



Audit Findings (ISA 260) Report for Tunbridge Wells Borough Council

Year ended 31 March 2025

Date of issue: 25 November 2025



Tunbridge Wells Borough Council

Town Hall
Tunbridge Wells, Kent
TN1 1RS

25 November 2025

Dear Members of the Audit and Governance Committee

Grant Thornton UK LLP

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Audit Findings for Tunbridge Wells Borough Council for the 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with the management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Parris Williams

Public Sector Audit Director
For Grant Thornton UK LLP

Chartered Accountants

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Contents

Section	Page
Headlines and status of the audit	05
Materiality	11
Overview of significant and other risks identified	14
Other findings	25
Communication requirements and other responsibilities	31
Audit adjustments and control recommendations	35
Value for money	39
Independence considerations	42
Appendices	48

01 Headlines and status of the audit

Headlines

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

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit planning work took place from February 2025 to April 2025 and our final audit work took place from June to September 2025. We presented our audit plan in the Audit and Governance Committee Meeting held on 22nd July 2025. There is no change in the risk assessment as was previously communicated through the audit plan except for updating the material on receipt of draft financial statement as described in Section 2 of this report. Our audit findings are set out in Section 3 and 4 of this report

The quality of the draft financial statements produced by the finance team and presented for audit was good and were appropriately supported by a suite of working papers. The finance team was engaging throughout the audit process and responded in a timely manner to our audit requests. We would like to extend our gratitude to them for their cooperation.

We presented our audit findings report in the Audit and Governance Committee Meeting dated 16 September 2025 subject to completion of pending audit work. We have now completed the work and the changes from the previous report are highlighted in purple.

From the work completed, we have identified a small number of disclosure adjustments to the financial statements however those do not have an impact on the level of the Authority's usable reserves. We have also identified an uncorrected misstatement which has not been adjusted to the financial statement by the Council as it is not material. These are detailed in Section 6 of this report.

We have identified 1 control recommendation to report to the Audit and Governance Committee based on the audit work completed as detailed in Section 6, however no significant control recommendation have identified.

Our work is now completed and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements.

We anticipate issuing an unmodified audit opinion on your financial statements, subject to the receipt of the signed financial statements and management representation letter. We expect to sign the audit report by the end of November 2025.

Headlines (continued)

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

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

We have completed our VFM work, which is summarised in Section 7, and our detailed commentary is set out in the separate Auditor's Annual Report. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As an overview of the work completed:

Improving economy, efficiency and effectiveness – No significant weaknesses or improvement recommendation has been identified in the arrangements.

Financial sustainability – No significant weaknesses is identified in the arrangements, but we have raised one improvement recommendation.

Governance – No significant weaknesses is identified in the arrangements, but we have raised one improvement recommendation.

Headlines (continued)

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

Upon completion of our pending audit work under the Code, we would not be able to formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation is received from the NAO that the group audit for Whole of Government Accounts has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code;

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

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Headlines (continued)

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

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

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

We do not anticipate the audit of Tunbridge Wells Borough Council to be backstopped, and we expect to issue an unmodified audit opinion.

Headlines (continued)

Implementation of IFRS 16

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

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

Introduction

IFRS 16 updates the definition of a lease to:

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

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

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

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

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

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

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

Impact on the Authority

The implementation of IFRS 16 has resulted in the recognition of right-of-use assets with a net book value of £7.8 million and a total lease liability of £158k as at the year-end on the balance sheet, along with corresponding movements recorded in the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MIRS).

The significant difference between the value of right-of-use assets and lease liabilities is primarily due to the recognition of peppercorn leases, which involve little to no cash outflows and therefore result in low or no lease liability, whereas the right-of-use assets are recorded at fair value.

Furthermore, new accounting policies have been added in Note 3.16, and the disclosures relating to leases have been added in Note 25 in accordance with the requirements of the CIPFA Code. Management has also included Note 6.4 to explain the assumptions and judgements applied in recognising the lease liability, along with their sensitivity.

Please refer to page 24 for the procedures we are performing in this area. Our audit work is now complete in this area and have not identified any issues to be reported.

02 Materiality

Our approach to materiality

As communicated in our Audit Plan dated 22 July 2025, we determined materiality at the planning stage as £2m based on 2.5% of prior year gross cost of services. At year-end, we have reconsidered planning materiality based on the draft financial statements. Based on the current year draft numbers we have updated our materiality; however, the percentages have remained same as communicated in the audit plan.

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

Basis for our determination of materiality

- We have determined materiality of £1.8m (PY: £1.5m) (financial statement materiality for the audit) based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements
- We have used 2.5% (PY: 2%) of gross cost of services as the basis for determining materiality.
- The increase in materiality level is driven by our firm's revised guidance for determining materiality for local government clients, which has raised the allowable materiality thresholds up to 2.5% (PY: 2%) for the lowest risk entities. We deem it appropriate to raise the materiality level based on knowledge from prior year audits where we did not identify any complexities around the council's size, structure and its environment, that should suggest a lower materiality level.

Performance materiality

- We have set performance materiality at £1.35 million for the current year (PY: £1.125 million), representing 75% (PY: 75%) of the materiality. The increase in performance materiality reflects the rise in materiality, which has been revised based on actual gross expenditure figure. These figures are higher than those used at the planning stage, which were based on prior year actual gross expenditure figure.
- We consider it appropriate to maintain the same percentage (75%) as in the prior year, given our understanding of the entity's control environment and the results of prior audits, where no significant control deficiencies or material misstatements were identified.

Specific materiality

- We have determined a lower materiality of £20k for Officers' Remuneration disclosure in the financial statement due to its qualitatively material nature. A lower performance materiality of £15k has also been determined at 75% of the materiality.

Reporting threshold

- We will report to you all misstatements identified in excess of £90k (PY: 73k), in addition to any matters considered to be qualitatively material. This is approximately 5% (PY: 5%) of the materiality.

Our approach to materiality (continued)

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

Description	Authority (£)	Qualitative factors considered
Materiality for the financial statements	1,800,000	This is approximately 2.5% (PY: 2%) of gross operating costs for the prior year. The increase in materiality level is driven by our firm's revised guidance for determining materiality for local government clients, which has raised the allowable materiality thresholds up to 2.5% (PY: 2%) for the lowest risk entities. We deem it appropriate to raise the materiality level based on knowledge from prior year audits where we did not identify any complexities around the council's size, structure and its environment, that should suggest a lower materiality level.
Performance materiality for the financial statements	1,350,000	The performance materiality for the Council has been determined to be 75% (PY: 75%) of the materiality. We deem it appropriate to maintain the performance materiality percentage same as prior year based on our knowledge from prior year audits where we did not find any significant issues in terms of controls and misstatements.
Specific Materiality for Officers' Remuneration disclosure	20,000	We have determined a lower materiality of £20k for Officers' Remuneration disclosure in the financial statement due to its qualitatively material nature. A lower performance materiality of £15k has also been determined at 75% of the materiality.
Reporting threshold (Triviality)	90,000	This is approximately 5% (PY: 5%) of the materiality.

03 Overview of significant and other risks identified

Overview of audit risks

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

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

Significant classes of transactions, account balances, and disclosures (SCOT+) risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit. Note, the implementation of IFRS 16 is not the only SCOT+ risk on the audit, however we wished to present to you the work done in this area as the implementation of the new standard is important to the Local Government sector for 2024/25.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Status of work
Management override of controls	Significant	↔	✓	●
Valuation of land and buildings	Significant	↔	✗	●
Valuation of pension liability	Significant	↔	✗	●
Implementation of IFRS 16	SCOT+	↔	✗	●

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Work complete, not likely to result in material adjustment or change to disclosures within the financial statements.
- Work not yet complete, potential to result in material adjustment or significant change to disclosures within the financial statements but no issues identified.
- Issues with work completed, likely to result in material adjustment or significant changes to disclosures within the financial statements

Significant risks

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Audit procedures performed

We have performed the following audit procedures:

- evaluated the design and implementation of management controls over journals;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- identified and tested unusual journals made during the year identified based on the criteria determined for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Key observations:

We would like to highlight following for the Audit and Governance Committee's consideration in terms of controls over journal entries.

Journal approval control environment

Based on our understanding of the relevant controls around journals, we noted that journal entries exceeding £25,000 are reviewed and approved by the Head of Finance retrospectively after they have been posted. This process is carried out outside the financial system via email on quarterly basis, as the current system does not support built-in approval functionality. The finance team manually extracts a report of relevant entries and forwards it for review on a quarterly basis, with the email trail retained for audit purposes. For entries below £25,000, there is no formal approval process in place. As part of our audit work, we have obtained assurance that the Head of Finance review of >£25,000 journals is designed and implemented effectively for 2024/25.

(continued overleaf)

Significant risks (continued)

Risk identified

Management
override of controls
(continued)

Audit procedures performed

Journal approval control environment (continued):

The control environment described on the previous page is consistent with prior years. We are highlighting the control environment for transparency so that 'Those Charged with Governance (TCWG)' can appreciate the relevant controls put in place by management over journals. In our experience, the control environment put in place by your management team around authorisation of journals is not dissimilar to other Councils and as part of our work we have confirmed implementation of the Head of Finance review of journals over £25,000. It is important however that we inform you of ways in which the risk around inappropriate journals could be reduced in the spirit of best practice:

- Lower or eliminate the £25,000 threshold
- Require that approval is obtained before a journal is posted to make the control preventative rather than detective/corrective.
- Implement a system solution that introduces automated workflows where by all journals created are sent to an approver before they can be posted. *We recognise that this solution may not be feasible in your current accounting system and therefore implementation may be costly to implement.*

Management's view is that they consider the £25,000 threshold appropriate due to the presence of alternative controls, such as year-end balance sheet reconciliations and the approval of all supplier invoices prior to payment. Management view is that increasing the frequency of reviews or implementing a system-based approval process would not be practical due to system limitations, cost implications, and the size of the finance team.

Having performed our work on journals, we are satisfied that there are no control deficiencies, and we have not made any recommendations for improvement.

(continued overleaf)

Significant risks (continued)

Risk identified

Management
override of controls
(continued)

Audit procedures performed

S151 journal access rights

Our review identified that the S151 Officer has journal posting rights within the eFinancials system. Based on our testing, we can confirm your S151 has not used this access and no journals were posted by your S151. We highlight this to you because it is best practice that access rights of senior officers to be limited to 'read only'.

Management explained that this access is retained solely for emergency use when no finance staff are available. It is also worth noting that this has not changed during 2024/25 – your S151 Officer had posting rights in the previous year too. In our experience, whilst not best practice, it is not uncommon in small finance teams such yours for senior officers to have posting rights. For that reason, we have not raised it as a control recommendation however for transparency, we still feel it is important for TCWG to be aware of the control environment implemented by management.

Conclusion:

Our audit work in this area is complete. We have not identified any material issues to be reported.

Significant risks (continued)

Risk identified

Valuation of land and buildings

The Council re-values its land and buildings on a rolling five yearly rolling basis except for multi-storey car parks that is valued every three years and Royal Victoria Place shopping centre that is valued annually.

Operational land and building is held at current value in accordance with the LG Code. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved £118.240m (2023-24: £121.401m) and the sensitivity of the estimate to changes in key assumptions. The Council has appointed Cluttons LLP to carry out the valuations for 2024-25.

Additionally, management needs to ensure the carrying value of assets not revalued as at 31 March 2025 in the financial statements are not materially different from the current value at the financial statements date, where a rolling programme is used.

We identified the valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement in public sector.

Audit procedures performed

Pinpointing the significant risk:

During the year, a total of 19 assets were revalued, resulting in a closing balance of £24.7 million. A significant risk was identified in relation to the assumptions used in the valuation of individual assets (including both land and buildings), particularly where the asset value was greater than or equal to performance materiality. Consequently, two assets with a combined value of £19.1 million were selected for detailed testing under significant risk procedures. For the remaining population, a further 10 assets were selected, totalling £4.01 million, where the movement in valuation exceeded both 10% from the prior year and the triviality threshold. In total, 14 out of the 19 revalued assets were tested, covering £23.185 million of the £24.7 million revalued during the year.

We have performed the following audit procedures:

- evaluated the design and implementation effectiveness of relevant controls management put in place to ensure that the valuation of the Council's land and buildings is not materially misstated;
- reviewed the instructions issued to your valuer and ensure that the scope of their work is appropriate;
- evaluated the competence, capabilities and objectivity of your valuation expert;
- written to your valuer to confirm the basis on which the valuation was carried out;
- challenged the information and assumptions used by your valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation;
- tested revaluations made during the year to confirm if they had been input correctly into the Council's asset register and the financial statements; and
- evaluated the assumptions made by management for those assets not revalued during the year and how management have satisfied themselves that these are not materially different to current value at year end.

Conclusion:

Our audit work in this area is complete. We have not identified any material issues to be reported.

Significant risks (continued)

Risk identified

Valuation of net pension liability

The Authority's share of the pension fund, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements due to both the materiality of the figures involved and the sensitivity of the estimate to changes in key actuarial assumptions.

As at 31 March 2025, the net liability recognised in the Authority's Balance Sheet is £0.540m, comprising:

- Fair value of plan assets: £124.514m
- Present value of defined benefit obligation: £110.797m
- Impact of asset ceiling: £14.241m

In the prior year, the net liability was £1.568m, comprising:

- Fair value of plan assets: £121.467m
- Present value of defined benefit obligation: £123.035m

The estimate is particularly sensitive to changes in assumptions such as discount rate, inflation, and mortality rates, which could significantly affect the valuation of both assets and liabilities.

Audit procedures performed

Pinpointing the significant risk:

The method applied in the calculation of the IAS 19 estimates is commonly applied by all actuarial firms in line with the requirements set out in the Code. We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's net pension liability as a significant risk.

We have performed the following audit procedures:

- evaluated the design and implementation effectiveness of relevant controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;

(continued overleaf)

Significant risks (continued)

Risk identified

Valuation of net pension liability
(continued)

Audit procedures performed

- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report;
- reviewed the IFRIC 14 assessment for 24/25 that will be carried out by management experts; and
- obtained assurance from the auditor of Kent Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

As part of our work, we identified the following:

The audit of the Kent Pension Fund (KPF) identified a £8.4 million understatement in benefits paid during the year. Of this, £142k relates to the Council's share, resulting in an overstatement of the Council's net pension liability as at year-end.

They also identified a difference in net assets due to issues in the data shared with the actuary by KPF and a difference in the valuation of investments between the draft financial statements and the underlying supporting evidence. The Council's share of net assets per the actuary report was £124.514 million, while the revised net assets from KPF attributable to the Council was £124.689 million, resulting in a £570k overstatement of net pension liability at year-end. The total impact of these adjustments is a £712k reduction in the Council's pension liability.

KPF is managed by Kent County Council (KCC) on behalf of the Council, and the audit timetable for both entities coincides. Consequently, the amounts reported in the Council's financial statements are based on unaudited information provided by KPF. The Council has determined that these adjustments are immaterial and has therefore chosen not to amend the financial statements. This item has been included in the schedule of unadjusted misstatements. For further details, please refer to Section 6.

Conclusion:

Our audit work in this area is complete. We have not identified any other issues to be reported.

Significant risks (continued)

Risk identified

Risk of fraud in expenditure recognition

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

Audit procedures performed

Audit team's assessment:

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

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

We have assessed our risk around the capital expenditure through the inappropriate capitalisation of revenue items as well. Based on the above factors, we do not consider it to be an area of significant risk of material misstatement.

Based on our assessment, no specific fraud risk factors have been identified and therefore **we do not consider expenditure recognition to be a significant risk for the Council**. There is no change in our risk assessment since the audit plan.

Whilst we have not identified a separate significant risk around expenditure, we have nonetheless performed audit procedures to gain assurance that operating expenditure is materially correct. The procedures designed to gain assurance over expenditure included the following:

- tested post year-end transactions to assess completeness of expenditure recognition;
- inspected a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and
- tested a sample of operating expenses to gain assurance over the accuracy and occurrence of expenditure recorded during the financial year.

Conclusion:

Our audit work in this area is complete. We have not identified any material issues to be reported.

Significant risks (continued)

Risk identified

Risk of fraud in revenue recognition (rebutted)

Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.

Audit procedures performed

Audit team's assessment:

In our risk assessment of all revenue streams for the Council, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Council. Based on that, we have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying transaction, or immaterial nature of the revenue streams both individually and collectively. We have determined the following:

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

We do not consider this to be a significant risk for the Council. There is no change in our risk assessment since the audit plan.

Whilst we have not identified a fraud risk within revenue, we have however performed audit procedures against the risk of error.

Some of the key procedures we have performed in order to obtain this assurance are:

- Tested a sample of revenue to gain assurance over the accuracy and occurrence of revenue recorded during the financial year;
- Performed testing over post year-end receipts to assess completeness of revenue and receivables recognition.

Conclusion:

Our audit work in this area is complete. We have not identified any material issues to be reported.

SCOT+ risks

Risk identified

Implementation of new accounting standard - IFRS 16

IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases, replacing IAS 17 Leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information provides a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance, and cash flows of an entity.

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

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

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

Audit procedures performed

Pinpointing the risk:

The council has lease contracts both as a lessee, including leases at peppercorn rent, and as a lessor. From the perspective of fraud risk, we do not consider it to be a significant risk, as the transactions related to IFRS 16 do not provide any incentive for fraud, since this does not impact the general fund, which is a key focus for stakeholders in local authority accounts. Regarding the risk of error, we have reviewed the leases contracts recorded and disclosed in the accounts, including any complexities related to peppercorn leases, and no change has been identified in our risk assessment since the audit plan.

We have performed the following procedures:

- obtained an understanding of management's process in place for the identification of lease contracts for the purpose IFRS 16 accounting;
- obtained the lease register from management and understand and reviewed management's reasoning for classifying lease contracts as either leases, short-term leases, or low-value leases;
- tested a sample of the management's lease contracts and assess the accuracy of the accounting entries made by the entity to record those contracts as lease liabilities and right-of-use assets under IFRS 16 in the financial statements;
- reviewed the estimates used by management in recognising lease liability for reasonableness, such as the length of lease contracts and the discount rate used to calculate the present value of future lease payments. Also, assessed the useful life of recognised right-of-use assets; and
- reviewed the disclosure provided in the financial statements for lease liability, including its classification into current and non-current liabilities, assumptions and estimates used and also for right-of-use assets, to ensure compliance with the requirements in the CIPFA Code for IFRS 16.

Conclusion:

Our audit work in this area is complete. We have not identified any material issues to be reported.

04 Other findings

Other findings – key judgements and estimates

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

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Valuation of land and buildings £118.240m at 31 March 2025	<p>Other land and buildings comprises £48.366m of specialised assets such as sports centres, leisure centres and theatres which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings (£69.874m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Cluttons LLP to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. 20% of total assets were revalued during 2024/25.</p>	<p>We considered and completed the following in the course of our testing:</p> <ul style="list-style-type: none"> We are satisfied that the Council’s expert is objective, competent and knowledgeable in their field of expertise; We have reviewed the completeness and accuracy of the underlying information used to determine the valuation. This included testing accuracy of floor areas plans provided to the valuer; querying yield percentages used by the valuer against comparable market evidence; recalculating the capitalisation of rental income in fair value valuations to ensure accuracy; using transactional data to review for reasonableness of valuer estimate. We have assessed the appropriateness of the valuation method, the type of inspection performed, the assumptions made in respect of obsolescence and any assumptions made in respect of local factors; 	<p style="text-align: center;">●</p> <p>Our audit work in this area is complete. We have not identified any material issues to be reported.</p>

(continued overleaf)

Assessment:

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider cautious
- [Green] We consider management’s process is appropriate and key assumptions are neither optimistic or cautious

Other findings – key judgements and estimates (continued)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p>Valuation of land and buildings (continued) £118.240m at 31 March 2025</p>	<p>Management have considered the year end value of non-valued properties in the financial year ended 31 March 2025. Management's assessment of assets not revalued has not identified any material change in their carrying values, hence the carrying value of assets not revalued are considered to be materially correct.</p> <p>Total year end valuation of land and buildings was £118.240m, a net valuation increase of £2.654m from 2023/24.</p>	<ul style="list-style-type: none"> • We have reviewed the impact of any changes to valuation method and incorporated this element in our sample selection; • We have also reviewed the adequacy of disclosure in the financial statements; and • Reviewed management's assessment of those assets not revalued in the year. We have made our own assessment of the potential value of these assets as at 31 March 2025 comparing against management's assessment to conclude on whether the potential estimated movement on these assets was material. We were satisfied they were not materially misstated. 	<p style="text-align: center;">●</p> <p>Our audit work in this area is complete. We have not identified any material issues to be reported.</p>

Other findings – key judgements and estimates (continued)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																								
<p>Valuation of net pension liability £0.540m at 31 March 2025</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.</p>	<p>The Council's net pension liability at 31 March 2025 is £0.540m (PY £1.568m) comprising the Council's share of the Kent County Council Local Government Pension Scheme assets and liabilities.</p> <p>The Council uses Barnett Waddingham LLP to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in March 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £0.23m net actuarial gain during 2024/25.</p>	<p>We have:</p> <ul style="list-style-type: none"> Assessed management's actuarial expert and concluded they are competent, capable and objective in producing the estimates; Been provided with indicative ranges by the auditors' expert (PwC) for assumptions by which we have assessed the assumptions made by management's expert. As set out below all assumptions were within the expected range and were therefore considered reasonable; <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.80%</td> <td>5.60 to 5.95%</td> <td>Reasonable</td> </tr> <tr> <td>Pension increase rate</td> <td>2.90%</td> <td>2.85% to 2.95%</td> <td>Reasonable</td> </tr> <tr> <td>Salary growth</td> <td>3.90%</td> <td>3.85% to 3.95%</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy – Males currently aged 65 today / in 20 years</td> <td>20.7 / 22.0</td> <td>In line with the expectation</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy – Females currently aged 65 today / in 20 years</td> <td>23.3 / 24.7</td> <td>In line with the expectation</td> <td>Reasonable</td> </tr> </tbody> </table>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.60 to 5.95%	Reasonable	Pension increase rate	2.90%	2.85% to 2.95%	Reasonable	Salary growth	3.90%	3.85% to 3.95%	Reasonable	Life expectancy – Males currently aged 65 today / in 20 years	20.7 / 22.0	In line with the expectation	Reasonable	Life expectancy – Females currently aged 65 today / in 20 years	23.3 / 24.7	In line with the expectation	Reasonable	<p>●</p> <p>Our audit work in this area is complete. We have not identified any other issues to be reported.</p>
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.80%	5.60 to 5.95%	Reasonable																								
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(continued overleaf)																											

Other findings – key judgements and estimates (continued)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment	
<p>Valuation of net pension liability (continued)</p>	<p>£0.540m at 31 March 2025</p>	<p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits' available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	<ul style="list-style-type: none"> Assessed the actuary's approach taken regarding valuation method and detail work undertaken to confirm reasonableness of approach; Reviewed the completeness and accuracy of the underlying information used to determine the estimate. We noted no issues in this; Carried out analytical procedures to conclude on whether the Council's share of LGPS pension assets and liabilities was reasonable. We concluded the Council's share of assets and liabilities were in line with our expectations; Assessed the reasonableness of movements in estimate and adequacy of disclosure of estimate in the financial statements and concluded them to be reasonable. 	<p style="text-align: center;">●</p> <p>Our audit work in this area is complete. We have not identified any other issues to be reported.</p>
		<p>Findings: The audit of the Kent Pension Fund (KPF) identified a £8.4 million understatement in benefits paid during the year. Of this, £142k relates to the Council's share, resulting in an overstatement of the Council's net pension liability as at year-end.</p> <p>They also identified a difference in net assets due to issues in the data shared with the actuary by KPF and a difference in the valuation of investments between the draft financial statements and the underlying supporting evidence. The Council's share of net assets per the actuary report was £124.514 million, while the revised net assets from KPF attributable to the Council was £124.689 million, resulting in a £570k overstatement of net pension liability at year-end.</p> <p>The total impact of these adjustments is a £712k reduction in the Council's pension liability. However, the Council has chosen not to adjust for these amount, considering it immaterial. This item has therefore been included in the schedule of unadjusted misstatements. For further details, please refer to Section 6.</p>		

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
E-Financials	ITGC assessment (design and implementation only)	● Green	● Green	● Green	● Green	Management override of control

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

05 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee as part of the audit plan. We have not been made aware of any other incidents in the period, and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed. Misstatements identified in the related party's disclosure have been explained in Section 6.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any incidences from our audit work.
Written representations	A signed letter of representation will be requested ahead of the auditor's report being signed. We have not identified the need for any specific representations at the time of writing.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to banking institutions. This permission was granted, and the requests were sent. We have received all the confirmations, and no issues are noted in the confirmations received. As part of our audit procedures, we communicated with the legal counsel (Mid Kent Legal Partnership) who worked with the Council during the period. All responses were received, and no issues were noted.
Disclosures	Our review found no material omissions in the financial statements except for misstatements explained in Section of 6 of the report, which the management has agreed to adjust.
Audit evidence and explanations	All information and explanations requested from management was provided. No issues noted.
Significant difficulties	No significant difficulties identified in performing the audit.

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> • 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. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> • 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. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> • a material uncertainty related to going concern has not been identified • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities (continued)

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our audit work in this area is complete. We have not identified any material issues to be reported.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>Upon completion of our pending audit work under the Code, we would not be able to formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation is received from the NAO that the group audit for Whole of Government Accounts has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code;</p> <p>We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.</p>

06 Audit adjustments and control recommendations

Audit adjustments

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

Impact of adjusted misstatements

No adjusted have been identified at the date of issuing our report.

Impact of unadjusted misstatements

The table below provides details of adjustment identified during the 2024/25 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on General Fund £'000	Impact on Unusable Reserves £'000	Reason for not adjusting
<p>Overstatement on the pension fund liability</p> <p>The audit of the Kent Pension Fund (KPF) identified a £8.4 million understatement in benefits paid during the year. Of this, £142k relates to the Council's share, resulting in an overstatement of the Council's net pension liability as at year-end. They also identified a difference in net assets due to issues in the data shared with the actuary by KPF and a difference in the valuation of investments between the draft financial statements and the underlying supporting evidence. The Council's share of net assets per the actuary report was £124.514 million, while the revised net assets from KPF attributable to the Council was £124.689 million, resulting in a £570k overstatement of net pension liability at year-end. The total impact of these adjustments is a £712k reduction in the Council's pension liability. KPF is managed by Kent County Council (KCC) on behalf of the Council, and the audit timetable for both entities coincides. Consequently, the amounts reported in the Council's financial statements are based on unaudited information provided by KPF. The Council has determined that this adjustment is immaterial and has therefore chosen not to amend the financial statements. We have included this in our unadjusted misstatements.</p>	Cr Remeasurement of net pension liability (OCI) – (712)	Dr Pension liabilities – 712	Nil	Cr. Pensions Reserve (712)	The Council has not adjusted as this is below materiality.

Audit adjustments (continued)

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
General - Minor Disclosure Issues	<p>A number of minor disclosure amendments have been processed in various areas of the annual report, and the financial statements, which encompass the primary statements, accounting policies, and notes to the financial statements. These amendments include corrections for typographical errors, casting issues, presentation and referencing. None of these amendments are individually significant enough to warrant separate disclosure.</p> <p>Management response: Management has agreed to make the required amendments.</p>	✓
Note 12.6 Capital Commitments	<p>A difference was identified in the capital commitment disclosure and the listing providing by the management of £109,213. The revised figure for the capital commitment will be £8,643,294 from draft figure of £8,534,081.</p> <p>Management response: Management has agreed to make the required amendments.</p>	✓
Note 26 Related Parties	<p>From our review of the related parties register of interest (available on the Council's website), the related parties' declaration forms circulated by management to the members, and independent checks via Companies House website, we noted a few additional related party relationships that were needed to be reflected in the related party note to ensure completeness of the disclosure.</p> <p>Management response: Management has agreed to make the required amendments.</p>	✓

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Management response
<p>● Medium</p>	<p>As part of our review of the related party disclosures, we examined the register of interests available on the Council’s website, the declaration forms circulated by management to members, and conducted independent checks via the Companies House website.</p> <p>We noted that for a small number of members, either the declaration forms and registers of interest were not available for review, or the submitted documents did not capture all relevant related party relationships identified through our independent checks.</p> <p>Additionally, in some instances, relationships disclosed by members were not reflected in the related party note to the draft financial statements.</p> <p>Recommendations:</p> <p>We recommend that management ensure all members and relevant officers have submitted their related party declaration forms and registers of interest ahead of finalising the disclosure. Where documents are incomplete or unavailable, timely follow-up would help strengthen the process. Additionally, a more detailed review of the submitted information supported by independent checks, such as Companies House searches may assist in confirming that all relevant relationships have been appropriately captured.</p>	<p>Management already undertakes regular follow-up with members to obtain completed related party declaration forms and registers of interest. In addition, management reviews related party relationships using existing knowledge and independent sources, including declarations made during meetings and checks via the Companies House website. The recommendation regarding further strengthening these procedures has been noted.</p>

Key

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

07 Value for Money arrangements

Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, the Code requires auditors to share a draft of the Auditors' Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25.

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



Improving economy, efficiency and effectiveness

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



Financial sustainability

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



Governance

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

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written 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.

Value for Money: Our procedures and conclusions

We have completed our Value for Money work, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. As part of our work, we considered whether there were any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any significant weaknesses based on our work performed.

Following is the summary as per our Annual Auditor's Report:

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	A No significant weaknesses identified; two improvement recommendations raised in relation to savings plan development and maintaining prudent level of reserves.	No risks of significant weakness identified	A No significant weaknesses in arrangements. One improvement recommendation identified.
Governance	A No significant weaknesses identified; improvement recommendations raised in relation to strengthening arrangements to prevent and detect fraud.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified. We have raised one improvement recommendation.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; improvement recommendations raised in relation to development of partnership strategy.	No risks of significant weakness identified	G No significant weaknesses in arrangements identified or improvement recommendation.

- 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.

08 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you.

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

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

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority, senior management or staff (that would exceed the threshold set in the Ethical Standard).

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

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date of this report, 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 Authority'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 Tunbridge Wells Borough Council. The table summarises all non-audit services which were identified along with the safeguards applied.

Audit-related non-audit services

Service	2023/24 £	2024/25 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	35,640	35,058	Self-Interest (because this is a recurring fee) Self-review (because Grant Thornton provides audit services) Management threat	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is estimated at £35,058 in comparison to the total fee for the audit of £172,815 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self review threat and management threat, we have not prepared the form which we are reviewing. 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 proposed service in line with the instructions and reporting framework issued by DWP and will report to DWP, with a copy of our report being provided to the council at the same time.</p> <p>Based on past experience, it is not expected that there will be material changes to housing benefit subsidy payable or receivable in future years based on the work that we perform. Any changes to the form will be agreed with the council before we conclude our report to DWP. Any changes to subsidy payable will be determined by DWP and we will have no involvement in the decision.</p>
Total	35,640	35,058		

Fees and non-audit services (continued)

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee (£)	Final fee (£)
Scale Fees for Tunbridge Wells Borough Council Audit	165,315	165,315
Fee variation for testing the first-year application of IFRS 16*	7,500	7,500
Total audit fees (excluding VAT)	172,815	172,815

*Fees are subject to PSAA approval.

Non-Audit fees	Proposed fee (£)	Final fee (£)
Certification of Housing Benefit Assurance (2024-2025)	35,058	TBC
Total non-audit fees (excluding VAT)	35,058	TBC

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

Fees and non-audit services (continued)

Total audit and non-audit fee

(Audit Fee) £172,815

(Non-Audit Fee) £35,058

A reconciliation of our fees to the financial statements is set out below.

Reconciliation of fees per the financial statements to total fees above (audit services)

£

Fees per the financial statement for audit services

179,533

Fee Variations in Respect of 2023/24

(5,730)

Fee Variations in Respect of 2022/23

(988)

Total audit fees (excluding VAT)

172,815

Reconciliation of fees per the financial statements to total fees above (non - audit services)

£

Fees per the financial statement for non- audit services

34,253

Difference in accrual of non - audit fees

(805)

Total audit fees (excluding VAT)

35,058

Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees.

Grade	Rate (Determined by PSAA)	Hours	Fee variation for Audit 2024/25 (£)
Director	£428	5.68	2,430
Manager	£236	15	3,540
Senior Auditor	£153	10	1,530
Total			7,500

The above is subject to review by PSAA who will make a final determination.

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Authorities' accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance (continued)

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

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

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

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Our team and communications

Grant Thornton core team



Parris Williams
Engagement Lead

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



Ghufuran Ahmed
Engagement Manager

- Audit planning
- Resource management
- Performance management reporting



Xavier Thomas
Engagement In-charge

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

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • Audit Plan • Audit Progress and Sector Update Reports • The Audit Finding Report • 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.

C. Logistics

The audit timeline





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