



Audit Findings (ISA 260) Report for Oadby and Wigston Borough Council

Year ended 31 March 2025

28 November 2025



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28 November 2025

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Audit Findings for Oadby and Wigston 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 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-.pdf).

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

Richard Anderson

Director
For Grant Thornton UK LLP

Chartered Accountants

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

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), 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 work was completed during August-November, as planned. Our findings are summarised in this report. We have identified three adjustments to the financial statements that have resulted in a £739,000 adjustment to the Council's Comprehensive Income and Expenditure Statement. The impact on the level of the Council's useable reserves is £124,000.

Audit adjustments are detailed from page 33 and 34. We have also raised recommendations for management as a result of our audit work. These are set out at from page 39. Our follow up of recommendations from the prior year's audit are detailed from page 44.

Our work is substantially complete 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, subject to the following outstanding matters:

- final manager and engagement lead review of audit work;
- receipt of management representation letter; and
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Council 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 Council'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 Council'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 on page 48, and our detailed commentary is set out in the separate Interim Auditor's Annual Report, which was presented to Audit committee on 1 October 2025. We are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any significant weaknesses in arrangements.

Headlines

Statutory duties

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

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

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

We have completed the majority of the work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit of 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

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 Council 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.

Our 2024/25 audit of the Authority is expected to be completed more than two months in advance of the backstop date.

Headlines

Implementation of IFRS 16

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

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local Council 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 Council is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Council

- Based on draft financial statements the Council have not identified any right-of-use assets and have trivial lease liabilities.
- We performed specific audit procedures to ensure the completeness of recorded assets. This included reviewing the processes used by the council to capture and maintain lease data.
- From our work, we identified that the Council did not have a formal process for identifying right-of use assets. We have included a recommendation on page 43.
- Our work identified no undisclosed material leased or right of use assets.

2 Materiality

Our approach to materiality

As communicated in our Audit Plan dated March 2025, we determined materiality at the planning stage as £823,000 based on 2.1% of prior year gross expenditure for the 2023/24 period. At year-end, we have reconsidered planning materiality based on the draft financial statements. We have updated materiality to £736,000 based on 2.1% of gross expenditure reported in the 2024/24 draft statement of accounts. We updated materiality as we judged that the movement was significant.

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

Basis for our determination of materiality

- We have determined materiality at £736,000 based on professional judgement in the context of our knowledge of the Council.
- We have used 2.1% of gross expenditure as the basis for determining materiality.
- In setting this benchmark we consider what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Performance materiality

- We have determined performance materiality at £478,000, this is based on 65% of headline materiality.
- This reflects our risk assessed knowledge of potential for errors occurring. This is the amount we determine, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
- We have revised the performance materiality due to the actual gross expenditure changing significantly from that anticipated at the planning stage resulting in a review of the appropriateness of the materiality figure.

Specific materiality

- We deem senior officer remuneration as a sensitive area for the users of the account and therefore applied a specific materiality. We have determined materiality for the disclosure at £11,700.

Reporting threshold

- We will report to you all misstatements identified in excess of £36,000, in addition to any matters considered to be qualitatively material.

Our approach to materiality

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

	Council (£)	Qualitative factors considered
Materiality for the financial statements	736,000	We have determined financial statement materiality based on a proportion of the gross expenditure of the council for financial year. Materiality equates to approximately 2.1% of the gross expenditure for the 2024/25 period.
Performance materiality	478,000	Based on the internal control environment at the Council we determined that 65% of headline materiality would be an appropriate benchmark.
Specific materiality for – senior officer remuneration	11,700	We determined a lower materiality for the senior officer remuneration disclosures. Materiality equates to approximately 2.1% of the expenditure for the 2024/25 period.
Reporting threshold	36,000	We will report to you all misstatements identified in excess of our reporting threshold, in addition to any matters considered to be qualitatively material.

3 Overview of significant risks identified

Overview of audit risks

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

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

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

Risk title	Risk level	Change in risk since Audit Plan	Risk of fraud or error	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	Fraud	High	●
The revenue cycle includes fraudulent transactions	Rebutted	↔	Fraud	Low	●
The expenditure cycle includes fraudulent transactions	Rebutted	↔	Fraud	Low	●
Valuation of land and buildings	Significant	↔	Error	High	●
Valuation of council dwellings	Significant	↔	Error	High	●
Valuation of the net pension fund liability	Significant	↔	Error	High	●

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

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>We have 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.</p>	<p>We have:</p> <ul style="list-style-type: none"> • 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 and the accounts production stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions, and; • reviewed and tested transfers between the General Fund and HRA journals. 	<p>Our audit work to date has not identified any material adjustments in relation to override of controls. At the date of this report, we are still finalising our testing in this area.</p> <p>Audit procedures have identified control weaknesses where internal controls and controls over journal entries could be improved to enhance the control environment.</p> <p>We noted that one member of the finance team has elevated access rights within Integra 2, not commensurate with their role. In addition, there are no review of user activities completed by the Council to ensure unauthorised activity is identified</p> <p>We have included recommendations on the subsequent page.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>The revenue cycle includes fraudulent transactions</p> <p>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.</p> <p>We have identified and completed a risk assessment of all revenue streams for the Council. 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 underlying nature of the transaction, or immaterial nature of the revenue streams both individually and collectively.</p>	<p>Despite our rebuttal of this risk, we have undertaken a significant level of work on the Authority's revenue streams, as they are material. We have:</p> <p><u>Accounting policies and systems</u></p> <ul style="list-style-type: none"> Evaluated the Council's accounting policies for recognition of income for its various income streams and compliance with the CIPFA Code. <p><u>Fees, charges and other service income</u></p> <ul style="list-style-type: none"> Agreed, on a sample basis, income and year end receivables from other income to invoices and cash payment or other supporting evidence. <p><u>Taxation and non-specific grant income</u></p> <ul style="list-style-type: none"> Income for national non-domestic rates and council tax is predicable and therefore we have conducted substantive analytical procedures. For other grants we have sample tested items back to supporting information and subsequent receipt, considering accounting treatment where appropriate. 	<p>Our audit work has not identified any material adjustments or findings in relation to the risk identified.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>The expenditure cycle includes fraudulent transactions</p> <p>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.</p> <p>We have identified and completed a 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 for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p>	<p>Despite our rebuttal of this risk, we have undertaken a significant level of work on the Council’s expenditure streams. We have:</p> <ul style="list-style-type: none">• Updated our understanding of the Council's business processes associated with accounting for expenditure;• Evaluated the Council's accounting policies for recognition of expenditure for its various material expenditure streams and compliance with the CIPFA Code; and• Agreed, on a sample basis, expenditure and year end creditors to invoices and cash payment or other supporting evidence.	<p>Our audit work to date has not identified any material adjustments or findings in relation to the risk identified.</p> <p>We have conclusions on some samples outstanding. With the most significant being the Council’s treatment of passported DFG expenditure. We will provide a verbal update, when this report is presented to Audit Committee.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Valuation of land and buildings</p> <p>Uncertainty relating to the revaluation of land and buildings</p> <p>The revaluation of land and buildings should be performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period.</p> <p>The Council revalues its land and buildings every year to ensure that the carrying value is not materially different from the current value at the financial statements date. The valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of these estimates to changes in the key assumptions.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimates, the instruction issued to valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the CIPFA code are met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • Tested, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register and accounted for correctly; and • Evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. 	<p>Our audit work has not identified any material adjustments or findings in relation to the valuation of land and buildings.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Valuation of council dwellings</p> <p>Uncertainty relating the revaluation of council dwellings</p> <p>The Council contracts an expert to provide annual valuations of council dwellings, based on guidance issued by the Department for Levelling Up, Housing and Communities. They are valued using a beacon approach, based on existing use value discounted by the relevant social housing factor (EUV-SH).</p> <p>The key inputs into the valuation are the social housing factor, consideration of market movements and determination of the beacons.</p> <p>The valuation represents a significant estimate by management in the financial statement due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore have identified the valuation of council dwellings to be a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimates, the instruction issued to valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Written to the valuer to confirm the basis on which the valuations were carried out to ensure that the requirements of the CIPFA code are met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, and; • Tested, on a sample basis, revaluations made during the year to see if they had been input correctly into the Council's asset register and accounted for correctly. 	<p>Our audit work has not identified any material adjustments or findings in relation to the valuation of council dwellings.</p>

Significant risks

Risk identified

Valuation of net pension liability

The net pension fund liability, as reflected in the Balance Sheet, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code.

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 asset/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.

Further, the Council has had to consider the potential impact of 'IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset'. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.

Audit procedures performed

We have:

- Updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- Assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- Assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- Obtained assurances from the auditor of Leicestershire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits and fund assets valuations sent to 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, and;
- Reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability should be recognised.

Key observations

Our audit work on the Council's IFRIC 14 assessment has identified an adjustment to the net pension fund liability above our trivial threshold and a material disclosure adjustment. See pages 34 and 36.

We have reviewed the IAS19 assurances from the auditor of the Leicestershire Pension Fund, they identified a misstatement in the total reported pension fund assets, this results in an estimated £44,000 variance in the Council's share. This does not impact the balance sheet, due the IFRIC 14 adjustment.

No other issues were identified in respect of the valuation of the net pension fund liability.

4 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.

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

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Valuation of land and buildings £23.3m at 31 March 2025	<p>Other land and buildings comprises of specialised assets such as leisure centres and libraries, 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. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged an external valuer to complete the valuation of properties as at 31/3/2025. All land and building assets were revalued in 2024/25.</p> <p>The total year end valuation of land and buildings was £23.3m, a net decrease of £0.1m from 2023/24 (£23.4m).</p>	<p>We have:</p> <ul style="list-style-type: none"> deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate; not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate; not identified any concerns over the competence, capabilities and objectivity of the valuation expert used by the Council; considered the movements in the valuations of individual assets and confirmed their consistency with national indices; and not identified any indicators of management bias in determining the estimate or evidence that might contradict management’s assessment. 	<p>● Green</p> <p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – key judgements and estimates





Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of council dwellings £78.7m at 31 March 2025	The Council owns 1,178 dwellings and revalues these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance stipulates that either the use of beacon methodology or discounted cash flow can be used to value council dwelling properties. The Council has applied the beacon valuation method which entails a detailed valuation of representative property types which is then applied to similar properties. The Council has engaged an external valuer to complete the valuation of these properties. The year end valuation of council dwellings was £78.7m, a net increase of £0.3m from 2023/24 (£78.4m).	<p>We have:</p> <ul style="list-style-type: none"> • deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of the estimate; • not identified any issues with the completeness and accuracy of the underlying information used to determine the estimate; • no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council; • considered the movements in the valuations of individual assets and their consistency with national indices; • not identified any material errors within the disclosures in the financial statements; and • considered management bias in determining the estimate and evaluated evidence that might contradict management's assessment. <p>We have not identified any issues from our work.</p>	<p> Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																								
<p>Valuation of net pension liability</p> <p>£7.1m 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 £7.1m (PY £8.5m) comprising the Leicestershire Pension Fund funded and unfunded defined benefit pension scheme obligations. The Council uses Hymans Robertson 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 of the Leicestershire Pension Fund was completed for 31 March 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management's expert; used PwC as auditor's expert to assess the actuary and the assumptions made by the actuary – see table below for the comparison made; confirmed that the Council's share of LGPS pension assets is in line with expectations; confirmed that the increase in the estimate is reasonable; assessed the approach taken by the actuary; reviewed management's assessment under IFRIC 14 to determine whether any additional onerous liability was appropriately recognised; performed procedures around the completeness and accuracy of the underlying information used to determine the estimate; and reviewed the adequacy of the disclosure of the estimate in the financial statements. <table> <tr> <th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr> <tr> <td>Discount rate</td><td>5.8%</td><td>5.8%-5.85%</td><td>Reasonable</td></tr> <tr> <td>Pension increase rate</td><td>2.75%</td><td>2.7%-2.8%</td><td>Reasonable</td></tr> <tr> <td>Salary growth</td><td>3.25%</td><td>3.25%-5.25%</td><td>Reasonable</td></tr> <tr> <td>Life expectancy – Males currently aged 45/65</td><td>21.7 (22.6)</td><td>Individual employer level</td><td>Reasonable</td></tr> <tr> <td>Life expectancy – Females currently aged 45/65</td><td>24.2 (25.8)</td><td>Individual employer level</td><td>Reasonable</td></tr> </table>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.8%	5.8%-5.85%	Reasonable	Pension increase rate	2.75%	2.7%-2.8%	Reasonable	Salary growth	3.25%	3.25%-5.25%	Reasonable	Life expectancy – Males currently aged 45/65	21.7 (22.6)	Individual employer level	Reasonable	Life expectancy – Females currently aged 45/65	24.2 (25.8)	Individual employer level	Reasonable	<p>Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.8%	5.8%-5.85%	Reasonable																								
Pension increase rate	2.75%	2.7%-2.8%	Reasonable																								
Salary growth	3.25%	3.25%-5.25%	Reasonable																								
Life expectancy – Males currently aged 45/65	21.7 (22.6)	Individual employer level	Reasonable																								
Life expectancy – Females currently aged 45/65	24.2 (25.8)	Individual employer level	Reasonable																								





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
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Integra 2-general ledger	ITGC assessment (design effectiveness)	 Amber	 Amber	 Green	 Green	Management override of controls

We have summarised the control deficiencies identified on the following page. These are considered non-significant deficiencies relevant to the audit of the financial statements. When taking these into account in aggregation, we have provided an overall ITGC rating as amber.

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

Other findings - Information Technology

Issue

Inadequate control over privileged systems access in Integra 2

During our review of user accounts, we identified one member of the finance team who had elevated access rights, not commensurate of their role.

Users with administrative privileges at application level can bypass internal control mechanisms and may compromise the integrity of financial data. Without adequate oversight over the user there is an increased risk of unauthorised or inappropriate changes to underlying data.

Auditor view

For each user identified as having privileged system access, management should:

- Review the requirement for the account to be assigned privileged access;
- Implement mitigating controls to safeguard the account, and;
- Frequently monitor activities performed using the account.

Lack of review of information security logs

We identified that there is no review of activities, performed by individuals with privileged access to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware.

Auditor view

In 2022/23 we raised a recommendation that management should consider whether a central review of all super user activity can be undertaken to mitigate the risk of undetected, unauthorised activity.

5 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 Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	Through audit procedures we identified two undisclosed related parties, where Council members held directorships and transactions in year have been assessed as material to the related party entity. Refer to page 35 for details of the adjustment made by management. We have also raised a recommendation for the Council to complete procedures around assessing the completeness of the disclosure. Refer to page 42 for details.
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 letter of representations will be requested from the Council upon completion of our work.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury partners. This permission was granted and the requests were sent and have been received as part of our final accounts work.
Disclosures	Our review found no material omissions in the financial statements
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	No significant difficulties have been noted.

Other responsibilities

Issue	Commentary
Going concern	<p data-bbox="322 427 2119 555">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="322 571 1765 596">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="322 612 2119 852" 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 Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p data-bbox="322 868 2119 995">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 Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="322 1011 1599 1171" style="list-style-type: none"> • the nature of the Council and the environment in which it operates • the Council’s financial reporting framework • the Council’s system of internal control for identifying events or conditions relevant to going concern • management’s going concern assessment. <p data-bbox="322 1187 1706 1212">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="322 1228 1863 1302" style="list-style-type: none"> • a material uncertainty related to going concern has not been identified; and • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception:</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. <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 Council does not exceed the threshold.</p>
Certification of the closure of the audit	<p>Due to the timetable for the Whole of Government Accounts, we are unable to issue the certificate alongside the audit opinion.</p>

6 Audit adjustments

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

All adjusted misstatements are set out in detail below, along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2025.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Depreciation				
On recalculation of the annual depreciation charge for the Council's property plant and equipment we identified for two building assets and council dwelling acquisitions that depreciation had been calculated using an inaccurate useful economic life and not in line with the Council's accounting policy.				
Credit Cost of services- HRA Expenditure	(63)		(63)	Nil
Credit Other operating expenditure	(837)		(837)	Nil
Credit Surplus on revaluation of PP&E	(266)		(266)	Nil
Debit Property, Plant and Equipment		1,166		Nil

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Net Pension Fund Liability				
During the audit, it was noted that the Council had a net asset position, whose benefit based on the actuary asset ceiling asset assessment was to be floored at zero with an additional pension liability recognised. Management has appropriately processed a £13.265m asset ceiling adjustment to reflect an appropriate adjusted net liability as at 31 March 2025.				
The effect on the current year financial statements is as follows:				
Dr Remeasurement of the net defined pension liability	309		309	Nil
Cr Net Pension Fund Liability		(309)		Nil
Debtors				
The disclosure for audit fees did not agree to the fees communicated in the audit plan. This resulted from an incorrect classification between Audit fees, payments in advance and creditors.				
The effect on the current year financial statements is summarised below, where the variance between the adjustment to the CIES and the general fund relates to impact on the HRA.				
Dr Cost of services expenditure	120		120	(111)
Dr Short term creditors		35		
Cr Short term debtors		(145)		Nil
Overall Impact of Audit Adjustments	(739)	739	(739)	(111)

Audit adjustments

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?
Note 11: Property Plant and Equipment	We noted that the Council holds £2,305k of assets at nil net book value in their fixed asset register. A verification exercise done by management confirmed that assets with a total value of £1,117k had been disposed of/or could not be located. As a result, gross book value and accumulated depreciation of property plant and equipment in the disclosure is overstated by £1,117k. This had no impact on the Balance Sheet.	✓
Note 14:Debtors	The presentation of the note does not comply with the CIPFA code. The Council disaggregate debtors balances by central government bodies, other local authorities and other individuals. Per the code the note should be disaggregated into amounts receivable from trade, customers, prepayments and other amounts.	✓
Note 23: Expenditure and Funding Analysis	We noted discrepancies between the outturn report submitted to Cabinet and the figures presented under the column titled “Net Expenditure chargeable to the General Fund and HRA balances”. The variances are material and should be supported with a reconciliation and sufficient narrative to aid the understanding of users.	✓
Note 27: Related parties	We noted two undisclosed related party transactions totalling £7,500, where councillors held directorship in entities which had transacted with the Council in the period. Although these transactions are not material from the Council’s perspective, they are considered material to third party.	✓
Note 28: Remuneration of Senior Staff	During our review of the Council’s disclosure of payments made to senior employees by post, we noted that the schedule included managers whose remuneration exceeded £50,000 per annum. The disclosure should be limited to those individuals who appropriately meet the definition of a senior officer per the CIPFA Code.	✓
Note 28: Remuneration of Senior Staff	We noted through audit procedures over Officer’s Salary exceeding £50,000, that reported totals did not align with payroll data received. The band £50,000-£55,000 was disclosed as having 7 employees, whereas our review indicates it should be 5 employees. The band £55,000 – £60,000 was disclosed as having 1 employee, whereas our review indicates it should be 3 employees and from the review we realised 1 employee whose salary falls within band £90,000 - £95,000 was excluded from the calculation.	✓

Audit adjustments

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?
Note 29: Defined benefit pensions schemes	We noted inconsistencies between the amounts disclosed in the CIES, Note 21 Pensions Reserve and Note 29 Defined Benefit Pension Schemes. The correct balance relating to the remeasurement of the net defined benefit liability, included in the CIES and Note 21, is £710k. The balance in Note 29 is understated by £306k.	✓
Note 29: Defined benefit pensions scheme	The effect of the asset ceiling including additional liability that has been recognised in the accounts is £7,850k. Upon recalculation, the balance should have been £7,424k. In order to arrive at the described position, the Council should have reported £13,571k as effect of the asset ceiling, resulting in a £5,8121k difference. The disclosure did not have sufficient detail of the effect of IFRIC 14, including the breakdown of how the asset was calculated and sufficient narrative to comply with the CIPFA Code.	✓
Note 29: Defined benefit pensions scheme	Through reconciliation between the draft statement of accounts and the actuarial report we noted a variance of £306k in relation to the return on plan assets. The Council has disclosed the balance of £269k, which was not consistent with the actuary who reported and amount of £575k. This has no impact on the balance sheet due to the asset ceiling adjustment.	✓
Note 31: Audit costs	The disclosure for audit fees of £127k did not agree to the fees communicated in the audit plan of £145k. The note disclosed prior year fees, professional fees for pension reports. This resulted to an overall difference of £39k. The note has been updated to disclose the external audit fees which reconciles to the audit plan.	✓
Accounting policies	A number of non-material accounting policies have been identified through our review of the accounts. We have requested that management consider removing.	✓
Throughout	A number of page referencing, formatting, grammar and mathematical errors typographical errors have been identified throughout the financial statements. These have been amended by management	✓

Audit adjustments

Impact of unadjusted misstatements

Our work to date has identified no unadjusted misstatements.

Impact of unadjusted misstatements in the prior year

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

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
<u>Invoices raised after year end</u>					
The testing of invoices raised after year end identified an item of business rates income relating to 2022/23 that had been accounted for in 2024/25. As this would constitute an immaterial prior year error, the correct accounting treatment would be to recognise the income in 2023/24. As a result, income for 2024/25 is overstated..	0	0	0	0	No CIES impact as accounting for the income is required, but we note it was in the incorrect period.
<u>Unsupported disposals and scrapped assets</u>					
Our testing identified some assets where management were unable to provide sufficient evidence to support disposal and derecognition. This estimated misstatement continues to impact the closing balance sheet.	0	75	0	0	Auditor estimate, balance not material
Overall impact of prior year unadjusted misstatements	0	75	0	0	
Cumulative impact of prior year and current year unadjusted misstatements on 2024/25 financial statements	0	75	0	0	

Action plan

We set out here our recommendations for the Council 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	Recommendations
<div><div>●</div><div>Medium</div></div>	<p>Inadequate control over privileged systems access in Integra 2</p> <p>During our review of user accounts, we identified one member of the finance team who had elevated access rights, not commensurate of their role.</p> <p>Users with administrative privileges at application level can bypass internal control mechanisms and may compromise the integrity of financial data.</p> <p>Without adequate oversight over the user there is an increased risk of unauthorised or inappropriate changes to underlying data.</p>	<p>We recommend that for each user identified as having privileged system access, management should:</p> <ul style="list-style-type: none">• Review the requirement for the account to be assigned privileged access;• Implement mitigating controls to safeguard the account, and;• Frequently monitor activities performed using the account. <p>Management response</p> <p>The current superuser is our systems administrator for Integra 2. We will add an additional superuser (the Finance Manager), and they will regularly scrutinise each other’s activities.</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

Action plan continued

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Medium</p>	<p>Journal Approval</p> <p>We noted from our risk assessment of journal entry controls that the S151 officer has approved journals. This has not been the case for the full period, however, was required due to key finance team members leaving the organisation. This may cause a segregation of duties risk and reduce the integrity of the review process.</p>	<p>We recommend that the Council consider adopting a review process whereby the S151 officer is not required to approve journals.</p> <p>Management response</p> <p>This is unavoidable given the small size of the finance team. There are only three officers that can approve manual journals, and the possibility that both of the two non-S151 officers are on annual leave or sick leave at the same time will always exist.</p>
<p>●</p> <p>Medium</p>	<p>Self Approval of Journals</p> <p>We noted from our risk assessment of journal entry controls that journals can be created and approved by the same individual, where another member of the finance team posts the journal to ledger. This has not been the case for the full period, however, was required due to key finance team members leaving the organisation. This may cause a segregation of duties risk and reduce the integrity in the review process and financial information.</p>	<p>We recommend that the Council review their journals approval processes to ensure that where journals are created, they are then not approved by the same individual.</p> <p>Management response</p> <p>Journal policy has been amended. Finance officers who are sent journals for upload are under instruction to send them for approval to a different officer than the one sending them.</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

Action plan continued

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Medium</p>	<p>Useful Economic Lives</p> <p>We noted from our testing instances where the useful economic lives of assets used to calculate depreciation were not in line with the Council's policy. There is a risk that the annual depreciation charge is not accurate and does not reflect an appropriate rate of depreciation.</p>	<p>We recommend that management complete an assessment of the useful economic lives adopted for plant, property and equipment and ensure that they are consistent with the accounting policy.</p> <p>Management response</p> <p>This will be reviewed as part of an overall review of the asset register.</p>
<p>●</p> <p>Medium</p>	<p>Nil net book value assets</p> <p>We noted from our testing that the Council does not have a formal process to verify the existence of assets held at year end. We identified £2,305k of fully depreciated VPE and £835k of fully depreciated intangible assets. Management have made an in year adjustment to derecognise assets which could not be verified. There is a risk that assets held on the balance sheet no longer exist.</p>	<p>We recommend that management adopt a formal annual process to verify the existence of assets held.</p> <p>Management response</p> <p>This will be reviewed as part of an overall review of the asset register.</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

Action plan continued

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Medium</p>	<p>Related Parties</p> <p>We noted from our testing two undisclosed related party transactions totalling £7,500, where councillors held directorship in entities which had transacted with the Council in the period. While we have not identified any material, omitted transactions there remains a risk that balances recorded are not accurate and complete.</p>	<p>We recommend that when compiling the related parties disclosure management consider the concept of materiality for both parties to ensure the disclosure is complete and accurate.</p> <p>Management response</p> <p>Related parties forms for 25/26 will be amended to require disclosure of all transactions between the Council and entities in which Councillors have an interest, regardless of significance.</p>
<p>●</p> <p>Medium</p>	<p>Collection Fund</p> <p>Throughout the audit we experienced significant delays in obtaining collection fund related evidence. Specifically, transaction listings for reliefs, debtors and creditors.</p>	<p>We recommend that upon production of the accounts, listings are readily available to provide to external audit to ensure samples can be selected in a timely manner.</p> <p>Management response</p> <p>This was due to long-term sickness. The officer responsible for this area has now been replaced.</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

Action plan continued

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Low</p>	<p>Implementation of IFRS 16</p> <p>We noted that a completeness review of all leases held by the Council was undertaken but not documented for the purposes of IFRS 16 implementation. This increases the risk that significant leases may be omitted from the IFRS 16 assessment.</p>	<p>We recommend that management complete and document a review of their lease arrangements to ensure that all leases have been considered as part of an IFRS16 assessment.</p> <p>Management response</p> <p>A thorough review of all known and potential lease arrangements will be conducted.</p>
<p>●</p> <p>Low</p>	<p>Unpresented Cheques</p> <p>We noted, from review of the bank reconciliation, that the Council have recurring unpresented cheques totalling £18,322. The cheques are dated between 2010 and 2021.</p>	<p>We recommend that management consider the likelihood of these cheques being realised, considering the elapsed time and write off accordingly.</p> <p>Management response</p> <p>These will be investigated and cleared during 2025-26. The manager of the relevant section has already been notified.</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

Follow up of prior year recommendations

We identified the following issues in the audit of the Council's 2023/24 financial statements, which resulted in four recommendations being reported in our 2023/24 Audit Findings Report, and one recommendation outstanding from 2022/23. We are pleased to report that management have implemented three out of five recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Complete	<p><u>Data provided to external experts</u></p> <p>The pensionable pay data provided to the actuary only included pensionable pay for active employees, but should also have included pensionable pay for leavers during the year. There is a risk that estimates included within the financial statements are based on incorrect source data, leading to a misstatement.</p> <p>We recommend that management implement controls to ensure that all relevant source data is provided to external experts.</p>	Audit work completed identified that there were no omissions in data provided to the actuary.
Complete	<p><u>Obtaining declarations of interests</u></p> <p>There was one instance of a declarations form not being completed by a sitting Councillor. In 2023/24 we have undertaken alternative procedures to confirm the related party transaction disclosure in the accounts is complete. However, there is a risk that transactions with a related party could be omitted from the disclosure in the accounts, where declarations are not returned.</p> <p>We recommend that the Council obtains and holds declarations for all Councillors and all senior officers, and that they are updated on a regular basis.</p>	<p>Declarations are sent out annually and management continue to chase for completion, as necessary.</p> <p>Our audit work completed, identified no delays of completion of declarations of interest.</p>

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Complete	<p><u>Coding of Collection Fund income and precepts and levies</u></p> <p>Collection fund income and precepts and levies expenditure were charged directly to reserves instead of the relevant CIES account codes. This was due to coding errors and so while the net of the two accounts appear correct, we could only verify the split between the collection fund income and precepts and levies expenditure by using the work carried out in Council working papers.</p> <p>We recommend that management should consider implementing a timely reconciliation of expenditure and income categories to detect any errors in advance of the final accounts audit.</p>	<p>Audit work has identified that management have addressed this recommendation and also, improved the quality of their collection fund working papers so that reconciliations are easy to follow and specific balances are easily identifiable.</p>
In progress	<p><u>IT controls – General Ledger</u></p> <p>We identified that there is no review of activities, performed by individuals with superuser access (Admins) to Integra2. There is a risk that superusers could be making unauthorised changes to the system without management being aware.</p> <p>Management should consider whether a central review of all superuser activity could be undertaken to mitigate the risk of undetected unauthorised activity.</p>	<p>We have confirmed that there is no central review of superuser activity.</p> <p><u>Management update</u></p> <p>A general review of Integra superuser activities will be conducted by ICT.</p>

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p><u>Unsupported disposals and scrapped assets</u></p> <p>Our testing of asset disposals identified some assets where management were unable to provide sufficient evidence to show appropriate disposal and derecognition. There is a risk that disposals could have occurred in a previous or future financial year, or not at all.</p> <p>We recommend that management consider retaining clearer records on assets sales and disposals in order to satisfy audit requirements.</p>	<p>Management confirmed that from January 2025 an annual review of assets was implemented to ensure that any assets disposed of or scrapped are identified and removed from the asset register.</p> <p>Audit testing of the disposals balance did not identify any issues in respect of evidence retention.</p> <p>Audit testing of property, plant and equipment existence identified two assets with a net book value of zero that had been disposed of in the current period but not written out of the asset register. We are still concluding our work in relation to this testing.</p> <p><u>Management response</u></p> <p>This will be reviewed as part of an overall review of the asset register. Record-keeping for future capital projects will be improved.</p>

7 Value for Money arrangements

Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR was reported to audit committee on 1 October 2025.

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



Improving economy, efficiency and effectiveness

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



Financial sustainability

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



Governance

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

In undertaking this work we have not identified any significant weaknesses in arrangements. Our detailed findings are set out in our Auditor's Annual Report, which was presented to Audit Committee in October.

8 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, there are no 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 Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council, senior management or staff.

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 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 November 2025, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

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

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

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

Audit fees	£
Oadby and Wigston Borough Council audit scale fee 2024/25	145,193
Total	145,193

Fees and non-audit services

Assurance Service Fees

Service	2023/24 £	2024/25 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	35,640	45,890	For these audit related services, we consider that the perceived threats may apply:	The level of recurring fee taken on their own are not considered significant in comparison to the total audit fee of £145,193, and in particular to Grant Thornton UK LLP's turnover overall. Furthermore, each is a fixed fee and there is no contingent element to any of them. These factors all mitigate the perceived self interest threat to an acceptable level.
Certification of Pooling of Housing Capital Receipts claim	10,000	10,000	<ul style="list-style-type: none"> • Self interest (as fees are recurring) • Self review • Management 	Our team has no involvement in the preparation of the grants claims to be certified, and do not expect material misstatements in the financial statements to arise from the performance of the certification work. Although related income and expenditure is included within the financial statements, the work required in respect of the certification is sperate from the work required to audit the financial statements.
				The scope of the work does not include making decisions on behalf of management or recommending or suggesting any particular course of action for management to follow. Our team perform these engagements in line with set instructions and reporting framework. Any amendments made as a result of our work are the responsibility of informed management.
Total	45,640	55,890		

Fees and non-audit services

Total audit and other assurance fees

Audit fee	£145,193	Assurance service fees	£55,890
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The above fees are exclusive of VAT.
The accounts do not currently reconcile to this balance due to 2023/24 assurance service fees being included in the 2024/25 total.

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

9 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	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

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

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

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

Respective responsibilities

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

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

Distribution of this Audit Findings report

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

B. Our team and communications

Grant Thornton core team

Richard Anderson
Engagement Lead/
Key Audit Partner

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

Francesca Hitchman
Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Bonga Mkhize
Audit Senior / In-charge

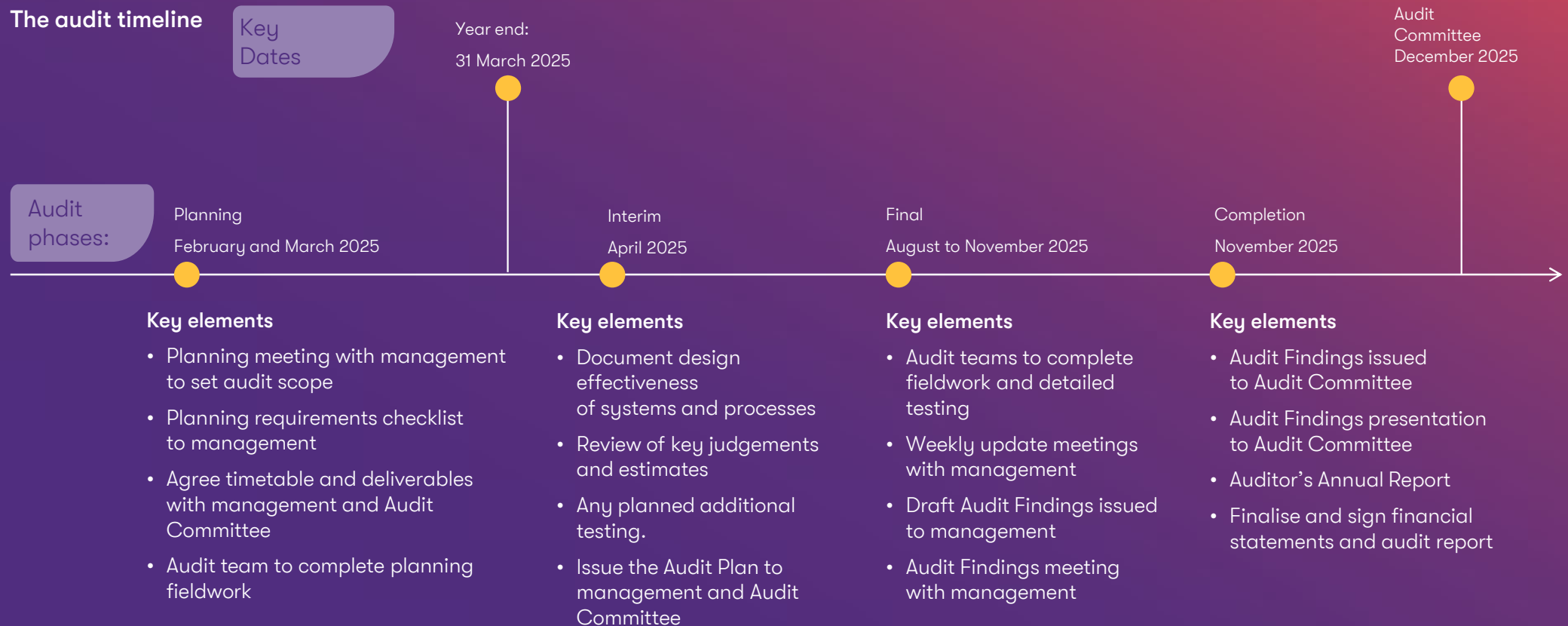
- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

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

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

C. Logistics

The audit timeline



D. Management letter of representation

We have requested a letter of representation from management. It has been provided as a separate document to management.

E. Audit opinion

To be provided on completion of the audit as a separate document.



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