

Audit Findings (ISA 260) Report for Swale Borough Council

Year ended 31 March 2025

October 2025



Swale Borough Council
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15 October 2025

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Dear Members of the Audit Committee

Audit Findings for Swale Borough Council for the year ended 31 March 2025

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

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

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

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-2025.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.

Ade Oyerinde

Key Audit Partner
For Grant Thornton UK LLP

Chartered Accountants

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01 Headlines

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Swale 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 Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), 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 is substantially complete. Our findings are summarised on pages 14 to 27. We identified one immaterial adjustment to the Council's Comprehensive Income and Expenditure Statement. This has no impact on your usable reserves. We also identified one immaterial unadjusted misstatement of £128k which management opted not to amend the financial statements on the basis it was immaterial. We also identified a small number of disclosure amendments and made 5 recommendations to improve your accounting disclosures in 2025/26 (refer appendix B).

Furthermore, the prior year error reported in 2023/24 Audit Findings Report which resulted last year's accounts being qualified is disclosed as part of 2024/25 comparator. The prior year error was a £2.085m prior period adjustment where expenditure relating to Kent County Council was recorded as Property Plant and Equipment instead of Revenue Expenditure Funded from Capital Under Statute (REFCUS) and should have been expensed. Management had chosen not to adjust the 2023/24 financial statements. The impacted comparative information includes the primary statements (Comprehensive Income and Expenditure Statement, Movement in reserves statements, Cash Flow and related notes).

Our work is substantially complete and there are no matters of which we are aware that would require material changes to the financial statements, subject to the following outstanding matters:

- PPE (awaiting a rental agreement for central park stadium from the management);
- awaiting response to queries from management and the valuer on the valuation of Right of Use asset (Pavilions and Lodge Recreational ground);
- conclusion of partner review;
- receipt and review of management's representation letter; and
- receipt 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 modified. We intend to issue an 'Except for' Qualification on the 2024/25 financial statements due to a material misstatement of the comparative arising from the accounting treatment of the disposal of an item of Property, Plant, and Equipment which should have been processed via a restatement of Opening Balances as opposed to it being transacted during the 2023/24 balances. **SUBJECT TO AMENDMENT FOLLOWING INTERNAL PANEL**

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 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.

Our VFM work is substantially complete, which is summarised in section 6 of this report. Our detailed commentary on the Council's VFM arrangement is set out in the separate Auditor's Annual Report, which is presented alongside this report. Whilst we highlight some improvement recommendations within the report, overall, we are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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 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 we receive confirmation from the NAO that the group audit of the Whole of Government Accounts has been certified by the Comptroller & Auditor General. 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 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 intend to finalise this audit in advance of the backstop date for the 2024-25 financial year, and the Council will not be affected by the backstop legislations for the audit current audit year and prior years. We would like to express our appreciation for the continued assistance provided by finance team and other staff of the Council, supporting the audit process fully.

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 Council

In the current year, the implementation of IFRS 16 has resulted in the first-time recognition of a right-of-use asset of £2.4m and a corresponding lease liability of £3.2m on the Council's balance sheet. Additionally, corresponding movements have been charged in the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MIRS).

The difference between the value of right-of-use assets and lease liabilities is primarily due to the year-end fair value revaluation of right-of-use assets.

New accounting policies were included in the financial statements, and additional disclosures relating to leases have been added in Note 43 of the accounts in accordance with the requirements of the IFRS 16 as adopted by CIPFA Code. Refer to page 19 for further details on our audit procedures and findings.

02 Materiality

Our approach to materiality

As communicated in our Audit Plan dated 18 July 2025, we determined materiality at the planning stage as £1.85m based on 2.5% of prior year gross expenditure. At year-end, we reassessed materiality based on the draft financial statements and revised materiality levels upwards. The upward revision is a result of an overall increase in Council’s gross expenditure of 8% from the prior year. A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality of £2m (PY: £1.52m) (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: 1.95%) of gross expenditure as the basis for determining materiality

Performance materiality

- We have determined performance materiality at £1.4m, representing 70% of headline materiality (prior year: 75%). The reduction in the percentage reflects the increased risk arising from error identified in prior year, which resulted in a qualified audit opinion.

Reporting threshold

- We will report to you all misstatements identified in excess of £100k (PY: 76k), in addition to any matters considered to be qualitatively material. This is approximately 5% (PY: 5%) of the materiality.

	Final £	Planning £
Materiality for the financial statements	2,000,000	1,850,000
Performance Materiality	1,400,000	1,295,000
Reporting threshold	100,000	92,500

03 Overview of significant and other risks identified

Overview of audit risks

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.

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

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	● Green
Valuation of land and buildings	Significant	↔	✗	High	● Green
Valuation of the pension fund net liability/asset	Significant	↔	✗	High	● Green

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

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

Significant risks

Risk identified	Audit procedures performed	Conclusions
<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>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We 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>To address this risk, we performed the following:</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 to supporting evidence.• 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. <p>We tested a total of 18 journals.</p>	<p>Our audit work is complete and we have not identified any issue in respect of management override of controls.</p>

Significant risks (continued)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of land and buildings</p> <p>The Council carries out revaluation for operational land and buildings on rolling five yearly basis. The valuation of these assets represents a significant estimate by management in the financial statement due to size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of land and building as a significant risk, particularly focused on the valuer's key assumptions and input to the valuations.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none"> • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • wrote to your valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met and discuss this basis where there are any departures from the Code; • concluded there were no complex valuation techniques and there was no need to engage our valuation expert; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • assessed how management have challenged the valuations produced by the professional valuer to assure themselves that these represent the materially correct current value; • tested on a sample basis, revaluations made during the year to see if they are input correctly into the Authority's asset register; • evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value; and • for all assets not formally revalued, evaluate the judgement made by management or others in determination of current value of these assets. 	<p>Our audit work is substantially complete. We have not identified any material issue in respect of valuation of land and buildings subject to the satisfactory conclusion of the outstanding matter referred to on page 6.</p>

Significant risks (continued)

Risk identified	Audit procedures performed	Conclusions
<p>Valuation of net pension liability/asset</p> <p>The Council's share of the pension fund net liability, as reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>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.</p> <p>We therefore identified valuation of the pension fund net liability as a significant risk. We have pinpointed this significant risk to the assumptions applied by the professional actuary in their calculation of the net liability.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none"> • 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 evaluated the design of the associated controls. • evaluated the instructions issued by management to their management expert (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 management to the actuary to estimate the liability. • tested the consistency of the pension fund liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary. • reviewed the IFRIC 14 assessment carried by management's expert actuary. • undertook 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. • obtained assurances from the auditor of Kent County Council Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>Our audit work is complete and we have not identified any issue regarding valuation of net pension liability.</p>

Other risks

Risk identified	Audit procedures performed	Conclusions
<p data-bbox="107 289 1396 339">Presumed risk of fraud in expenditure recognition</p> <p data-bbox="107 339 1396 511">In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p data-bbox="107 511 1396 796">Having considered the nature of all expenditure streams at the Council, we 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, which would require a significant number of transactions to be incorrectly recorded to cause a material misstatement. We determined that the risk of fraud arising from expenditure recognition can be rebutted, because:</p> <ul data-bbox="107 796 1396 1025" style="list-style-type: none">• there is little incentive to manipulate expenditure recognition;• opportunities to manipulate expenditure recognition are limited; and• the culture and ethical frameworks of local authorities, including that of the Council, meaning that all forms of fraud are seen as unacceptable. <p data-bbox="107 1025 1396 1110">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.</p> <p data-bbox="107 1110 1396 1280">Though we rebutted the risk of fraud above, we considered that the risk relating to expenditure recognition may be prevalent around manual accruals of expenditure around year-end and the potential volume at year-end increasing the risk of error in expenditure recognition.</p>	<p data-bbox="1396 289 2091 375">To address this risk, we performed the following:</p> <ul data-bbox="1396 375 2091 903" style="list-style-type: none">• evaluated the Council’s accounting policy for the recognition of expenditure and confirmed that it is appropriate and in compliance with the Code.• on a sample basis, we agreed relevant expenditure, year-end payables, and accruals to underlying invoices and other supporting documentation.• tested a sample of payments and invoices received in the period before and after 31 March 2025 to ensure they were included in the correct financial year, gaining assurance over completeness	<p data-bbox="2091 289 2440 561">Our audit work is complete and we have not identified any issue regarding expenditure recognition.</p>

Other risks (continued)

Risk identified	Audit procedures performed	Conclusions
<p>Risk of fraud and error in revenue recognition (rebutted for all streams)</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated 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 relating to revenue recognition.</p> <p>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 rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, which would require a significant number of transactions to be incorrectly recorded to cause a material misstatement. This is due to the low fraud risk in the nature of the underlying transactions. We determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are limited; and • the culture and ethical frameworks of local authorities, including that of the Council, meaning that all forms of fraud are seen as unacceptable. <p>Based on our assessment, no specific fraud risk factors have been identified and therefore we do not consider revenue recognition to be a significant risk for the Council.</p>	<p>To address this risk, we performed the following:</p> <ul style="list-style-type: none"> • evaluated the Council’s accounting policy for recognition of income for appropriateness and compliance with the Code • tested a sample of revenue items from income during the year, as well as year-end receivables and income accruals, and verified them against invoices and supporting evidence to gain assurance over accuracy and occurrence • tested a sample of receipts and invoices raised in the period before and after 31 March 2025 to ensure they were included in the correct financial year, gaining assurance over completeness. 	<p>Our audit work is complete and we have not identified any issue regarding revenue recognition.</p>

Other risks (continued)

Risk identified	Audit procedures performed	Conclusions
<p>IFRS 16 Leases implementation</p> <p>IFRS 16 Leases is now mandatory for all local government bodies from 1 April 2024. The standard replaced IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – incentives, and SIC-27 Evaluating the substance of transactions involving the legal form of a lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognize all leases on their balance sheet as right of use (ROU) assets, representing the right to use the underlying leased assets, and a corresponding liability representing its obligation to make lease payments.</p> <p>The Code adapts IFRS 16 and requires that the subsequent measurement of the ROU asset where the underlying asset is an item of property, plant and equipment is measured in accordance with section 4.1 of the Code.</p>	<p>To address this risk, we reviewed the following:</p> <ul style="list-style-type: none"> • accounting policies and disclosures in relation to IFRS 16; • application of judgment and estimation; • systems to capture the process and maintain new lease data and for ongoing maintenance; • accounting for what were operating leases; • identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate. 	<p>Our audit work is substantially complete subject to the satisfactory conclusion of the outstanding issue set out on page 6 in relation to the adoption of IFRS 16.</p> <p>We note from our review of peppercorn leases that:</p> <ul style="list-style-type: none"> – We identified 10 finance leases classified under Land and Buildings (L&B) and community assets with a net book value of £1.75m that were not reclassified to Right-of-Use (RoU) assets on transition to IFRS 16. Following our discussion with management, 7 out of the 10 were reclassified. Three remaining assets of £134,367 under Land and buildings, Community and Infrastructure Assets are yet to be reclassified. Management confirmed these will be reclassified during 2025/26. Refer recommendation in appendix B. – Furthermore, we note one asset within the 8 reclassified leases above was initially valued on a DRC basis at £1.578m as at 31 March 2025. Subsequently, it was revalued on a fair value basis at £104,000. Management has written it out of L&B and recognised it as an RoU asset at the revised fair value of £104,000. At the time of writing, we are awaiting details of the valuation from both management and the valuer to conclude our work.

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 £87.3m at 31 March 2025	Other land and buildings (OLB) comprises £33.3 million of specialised assets such as sports centre and leisure clubs, 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 £39.4m are not specialised in nature and are required to be valued at existing use in value at year-end. The remaining land and buildings, valued at £16.3 million, these assets were assessed by the management expert using indices from their last valuation date to 31 March 2025 to ensure they were not materially misstated.	<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; • we have assessed the appropriateness of the valuation method, the assumptions made in respect of obsolescence and any local factors; • 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. 	<p>●</p> <p>Green.</p>

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																								
Valuation of net pension liability £7.728m	The Council's net pension liability at 31 March 2025 is £7.7 million (PY £10.7 million) comprising the Kent County Council Local Government Pension Scheme.	We considered the following areas: <ul style="list-style-type: none"> we have assessed the Council's actuary, Barnett Waddingham LLP, to be competent, capable and objective. we have assessed the actuary's approach taken, and detailed work carried out to confirm reasonableness of approach. we have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions: 	<div> <div></div> <div>Green</div> </div>																								
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>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 as at March 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<table> <tr> <th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr> <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> </table> <ul style="list-style-type: none"> we have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate we conducted an analytical review to confirm reasonableness of the Council's share of LGPS pension assets. we confirmed adequacy of disclosure of the estimate in the financial statements. <p>Our audit work is complete. We have not identified any material issue in respect of your valuation of the pension fund net liability.</p>	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	
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																								

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	
Agresso	ITGC assessment (design, implementation and operating effectiveness)	<div><div></div></div> Green	<div><div></div></div> Green	<div><div></div></div> Green	<div><div></div></div> Green	No issues identified

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 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	We are not aware of any related parties or related party transactions which have not been disclosed.
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 representation has been requested from management, which is presented as a separate item for presentation along this report. There were no specific representations requested from management.
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. All requests that were sent to counterparties were returned.
Disclosures	Our review found no material omissions in the financial statements. We have reported immaterial disclosure misstatements in Appendix D of this report.
Audit evidence and explanations	All information and explanations requested from management were provided.
Significant difficulties	There were no significant difficulties. Members of the finance were available to provide evidence and explanations as required throughout the audit.

Other responsibilities

Issue	Commentary
Going concern	<p data-bbox="359 258 2428 415">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="359 429 2002 461">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="359 475 2428 749" 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="359 763 2428 912">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 considered and evaluated:</p> <ul data-bbox="359 926 1837 1106" 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 data-bbox="359 1120 1939 1152">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="359 1166 2117 1253" 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 (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, 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 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. <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. We will complete the Assurance Statement after the conclusion of the audit and share with the NAO.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2024/25 audit of Swale Borough Council in the audit report until National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2025.</p>

06 Value for money arrangements

Value for money arrangements

Approach to value for money work for the year ended 31 March 2025

The National Audit Office issued its latest value for money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, the Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30 November each year from 2024-25. Our draft AAR accompanies this audit findings report as a separate Committee item.

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. Full commentary is included in our 2024-25 AAR, presented along this report.

07 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 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 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 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 set out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the 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 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 made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Swale 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-related non-audit services

Service	2023-24 £	2024-25 £	Threats identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	34,253	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 in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. 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 any elements of housing benefit subsidy 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>

Fees and non-audit services (continued)

We confirm below our final fees charged for the audit.

Audit fees	Proposed fee £	Final fee £
Scale fee for Swale Borough Council	184,319	184,319
Fee variation for testing the first-year application of IFRS 16*	10,000	TBC
2023/24 Fee variation approved by PSAA	7,470	7,470
Total audit fees (excluding VAT)	201,789	TBC

*Fees are subject to PSAA approval.

Non-Audit fees	Proposed fee (£)	Final fee (£)
Certification of Housing Benefit Assurance (2024-2025) – Ongoing	35,058	TBC
Certification of Housing Benefit Assurance (2023-2024) - Ongoing	3,613	3,613
Certification of Housing Benefit Assurance (2022-2023) – Completed in April 2025	20,550	20,550
Certification of Housing Benefit Assurance (2021-2022) – Completed in December 2024	25,625	25,625
Total non-audit fees (excluding VAT)	84,846	TBC

Reconciliation to Note 13 External Audit Fees





External Audit costs per Note 13 in the Statement of Accounts	£292k
Total fees per above (rounded off)	£286k
Difference (roundings)	£5k

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 Council'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 (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. Action plan

We set out here our recommendations for the Council which we identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we identified during the course of our audit and that we 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>	<div> <div>Identification of peppercorn leases</div> <div> <p>As part of our leases completeness procedures, we identified three peppercorn leases payments that are not included within the right of use assets but are included within the land and buildings, community assets and infrastructure assets with combined value of £134k.</p> <p>Risk</p> <p>There is a risk that peppercorn leases are omitted from Right-of-Use assets, resulting in incomplete lease accounting and potential misstatement of the balance sheet.</p> </div> </div>	<div> <div>Review all low value lease payments if they are peppercorn leases and recognised as RoU assets. New peppercorn leases should also be revalued at fair value per the Code.</div> <div> <div>Management comments</div> <p>All leases have been reviewed. The three very low value assets identified are not material and therefore are not considered a misstatement of the balance sheet. The position will be reviewed for 25/26.</p> </div> </div>
<div> <div>●</div> <div>Low</div> </div>	<div> <div>Expenditure and Funding Analysis</div> <div> <p>Expenditure and Funding Analysis was included in the primary financial statements but should have been disclosed in the Notes to the Accounts.</p> <p>Risk</p> <p>There is a risk that the EFA disclosure is not in line with the CIPFA code requirements.</p> </div> </div>	<div> <div>Disclose the Expenditure and Funding Analysis as part of the 2025/26 Notes to the Accounts in accordance with CIPFA Code requirements.</div> <div> <div>Management comments</div> <p>When the EFA was introduced a management decision was taken to include the table close the relevant main statement that is was designed to help clarify. The table can be moved for 2025/26, however we consider this will be a detriment to the user of the accounts.</p> </div> </div>

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

B. Action plan

Assessment	Issue and risk	Recommendations
<p>●</p> <p>Low</p>	<p>PPE reclassification</p> <p>One asset recorded in Vehicles, Plant, and Equipment instead of Infrastructure Assets</p> <p>Risk</p> <p>This may result in incorrect depreciation calculations and non-compliance with CIPFA code.</p>	<p>Regularly review asset classifications to ensure accuracy and compliance with CIPFA code.</p> <p>Management comments</p> <p>Although classified incorrectly, the asset is being depreciated correctly. The asset will be transferred in 25/26. It should be noted that the value of the asset is not material.</p>
<p>●</p> <p>Low</p>	<p>Receipts from long term debtors</p> <p>Receipts from long term debtors of £160k shown on the face CIES statement as a separate line should be disclosed within the financing and investment income as write down of financing long term debtors.</p> <p>Risk</p> <p>There is a risk that disclosures are not in line with CIPFA code requirements.</p>	<p>As part of your 2025/26 financial statements, disclose receipts from long term debtors within the financing and investment income in line with CIPFA code.</p> <p>Management comments</p> <p>Agreed.</p>
<p>●</p> <p>Low</p>	<p>Revenue from contracts with service recipients</p> <p>SBC has a contract generating £1.1m of revenue during the year, with contract balances of £427k. These have not been separately disclosed as revenue from contracts or contract balances.</p> <p>Risk</p> <p>There is a risk that the revenue contract disclosure is not in line with the CIPFA code requirements.</p>	<p>As part of your 2025/26 financial statements, separately disclose the revenue and contract balances for the revenue contracts in accordance with CIPFA Code requirements.</p> <p>Management comments</p> <p>This is not a single contract – it is c20,000 garden waste subscriptions that once paid are non refundable and so we do not consider there to be a contract balance liability to disclose. This can be revisited in 2025/26.</p>

C. 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 10 recommendations being reported in our 2023-24 Audit Findings Report. 6 of the recommendations are now closed, and we set out below the remaining in-progress recommendation.

Assessment	Issue and risk previously communicated	Auditor’s update and Management action
In Progress	<p>Fully depreciated assets (Issue and recommendation)</p> <p>We identified fully depreciated assets still recorded in the fixed asset register, with gross book values of £3.996m (2024–25) and £3.3m (2023–24). As they remain in use, this overstates gross Property, Plant and Equipment and management should reassess useful lives and adjust depreciation accordingly.</p> <p>Prior year recommendation</p> <p>We recommend management to reassess the useful life of these assets and apply appropriate depreciation. This help ensure the accuracy of the financial statement.</p>	<p>Management response</p> <p>We reviewed the assets as part of the year end process to identify any assets that should be removed from the list, and that was carried out. Assets that are revalued have their useful lives updated as part of the revaluation process, so the only assets that are fully depreciated are PVE assets. We have reviewed our policy on the useful life of PVE assets so that we are more realistic on additions.</p> <p>Auditor’s update</p> <p>Our work identified similar issue in 2024/25. Management has confirmed that the recommendation is in progress.</p>
In Progress	<p>Employee benefit expenditure</p> <p>As part of our testing of employee benefit expenditure, we reviewed the full time equivalent (FTE) for consistency with payroll reports. We were unable to fully reconcile the all staff FTEs to the reports provided.</p> <p>Prior year recommendation</p> <p>Management should review and update the payroll processes to ensure that changes in employee roles are accurately reflected in the system. This can be achieved through reconciliations and cross-verification of data to maintain consistency and accuracy</p>	<p>Management response</p> <p>The limitations of the system still exist, and it is not something that we have control over. This will require a joint effort from both sides (SBC and GT) to consider how the audit requirements can be fulfilled within the limitations of the system reporting.</p> <p>Auditor’s update</p> <p>Our work identified similar issue in 2024/25. Management has confirmed that the recommendation is in progress.</p>

C. Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Auditor's update and Management action
In Progress	<p>Information sent to management expert – Investment property valuation</p> <p>During our testing of the valuation of investment property, we identified that some rent agreements were revised during the year. Management experts were not informed of the change. As a result, the valuation of the impacted investment properties was based on outdated rent information.</p> <p>Prior year recommendation</p> <p>Management should inform valuation experts of any changes to key source data, as this data directly influences the final asset valuation. Sharing updated information with valuation experts ensures the material accuracy of the year-end valuation of these assets</p>	<p>Management response</p> <p>We will continue to review the process around rental agreements to ensure that up to date information is provided at the correct time.</p> <p>Auditor's update</p> <p>Our work identified similar issue in 2024/25. Management has confirmed that the recommendation is in progress.</p>
In Progress	<p>Reconciliation of transaction listings to the accounts</p> <p>As part of our testing, we identified a small number of areas where there was a trivial difference between the transaction listing extracted from the general ledger and the disclosure in the accounts.</p> <p>Prior year recommendation</p> <p>Management should investigate differences between the transaction listing extracted from the general ledger and the disclosure in the accounts when identified, in order to ensure the accuracy and consistency of financial reporting.</p>	<p>Management response</p> <p>Improvements have been made, but this will continue to be an ongoing piece of work whilst we have the current financial management system. We hope to move away from this situation with the implementation of a new financial management system, which will first be used in the production of the 2026/27 accounts.</p> <p>Auditor's update</p> <p>Our work identified similar issue in 2024/25. Management has confirmed that the recommendation is in progress.</p>

D. 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
Note 24 Right of Use assets Peppercorn leases previously classified within land and buildings that should be reclassified to Right-of-Use (ROU) assets on transition to IFRS 16. Amendment made.	Dr Revaluation loss in surplus/deficit - £38k	Dr ROU - £284k Dr Revaluation reserve - £1.397m Cr Land and buildings (PPE) – (£1.72m)	£38k	Nil
Overall impact of current year unadjusted misstatements	£38k	£38k	£38k	Nil

D. Audit adjustments (continued)

Impact of unadjusted misstatements in 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	Reason for not adjusting
<p>Note 24 Disposal of property, plant and Equipment</p> <p>In 2023/24, the Council had identified an item of Property, Plant and Equipment it did not own, requiring its return to Kent County Council.</p> <p>The Council had previously spent £2 million on this asset up to 2022/23. As the Council worked on an asset it did not own, it should have been accounted for as Revenue Expenditure Financed by Capital Under Statute (REFCUS).</p> <p>Upon discovery, the Council chose to account for the above as a disposal for nil consideration within the 2023/24 accounts. The correct approach would have been to restate the 2022/23 position to recognize the expenditure as REFCUS when incurred and restating the Balance Sheet as of 1 April 2022 and the reversal of the incorrect disposal entries in 2023/24.</p> <p>The 2023/24 auditor opinion issued was an 'Except For' Qualification on the accounts in respect of this issue.</p>	Dr – Expenditure (REFCUS) 2,085*	Cr – Assets under construction (2,085)*	Nil	The changes required do not add value to the substance of the accounts. This will incur additional cost and resources that do not represent best value to the taxpayer. There is also a risk of drafting error given the number of changes required in the time available
Overall impact of prior year unadjusted misstatements	£2,085k	(£2,085k)	Nil	Nil

D. Audit adjustments (continued)

Impact of unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund	Reason for not adjusting
Note 28 Investment properties We identified for one sample, the amounts considered in the valuation workbook did not agree with the actual rental agreement, resulting in an extrapolated variance of £128k in the valuation movement	Cr Financing and investment income – (£128k)	Dr Investment properties – £128k	0	0	Not material
Overall impact of current year unadjusted misstatements	Nil	Nil	Nil	Nil	
Cumulative impact of prior year and current unadjusted misstatements on 2024/25 financial statements	Nil	Nil	Nil	Nil	

D. Audit adjustments – misclassification and disclosure

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?
Comprehensive Income and Expenditure Statement	Receipts from long term debtors of £160k shown on the Comprehensive Income and Expenditure Statement as a separate line should be disclosed within the financing and investment income as write down of financing long term debtors. We made a recommendation to improve your disclosure	X
Note 4 – Accounting estimates	Accounting estimates should disclose significant estimation uncertainty and the potential effect if actual results differ from assumptions.	✓
Note 7 – Officer remuneration	Employee count was inconsistent with your supporting records within a couple of bandings	✓
Note 10 Expenditure and Income analysed by nature	Grant income of £544,670 was misclassified to Fees, charges and other income within Note 10.	✓
Note 24 - PPE	An asset with a value of £140k with a useful life of 41 years was misclassified as Vehicles, Plant, and Equipment rather than infrastructure asset. Management propose amending in 2025/26. We made a recommendation to improve your disclosure	X
Note 24 - PPE Right of use assets	Movements in Right-of-Use assets was disclosed on a consolidated basis rather than separately by asset class.	✓
Note 24 – PPE and Right of use assets	Three leases, currently classified under Land and buildings, Community and Infrastructure Assets, should be recognised as Right-of-Use assets totalling £134k. We made a recommendation to improve your disclosure	X

D. Audit adjustments – misclassification and disclosure

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 34 Short Term Creditors	Capital Grant Received in Advance (CGRIA) of £5.2m presented within Note 34 – Short-Term Creditors should also be disclosed separately on the face of the Balance Sheet per Code requirements.	✓
Note 43 - Leases	Total operating lease income was not disclosed in the notes per Code requirements	✓
Revenue from contracts with service recipients	The Code requires disclosure of revenue from contracts and related contract balances in a separate note, however, your contract for garden waste revenue with revenue of £1.1m and contract balances of £427k has not been disclosed separately. We made a recommendation to improve your disclosure	X
General – minor disclosure Issues	Other minor disclosure amendments have been made to the financial statements. None of these amendments are individually or in aggregate significant enough to warrant separate disclosure.	✓

E. Management letter of representation

Grant Thornton UK LLP
8 Finsbury Circus,
London, EC2M 7EA

Dear Grant Thornton UK LLP

Swale Borough Council
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Swale Borough Council ("the Authority") for the for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

E. Management letter of representation (continued)

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include Investment properties valuation, property, plant and equipment valuation, pension liability valuation, and heritage assets valuation. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions
- xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. Equal Pay - we have considered the impact of equal pay claims on our financial statements. We have no knowledge of any material events or circumstances that would require additional disclosures or adjustments to be made to our financial statements related to equal pay.

E. Management letter of representation (continued)

- xiv. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xv. There are no prior period errors to bring to your attention.
- xvi. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements
- xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

E. Management letter of representation (continued)

- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit Committee at its meeting on 15 **October 2025**.

Yours faithfully

Signed on behalf of the Authority

F. Draft audit opinion

We anticipate to issue the Council with a modified audit report (SUBJECT TO AMENDMENT FOLLOWING INTERNAL PANEL)

Independent auditor's report to the members of Swale Borough Council

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of Swale Borough Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement; Collection Fund Income and Expenditure Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, except for the matter described in the basis for qualified opinion section of our report, the financial statements:

give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended;

have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and

have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for qualified opinion

During 2023/24, the Authority identified a prior period error of £2.085 million of Property, Plant and Equipment, which represented capital works completed on behalf of Kent County Council. This expenditure should have been treated as Revenue Expenditure Funded from Capital Under Statute (REFCUS) in accordance with section 4.6 of the CIPFA Code and expensed in the year in which the works were undertaken, instead of being accounted for as PPE. Management had chosen not to adjust the financial statements for the prior period error. Accordingly, the 2024/25 comparatives primary statements impacted are the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement and the Cash Flow Statement and several notes to the financial statements. In addition, were any adjustment to the associated amounts to be required, the narrative report comparatives would also need to be amended.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Resources use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Resources conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

F. Draft audit opinion

In auditing the financial statements, we have concluded that the Director of Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Financial Report, other than the financial statements and our auditor's report thereon. The Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Annual Financial Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

F. Draft audit opinion

Responsibilities of the Authority and the Director of Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Resources. The Director of Resources is responsible for the preparation of the Annual Financial Report, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012) and Local Government Act 1972.
- We enquired of management and the Audit Committee, concerning the Authority's policies and procedures relating to:
 - a) the identification, evaluation and compliance with laws and regulations;
 - b) the detection and response to the risks of fraud; and
 - c) the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to unusual journal entries made during the year which met a range of criteria we set during the course of the audit, and the appropriateness of assumptions applied by management in determining significant accounting estimates, such as the valuation of property plant and equipment and the valuation of the net defined benefit pensions liability.
- Our audit procedures involved:
 - a) evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - b) journal entry testing, with a focus on those journals which impacted on the Authority's financial position for the year;
 - c) challenging assumptions and judgements made by management in its significant accounting estimates in respect of Land and Buildings along with the valuation of net defined pension liability; and
 - d) assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

F. Draft audit opinion

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the risk of management override of controls and risks around journals posted around the reporting date which impact on the Comprehensive Income and Expenditure Statement, and the significant accounting estimates related to the valuation of land and buildings and the valuation of the net defined benefit pensions liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - a) understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - b) knowledge of the local government sector
 - c) understanding of the legal and regulatory requirements specific to the Authority including:
 - i. the provisions of the applicable legislation
 - ii. guidance issued by CIPFA/LASAAC and SOLACE
 - iii. the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - a) the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - b) the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

F. Draft audit opinion

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;

Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and

Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Swale Borough Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Authority's consolidation returns and we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



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