Councillor Preece
Chair of Audit Committee
Sandwell MBC
Freeth Street
Oldbury
West Midlands

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

T +44 (0)121 212 4000
grantthornton.co.uk

Dear Councillor Preece

Sandwell Council: Conclusion of the audit for 2023/24 – letter to those charged with governance on the application of the local authority backstop

As you will be aware, on 5 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements up to and including 2022/23 by 13 December 2024, and for audit year 2023/24 by 28 February 2025. The new National Audit Office Code which was approved on 14 November 2024 also requires that auditors should issue their audit report in time for the relevant authority to publish its accounts by the specified date in those Regulations. Where audit work is not concluded, this will result in either a qualification or disclaimer of opinion.

As discussed with your Executive Director Finance and Transformation, and for reasons which I set out in more detail below, it will not be possible for us to complete our audit for 2023/24 by the statutory backstop date. We therefore propose to issue a disclaimer of our audit opinion. I attach a draft copy of this disclaimer for the attention of the Audit Committee.

We are required under Auditing Standards to report certain matters to the Audit Committee, including our responsibilities as auditor, the scope of the audit, independence, audit fees and any matters arising from the audit. I set out more details on the audit below. Information regarding our responsibilities, the scope of the audit and fees are included in the Appendix.

Outcome of our audit for 2023/24 – Disclaimer of the opinion on the financial statements

Unfortunately, it will not be possible for us to undertake sufficient work to support an audit opinion by the statutory deadline of 28 February 2025. The limitations of scope imposed by the backstop are material and pervasive and therefore we have been unable to form an opinion on the financial statements by the due date. We therefore plan to issue a disclaimer of the audit opinion. We have attached the draft wording of our Audit Report for your information.

We did not receive a draft set of 2023/24 accounts until 18 December 2024. Consequently, there was insufficient time to undertake a fully compliant audit in the time available before the backstop. We agreed with management that we would undertake some work to support our plans to rebuild assurance for future sets of accounts, and we have focussed our work on areas that would impact general fund balances, and these are detailed in the appendix. We have completed work on areas that were not regarded as significant audit risks. The team worked on the areas summarised below until 7 February, which we determined was the cut-off date to be able to report by the imposed backstop date. Some of the areas to be tested have not been finished and thus we are unable to conclude. However, where we have started work, we will finalise our work in these areas to provide assurance over opening balances as part of our 2024/25 audit, which has already commenced."

Outcome of this year's audit - Value for Money work and other work under the National Audit Office Code of Audit Practice

We undertook our Value for Money work in 2024 and have reported the outcome in our (draft) Annual Audit Report. This was presented to the Audit and Risk Assurance Committee in December 2024. The report highlights two significant weaknesses. We identified:

- one significant weakness in the Council's governance arrangements. This is related to the late preparation of financial statements for the 2023/24 financial year.
- one significant weakness in the Council's arrangements to improve economy, efficiency and effectiveness. This is related to weaknesses identified in housing services.

We are also required to report by exception if we have applied any of our statutory powers or duties. We have nothing to report in respect of the above.

Independence

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

In this context, we confirm that there are no significant facts or matters that impact on our independence matters as auditors that we are required or wish to draw your attention and consider that an objective reasonable and informed third party would take the same view.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Management letter of representation

We have asked management to provide a letter of representation in respect of the financial statements for the 2023/24 financial year. This will be tabled as a separate agenda item.

Looking ahead

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

Yours sincerely

Andrew J Smith
For Grant Thornton UK LLP

CC Executive Director Finance and Transformation

Attachments: Draft Disclaimer of Opinion

Appendix 1

Responsibilities

The National Audit Office ('the NAO') has issued a document entitled 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 Sandwell MBC. We draw your attention to both of 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 and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit committee); and we consider whether there are sufficient arrangements in place at the Council and group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

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

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

Audit Plan

We issued an Audit Plan in September 2024. In our plan we identified the following issues as significant audit risks:

- Management over-ride
- Fraud in revenue recognition- this ISA 240 presumed risk was rebutted
- Fraud in expenditure recognition – this ISA 240 presumed risk was rebutted
- Valuation of land and buildings
- Valuation of investment property
- Valuation of council dwellings
- Valuation of pension net fund liability.

We have not identified any other significant risks since the date we issued our audit plan.

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.

For 2023/24, we set a materiality level of £12.8m for the council and £13.5m for the group.

Key financial reporting and audit issues identified during the audit

As indicated above we focussed our audit procedures on the ‘working balances’ and Income and expenditure, which would impact directly on the Council’s useable reserves. The table below summarises the work and audit findings from the work we have undertaken on the Balance sheet and the CIES. The audit findings from this work will be utilised in future audits to assist in rebuilding assurance in the upcoming years, but as our audit is incomplete, we do not provide assurance on any area or balance of the accounts, as we have not been able to triangulate our findings with other audit work, we would normally have undertaken.

Summary of work carried out

Audit planning, including understanding the entity, group and its environment; documenting business processes; understanding the design and implementation of controls including IT controls; making inquiries of management and others; risk assessment and scoping the audit; culminating in the issuing of our audit plan in September 2024.

In relation to our significant risks:

- **Management override:** Journals: we have documented the journals control process, however we have not undertaken any detailed testing.
- **Valuations of land, buildings investment properties and council dwellings:** we have documented the business processes, although no detailed work has been undertaken.
- **Valuation of pension net liability**: we have documented the business processes and have undertaken detailed work although we have not finalised this work.

Other balances

We have completed work on areas that were not regarded as significant audit risks. The team worked on the areas summarised below until 7 February, which we determined was the cut-off date to be able to report by the imposed backstop date. Some of the areas to be tested have not been finished and thus we are unable to conclude. However, where we have started work, we will finalise our work in these areas to provide assurance over opening balances as part of our 2024/25 audit, which has already commenced.".

Cash and cash equivalent & Bank Overdraft

Our work is well progressed except we have not yet received an external confirmation for one of the NatWest bank balances of £616,877.25 (overdrawn) as it was omitted from the bank letter. We have undertaken alternative procedures involving agreeing the balance to the bank statement in the absence of confirmation.

We have identified a weakness in the bank reconciliation. The reconciliation process identified the need to make adjustments which is as expected. We would however expect that the bank reconciliation would be signed and approved after the adjustments had been made.

As part of the cash income reconciliation, there are £1.9m reconciling items which are items in the bank and not in the ledger. We have investigated this balance and identified an audit adjustment of £1.2m for items that have not been reflected in the ledger and therefore the bank overdraft is overstated in the draft accounts by £1.2m. (Appendix 2)

Debtors

Our work has started but is incomplete. Of a sample of 17 items, 9 passed, 3 have unresolved queries, and 5 have information outstanding.

Our cut-off testing is complete with no matters arising.

Creditors

Our work has started but is incomplete. For the main creditors sampling some samples have been issued to management for evidence, but further samples have yet to be issued for batched items because the information received to date was insufficient to be able to select a sample. We could complete this work as part of the 24/25 opening balances work.

Our cut-off testing is complete with no matter arising.

Provisions

Our work is complete with no matters arising

Allowance for impaired debt

We have progressed this work as far as possible with the information provided but we cannot conclude in this area. We have reviewed the provision for bad debts in the following areas:

- Sundry debtors
- Council tax
- Housing benefits
- HRA bad debts
- NNDR

The allowances are based on percentages of outstanding debt, but we haven't received sufficient evidence to conclude that the percentages used are reasonable. We have identified an error in the HRA figures in Note 4. The total misstatement is £734k and management have confirmed the notes to the accounts will be updated to reflect this. (appendix 2)

Useable reserves

We have undertaken consistency checks around the useable and non-useable reserves checker and have not identified any inconsistencies.

Fees and charges income

We identified an error in our first sample where the item had been recorded in the wrong year. We then extended our sample but judged that another sample is a fail as insufficient evidence has been provided to enable us to conclude. We have extrapolated the error to give a projected error in the population of £3.4m. However, to be able to fully conclude on this area of the accounts, either the missing evidence needs to be provided, or our audit methodology requires us to extend our testing once more. We can do this as part of the 2024/25 opening balances work.

Housing Revenue Account

We have sufficient assurance over rental income through our substantive analytical review procedures. We have not yet completed all the required work on all the HRA statements disclosures.

Grant income

We have been unable to complete our work due to a lack of reliable corroborating evidence for several of our samples; we have been able to conclude on 34 of 48 sample items with no fails identified. We can complete this work as part of the 2024/25 opening balances work but currently have insufficient assurance on the disclosures in the accounts.

Business Rates Top Up Grant has been misstated as £38.701m due to not including the adjustment to the 2023/24 settlement which was released in 2024/25. The correct amount is £39.928m. (appendix 2)

Employee benefits expenditure

Our work has been completed and we have no matters to report to you.

Other service expenditure

We are unable to conclude on this area without undertaking further testing. We have tested a relatively large sample of 68 items and have identified two fails, providing a projected error of £22.9m. Both are regarded as fails due to a lack of supporting evidence and it may be that given further time management may be able to provide further corroborating evidence.

We have also identified two fails of a sample of 12 items in the credit population providing a projected error of £7.4m. These credits related to transfers of revenue HRA expenditure to capital additions. Management was unable to provide third party evidence to support the expenditure. With this level of projected error, our audit methodology requires us to extend our testing to be able to fully conclude. We could do this as part of the 2024/25 opening balances work.

Precepts and levies

Our work has been completed and we have no matters to report to you.

Other interest expense

Our work has been completed and we have no matters to report to you.

Council tax income

Our work has been completed and we have no matters to report to you.

Business rates income

Our work has been completed and we have no matters to report to you.

Collection fund account and disclosures

Our work involves substantive analytical review on the council tax and business rates income. This work is complete with no other matters arising. We have also agreed the other balances on the face of the collection fund accounts to underlying evidence. Detailed work has not been completed on the other collection fund disclosures.

Financial Statements Close Process:

This work involves:

- **Agreement of the accounts to the prior year and TB:** complete, although some presentational issues have been reported to management (please see appendix2).
- **Agreement of the expenditure by nature note**: several matters arising which are to be adjusted for:
  - No adjustment had been processed to remove agency/ partner income and expenditure. To resolve, £13.8m needed to be removed from both income and expenditure from the adult services line in the CIES and within the Expenditure by nature note the same needed to be removed from other expenditure and grant income. (appendix 2) Management have indicated that this issue will be avoided in future statements of accounts with the implementation of fusion.
  - Management advised a misclassification error within the Exp and Income disclosure note. Income from Council Tax and Bus Rates should be increased by £3,217k, and Gov't grants and contributions reduced by the same amount. (appendix 2)
  - Note 38. Grant Income A comparison between grant income as disclosed at Note 31 Exp and Income by Nature and Note 38 Grant Income identified a variance. Upon further investigation by the client, it was established that REFCUS grant funding of £10,559k disclosed at Note 38 was overstated by £5,259k and should properly be £5,300k. Total grants credited to services as reported at Note 38 should therefore be amended to £545,175 (appendix 2)
  - MIRS: Review of MIRS and associated notes has identified what appear to be two presentational errors as follows: Within Note 8 Reversal of GF entries relating to capital should be £22,952k instead of £28,427k, Application of capital grants to finance capital expenditure should be (£8,002k) instead of (£13,478k) and Capital receipts from CIES to Cap Grants unapplied should be £47,780k instead of £53,255k. The sums involved are note material.
  - Note 27 - Accumulated Absences Adjustment Account refers to an increase instead of decrease during the year. (appendix 2)
- **Note 4 - Estimation Uncertainty**: The CIPFA Code sets out requirements for estimation uncertainty disclosures. This includes only disclosing estimates where the adjustment to carrying amounts is expected to be material. This does not appear to be the case for a number of the disclosures i.e. business rates appeal provision. This is however a management judgement as to what is considered 'material' to the users of the accounts.
- **Auditor review of the accounts:** the audit team read through of the accounts raised matters to be investigated with management. There are three queries outstanding, two of which relate to critical judgements referenced below.

Going Concern

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

In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities
- for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by a local authority meets this criteria, and so where undertaking work on your audit, we would normally expect to apply the continued provision of service approach. In doing so, we would consider and evaluate:

- the nature of the authority and the environment in which it operates
- the authority's financial reporting framework
- the authority's system of internal control for identifying events or conditions relevant to going concern
- management's going concern assessment.

As we have been unable to form an opinion on the financial statements, we are unable to draw a conclusion in this area.

Design effectiveness of internal controls

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to management.

We wish to highlight the following information for your attention:

I**T controls**

- Administrative access - administrative access to Oracle EBS has been granted to users who have financial responsibilities; the combination of financial responsibilities with the ability to administer end-user security is considered a segregation of duties conflict. We found five user accounts that as well as being system administrators, had financial management responsibilities. Regarding this issue, we designed our Journals testing to account for users with this access and chose Journals associated with these users for testing. No issues were identified during this testing, but the control recommendation still stands.

Journals

Authorisation procedures over journals are retrospective. Journals can be posted without authorisation by a user and are only subject to a self-review. We note that a batch check is undertaken by the business partners for service areas at month end. However, we note that there is no supporting information attached and that the batch checks do not appear to have regularly taken place. We therefore do not have assurance that all batch reviews took place in 2023/24. We are unable to provide assurance that this control was in place. As we have reported in prior years, journals authorisation should occur and be required prior to a journal being posted. The compensating control is not effective and is not operating as designed.

Valuation of pension fund liability

We identified the following control weaknesses:

- Payroll data - payroll data shared with the pension fund actuary is not evidenced as reviewed by the corporate finance manager.
- Actuarial assumptions - there is no evidence of management having reviewed the reasonableness of the assumptions made by the Actuary
- IAS19 reports - there is no evidence of a review by the S151 officer of the IAS19 report received from the actuary before uploading to the ledger.

Other control issues identified in our detailed testing:

- **Bank reconciliation:** We are raising a control issue based on the work we have performed on the bank reconciliations process. We have identified reconciling items that we would not expect to be present in a bank reconciliation. This is evidenced by the reconciling items documented and the error we have found. We can see that the bank reconciliations are signed off and reviewed within the Council before any correcting adjustments are made. Management has confirmed that the process will be reviewed going forward.
- **Accumulated absences:** We have not been able to gain assurance over the validity of HR reports used to calculate the accumulated absence accrual due to the report being created in the old system which the Council no longer have access to.

Other matters which we are required to report on to those charged with governance

We are required to confirm the following:

- We have not been made aware of any incidents of fraud in the period and no issues have been identified during our audit procedures.
- We are not aware of any related party transactions which have not been disclosed.
- We are not aware of any significant incidences of non-compliance with applicable laws and regulations.

Matters in relation to the Group audit

In respect of the group engagement, we are required to report on:

- The scope of work on components
- The involvement of group auditors in significant component audits,

- Any concerns over quality of component auditors' work
- Limitations of scope on the group audit, and
- Fraud or suspected fraud

We have not undertaken detailed audit procedures on the Group consolidation process. We have nothing else to report in relation to the above.

Audit fees and non-audit fees

PSAA has set a scale fee of £585,422 for this year's audit of the Council and its group. Additionally, we are responsible for conducting the audit of the Council's subsidiary, Sandwell Children’s Trust, for a fee of £36,000.

Due to the unusual circumstances of the backstop, we are currently awaiting a determination from PSAA regarding the appropriate fee for the 2023/24 Council and Group audit. Based on the work completed thus far, we anticipate the fee to be as follows:

- Accounts audit £235,000 (planning complete and opinion audit 40% complete)
- Value for money £40,000 (100% complete)
- Sandwell Children’s Trust £36,000 (100% complete)

We have also undertaken the following non audit work in respect of 2023/24 as well as the threats to our independence and safeguards that have been applied to mitigate these

Non -Audit Service	Proposed Fee	Threats	Safeguards
Housing Benefit subsidy Certification 2023/24	71,280	Self-Interest (because this is a recurring fee) Self-review (because GT provides audit services) Management (because GT report to Teachers Pensions/DWP)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the annual fee for this work is low in comparison to the total annual fee for the audit 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. The Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. Any changes to subsidy payable will be determined by Teachers Pensions/DWP and we have no involvement in the decision. These factors mitigate the perceived threats to an acceptable level.
Teacher’s Pensions 2023/24	25,000	Self-Interest (because this is a recurring fee) Self-review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the annual fee for this work is low in comparison to the total annual fee for the audit 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.

The level of these recurring fees taken on their own is not considered a significant threat to independence in comparison to the total fee for the Council and Group audit of £275,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further there is no contingent element to it. These factors all mitigate any perceived self-interest threat to an acceptable level.

Appendix 2

Adjustments	
Adjusted misstatements	
Description	**Double Entry £000**
Agency charges – incorrectly accounted for (not stripped out as required)	Dr income £13,870 (adult services) Cr expenditure (adult services)
Error on bank reconciliation – overdraft overstated	Dr bank overdraft £1.2m Cr debtors £1.2m
Adjustment to reflect revised valuation proposed by management (not reviewed by audit team)	Cr PPE £14.462m Cr Investment property £1.772m Dr usable reserves £16.234m
Unadjusted misstatements	
Description	**Double Entry £000**
Error in income sample testing: Fees and income overstated – not adjusted as an extrapolated error.	Dr income £3.44m Cr reserves £3.44
The report refers to other errors, however these are not included here because further testing is required before we can be report the extrapolated error.	

Disclosure issues *(management has confirmed adjustments are to be made as indicated – we have not yet completed our review of the revised statements to confirm)*	
Description	**Adjusted?**
Narrative Report Within the Narrative report on page 12, capital expenditure is reported as £116.3m. This is not consistent with capital spend of £120.4m reported at Note 40. Page 11 Amounts reported are not consistent with entries elsewhere in the FS. The surplus disclosed does not agree to the MIRS and earmarked balances are not consistent with Note 9 Earmarked reserves	yes
CIES, Group CIES and EFA (i) Prior year figures for the CIES, Group CIES and EFA have been restated following a directorate restructuring. The Council should include a disclosure note that sets out the following: (a) The nature and reason for the restatement (b) Impact of the restatement (c) Comparison between the originally reported figures in the prior year and the restated figures, highlighting the specific adjustments made due to the directorate restructure	No – management consider not necessary as regarded as minor
Movement in Reserves Statement (MIRS) Review of MIRS and associated notes has identified two presentational errors as follows: (i) Within Note 8 Reversal of GF entries relating to capital should be £22,952k instead of £28,427k, Application of capital grants to finance capital expenditure should be (£8,002k) instead of (£13,478k) and Capital receipts from CIES to Cap Grants unapplied should be £47,780k instead of £53,255k. (ii) Note 27. Accumulated Comp Absences adjustment account refers to an increase instead of decrease during the year.	No – management disagree and the matter is currently unresolved – the amounts involved are not material yes
Note viii - Employee benefits - At the foot of page 28 discount rates are reported for 22/23 and 21/22 instead of 23/24 and 22/23.	yes
Note 4 - Estimation Uncertainty The CIPFA Code sets out requirements for estimation uncertainty disclosures. This includes only disclosing estimates where the adjustment to carrying amounts is expected to be material. This does not appear to be the case for some of the disclosures i.e. business rates appeal provision.	No - Management consider the estimation uncertainty included to be material but will review in more depth in 24/25.
Note 5 - Material Items of Income and Expense This disclosure relates to upfront pension contributions made back in 2020 that do not impact on the current year expenditure. The Council should consider removing this disclosure as it is confusing to a reader.	yes

Note 13 – Plant, Property and Equipment On page 60, the closing date for accumulated depreciation should be 31 March 2024 and not 31 March 2023.	yes
Note 19 - Financial Instruments On page 72 the valuation date for Birmingham Airport investment is reported as 31 March 2023 instead of 31 March 2024. On page 72 the FV column header is marked up as 'restated' in error. On page 73 the amount reported for debtors, £31,772k is not consistent with the amount reported in the prior year audited accounts £30,680k. On page 74 the narrative disclosure refers to a maximum exposure of £85.659m. This is the prior year amount and should be amended to reflect the current year's value of £98.595m.	TBC yes
Note 25 - Provisions Suggest that 'Collection Fund' column header should be changed to 'Business Rates Appeals' to be consistent with terminology used elsewhere in the report.	yes
Note 27 - Pension reserve Consider removing the narrative at the foot of the movements table as this relates to the prior year and is confusing to the reader. This narrative disclosure is also repeated at the foot of page 112.	yes
Note 29 - EFA Total amount reported within the 'Adj between Funding and Accounting Basis' of £154,782k should be in brackets as this is a (surplus).	yes
Note 31 - Exp and Income by Nature: After the production of the draft accounts the Council advised us of a misclassification error within the Exp and Income disclosure note. Income from Council Tax and Bus Rates should be increased by £3,217k, and Gov't grants and contributions reduced by the same amount.	yes
Note 38 - Grant Income A comparison between grant income as disclosed at Note 31 Exp and Income by Nature and Note 38 Grant Income identified a variance. Upon further investigation by the client, it was established that REFCUS grant funding of £10,559k disclosed at Note 38 was overstated by £5,259k and should be £5,300k. Total grants credited to services as reported at Note 38 should therefore be amended to £545,175k.	yes
Note 38 – Grant Income We have identified the Business Rates Top Up Grant has been misstated as £38.701m due to not including the adjustment to the 2023/24 settlement which was released in 2024/25. The correct amount is £39.928m.	yes
Note 43 – Private Finance Initiative On page 106 the prior year amount relating to the Serco prepayment should be £4.4m and not £3.5m.	yes

Note 2 – Housing Revenue Account Amount reported for the NBV at 31 March 2023 are not consistent with amounts reported in the PY audited accounts. Assets under Construction is reported as £16,257k but PY accounts show £17,104k. Total NBV at 31 March 2023 reported as £1,310,296 compared to £1,311,143 in the PY audited accounts. We do not agree with the way management has presented the adjustment.	The amounts involved is £847k and thus we do not consider this to be a material matter
Note 2 – Housing Revenue Account Total amount reported for transfers should be (£539k) instead of £539k. Total cost at 31 March 2024 should be £1,438,903k instead of £1,439,903k	yes
Note 4 – Housing Revenue Account The figures for the HRA bad debt provision are currently incorrect. The Arrears amount is currently £12,134k but it should be £11,678k and the Impairment Allowance of £5,840k should be £5,562k. The total difference is £456k and £278k. The Council needs to update the accounts to reflect this.	TBC
Group MIRS Total Comprehensive Income and Expenditure' line does not cast across. Amount reported is £199,311k but should be £203,311k.	yes