

Audit Committee

11 September 2025

Updated Audit Plan for the Year Ending 31 March 2025

Report from: Phil Watts, Chief Operating Officer

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Summary

This report presents an update to the plan of Medway Council's External auditors, Grant Thornton, for the audit of the Council's Statement of Accounts for the financial year 2024/25.

1. Recommendations

- 1.1. The Committee is recommended to note the updated Audit Plan for 2024/25 including the core fees and those proposed for other audit services.

2. Budget and policy framework

- 2.1. International Standard of Auditing require the audit plan to be communicated to 'those charged with governance'. The Terms of Reference of this Committee include discussions with the external auditor on new accounting standards, changes to the reporting framework and the basis of the annual audit, including the content of performance work.

3. Background

- 3.1. The Indicative Audit Plan for 2024/25 was presented to Audit Committee on 20 March 2025, with the proposal to submit the final audit plan once the majority of risk assessment procedures had been completed.
- 3.2. In accordance with the International Standards on Auditing this report communicates the updated annual audit plan for 2024/25.
- 3.3. The final plan remains largely consistent with that shared with Members in March 2025, but contains the following key changes:
 - 3.3.1. Materiality for the Group and Council's Financial Statements has increased from £8,500,000 and £8,300,000 respectively to £9,200,000 and £9,000,000 respectively.

- 3.3.2. Significant Risk around expenditure, previously communicated as the risk of fraud in operating expenditure and associated creditor balances, which implied that there was a significant risk surrounding all assertions of expenditure (Completeness, Accuracy and Occurrence) and creditors (Completeness, Existence and Accuracy). Grant Thornton have now pinpointed the significant risk to the 'Completeness' assertion only. This means that whilst audit procedures would be formed for all assertions, there will be heightened audit procedures around the completeness of expenditure and associated creditor balances and retitled the significant risk as "The risk that expenditure and associated creditor balances is not complete".
- 3.3.3. The Value for Money - 2024/25 Risk assessment has now been completed.
- 3.3.4. The appendices to the report have now been updated to reflect the latest development in the Local Authority Backstop and Regaining assurance.
- 3.4. The final plan also reiterates the external auditors' approach to:
- Key developments impacting the audit
 - Identified risks,
 - Group audit,
 - Materiality,
 - Information Technology (IT) audit strategy
 - Value for Money arrangements,
 - Logistics,
 - Audit fees and related matters,
 - Independence considerations,
 - Communication of audit matters with those charged with governance, and
 - Delivering audit quality.
- 3.5. The Updated Audit Plan for the year ending 31 March 2025 is attached as Appendix 1 of this report
- 3.6. Grant Thornton has also provided an update on the progress of the 2024/25 Audit at the end of August 2024 which is shown as Appendix 2. It should be noted that this is a snapshot and further updates on the current progress, where appropriate, can be provided verbally by Grant Thornton as part of this report.

4. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Budget Pressure	The budget for audit fees has been set at the level of the scale fee proposed by PSAA; any additional fee charged by Grant Thornton would result in a budget pressure.	<p>It will be necessary to work to identify compensating savings within Business Support and Centralised Services budgets.</p> <p>The Finance & Business Improvement Division will work to ensure that the statements are accurate and supported by high quality working papers to minimise the risk of additional fees being charged.</p>	CIII
Complying with Statutory Deadlines	The audited 2024/25 statements must be published by 27 February 2026.	The finance team has been the subject of right sizing as part of the 2024/25 approved budget to ensure it has the appropriate resources to enable it to meet the statutory deadlines, together with advanced planning including training for both finance staff and budget managers.	CIII

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

5. Financial implications

- 5.1. The PSAA agreed scale fees for 2024/25 are £443,336, but fees for other audit work such as certifications of Teachers Pension, Housing Subsidy and Pooling of Housing Capital Receipts have yet to be provided. Any additional costs over those budgeted for would need to be funded from savings made on existing revenue budgets in Business Support and Centralised Services.

6. Legal implications

- 6.1. There are no direct legal implications to this report.

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Appendices

Appendix 1 - Medway Council Audit Plan – Year ending 31 March 2025.
Appendix 2 - Update on the progress of the 2024/25 Audit (to follow)

Background papers

None.