have concluded that risk of material misstatement	<p>We have identified and completed a risk assessment of all revenue streams for the Group. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams except for; library fees, car park and contract fee income and grants, as well as incorrect allocation of internal recharges as income.</p> <p>We have assessed these revenue streams as being at greater risk of being manipulated due to reported weaknesses in the cash collection and reporting controls around these streams.</p> <p>We have rebutted the presumed risk for the other revenue streams of the Group and the Council because:</p> <ul style="list-style-type: none"> • Other income streams are primarily derived from tax transactions, which are formula based. • Opportunities to manipulate revenue recognition are very limited. 	<p>Apart from the significant risk revenue streams below we do not consider this to be a significant risk for the Council & the Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>For library fees, car park, contract fee income, internal recharges and grants we will:</p> <ul style="list-style-type: none"> • Evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code; • Update our understanding of the system for accounting for the income and evaluate the design of associated processes and controls; • Agree on a sample basis relevant income and year-end receivable/income accruals to invoices and cash payment or other supporting evidence; • We will carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2025 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	<p>We have identified and completed a risk assessment of all expenditure streams for the Council/Group. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk in relation to fraud and as such, this has been rebutted.</p> <p>We do however recognise that the Council's control environment over recent years has shown evidence of deficiencies and our work will focus on the completeness and accuracy of year end expenditure transactions and cut-off arrangements.</p>	<p>Where we do not consider this to be a significant risk for the Group and standard audit procedures will be carried out. We will keep this consideration under review throughout the audit to ensure this judgment remains appropriate.</p> <p>We will perform relevant procedures to ensure cut-off procedures and year-end accruals properly captured all required invoices to ensure completeness of related expenditure.</p>

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of land and buildings, council dwellings, and reclassified assets held for sale	<p>The financial reporting framework adopted by the Council necessitates the inclusion of significant accounting estimates in the financial statements.</p> <p>This process involves the application of substantial assumptions, valuation methodologies, and data utilisation, which are subject to high estimation uncertainties and the inherent risk of material misstatement.</p>	<p>The Group revalues its land, buildings, and council dwellings on a five-year rolling basis, to ensure that carrying values are not materially different from fair values.</p> <p>The valuation of these properties is a key accounting estimate that significantly depends on the methodology, assumptions reflecting market observations, and the condition of assets at the time of revaluation. This represents a significant estimate in the financial statements, given the size and number of assets involved, the pervasive weaknesses identified in fixed asset accounting and fixed asset register management, as well as the sensitivity of the estimate to key changes in assumptions.</p> <p>Furthermore, due to the rolling programme for land, buildings, and council dwellings, management must ensure that the carrying value of assets not revalued as of 31 March 2025 is not materially different from their current value at the financial statement date. Additionally, as a result of the capitalisation direction that came into effect in 2021/22, we have noted a material movement over the years due to reclassification from the respective fixed asset classes to assets held for sale. The reclassified balances are all impacted by the revaluation exercises and subject to the associated estimation uncertainties.</p> <p>We have identified the accounting estimates arising from the valuation of land, buildings, council dwellings, and reclassified assets held for sale as a significant risk, with a particular focus on the assumptions applied by the valuer in their revaluation calculations.</p>	<p>We will review the revaluation process and the valuation reports by:</p> <ul style="list-style-type: none"> • Assessing the competence, capabilities, and objectivity of the valuation experts engaged by management. • Evaluating management's processes, instructions issued to valuation experts, and the scope of work agreed with the experts. • Obtaining written confirmation from the valuer regarding their independence and objectivity, assumptions, methodology, and the valuation basis applied. • Assessing the reasonableness of the key assumptions applied by the valuer in arriving at the valuation results. • Engaging our auditor's expert for property valuation, Wilks Head and Eve, for their commentary on: <ul style="list-style-type: none"> - The compliance of the instruction requirements with CIPFA/IFRS/RICS standards. - The methodology, valuation basis, assumptions, and approach adopted by the valuer. - Further review of specific asset valuations if required. • Testing revaluations performed by the valuer during the year and ensuring the correct transfer of results to the fixed asset register and the general ledger. • Evaluating management's assumptions for assets not revalued during the year and verifying that their current values are not materially different from the carrying values. • Challenging the information and assumptions used by the valuer to assess their completeness and consistency with our understanding.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of investment properties	<p>The financial reporting framework adopted by the Council necessitates the inclusion of significant accounting estimates in the financial statements.</p> <p>This process involves the application of substantial assumptions, valuation methodologies, and data utilisation, which are subject to high estimation uncertainties and the inherent risk of material misstatement.</p>	<p>The Group revalues its investment properties annually to ensure that carrying values are not materially different from fair values.</p> <p>The valuation of these properties is a key accounting estimate that significantly depends on the methodology, assumptions reflecting market observations, and the condition of assets at the time of revaluation. This represents a significant estimate in the financial statements, given the size and number of assets involved, the pervasive weaknesses identified in fixed asset accounting and fixed asset register management, as well as the sensitivity of the estimate to key changes in assumptions.</p> <p>Furthermore, as a result of the capitalisation direction that came into effect in 2021/22, we have noted a material movement over the years due to reclassification from the respective fixed asset classes to assets held for sale. The reclassified balances are all impacted by the revaluation exercises and subject to the associated estimation uncertainties. This includes movement from investment property classification.</p> <p>We have identified the accounting estimates arising from the valuation investment properties as a significant risk, with a particular focus on the assumptions applied by the valuer in their revaluation calculations.</p>	<p>We will review the revaluation process and the valuation reports by:</p> <ul style="list-style-type: none"> • Assessing the competence, capabilities, and objectivity of the valuation experts engaged by management. • Evaluating management's processes, instructions issued to valuation experts, and the scope of work agreed with the experts. • Obtaining written confirmation from the valuer regarding their independence and objectivity, assumptions, methodology, and the valuation basis applied. • Assessing the reasonableness of the key assumptions applied by the valuer in arriving at the valuation results. • Engaging our auditor's expert for property valuation, for their commentary on: <ul style="list-style-type: none"> - The compliance of the instruction requirements with CIPFA/IFRS/RICS standards. - The methodology, valuation basis, assumptions, and approach adopted by the valuer. - Further review of specific asset valuations if required. • Testing revaluations performed by the valuer during the year and ensuring the correct transfer of results to the fixed asset register and the general ledger. • Evaluating management's assumptions and explanations for reclassifying investment properties as assets held for sale. • Challenging the information and assumptions used by the valuer to assess their completeness and consistency with our understanding.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability / asset	The Group's pension fund net liability is reflected in the balance sheet as net defined benefit liability and represents a significant estimate in the financial statements with a reported balance of £110,273k as at 31 March 2024 (for the Council and Slough Children First Ltd).	<p>The pension fund liability is regarded as a significant estimate due to the magnitude of the figures involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly employed by all actuarial firms, in accordance with the requirements set out in the Code of Practice for Local Government Accounting (the applicable financial framework). Consequently, we have not considered the IAS 19 estimates to pose a significant risk of material misstatement, given the commonality in the methods and models applied by actuaries nationally. Regarding the source data used by the actuaries, these are provided by the administering authority and employers, and since these are easily verifiable, we do not consider this to be a significant risk.</p> <p>Although the actuarial assumptions used are the responsibility of the Council and the Group, these are set out based on the advice given by the actuary. We are aware that a small change in key assumptions such as the discount rate, inflation rate, salary increases, and life expectancy, can have a significant impact on the estimated IAS 19 liability. As a result, we have concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the estimation uncertainty inherent in the assumptions used in the actuarial calculations.</p> <p>Additionally, we have considered the requirements of IFRIC 14 regarding the limit on a Defined Benefit Asset, Minimum Funding Requirements, and their interactions with respect to an asset ceiling. Due to the delay in the publication of the 2023/24 accounts, we have not assessed whether the Council reported a net surplus or deficit for the year and hence, considered this requirement in our risk assessment.</p> <p>Based on the above assessment, we have identified the valuation of the Group's pension fund net liability as a significant risk area, with particular focus on the impact of key assumptions in the IAS 19 estimate.</p>	<p>Among other procedures, we will:</p> <ul style="list-style-type: none"> Update our understanding of the processes and controls over the Group's pension fund net liability as set out by management, ensuring that the Group's pension fund net liability is not materially misstated, and evaluate the design of the associated controls. Evaluate the instructions and scope of the actuary's work agreed between management and the actuary for the 2024/25 estimate. Assess the competence, capabilities, and objectivity of the actuary who performed the Group's pension fund valuation. Assess the accuracy and completeness of the information provided by the Council/subsidiaries to the actuary to estimate the pension net liability. Test the consistency of the related disclosure for pension fund assets and liabilities with the primary financial statements and the IAS 19 report produced by the actuary. Undertake procedures to confirm the reasonableness of the actuarial assumptions used by the consulting actuary (using our auditor's expert) and perform any additional procedures recommended by our experts. Obtain assurances from the auditor of Royal County of Berkshire Pension Fund regarding the controls surrounding the validity and benefits data provided to the actuary by the pension fund and the valuation of the fund's assets reported in the pension fund's financial statements.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Cash balance and reconciliation process	Cash and cash equivalents play a fundamental role in ensuring the integrity of the financial reporting process by generally completing the double entry for the majority of transactions, except for those involving accruals. This increases the risk of misstatement in cash balances due to fraud or error, potentially impacting the integrity and reliability of the financial statements.	<p>The last completed audit for (2018/19) identified significant deficiencies in the reconciliation of cash balances, resulting in material unreconciled cash balances impacting the Council's financial position. The Council has encountered issues due to changes in feeder systems to the general ledger, which were not properly coordinated with updates to the cash matching and reconciliation processes.</p> <p>In addition, the use of inconsistent ledger coding for cash balances has resulted in confusion over the actual GL codes that require regular reconciliation. This has led to potential duplication of perceived income receivable and other reconciliation problems, resulting in significant balances accumulating in suspense and control accounts. The Council's records indicate over £20 million in unmatched transactions, and further investigations are currently being conducted by PwC. The results of this work may have an impact on the financial statements, including amounts within the accounts receivable and the Comprehensive Income and Expenditure accounts.</p> <p>Based on this assessment, cash and cash equivalents have been identified as a significant risk area, particularly concerning the impact of unreconciled transactions.</p>	<p>Among other procedures, we will:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and controls over the Group's cash and bank transactions and reconciliations and evaluate the design of the associated controls. • Review the outcome of the advisory role played by PwC in reconciling cash accounts and assess the impact on our audit approach. • Obtain and review independent confirmation of bank balances. • Evaluate all suspense cash accounts and review the associated reconciliations. • Examine the rationale and supporting documentation for unreconciled transactions on bank reconciliations.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Minimum revenue provision	The Council is responsible for annually determining the Minimum Revenue Provision (MRP) for debt repayment, as mandated by regulations and statutory guidance. MRP must be charged for borrowing related to asset acquisitions held in the General Fund (GF). The Housing Revenue Account (HRA), being self-financing, requires an annual charge to the Major Repairs Reserve instead of MRP, thus no MRP is needed for HRA. However, MRP requirements do apply to investment properties that have been partially or fully funded through increased borrowing or credit arrangements.	<p>The last completed audit for (2018/19) identified that the Council's Minimum Revenue Provision (MRP) charge had been understated for multiple years, resulting in a material misstatement of the related usable and unusable reserve balances.</p> <p>Following the issues reported in the last completed audit for (2018/19) concerning the accounting for capital transactions, deficiencies in the Council's fixed asset register, and the pervasive impact of incomplete records affecting the calculation of the MRP charge, there exists a risk of misstatement in the disclosure of MRP as calculated and reported by management. The capitalisation direction allows councils to classify certain items of revenue expenditure as capital expenditure, which can then be financed using capital resources such as usable capital receipts. This increases the complexity of determining and calculating the required MRP charge for the year.</p> <p>In view of the issue identified in the last completed audit for, alongside both the period of time that has elapsed and the significant capitalisation directions the council has, there is considered to be a significant risk of material misstatement regarding the required disclosures and the amounts involved.</p>	<p>Among other procedures, we will:</p> <ul style="list-style-type: none"> • Update our understanding of the controls and procedures implemented by the Council to calculate its Capital Financing Requirement (CFR). • Review the Council's MRP policy, as approved by the Council, for consistency with the prior year and compliance with statutory provisions. • Evaluate whether the Council is correctly identifying capital expenditure subject to the MRP charge in accordance with the guidance. • Assess whether changes to the Council's MRP have been: <ul style="list-style-type: none"> - discussed and agreed with those charged with governance - approved by full Council, - adequately explained and evidenced, and - comply with statutory guidance • Ensure that MRP has been calculated in line with the authority's policy on MRP and includes the required transactions from the Capitalisation Direction. • Confirm that all procedures are in accordance with any legal or other professional advice obtained by the authority. • Assess the prudence of the MR charge and whether it is based on the useful lives of the associated assets.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
Group accounts consolidation process	The Council has consolidated the accounts and balances of significant subsidiaries and a joint venture with a 50:50 equity sharing stake. The consolidation and the controls in place at these subsidiaries are significantly affected by control weaknesses identified for the Council in the last completed audit for (2018/19).	<p>The last completed audit for (2018/19) identified issues with the consolidation schedules of subsidiary accounts and the number of subsidiaries involved, leading to an assessment that the Group's consolidation and the balances constituting the group accounts as reported by the Council are susceptible to a risk of material misstatement.</p> <p>Material issues identified include the over-accrual of anticipated profits related to the Council's interest in subsidiaries and the improper accounting of a loan granted to a subsidiary as an equity investment instead of a soft loan. These issues increase the risk of improper accounting of transactions and balances at the group level. Additionally, the risk of omission of material group transactions has been assessed due to the lack of an audit trail and control weaknesses in the documentation of transactions within the Council.</p> <p>Therefore, the consolidation of the balances and transactions of the subsidiaries is determined to be susceptible to the risk of material misstatement due to the aforementioned issues.</p>	<p>Among other procedures, we will:</p> <ul style="list-style-type: none"> • Obtain an understanding of and review the group structure. • Perform a group risk assessment to understand related controls and commonalities. • Review consolidation schedules and the accuracy of intra-group transactions. • Evaluate whether the consolidation schedules align with the understanding obtained from the group structure. • Perform component-level scoping to assess significant risk areas for testing or further collaboration with component auditors. • Review copies of group instructions issued by the Council to the subsidiaries and evaluate the role of component auditors appointed by significant components. • Review the qualitative and quantitative materiality of the Council's subsidiaries in relation to the Council's operations.

Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
<p>Incomplete records, inadequate documentation and multiple disclaimers due to local audit backstop</p>	<p>The financial statements are at risk of misstatement due to incomplete records and the lack of supporting evidence to provide an audit trail for transactions. Additionally, the multiple disclaimers of opinion for prior years, due to the Local Audit Backstop, increase the risk of misstatement and reduce the level of assurance over opening balances and related reserves.</p>	<p>The prior year's audit revealed substantial scope limitations due to inadequate documentation for transactions and account balances within the Council's financial statements. The absence of supporting evidence for these transactions and balances hampers the audit team's ability to gather sufficient and appropriate audit evidence, thereby restricting the assurance that can be placed on the accounts' accuracy and fairness.</p> <p>Furthermore, several historical off-ledger adjustments, identified during the last completed 2018/19 audit, were not recorded in the general ledger. This omission resulted in an incomplete general ledger, undermining the reliability of the financial statements. These contributed to pervasive scope limitations in 2018/19 and culminated in a disclaimed opinion.</p> <p>Additionally, the lack of proper documentation and incomplete records in the Council's ledger has adversely affected the publication of financial statements for multiple periods from 2019/20 to 2022/23. The 2023/24 financial statements are in advanced stages of preparation. Consequently, a disclaimed opinion has been issued for these periods due to the Local Audit Backstop. This limits the assurance that can be placed on the balances in the statement of financial position and the opening reserve balances.</p> <p>The departure of key members of the finance team, including the S151 officer and other senior leadership team members in the past year, has increased the lack of continuity and resulted in the loss of essential corporate knowledge, particularly regarding financial transactions. Recent engagements and discussions within the Council have revealed ongoing measures to stabilise relevant roles within the finance and senior leadership team, evidenced by recent appointments of the S151 officer and other key finance personnel. Despite these efforts, the lack of audit trail and incomplete records reported in prior years remains a significant concern and has been considered as part of our risk assessment procedures.</p> <p>There is a risk of incomplete records and insufficient supporting evidence for items in the general ledger, related disclosures, and the fixed assets register. This deficiency may lead to a material misstatement of the accounts, particularly concerning the opening balances in the financial position and reserves.</p>	<p>Among other procedures, we will:</p> <p><u>Understanding Processes and Controls:</u></p> <ul style="list-style-type: none"> Obtain an understanding of the processes and controls implemented by the Council and the Group to address the incidence of incomplete records identified in prior years. Obtain an understanding of the processes and controls implemented by the Council and the Group to enhance the documentation of transactions. <p><u>Alternative Procedures:</u></p> <ul style="list-style-type: none"> Consider relevant alternative procedures to obtain the required level of assurance over the Council/Group's financial reporting. <p><u>Digital Tools:</u></p> <ul style="list-style-type: none"> Rely on relevant digital tools to assess the completeness, consistency, and reliability of the general ledger, trial balance, and financial statements. <p><u>Local Audit Reset and Recovery Guidance:</u></p> <ul style="list-style-type: none"> Follow the required Local Audit Reset and Recovery Guidance by the NAO and other regulatory frameworks, as well as GT internal guidance, to design appropriate audit procedures for backstopped balances. <p><u>Scope Limitation Impact:</u></p> <ul style="list-style-type: none"> Consider and document the impact of any identified or potential scope limitations on the audit engagement and related opinion.

Other risks identified

Other risks are, in the auditor's judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Valuation of right-of-use assets	<p>Effective from 1 April 2024, with the implementation of IFRS 16 by local government, the differentiation between operating and finance leases for lessees has been abolished. Consequently, all leases, except those identified as low value or short term, are now recognised on the balance sheet by lessees.</p> <p>In the public sector, the definition of a lease has been expanded to encompass assets utilised with minimal or no consideration, commonly referred to as "peppercorn" rentals as well as assets and liabilities from PFI arrangements. For these rentals, the right-of-use asset is initially recognised at market value, and any discrepancy between this value and the present value of expected payments is accounted for as income, similar to the treatment of donated assets.</p> <p>Based on the high estimation uncertainty inherent in the valuation of peppercorn rentals regarding the assumptions, information and methodology adopted by the valuer as well as the challenges that come with the implementation of or adoption of new accounting standards, we have concluded that the valuation and implementation of right of use assets is a significant risk area. Given the challenges from the 2018/19 audit and the complexities of IFRS 16 compliance, we recommend that the Council enhances its focus on IFRS 16 procedures. Adopting robust processes and controls is essential for compliance.</p> <p>Additionally, we recommend designating an individual to guide us through related business processes and controls during our risk assessment.</p>	<p>Among other procedures, we will:</p> <ul style="list-style-type: none"> • Evaluate the policies and controls implemented by management to ensure accurate accounting for and reporting of IFRS 16-related balances. • Assess the appropriateness of management's judgments in identifying low-value leases in accordance with the Council's capitalisation policy. • Review existing lease terms to determine their support for the calculation of associated lease liabilities. • Evaluate the Council's accounting treatment of existing leases as a lessor. • Assess the competence, capabilities, and objectivity of the valuation experts engaged by management. • Evaluate management's processes, instructions issued to valuation experts, and the scope of work agreed with the experts. • Obtain written confirmation from the valuer regarding their independence and objectivity, assumptions, methodology, and the valuation basis applied. • Assess the reasonableness of the key assumptions applied by the valuer in arriving at the valuation results. • Engage our auditor's expert for property valuation for their commentary on: <ul style="list-style-type: none"> • The compliance of the instruction requirements with CIPFA/IFRS/RICS standards. • The methodology, valuation basis, assumptions, and approach adopted by the valuer. • Further review of specific asset valuations if required. • Test revaluations performed by the valuer during the year and ensure the correct transfer of results to the fixed asset register and the general ledger.

Other matters

Other work

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

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

Other material balances and transactions

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

04 Group Audit

Group audit scope and risk assessment

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.

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Slough Borough Council	Yes	Audit of the entire financial information of the component	Group auditor	<ul style="list-style-type: none"> Valuation of land & buildings, council dwellings, investment properties, and net pension liability valuations Group consolidation may not be complete or accurate Weaknesses in cash reconciliation process Accuracy of minimum revenue provision Incomplete records, inadequate documentation and multiple disclaimer due to local audit backstop. Completeness of income from library fees, car parks, contract fees, other fees and charges and grants 	Grant Thornton UK
James Elliman Homes Ltd	Yes	Specific audit procedures	Group auditor*	<ul style="list-style-type: none"> Weaknesses in cash reconciliation process. Risks around completeness and accuracy of company transactions, given previous weaknesses identified in the separate recording of company transaction from those of the Council. Valuation of land & buildings and investment property 	Grant Thornton UK
Ground Rent Estates 5 Ltd	Yes	Specific audit procedures	Group auditor*	<ul style="list-style-type: none"> Weaknesses in cash reconciliation process. 	Grant Thornton UK
Slough Urban Renewal LLP	Yes	Specific audit procedures	Group auditor*	<ul style="list-style-type: none"> Group consolidation may not be complete or accurate 	Grant Thornton UK

* We are still gathering information from the Council on the expected timings of audit work by the component auditors to consider whether using their work would be an effective and efficient approach to gaining the necessary assurances for the group audit.

Group audit scope and risk assessment (continued)

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.

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Slough Children First Ltd	Yes	Specific audit procedures	Group auditor*	<ul style="list-style-type: none"> Weaknesses in cash reconciliation process. Valuation of net defined benefit pension liability 	Grant Thornton UK

*We are still gathering information from the Council on the expected timings of audit work by the component auditors to consider whether using their work would be an effective and efficient approach to gaining the necessary assurances for the group audit.

Key changes within the group

- The council has opted not to consolidate the accounts of Development Initiative for Slough Housing Co Ltd (DISH), a wholly owned subsidiary, due to the immateriality of the associated balances and transactions. As part of our risk assessment, we will conduct standard analytical procedures.
- Two wholly owned subsidiaries, Slough Asset Management Ltd and Herschel Homes Ltd, have been dissolved and are therefore excluded from the consolidation process.

Involvement in the work of component auditors

In order to use the work of the component auditor, we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in the work of applicable component auditors will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the component auditors audit documentation and meeting with appropriate members of management.

We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.

If we are unable to secure access to the component auditor's working papers we will report the impact of such impediments on the audit of the group financial statements.

Where a member of the Grant Thornton International network is involved, we will communicate to them your policy on non-audit services. You will ensure that each component entity within your group is aware of your policy.

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

05 Our approach to materiality

Our approach to materiality

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

Matter	Description	Planned audit procedures
01	<p>Determination</p> <p>We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements</p>	<ul style="list-style-type: none"> • We determine planning materiality in order to: <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements – assist in establishing the scope of our audit engagement and audit tests – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements
02	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements</p>	<ul style="list-style-type: none"> • An item may be considered to be material by nature when it relates to: <ul style="list-style-type: none"> – instances where greater precision is required
03	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process</p>	<ul style="list-style-type: none"> • We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
04	<p>Matters we will report to the Audit Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<ul style="list-style-type: none"> • We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. • In the context of the Council and the Group, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £305k and £310k, respectively. • If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.



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

Our approach to materiality

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

	Amount (£)	Qualitative factors considered
Materiality for the Council's financial statements	£6.1m	The materiality threshold was set at 1.3% of the Council's gross expenditure for the year ended 31 March 2024, as disclosed in the provisional accounts obtained by the audit team. This decision was informed by the overall weaknesses in the control environment identified during the 2018/19 financial year audit, which have been considered in the risk assessed and discussed in the significant risk section above.
Materiality for the Group's financial statements	£6.2m	The materiality threshold was set at 1.3% of the Group's gross expenditure for the year ended 31 March 2024, as disclosed in the provisional accounts obtained by the audit team. This decision was informed by the overall weaknesses in the control environment identified during the 2018/19 financial year audit, which have been considered in the risk assessed and discussed in the significant risk section above.
Materiality for specific transactions, balances or disclosures for senior officer remuneration	£20k	The disclosure of senior officer remuneration is a significant component of the financial statements, attracting considerable interest from stakeholders. Given that the salaries of senior officers can occasionally be subject to adverse publicity, it is imperative to determine the threshold of error within this disclosure that would necessitate a qualification of the audit opinion. Consequently, the materiality level guiding our testing must be carefully considered.



06 Progress against prior year audit recommendations

Progress against prior year audit recommendations

We identified the following issues in our 2018/19 audit of the Council's financial statements, which resulted in 18 recommendations being reported in our 2018/19 Audit Findings Report. Since this is the most last completed audit for 2018/19, we have followed up on the implementation of our recommendations and these are still to be assessed as part of our 2024/25 audit procedures.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Our review of the journal control environment and subsequent testing of a sample of journals identified a number of issues: inadequate record keeping or lack of adequate explanation of journals. There is an elevated risk of financial misreporting or fraud using journals due to inadequate controls over journal entries.	<p>Per management's response to the 2018/19 audit recommendations;</p> <ul style="list-style-type: none"> All journals are processed via workflow, with clear segregation between inputters & authorisers. Access controls are being strengthened by removing the input access role from all current users in March 2023 in advance of Year-End and only granting access to approved users. Agresso has the functionality to upload evidence into the system for journals that are input into the system via manual entry. It is not possible to upload evidence for journals uploaded via a batch upload. In the meantime, all evidence for journals processed via batch input are being saved in a designated folder, with periodic reviews and reconciliations carried out to ensure all journals have been evidenced. As this is a completely new way of working for the Council, it is likely to take some time to embed into the culture of the organisation. <p>We will assess these controls during our 2024/25 audit procedures.</p>
In progress	Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated.	<p>In view of management's response to the completed audit for 2018/19;</p> <ul style="list-style-type: none"> For the 2023/24 budget, all savings are now fully supported by robust plans and business cases, which have been subject to significant levels of scrutiny during the year but most intensively during December 2022 and January 2023. Key budget issues, risks and savings proposals were presented at the meetings of each Scrutiny Panel by Lead Members, Executive Directors and other senior officers. The Overview & Scrutiny Committee agreed to Key Lines of Inquiry for budget scrutiny in July 2022, and councillors on scrutiny received training on local government finance before scrutiny of the savings proposals commenced. Before considering each savings proposal, the Committee/Panels were presented with an overview of the Council's financial position, and the Members agreed with the overall savings target in line with the Corporate Plan objective for the council to 'live within its means'. <p>We will assess these controls during our 2024/25 audit procedures.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>The governance arrangements could be improved by developing the AGS and introducing:</p> <ul style="list-style-type: none"> assessment of the effectiveness of the framework, it should be more than a description of what is in place how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits. an action plan, that brings together and addresses all the significant issues faced by the Council a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year. 	<p>Per management's response to the 2018/19 audit recommendations;</p> <ul style="list-style-type: none"> Revisions have been made to the 2018/19, 2019/20 and 2020/21 AGS statements to reflect the requirements of the Code of Practice. The 2021/22 AGS has been drafted and shared with senior officers but remains 'open' until the accounts have been audited. A Corporate Governance group has been formed to review such matters and consider the Council's response. This meets on a monthly basis and is chaired by the Monitoring Officer and reports into the Improvement and Recovery Board Governance workstream. A formal system of assurance statements from Executive Directors will be put in place for 2023/24. <p>We will assess these controls during our 2024/25 audit procedures. However, with respect to point one above, we are aware that the Council, under discussions and support of the commissioners, did not prepare an AGS for 2019-20 to 2021-22 and only completed this from 2022-23 onwards.</p>
In progress	<p>To facilitate a smooth and efficient group accounts preparation, the Council should work with its group entities to align all accounting year ends to 31 March.</p>	<p>Per management's response to the 2018/19 audit recommendations;</p> <ul style="list-style-type: none"> 6 of the group entities have been closed during 2022. A comprehensive group assessment was carried out by the new finance team. The assessment established that only SUR does not have a year-end date. As SUR is a joint venture, only the Council's interest in the company needs to be consolidated into the group accounts. The Council's interest is not material, and therefore, the year-end date does not need to be amended. This will continue to be reviewed once the position of all the companies has been finalised during 2023/24. <p>We will assess these controls during our 2024/25 audit procedures. However, our risk assessment procedures have identified two instead of the six reported by management.</p>
In progress	<p>Effective contract management arrangements are not in place to effectively manage statutory services that are delivered by third parties.</p>	<p>Per management's response to the 2018/19 audit recommendations;</p> <ul style="list-style-type: none"> An ongoing programme of improvements for all companies took place during 2022/23 with 6 companies being closed. The remaining companies are subject to a review and series of changes in FY 23/24, including further development of the contract management arrangements and improvements to governance arrangements. <p>We will assess these controls during our 2024/25 audit procedures.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties.	<p>Per management's response to the 2018/19 audit recommendations;</p> <ul style="list-style-type: none"> The new structure includes a new procurement and contract management team. Appointments have been made to the Head of Commercial and other posts but vacancies remain. An internal audit review of the procurement function is being planned for the first quarter of 2023/24 now a new team is in place. <p>We will assess these controls during our 2024/25 audit procedures.</p>
In progress	Insufficient audit trail to support the movements in the cashflow statement Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature	<p>Per management's response to the 2018/19 audit recommendations;</p> <ul style="list-style-type: none"> This is an area that the Council will seek to continuously improve. For the 2018/19, 2019/20 and 2020/21 accounts, the following improvements have been introduced: <ul style="list-style-type: none"> Comprehensive accounts plan linked to the auditors required by client schedule. Standardised templates linked back to the Code have been prepared for all notes and include a three-stage quality assurance process. Improved communication through the project plan. A whole team approach has been instigated. Comprehensive training and development for finance staff including how to prepare, and also regular reviews of, working papers. <p>We will assess these controls during our 2024/25 audit procedures.</p>
In progress	A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack of internal critical review prior to the financial statements being presented for audit.	<p>Per management's response to the 2018/19 audit recommendations;</p> <p>This has been completed in line with the improvements highlighted above.</p> <p>We will assess these controls during our 2024/25 audit procedures.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	The basis of preparation of the Council's Group accounts was unclear and the working papers did not provide a comprehensive group consolidation schedule setting out how the group accounts and consolidation adjustments had been determined.	This has been completed in line with the improvements highlighted above. We will assess these controls during our 2024/25 audit procedures.
In progress	A review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made the identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.	<ul style="list-style-type: none"> Bank reconciliation process has been reviewed and amended to make simpler and to respond to the issues raised. Redundant bank accounts have been assessed and processes are in place to close them . All functional bank accounts are being reconciled monthly and suspense accounts reviewed and cleared periodically. We will assess these controls during our 2024/25 audit procedures.
In progress	Loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts. This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment had not been documented against Code requirements before inclusion in the financial statements.	All loans and accounting transactions are reviewed against the requirements of the Code for compliance as part of the improved quality assurance process. We will assess these controls during our 2024/25 audit procedures.
In progress	The Council performs reviews of the debtor and creditor account codes to ensure that balances are appropriate and valid and clears those that do not represent true year-end debtor or creditor balances, and establishing a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and represent valid year-end debtors or creditors balances.	Systems and processes have been reviewed. account payable & accounts receivable control accounts re now reconciled and reviewed monthly by appropriate officers. We will assess these controls during our 2024/25 audit procedures.

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	There is no review process over invoices issued before they were sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However, there is risk that if the invoice is undercharged and the customers do not raise the error, the Council may suffer a loss from undercharging.	<p>Systems and processes have been reviewed. Workflows will be in place by the end of March 2023 to ensure that only valid invoices are raised.</p> <p>We will assess these controls during our 2024/25 audit procedures.</p>
In progress	Councillor and Senior Officer declaration forms are not dated. There is a risk that the declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed but not dated. Signing/dating a declaration form should be standard practice, as it could lead to forms being misfiled, or new interests not being declared on time. Senior Officers who were working for SBC through a contracting company are not required to complete a Declaration of Interests form. Interim staff are not required to complete the Register of Interests and Gifts and Hospitality.	<ul style="list-style-type: none"> The Council now has a template for declaration of related party transactions as part of its closedown procedures, which is separate and in addition to the Declaration of Interests form previously in place. All Senior Officers, including interim staff, and Members are required to complete this template as part of the closedown process. <p>We will assess these controls during our 2024/25 audit procedures.</p>
In progress	A number of properties had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements. We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts. Annual review of assets recommended to ensure that all disposals and reclassifications are amended. Also, in-year capital movements should be notified on a timely basis to the finance team for accurate maintenance of the fixed asset register.	<ul style="list-style-type: none"> An annual review has been carried out for previous financial years. Quarterly reconciliations process is yet to be instigated but will be in place during 2023/24 as part of the capital monitoring process to ensure that asset movements and reclassifications are captured appropriately. <p>We will assess these controls during our 2024/25 audit procedures.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year.</p> <p>Council to establish a process for reviewing and documenting the accounting treatment of significant transactions to ensure they are accounted for in line with the Code. This should be subject to internal review</p>	<p>All loans and accounting transactions are reviewed against the requirements of the Code for compliance as part of the improved quality assurance process.</p> <p>We will assess these controls during our 2024/25 audit procedures.</p>
In progress	<p>Inconsistencies in the accounting records between the categorisation of HRA properties held on the Capita Housing Rents system and the Council's fixed asset register. These two systems must be reconciled regularly to inform the Council's HRA valuation.</p>	<p>This process has been undertaken and discrepancies have been amended accordingly. An ongoing reconciliation process is in place.</p> <p>We will assess these controls during our 2024/25 audit procedures.</p>
In progress	<p>Effective governance arrangements are not in place to ensure those charged with governance can make decisions in an open and transparent way</p>	<ul style="list-style-type: none"> • Regular and holistic monthly financial briefings for Officers and Members are in place. • For 2023/24, there was a clear timetable for delivering the budget, including a timeline that allowed for more informed Member consideration of the budget. • Quality guidance for finance and other officers on the production of budget monitoring reports and financial implications in reports has been introduced. • Key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Governance Committee. • A training programme is in place for Members and officers concerning local government finance and procurement and contract management processes and procedures. <p>We will assess these controls during our 2024/25 audit procedures.</p>

07 IT audit strategy

IT audit strategy

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

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

IT application	Audit area	Planned level IT audit assessment
Agresso (Unit 4 Business World)	Financial reporting & Payroll*	<ul style="list-style-type: none"> ITGC assessment (design, implementation and operating effectiveness)
Revenue - Civica	Revenue	<ul style="list-style-type: none"> ITGC assessment (design, implementation and operating effectiveness)

The Council is considering switching cloud hosts to the Unit4 cloud, which will involve a complete data migration to Unit4's cloud hosting. According to discussions with the Council's Digital, Data, and Technology team, this change is not expected to cause significant alterations to the IT application. We have factored this development into our risk assessment procedures, particularly concerning IT general controls, and will collaborate with our internal IT audit experts to evaluate the impact on the audit and determine the appropriate procedures to mitigate any inherent risks.

08 Interim audit work

Interim Audit Work

Details of work to be conducted at interim:

Description	Work commentary
Outstanding planning procedures	<p>We will:</p> <ul style="list-style-type: none"> Close down all outstanding planning tasks including inquiries, and relevant walkthroughs are to be completed in the last week of April 2025.
Employee benefits	<p>We will:</p> <ul style="list-style-type: none"> Obtain payroll data for the 12 months ended 31 March 2024 Determine whether the use of Payroll analytics is appropriate Perform relevant payroll analytics Send a sample of additional substantive test recommended by the payroll data analytics tool to test based on data provided
Right-of-use assets valuations	<p>We will:</p> <ul style="list-style-type: none"> Request the 2024/25 land and building valuation schedule and valuer's report to commence relevant procedures Reconcile asset register to valuation schedule Send a sample for revalued assets for further testing based on data provided
Land and building valuations	<p>We will:</p> <ul style="list-style-type: none"> Request the 2024/25 land and building valuation schedule and valuer's report to commence relevant procedures Reconcile asset register to valuation schedule Send a sample for revalued assets for further testing based on data provided
PFI liabilities	<p>We will:</p> <ul style="list-style-type: none"> Request for copies of relevant PFI models for commencement of work by PFI team

09 Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



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.

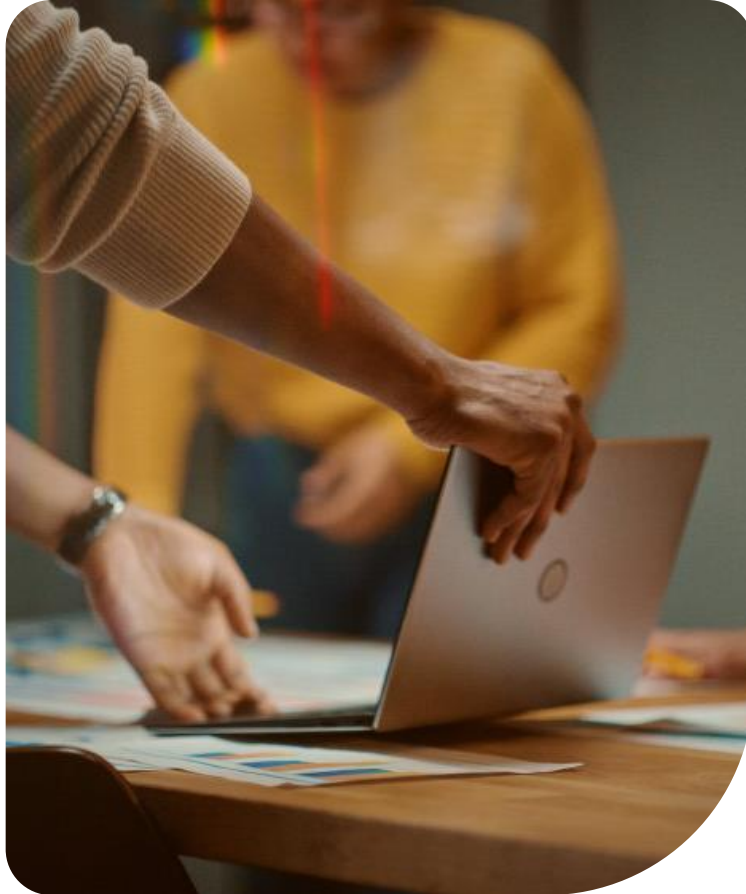


Improving economy, efficiency and effectiveness

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



Risks of significant VFM weaknesses



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

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant weakness in VFM arrangements (continued)

Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Financial sustainability	<p>R</p> <p>Our previous report covered a three-year period (2021/22 to 2023/24) and reported issues identified for the period, as well as responded to the issues arising from the statutory recommendations as issued in 2021. The report noted:</p> <ul style="list-style-type: none"> one new significant weakness for 2021/22; four significant weaknesses outstanding from prior reports; three statutory recommendations from May 2021 remain outstanding; one statutory recommendation from July 2021 remained outstanding; one key recommendation from May 2024 remained outstanding; and one new key recommendation raised in this report. 	<p>As a result of our review of progress and actions to address the significant weaknesses identified in previous reports we consider there remains a risk of significant weakness for 2024/25, until we have been able to complete our work to assess changes made to arrangements in 2024/25.</p> <p>The identified significant weaknesses are:</p> <ul style="list-style-type: none"> achievement of the planned outcomes of the asset disposal programme; medium-term financial sustainability and levels of reserves; proper arrangements for the management of the Council's companies; and planning and delivery of transformational savings during 2024/25 and in the medium term. 	<p>We will review the Council's 2025-26 budget setting papers, its Medium-Term Financial Plan (MTFP) and the achievability of its savings plans and understand the Council's updated financial position with its Extraordinary Financial Support (EFS), level of reserves and capital receipts.</p> <p>We will assess the Council's arrangements for the implementation of its Target Operating Model designed to achieve financial sustainability in the medium term.</p> <p>We will understand whether management have been able to exercise effective financial control, during 2024/25 or whether a significant weakness remains. We will review the Council's progress on its achievement of its Finance Improvement Plan, which is one of the plans for exiting intervention and achieving its best value duty in November 2026.</p>

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Governance	<p>R</p> <p>Our previous report covered a three-year period (2021/22 to 2023/24) and reported issues identified for the period, as well as responded to the issues arising from the statutory recommendations as issued in 2021. The report noted:</p> <ul style="list-style-type: none"> • seven significant weaknesses remained in place; • one statutory recommendation from May 2021 remained outstanding; • one statutory recommendation from July 2021 remained outstanding; • one statutory recommendations from February 2023 remained outstanding; • three key recommendations from May 2024 remained outstanding; and • two new key recommendations and two new improvement recommendations. 	<p>As a result of our review of progress and actions to address the significant weaknesses identified in previous reports, we consider there remains a risk of significant weakness for 2024/25, until we have been able to complete our work to assess changes made to arrangements in 2024/25.</p> <p>The identified significant weaknesses are:</p> <ul style="list-style-type: none"> • inadequate assurance from Internal Audit for 2024/25; • budget setting arrangements; • finance capacity and expertise; • financial reporting arrangements; • effectiveness of Audit and Scrutiny arrangements; • adequacy of governance arrangements for key decisions. 	<p>We will review the 2024/25 work of Internal Audit, progress on outstanding internal audit recommendations and the 2024/25 Head of Internal Audit Opinion underpinning the Council's Annual Governance Statement.</p> <p>We will liaise with the audit team to understand the Council's preparedness for the audit of the Council's 2024/25 financial statements and the adequacy of progress on the audit in the Summer of 2025.</p> <p>We will review the progress made in improving the Council's overall governance arrangements covering the issues we raised in our statutory recommendations.</p>

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Improving economy, efficiency and effectiveness	<p>R</p> <p>Our previous report covered a three-year period (2021/22 to 2023/24) and reported issues identified for the period, as well as responded to the issues arising from the statutory recommendations as issued in 2021. The report noted:</p> <ul style="list-style-type: none"> two significant weaknesses in place; one key recommendation from May 2024 remains outstanding; and three new key recommendations were raised in the report. 	<p>As a result of our review of progress and actions to address the significant weaknesses identified in previous reports, we consider there remains a risk of significant weakness for 2024/25, until we have been able to complete our work to assess changes made to arrangements in 2024/25.</p> <p>The identified significant weaknesses are:</p> <ul style="list-style-type: none"> quality of housing and children's services; Council's response to the extension of central government intervention, by two years, to achieve Best Value Duty for November 2026; effectiveness of the Council in delivering its role within significant partnerships; and adequacy of the Council's procurement arrangements. 	<p>We will review the relevant documentation and discuss arrangements to identify how the quality of the housing and children's services have improved.</p> <p>We will review the Council's action plan for exiting intervention and achieving its best value duty for November 2026</p> <p>We will review the effectiveness of the Council's partnership and procurement arrangements.</p>

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

10 Logistics

Logistics

The audit timeline



Our team and communications

Grant Thornton core team

Julie Masci

Engagement Lead – See page 56 for review of the rotation of the engagement lead.

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

Stuart D Frith

Audit Senior Manager

- Audit planning
- Resource management
- Performance management reporting

Justine Thorpe

VFM Manager

- VFM planning & delivery
- Resource management

Ebenezer Adom-Mensah

In-charge

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

Other technical specialists include our IT audit team.

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

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.

11 Fees and related matters

Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees proposed in the prior year

Relevant professional standards

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

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for Slough Borough Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2024/25 audit is £510,825.

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

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

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

Updated Auditing Standards

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

Company	Audit Fee for 2023/24 (£)	Proposed fee for 2024/25 (£)
Slough Borough Council Audit	TBC	510,825
Use of valuation expert*	-	5,000
IFRS16 review	-	10,000
Total (Exc. VAT)*	TBC	525,825

* To be confirmed

Our fee estimate:

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

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- do not include any generic assumptions about delays or non-delivery of information.

Previous year

The audit fee for the last complete audit year (2018/19) was £877,750. The audit fees for the years from 2019/20 to 2022/23 have all been impacted by the application of the local authority backstop arrangements, and the audit fees for the work completed are still being finalised with the Council and PSAA.

In 2023/24 the scale fee set by PSAA was £472,362. As the draft financial statements for 2023-24 are awaiting publication, the audit work to issue the backstop disclaimer is not yet complete. We will communicate our final fees in respect of 2023-24 when this process is concluded.

12 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. In this context, there are no matters that we are required to report.

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council or the 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 Council or the 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 Council/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 Council or the 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 Council or the Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

We bring to your attention that Julie Masci, the Key Audit Partner, is currently serving her 7th year on this audit engagement as she continues her work with the Council during the 2024-25 financial year. It is PSAA's policy that Key Audit Partners at an audited body at which a full Code audit is required should act for an initial period of five years.

Under FRC Ethical Standard 3.15, for a public interest or listed entity, in circumstances where a degree of flexibility over the timing of rotation is necessary to safeguard the quality of the engagement and the firm agrees, the engagement partner may continue in this position for an additional period of up to two years, so that no longer than seven years in total is spent in the position of engagement partner. Slough Borough Council is not a public interest entity, however in accordance with the PSAA's terms of appointment, we have sought and obtained approval from both our ethics team and PSAA for extensions in both years 6 and 7.

We have also mitigated the familiarity threat by appointing a review partner, who will be responsible for reviewing the key judgements of the Key Audit Partner, to ensure that these are not influenced by the familiarity.

Grant Thornton took over Slough Borough Council's audit for 2018/19, identifying deficiencies and a serious financial deficit. The council has since replaced its leadership team, including a new chief executive and senior finance staff. PSAA has approved Julie Masci's extension request for the 2024/25 audit, allowing her to continue as engagement lead for seven years, starting from 2018/19.

Due to ongoing issues, audits from 2019/20 will not be completed before the Local Government backstop date of 13 December 2024, resulting in multiple disclaimers. Given the challenging opening balances, it is essential for Julie Masci to continue as engagement lead.

Considering the facts, we believe the threats to independence for the audit engagement lead can be sufficiently safeguarded.

Fees and non-audit services

The following tables below sets out the non-audit agreed to 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 Council'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 Slough 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 as detailed below.

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Teachers Pensions return (non-audit) 2020-21– ES5 38260	10,000	Self-Interest (because this is a recurring fee)	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 £525,825 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.
		Self review (because GT provides audit services)	To mitigate against the self review threat is the materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports.
		Management	A management threat could be perceived as providing information to the Teacher's pension is the responsibility of 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. We will perform the engagement in line with the Reporting Accountant Guidance issued by the Teacher's Pension Agency.
Certification of Teachers Pensions return (non-audit) 2021-22 – ES5 38259	10,000	Self-Interest (because this is a recurring fee)	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 £525,825 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.
		Self review (because GT provides audit services)	To mitigate against the self review threat is the materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports.
		Management	A management threat could be perceived as providing information to the Teacher's pension is the responsibility of 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. We will perform the engagement in line with the Reporting Accountant Guidance issued by the Teacher's Pension Agency.

Fees and non-audit services (continued)

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Teachers Pensions return (non-audit) 2022-23 – ES5 38258	10,000	Self-Interest (because this is a recurring fee)	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 £525,825 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.
		Self review (because GT provides audit services)	To mitigate against the self review threat is the materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports.
		Management	A management threat could be perceived as providing information to the Teacher's pension is the responsibility of 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. We will perform the engagement in line with the Reporting Accountant Guidance issued by the Teacher's Pension Agency.
Total	30,000		

Other non-audit services

Service	£	Threats Identified	Safeguards applied
Not applicable		Not applicable	Not applicable
Total	0		

Total audit and non-audit fee

(Audit fee) £525,825

(Non-Audit fee) £30,000

This covers all services provided by us to the Council and the Group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

13 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance

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

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

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

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

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.

14 Delivering audit quality

Delivering audit quality

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

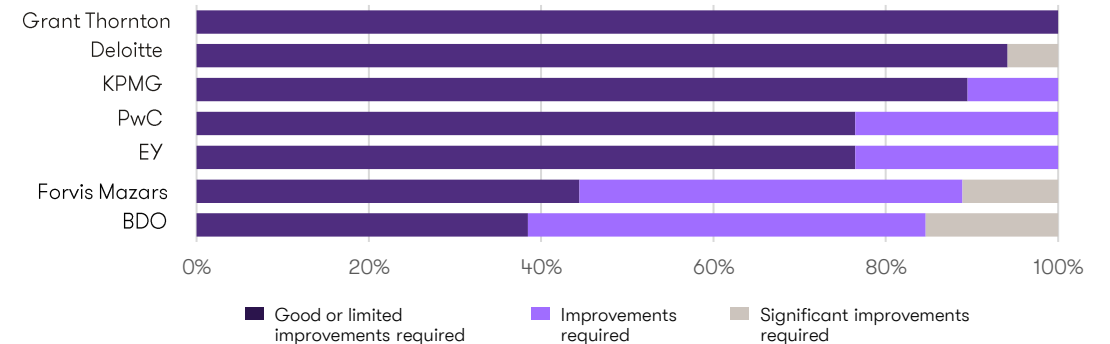
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection (% of files awarded in each grading, in the most recent report for each firm)



15 Appendices

Escalation Policy



The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

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

Escalation Process

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

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

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

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

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

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

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

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

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

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

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

Aim

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

IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. 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.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

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

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

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

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

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

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

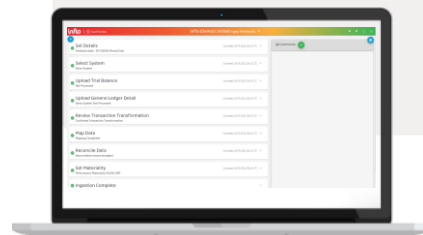


02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

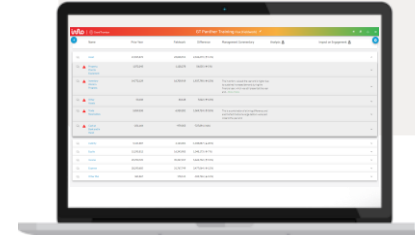


03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





© 2025 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.