



# Medway Council

## Audit Progress Report

Audit Committee: 30 October 2025



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# Introduction

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# Audit Progress Report

# Progress as of September 2025

## Financial Statements Audit 2024-25

- The primary focus at all audited bodies which have previously been backstopped is to gain assurance regarding in year transactions and closing balances for the current audit year. This is the approach we have taken for the audit of Medway Council’s accounts for 2024/25 (the ‘Authority’).
- The agreed plan with management was to finalise all in year transactions and closing balances for the current audit year by the end of September 2025. To date, the audit of the Authority’s financial statement for 2024/25 is largely in progress, and by the end of September 2025, we have completed approximately 45% of the planned audit work.
- We have reached an arrangement with management to pause the 2024/25 audit at the end of September 2025, with the aim of restarting the audit in January 2026. Our focus will be to finalise the testing of the Authority’s in-year income and expenditure transactions, as well as any closing balances and/or disclosures that can be completed before the backstop date of 27 February 2026.
- Given the limited time remaining, the tables on pages 6 to 13 of this report set out the current status of various audit testing areas and our planned approach for January 2026. For the audit team to achieve this plan, management should provide all supporting working papers and/or evidence from now until December 2025. If the audit team does not receive sufficient and appropriate evidences or working papers by the stated date, no subsequent audit work will be performed.
- The findings from our work will be presented in the Audit Findings Report which will be submitted to the Audit Committee in January 2026. We will then aim to issue our opinion on the financial statements by February 2026.
- We recognise that the Authority has received grant funding under a Section 31 Grant Determination to support build-back. The government has set out its expectation that local authorities and audit firms work closely together to enable this build back to happen. We will discuss with the Chief Operating Officer if some of this work can commence at the Authority in January 2026.

Please refer to the key below for pages 6 to 13 of this report:

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 September 2025

As noted above, while we will be unable to complete sufficient work to be able to issue a full audit opinion, we are intending to provide as much assurance as possible as part of the process of rebuilding assurance. The following tables demonstrates the position of the audit as at September 2025, and the planned audit work for January 2026.

## Work on receipt of financial statements

		Status			Notes
		Planned work in March 2025	Current work in September 2025	Planned work for January 2026	Audit comments
Financial statements	Review of financial statements by EL and EM	●	●	Resume audit testing	GT has completed the review, and the points have been fed back to the Council to consider / address. Some of these points have been addressed. We are waiting on the final version from management.
	Detailed technical review of financial statements	●	●	Resume audit testing	GT has completed the review, and points have been fed back to the Council to consider / address. Some of these points have been addressed. We are waiting on the final version from management.
	Completion of detailed CIPFA disclosure checklist and verification of casting	●	●	Resume audit testing	GT has completed the review, and points have been fed back to the Council to consider / address. Some of these points have been addressed. We are waiting on the final version from management.
	Accounting Policy review	●	●	No further testing will be performed	GT has reviewed the accounting policies and provided feedback to management, including recommended changes where applicable. Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on accounting policies in January 2026 as no assurance can be given where we are disclaiming the audit opinion.
Trial Balance	Agreement to the financial statements	●	●	No further testing will be performed	GT has performed a reconciliation of the trial balance to the draft statements. No further audit work will be performed as the planned status has been achieved.
	Agreement of opening balances to prior year statements	●	●	No further testing will be performed	GT has carried out initial reviews and raised with management where the figures do not agree to prior years financial statements. However, given we will be disclaiming the audit opinion, no further audit work will be performed.
	Journal testing	●	●	Resume audit testing	Audit testing is largely complete. GT are waiting on sufficient evidence from management for 2 journals as well as responses to the audit inquiries raised to members of staff who posted journals in the year.  Our audit testing to date has identified control weaknesses around journals in the Authority. We have identified that a very large numbers of employees that are not working in finance related roles can post journals. In addition, temporary work placement employees post journals and when they leave the Authority, their access stays active as the information is not passed on to disable access.

# Financial Statements: audit position as of September 2025

Audit area		Testing details		Status			Notes
Statement	Account	Samples	Tested	Planned work in March 2025	Current work in September 2025	Planned work for January 2026	Audit comments
CIES	Income – Fees and charges	29	6	●	●	Resume audit testing	Sample testing is in progress. 23 samples remain outstanding with the Council. Given the focus on testing income and expenditure transactions for 2024/25, we recommend that management provide the remaining supporting evidence by December 2025.
	Income – Council Tax and NNDR	50	50	●	●	Resume audit testing	GT has sample tested the income from council tax and business rates as per the collection fund statements. This includes the testing of discounts/reliefs applied. The testing is largely complete and subject to internal reviews. Any findings from our work will be reported in the audit findings report.
	Income – Grants and contributions	44	0	●	●	Resume audit testing	Sample testing is in progress. 20 samples remain outstanding with the Council and 9 samples have been queried for further information. 15 samples are with the auditors for processing. We recommend that management provide the remaining supporting evidence by December 2025 for audit testing to resume.
	Income – Interest / Investment income	n/a	n/a	●	●	Resume audit testing	GT will perform the review of the investment income recognised within the accounts. We recommend that management provide the supporting working papers by December 2025 so that audit work can recommence.
	Expenditure – Employee benefit costs	46	0	●	●	Resume audit testing	Sample testing is in progress. 26 samples remain outstanding with the Council. 20 samples are with the auditors for processing. We recommend that management provide the remaining supporting evidence by December 2025 for audit testing to resume.
	Expenditure – Other Service expenses	237	209	●	●	Resume audit testing	Sample testing is in progress. 5 samples remain outstanding with the Council and 19 samples have been queried for further information. We recommend that management provide the remaining supporting evidence by December 2025 for audit testing to resume.
	Expenditure – Depreciation, Amortisation	5	5	●	●	Resume audit testing	GT has sample tested the depreciation on property, plant & equipment charged in the year of audit. This work excludes any depreciation written out as a result of revaluation. The testing is largely complete and subject to internal reviews. Any findings from our work will be reported in the audit findings report.

# Financial Statements: audit position as of September 2025

Audit area		Testing details		Status		Notes	
Statement	Account	Sample	Tested	Planned work in March 2025	Current work in September 2025	Planned work for January 2026	Audit comments
CIES	Expenditure – Loss on disposal NCA	8	8	●	●	Resume audit testing	GT has sample tested the losses made by the Authority on the disposal of property, plant and equipment. The testing is largely complete and subject to internal reviews. Any findings from our work will be reported in the Audit Findings Report.
	Expenditure – Interest payments	o/s	o/s	●	●	Resume audit testing	GT will perform the review of the interest payments recognised within the accounts. We recommend that management provide the supporting working papers by December 2025 so that audit work can recommence.
	Expenditure – Housing benefits	9	9	●	●	Resume audit testing	GT has sample tested the housing benefit payments made by the Authority. The testing is largely complete and subject to internal reviews. Any findings from our work will be reported in the audit findings report.
	Surplus/Loss on revaluation of non-current assets	n/a		●	●	No further testing will be performed	Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on revaluation of non-current assets in January 2026 as no assurance can be given where we are disclaiming the audit opinion.
	Remeasurement of the defined benefit liability	n/a		●	●	No further testing will be performed	GT has tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary. Differences have been noted which have been reported to management for amendment.
Balance sheet - Assets	Property, Plant & Equipment (Closing balance)	o/s	o/s	●	●	No further testing will be performed	Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on revaluation of non-current assets in January 2026 as no assurance can be given where we are disclaiming the audit opinion.
	Property, Plant & Equipment (Additions)	12	10	●	●	No further testing will be performed	GT has sample tested a number of capital expenditure items made by the Authority in 2024/25. Sample testing is largely complete and subject to internal reviews. The audit work performed to date has identified two inconclusive samples items where sufficient evidence was not provided to conclude on the samples. Any findings from our work will be reported in the Audit Findings Report.
	Heritage assets	6	4	●	●	Resume audit testing	GT has sample tested the valuation of heritage assets. Sample testing is largely complete. The audit team are awaiting the supporting documentation for two remaining sample items. We recommend that management provide the supporting evidence by December 2025 so that audit work can recommence.



# Financial Statements: audit position as of September 2025

Audit area		Testing details		Status		Notes	
Statement	Account	Sample	Tested	Planned work in March 2025	Current work in September 2025	Planned work for January 2026	Audit comments
Balance sheet - Assets	Investment Property	o/s	o/s	●	●	No further testing will be performed	Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on investment properties in January 2026 as no assurance can be given where we are disclaiming the audit opinion.
	Short & Long-term investments	Confirmations requested		●	●	No further testing will be performed	GT issued confirmation requests to all entities that the Authority holds investments with. Majority of the responses have been received except for three outstanding confirmation requests. In addition, we are waiting on management responses for testing performed on the completeness of these investments.  Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on treasury investments. However, we will continue to follow up on the confirmation requests sent to third parties prior to the audit backstop deadline.
	Short & Long-term debtors	61	0	●	●	No further testing will be performed	GT had issued 61 samples for testing. 52 samples remain outstanding with the Council and 9 samples have been queried for further information.  Given we have not received sufficient evidence to progress this audit area and the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on debtor's balance in January 2026.
	Assets held for sale	1	0	●	●	Resume audit testing	GT has requested for information on the Authority's asset held for sale. Given this relates to one asset, we recommend that management provide the supporting evidence by December 2025 to allow for audit testing.
	Cash & cash equivalents	Confirmations requested		●	●	Resume audit testing	GT has performed a review of the cash balance recognised within the accounts. The testing is largely complete and subject to internal reviews. As part of our review of the bank reconciling items, we have identified long standing reconciling items dating back to as early as 2020 which have not been resolved. We recommend that management review and resolve bank reconciling items regularly. Further details on the audit findings in this area will be reported in the audit findings report.

# Financial Statements: audit position as of September 2025

Audit area		Testing details		Status			Notes
Statement	Account	Sample	Tested	Planned work in March 2025	Current work in September 2025	Planned work for January 2026	Audit comments
<b>Balance sheet - Liabilities</b>	Cash and Cash Equivalents (Bank overdraft)	Confirmations requested		●	●	Resume audit testing	Please refer to comments on page 9 of this report.
	Long & Short-term borrowing	Confirmations requested		●	●	No further testing will be performed	GT issued confirmation requests to all entities with which the Authority has borrowings. Majority of the responses have been received except for two outstanding confirmation requests. In addition, we are waiting on management responses for testing performed on the borrowings balance.  Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on borrowings. However, we will continue to follow up on the confirmation requests sent to third parties prior to the audit backstop deadline.
	Long & Short-term creditors	76	20	●	●	No further testing will be performed	GT had issued 76 samples for testing. 31 samples remain outstanding with the Council and 25 samples have been queried for further information.  Given we have not received sufficient evidence to progress this audit area and the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on creditors balance in January 2026.
	Long & Short-term provisions	n/a		●	●	No further testing will be performed	Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on provisions in January 2026 as no assurance can be given where we are disclaiming the audit opinion.
	Other long-term liabilities (Leases)	n/a		●	●	No further testing will be performed	We have not been provided with the necessary working papers and information to support the leases balances and disclosures within the accounts.  Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed on leases in January 2026 as no assurance can be given where we are disclaiming the audit opinion.
	Other long-term liabilities (Pension Liabilities)	n/a		●	●	No further testing will be performed	Please refer to comments on page 8 of this report.

# Financial Statements: audit position as of September 2025

Audit area		Testing details		Status		Notes
Statement	Account	Sample	Tested	Planned work in March 2025	Current work in September 2025	Planned work for January 2026
CIES - disclosures	Income - Completeness	25	13	●	●	Resume audit testing
	Expenditure - Completeness	52	40	●	●	Resume audit testing
	Payroll - Senior officer remuneration	16	0	●	●	Resume audit testing
	Payroll - Exit packages	5	0	●	●	Resume audit testing

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# Financial Statements: audit position as of September 2025

Audit area		Testing details		Status		Notes	
Statement	Account	Sample	Tested	Planned work in March 2025	Current work in September 2025	Planned work for January 2026	Audit comments
Other disclosures	Capital commitments (Note 21)	8	6	●	●	Resume audit testing	Sample testing is in progress. 2 samples have been queried for further information. We recommend that management provide the remaining supporting evidence by December 2025 for audit testing to resume.
	Revenue Expenditure Funded from Capital under Statute (REFCUS) (Note 29)	10	10	●	●	Resume audit testing	GT has sample tested REFCUS disclosed in the accounts. The testing is largely complete and subject to internal reviews. Any findings from our work will be reported in the audit findings report.
	Leases (Note 30)	n/a		●	●	No further testing will be performed	Please refer to comments on page 10 of this report.
	Financial instruments (Note 27)	n/a		●	●	No further testing will be performed	Given we have not finalised audit testing on some of the balances that feed into financial instruments note (i.e. creditors, debtors, investments & borrowings), no further audit work will be performed on the disclosure note in January 2026.
	Earmarked, Usable and Unusable reserves (Note 20, 32, 37)	n/a		●	●	No further testing will be performed	Management have highlighted some inconsistencies in the reserves note. This should be reviewed and resolved before audit work can recommence. Given the planned focus on testing income and expenditure transactions for 2024/25, no further audit work will be performed until in January 2026, until the above matter is resolved.
	Capital Expenditure & Capital Financing (Note 29)	n/a		●	●	Resume audit testing	Audit testing will recommence in January 2026.
	Dedicated school grants (Note 16)	n/a		●	●	Resume audit testing	Audit testing will recommence in January 2026.
	Pooled budgets (Note 12)	n/a		●	●	Resume audit testing	Audit testing will recommence in January 2026.

# Financial Statements: audit position as of September 2025

Audit area		Testing details		Status			Notes
Statement	Account	Sample	Tested	Planned work in March 2025	Current work in September 2025	Planned work for January 2026	Audit comments
Housing Revenue Account	Primary statement	Data provided		●	●	Resume audit testing	Audit testing will recommence in January 2026.
	Housing Dwelling rents samples	5	0	●	●	Resume audit testing	Audit testing will recommence in January 2026.
	Associated disclosure notes	Data provided		●	●	Resume audit testing	Audit testing will recommence in January 2026.
Collection Fund	Primary statement	Data provided		●	●	Resume audit testing	Audit testing will recommence in January 2026.
	Associated disclosure notes	Data provided		●	●	Resume audit testing	Audit testing will recommence in January 2026.
Group	Primary statements	Data provided		●	●	No further testing will be performed	Management has not provided the consolidation schedules to support the group accounts. Without this key document, we are unable to fully audit the balances and disclosures within the group accounts. Notwithstanding, we have performed a high-level review of the group accounts and raised questions for management consideration and highlighted where obvious changes are required in the disclosures.
	Consolidation analysis	Requested information		●	●	No further testing will be performed	
	Associated disclosure notes	Requested information		●	●	No further testing will be performed	Given the planned focus on testing the Authority’s income and expenditure transactions for 2024/25, no further audit work will be performed on group accounts.

# Audit Deliverables

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

2024/25 Deliverables	Planned Date	Status
<b>Audit Plan</b> 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	Complete
<b>Audit Findings Report</b> The Audit Findings Report will be reported to the Audit Committee.	January 2026	Not yet due
<b>Auditors Report</b> This includes the opinion on your financial statements.	January 2026	Not yet due
<b>Auditor’s Annual Report</b> This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	January 2026	Not yet due



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