



Medway Council

Audit Progress Report

Audit Committee: 11 September 2025



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Audit Progress Report

Introduction

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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit Committee can also find useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

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If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress as of August 2025

Financial Statements Audit 2024-25

- In February 2025, we commenced our work on planning the approach to the audit of the Council and Group's 2024-25 financial statements. As part of this, we submitted an indicative audit plan to the Audit Committee meeting in March 2025.
- The plan was indicative in March 2025 as we were in the process of completing our risk assessment procedures. As majority of our risk assessment procedures has been completed, we are now in a position to present the final Audit Plan to the Audit Committee.
- We began the fieldwork stage of the audit for the Council's financial statements for 2024-25 on 1 July 2025, with six members of the audit team (excluding the Engagement Leader and Engagement Manager). Following discussions with management, our aim was to complete the audit testing by the end of September 2025.
- As of the date of drafting this report, we have completed approximately 30% of the planned audit work for 2024-25. The Council has not yet provided all the necessary audit evidence for key areas, including income and expenditure testing and balance sheet items.
- Furthermore, due to unforeseen sickness absences at the Council, some audit areas, such as property, plant, and equipment revaluation testing, have not yet commenced. We outline the progress made to date on various audit areas in the following pages.
- While we will be unable to issue a 'clean' audit opinion for 2024-25, we are seeking to provide the Council and Committee with as much assurance as possible. An assessment of the current audit status indicates that it is unlikely that sufficient audit work will be completed on the 2024-25 in-year transactions and closing balances by the end of September 2025.
- We are in discussion with management of the Council to finalise any outstanding 2024-25 audit work in January 2026 as part of the process of rebuilding assurance.
- The findings from our work will be set out in the Audit Findings Report, and we will aim to give our opinion on the financial statements by February 2026.

Value for Money 2024-25

- Under the 2024 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Trust "has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources."
- Our initial risk assessment builds on our understanding of your arrangements, taking into account any findings from previous work on value for money will be set out in our audit plan against each of the following criteria:
 - 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; and
 - Improving, economy, efficiency and effectiveness: how the body uses information about cost and performance to improve the way it manages and delivers services.
- We have completed our detailed review and assessment, including review of documentation and detailed discussions with key Council staff.
- The findings from our work will be discussed with the Council and the draft outcome of our review will be presented to this Audit Committee in October 2025.

Financial Statements: audit position as of August 2025

As noted above, whilst we will be unable to complete sufficient work to be able to issue a clean audit opinion, we are intending to provide as much assurance as possible as part of the process of rebuilding assurance. As such we have commenced our audit work and set out below is an analysis of the areas of the audit, the position of our work and some notes on the position / findings arising to date.

Work on receipt of financial statements

		Status		Notes
		Planned	Current	
Financial statements	Review of financial statements by Engagement Leader and Engagement manager	●	●	GT have completed the review, and points have been fed back to Medway to address. This is currently in progress with Medway. Medway have provided some initial comments and are working through outstanding areas.
	Detailed technical review of financial statements	●	●	GT have completed the review, and points have been fed back to Medway to address. This is currently in progress with Medway.
	Completion of detailed CIPFA disclosure checklist and verification of casting	●	●	GT have completed the review, and points have been fed back to Medway to address. This is currently in progress with Medway.
	Accounting Policy review	●	●	Audit work on the review of reasonableness of accounting policies is ongoing
Trial Balance	Agreement to the financial statements	●	●	GT have completed on the initial draft statements, to repeat on review of updated statements at end of audit.
	Agreement of opening balances to prior year statements	●	●	GT have carried out initial reviews and raised with management where the figures do not agree to prior years financial statement.
	Journal testing	●	●	Audit work on journals is ongoing. 31 journals remain outstanding with Medway to provide supporting evidence.

Key	Planned status	Current status
●	N/A	No assurance obtained / work has yet to commence
●	N/A	Some information received /work in progress on sample testing / disclosures
●	Incomplete assurance due to backstop disclaimer	Work largely completed (subject to review)
●	All in year assurance obtained, balance audited	All in year assurance obtained planned status achieved

Financial Statements: audit position as of August 2025

Audit area		Testing details		Status		Notes
Statement	Account	Samples	Tested	Planned	Current	
CIES	Income – Fees and charges	29	0	●	●	Initial evidence received and queries raised with Medway on 25 samples
	Income – Council Tax and NNDR	50	25	●	●	Sample testing is in progress. 12 samples remain outstanding with Medway
	Income – Grants and contributions	43	0	●	●	Sample testing is in progress. 17 samples remain outstanding with Medway
	Income – Interest / Investment income	n/a	n/a	●	●	Supporting working paper is being reviewed and audit testing is in progress
	Expenditure – Employee benefit costs	46	0	●	●	Sample testing is in progress. 46 samples remain outstanding with Medway
	Expenditure – Other Service expenses	237	114	●	●	Sample testing is in progress. 30 samples remain outstanding with Medway and queries raised for 76 samples.
	Expenditure – Depreciation, Amortisation	o/s	o/s	●	●	Fixed asset register is being reviewed by GT, and testing is to be completed
	Expenditure – Loss on disposal NCA	8	8	●	●	Testing largely complete and subject to internal reviews
	Expenditure – Interest payments	o/s	o/s	●	●	Supporting working paper is being reviewed and audit testing is in progress
	Expenditure – Housing benefits	9	9	●	●	Testing largely complete and subject to internal reviews
	Surplus/Loss on revaluation of non-current assets	n/a		●	●	To be assessed as part of PPE valuations work, supporting information awaited from Medway. Due to staff sickness at Medway, the work on PPE valuations has not commenced.
	Remeasurement of the defined benefit liability	n/a		●	●	GTs review of pension disclosures is ongoing

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Financial Statements: audit position as of August 2025

Audit area		Testing details		Status		Notes
Statement	Account	Sample	Tested	Planned	Current	
Balance sheet - Assets	Property, Plant & Equipment (Closing balance)	o/s	o/s	●	●	To be assessed as part of PPE valuations work, supporting information awaited from Medway
	Property, Plant & Equipment (Additions)	12	10	●	●	Sample testing largely complete. 1 sample remains outstanding with Medway
	Heritage assets	6	4	●	●	Sample testing largely complete. 2 sample queries remain with Medway
	Investment Property	o/s	o/s	●	●	To be assessed as part of PPE valuations work, data awaited from Medway
	Long-term investments	Confirmations requested		●	●	GT have issued requests and are awaiting responses from the counter parties
	Long-term debtors	3	0	●	●	Initial evidence received, 2 samples queried remain outstanding with Medway
	Long-term assets					
	Short-term investments	Confirmations requested		●	●	GT have issued requests and are awaiting responses from the counter parties
	Assets held for sale	1	0	●	●	Information to be provided by Medway before GT can commence work
	Short-term debtors	58	0	●	●	Information to be provided by Medway before GT can commence work
	Cash & cash equivalents	Confirmations requested		●	●	GT have issued requests and are awaiting responses from the counter parties
	Current assets					

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Financial Statements: audit position as of August 2025

Audit area		Testing details		Status		Notes
Statement	Account	Sample	Tested	Planned	Current	
Balance sheet – Liabilities	Cash and Cash Equivalents (Bank overdraft)	Confirmations requested		●	●	GT have issued requests and are awaiting responses from the counter parties
	Long & Short-term borrowing	Confirmations requested		●	●	GT have issued requests and are awaiting responses from the counter parties
	Long & Short-term creditors	76	4	●	●	Sample testing is in progress. 32 samples remain outstanding with Medway
	Long & Short-term provisions	n/a		●	●	Supporting working paper is being reviewed and audit testing is in progress
	Other long-term liabilities (Leases)	n/a		●	●	Information to be provided by Medway before GT can commence work
	Other long-term liabilities (Pension Liabilities)	n/a		●	●	GTs review of pension disclosures is ongoing
	Liabilities					
CIES – disclosures	Income – Completeness	25	13	●	●	Sample testing is in progress. 7 samples remain outstanding, and 5 samples queried with Medway.
	Expenditure – Completeness	52	19	●	●	Sample testing is in progress. Queries raised with Medway for 33 samples
	Payroll – Senior officer remuneration	16	0	●	●	Sample testing is in progress. Queries raised with Medway for all samples
	Payroll – Exit packages	5	0	●	●	Sample testing is in progress. Supporting data to be provided by Medway

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Financial Statements: audit position as of August 2025

Audit area		Testing details		Status		Notes
Statement	Account	Sample	Tested	Planned	Current	
Other disclosures	Capital commitments (Note 21)	8	4	●	●	Sample testing is in progress. Queries raised with Medway for 4 samples
	Revenue Expenditure Funded from Capital under Statute (Note 29)	10	10	●	●	Sample testing largely completed and subject to internal reviews.
	Leases (Note 30)	n/a		●	●	Information to be provided by Medway before GT can commence work
	Financial instruments (Note 27)	n/a		●	●	Working paper has been received by Medway, and testing is to be completed
	Earmarked, Usable and Unusable reserves (Note 20, 32, 37)	n/a		●	●	Working paper has been received, and testing is in progress
	Capital Expenditure & Capital Financing (Note 29)	n/a		●	●	Working paper has been received, and testing is in progress
	Dedicated school grants (Note 16)	n/a		●	●	Working paper has been received by Medway, and testing is to be completed
	Pooled budgets (Note 12)	n/a		●	●	Working paper has been received, and testing is in progress

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Financial Statements: audit position as of August 2025

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Statement	Account	Sample	Tested	Planned	Current	
Housing Revenue Account	Primary statement	Data provided		●	●	Working paper has been received, and testing is in progress
	Housing Dwelling rents samples	5	0	●	●	Supporting data to be provided by Medway
	Associated disclosure notes	Data provided		●	●	Working paper has been received, and testing is in progress
Collection Fund	Primary statement	Data provided		●	●	Working paper has been received, and testing is in progress
	Associated disclosure notes	Data provided		●	●	Working paper has been received, and testing is in progress
Group	Primary statements	Data provided		●	●	Initial data received, queries raised with Medway for resolution prior to GT review
	Consolidation analysis	Requested information		●	●	Supporting data to be provided by Medway
	Associated disclosure notes	Requested information		●	●	Supporting data to be provided by Medway

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Audit Deliverables

Below are some of the audit deliverables planned for 2024/25

2024/25 Deliverables	Planned Date*	Status
Audit Plan We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2024/25 financial statements.	September 2025	Presented to this committee.
Audit Findings Report The Audit Findings Report will be reported to the Audit Committee.	October 2025	Not yet due
Auditors Report This includes the opinion on your financial statements.	October 2025	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	October 2025	Not yet due

**Some of the stated dates are tentative and subject to discussions with management*



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