Grant Thornton

The Audit Plan for Slough Borough Council

Year ending 31 March 2026

April 2026

Contents

The Backstop

The Future of 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 require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support 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.

Local Audit Recovery

In the audit report for the year ended 31 March 2025, a disclaimer of opinion was issued due to the backstop. Disclaimer opinions were also issued for the preceding 6 years. As a result, we anticipate that for 2025/26:

- we will have no assurance over the opening balances for 2025/26; and
- no assurance over the closing reserves balance, due to the uncertainty over their opening amount.

We will work with the Council to rebuild assurance over time.

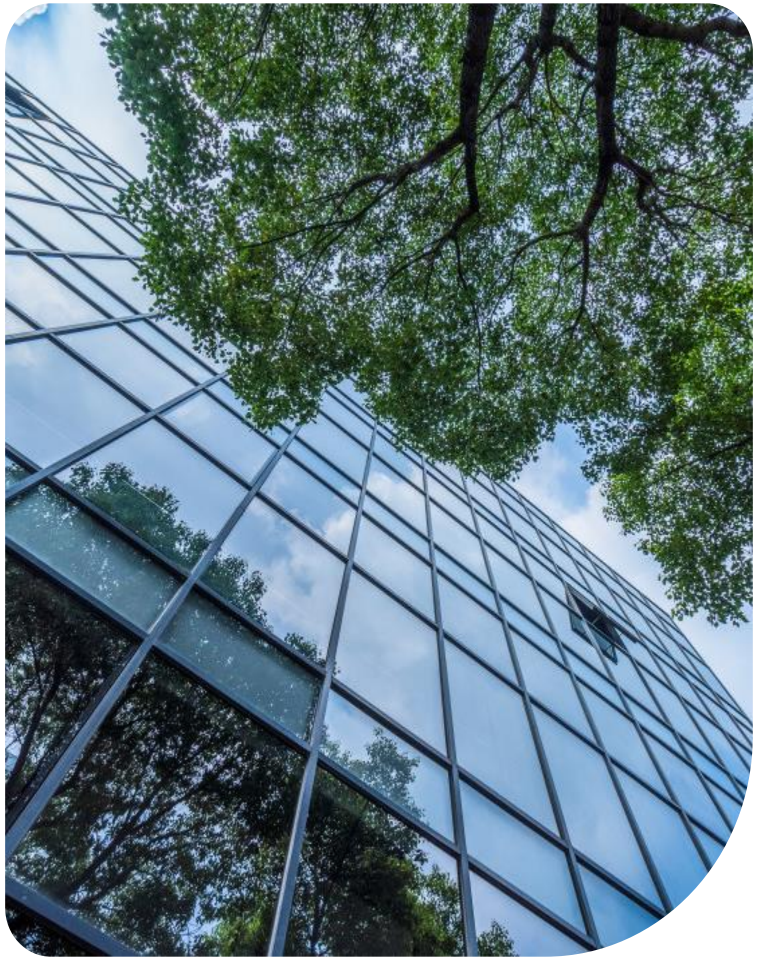
Our Work

In order to meet future statutory deadlines, for 2025/26 we will be working towards an internal deadline of 30 November 2026, as a dry run for future years. Our initial focus for the audit will be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration disclosures; and closing balances for 2025/26.

Our objective is to establish a pathway to recovery, by providing assurance over the in-year 2025/26 transactions and movements, where possible, and those closing balances which can be wholly determined in isolation without regard to the opening balance, such as creditors and debtors.

As our work progresses, we will formulate a more detailed strategy as to how assurance can be gained on prior years, however we recognise that will be a significant challenge for Slough Borough Council and therefore alternative measures may be required. We will need the cooperation and input of management throughout the audit and rebuilding process.

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Slough Borough Council ('the Council') and Group for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Slough Borough Council. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's and Group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Corporate Governance Committee); and we consider whether there are sufficient arrangements in place at the Council and Group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit and Corporate Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council [and Group] and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control;
- Expenditure recognition within the Group Accounts;
- Valuation of land and buildings, council dwellings, and investment properties;
- Valuation of the net defined benefit liability;
- Cash balance and reconciliation process;
- Capital Financing and Expenditure - Minimum revenue provision; and
- Group accounts consolidation process; and

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £5.9m (PY £6.1m) for the Council, which equates to 1.3% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

As part of our risk assessment, we have considered the impact of issues identified in previous years.

Performance materiality as a whole remains at 50% of materiality. This is in line with the prior year.

Clearly trivial has been set at £0.3m (PY £0.31m).

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of its subsidiary companies.

Group planning materiality has been set at £6.2m (PY £6.2m). For the Group clearly trivial has been set at £0.31m (PY £0.31m).

Value for Money arrangements

Our previous report, covering 2024/25, reported that a number of significant weaknesses remained outstanding from prior reports alongside a number of the statutory recommendations.

As a result of our review of progress and actions to address the significant weaknesses identified in previous reports, we consider there remains a risk of significant weakness for 2025/26. The VFM section of this report on page 23 provides more detail on these risks and our proposed response.

We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report.

Audit logistics

Our planning visit took place in March 2026 and our final visit will take place from 1 April 2026 through to 30 November 2026. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £560,547 (PY: £366,565) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested. This does not include any fee for rebuilding assurance for those years which have been previously disclaimed.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team's assessment	Planned audit procedures
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. **Risk relates to** Council and Group	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: • review accounting estimates, judgements and decisions made by management; • test journal entries; and • review unusual significant transactions.

"In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK)." (ISA (UK) 315).

In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue **Risk relates to** Council and Group	Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including the Council, mean that all forms of fraud are seen as unacceptable. We therefore do not consider this to be a significant risk for Slough Borough Council. The consolidated revenue relating to the subsidiaries is expected to be immaterial for James Elliman Homes Ltd and therefore is not considered to be a significant risk. The income within Slough Children First (SCF) is expected to be material however income is from the Council and therefore the risk of fraudulent misreporting is low. We will consider the completeness of revenue as part of our group consolidation procedures.	As this risk has been rebutted, we do not consider this to be a significant risk for the Group and Council. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate. The income from the Council to SCF will be tested as part of our group audit procedures. The income will also be consolidated out as part of preparing the Group financial statements, as it will be matched by expenditure with the Council's financial statements.

Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure. **Risk relates to** Group	We have identified and completed a risk assessment of all expenditure streams for the Council and Group. We have considered the risk that expenditure may be misstated due to the improper recognition of revenue for all expenditure streams and concluded that there is not a significant risk, Where we have not identified a significant risk of fraud in expenditure recognition for expenditure streams this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively. The consolidated expenditure relating to the subsidiaries is expected to be immaterial for James Elliman Homes Ltd and therefore is not considered to be a significant risk. The expenditure within Slough Children First (SCF) is expected to be material and we have therefore not rebutted this risk. We will consider the completeness of expenditure as part of our group consolidation procedures.	To address this risk we will: • evaluate the Council's and Group's accounting policy for recognition of expenditure for appropriateness and compliance with the Code; • update our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls; • agree on a sample basis relevant expenditure and year end payables and accruals to invoices or other supporting evidence; • carry out testing on sample basis of invoices received in the period prior to and following 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Table continues overleaf

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of land and buildings - High estimation uncertainty arising from valuation of other land and building assets. **Risk relates to** Council and Group	The Council revalues its land and buildings on a rolling basis of not less than every five years to ensure that the carrying value is not materially different to the current value at the financial statements date. This valuation represents a significant financial statements estimate made by management due to the size of the balances involved and the sensitivity of this estimate to changes in key assumptions. The Council consolidates material land and buildings into the Group accounts from James Elliman Homes Ltd Limited.	As part of our audit procedures we will: • document our understanding management's process and controls for the calculation of the estimate; • evaluate the competence, capabilities and objectivity of management's expert; • evaluate the consistency of the disclosure with the valuation report; • evaluate the basis on which the valuations have been carried out, including those consolidated into the Group Financial Statements; • consider the appropriateness of the accounting for group land and buildings; • evaluate the information and assumptions used by the valuer; • evaluate the accounting entries for the valuation; • evaluate the reasonableness of the assumptions used to form the estimate, including the use of indexation and how the Council has identified appropriate indexes to use in the application of CIPFA Bulletin 22; and • test a sample of assets to ensure that they have been accounted for correctly and the correct valuations have been applied. As part of our detailed planning, we will use an auditor's expert to assist in the audit of the valuation to undertake a high-level assessment of the Council's processes engaging with the valuer. This will provide the Council with feedback on the processes they have in place for reporting accurate balances.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Council Dwellings - High estimation uncertainty arising from valuation of Council dwellings assets. **Risk relates to** Council	The Council revalues its Council dwellings on a rolling basis of not less than every five years to ensure that the carrying value is not materially different to the current value at the financial statements date, using the Beacon methodology. This valuation represents a significant financial statements estimate made by management due to the size of the balances involved and the sensitivity of this estimate to changes in key assumptions.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test revaluations made during the year to see if they had been input correctly into the asset register; • engage an auditors' expert to undertake procedures to confirm that the Council Dwellings balance has been included in the financial statements at an appropriate valuation; and • test a sample of Beacon valuations to relevant comparators, including appropriateness of indexes used; and • test a sample of assets allocated to Beacons to ensure they have been appropriately allocated.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Investment Properties - High estimation uncertainty arising from valuation of investment property assets. **Risk relates to** Council	The Council revalues its investment properties on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date (31 March 2026). This valuation represents a significant financial statements estimate by management due to the size of the balances involved and the sensitivity of this estimate to changes in key assumptions.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • write to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • test revaluations made during the year to see if they had been input correctly into the asset register; • engage an auditors' expert to undertake procedures to confirm that the Council's investment property balance has been included in the financial statements at an appropriate valuation; and • test a sample of assets to ensure that they have been accounted for correctly and the correct valuations have been applied.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund liability - High estimation uncertainty arising from valuation of pension liabilities. **Risk relates to** Council	The valuation of the pension fund net liability represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.	We will: • update our understanding of the processes and controls put in place by management to ensure that the pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test 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; • consider the applicability of IFRIC14 and assess as required; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Berkshire 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.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Cash balance and reconciliation process **Risk relates to** Council	Cash and cash equivalents play a fundamental role in ensuring the integrity of the financial reporting process by generally completing the double entry for the majority of transactions, except for those involving accruals. This increases the risk of misstatement in cash balances due to fraud or error, potentially impacting the integrity and reliability of the financial statements.	The last completed audit for (2018/19) identified significant deficiencies in the reconciliation of cash balances, resulting in material unreconciled cash balances impacting the Council's financial position. The Council has encountered issues due to changes in feeder systems to the general ledger, which were not properly coordinated with updates to the cash matching and reconciliation processes. In addition, the use of inconsistent ledger coding for cash balances has resulted in confusion over the actual GL codes that require regular reconciliation. This led to potential duplication of perceived income receivable and other reconciliation problems, resulting in significant balances accumulating in suspense and control accounts. The Council's records indicated over £20 million in unmatched transactions, and further investigations were being conducted by PwC. The results of this work may have an impact on the financial statements, including amounts within the accounts receivable and the Comprehensive Income and Expenditure accounts. Based on this assessment, cash and cash equivalents have been identified as a significant risk area, particularly concerning the impact of unreconciled transactions.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Minimum revenue provision **Risk relates to** Council	The Council is responsible for annually determining the Minimum Revenue Provision (MRP) for debt repayment, as mandated by regulations and statutory guidance. MRP must be charged for borrowing related to asset acquisitions held in the General Fund (GF). The Housing Revenue Account (HRA), being self-financing, requires an annual charge to the Major Repairs Reserve instead of MRP, thus no MRP is needed for HRA. MRP requirements do apply to investment properties that have been partially or fully funded through increased borrowing or credit arrangements.	The last completed audit for (2018/19) identified that the Council's Minimum Revenue Provision (MRP) charge had been understated for multiple years, resulting in a material misstatement of the related usable and unusable reserve balances. Following the issues reported in the last completed audit for (2018/19) concerning the accounting for capital transactions, deficiencies in the Council's fixed asset register, and the pervasive impact of incomplete records affecting the calculation of the MRP charge, there is a risk of misstatement in the disclosure of MRP as calculated and reported by management. The capitalisation direction allows councils to classify certain items of revenue expenditure as capital expenditure, which can then be financed using capital resources such as usable capital receipts. This increases the complexity of determining and calculating the required MRP charge for the year. In view of the issue identified in the last completed audit for, alongside both the period of time that has elapsed and the significant capitalisation directions the council has, there is considered to be a significant risk of material misstatement regarding the required disclosures and the amounts involved.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Group account consolidation process **Risk relates to** Council	The Council has consolidated the accounts and balances of significant subsidiaries and a joint venture with a 50:50 equity sharing stake. The consolidation and the controls in place at these subsidiaries are significantly affected by control weaknesses identified for the Council in the last completed audit for (2018/19). The Council has four subsidiary companies. James Elliman Homes Limited and Slough Children First Limited are consolidated into the Group Accounts on a line-by-line basis. Ground Rent Estates 5 Limited and Slough Urban Renewal Limited are not consolidated on the grounds of materiality. 2025/26 will be the first year (since 2018/19) in which consolidated statements are audited. We have therefore identified the group consolidation as a significant risk for 2025/26 financial year. In addition, the last completed audit for (2018/19) identified issues with the consolidation schedules of subsidiary accounts and the number of subsidiaries involved, leading to an assessment that the Group's consolidation and the balances constituting the group accounts as reported by the Council are susceptible to a risk of material misstatement. Material issues identified included the over-accrual of anticipated profits related to the Council's interest in subsidiaries and the improper accounting of a loan granted to a subsidiary as an equity investment instead of a soft loan. These issues increase the risk of improper accounting of transactions and balances at the group level. Additionally, the risk of omission of material group transactions has been assessed due to the lack of an audit trail and control weaknesses in the documentation of transactions within the Council. Therefore, the consolidation of the balances and transactions of the subsidiaries is determined to be susceptible to the risk of material misstatement due to the aforementioned issues.	We will: • gain an understanding of the processes and controls used by the Council to produce the group consolidation; • evaluate the accounting policies for the group, and the application of the group accounting policies to consolidated balances prepared under a different accounting framework (FRS 102); • review the basis of valuation of assets included in the group consolidation; • test the accuracy and completeness of the consolidation adjustments; and • where applicable review the work of the component auditors of the subsidiary companies to understand any material impact on the consolidated entity. Where this is not possible, we will undertake substantive testing on material company transactions.

Other risks identified

Other risks are, in the auditor's judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Application for Exceptional Financial Support (EFS) **Risk relates to** Council	The Council has applied for EFS from the Ministry of Housing, Communities, and Local Government (MHCLG)	• We will evaluate the council's accounting treatment and ensure that the Capitalisation Direction has been issued in writing by the Secretary of State.
DSG Deficit Support Grant **Risk relates to** Council	The Government has announced funding to cover 90% of historic deficits accrued up to March 2026 for Councils that secure approval of a local SEND reform plan and the Council would be responsible for meeting the remaining 10% of this deficit.	• We will evaluate the council's recognition of the Grant Income for appropriateness and compliance with the Code and conditions of the Grant. • This will also be considered as part of our VFM work.

"The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated."

(ISA (UK) 315)

Other risks identified (continued)

Risk	Description	Planned audit procedures
Transition to IFRS 16 - IFRS 16 Leases is now mandatory for all Local Government (LG) bodies from 1 April 2024. **Risk relates to** Council	Due to delays in receiving the financial statements, no work on IFRS16 implementation as part of the 2024/25 financial statements audit, including PFI. We have therefore continued to identify an 'other risk' in relation to the identification and classification of leases under IFRS 16. This remains a significant change in accounting compared to the last set of fully audited accounts. The Council have previously faced challenges producing up to date financial statements, and issues have been reported on the control environment. Our work will focus on the procedures in place to ensure the completeness of the disclosures and the valuation of the right of use asset and lease liabilities.	We will: • gain an understanding of the processes and controls used by the Council in respect of IFRS 16 implementation; • review accounting policies and disclosures for appropriateness; • assess assumptions made by management on judgements such as low value underlying assets and practical expedients, and any impacts this will have on capital financing requirement; • document the process followed to capture all data for leases and PFIs, including the identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate; • sample test leases to ensure these have been input into lease schedules and the financial statements correctly; and • review the updated PFI models.
Compliance with the Procurement Act 2023 and its associated updated Procurement Regulations that went live on the 24 February 2025. **Risk relates to** Council	The UK enforced a new corporate criminal offence under the Economic Crime and Corporate Transparency Act (ECCTA): failure to prevent fraud. This legislation introduced new strict liability offence of failing to prevent fraud for large organisations, which includes most local authorities, if an associated person (e.g. employee, agent, subsidiary) commits fraud intending to benefit the organisation or any person who the associate provides services to on behalf of the organisation. Internal Audit have reported on this to A&G in Sept 2025 setting out areas of focus for the Council.	As part of our Audit work in 2025/26, we propose to use our Value for Money specialists to undertake work in the area of procurement by reviewing the Council's governance arrangements, policies and procedures following the implementation of the Procurement Act 2023 and its associated updated Procurement Regulations that went live on the 24 February 2025. Within this context we will also consider the implementation of reasonable fraud prevention procedures from the 1 September 2025 to meet the requirements of the Economic Crime and Corporate Transparency Act 2023 with respect to fraud risks in council procurement.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
  - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
  - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)
  - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
  - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description	Planned audit procedures
Determination We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements	We determine planning materiality in order to: • establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements • assist in establishing the scope of our audit engagement and audit tests • determine sample sizes and • assist in evaluating the effect of known and likely misstatements in the financial statements.
Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements	An item may be considered to be material by nature when it relates to instances where greater precision is required.
Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£m)	Qualitative factors considered
Materiality for the Group financial statements	6.2	1.3% of the Group's 2024/25 gross expenditure
Materiality for the Council's financial statements	5.9	1.3% of the Council's 2024/25 gross expenditure (capped at 95% of group materiality)
Materiality for specific transactions, balances or disclosures	0.02	A lower level of materiality was determined for the Senior Officer Remuneration disclosures in the single entity accounts. We have set materiality at £20,000 per individual officer. This note is an element of the accounts which is of genuine interest to the user of the accounts, with salaries of senior officers sometimes the subject of adverse publicity. The area requiring judgement is what level of error within the disclosures made would result in us qualifying our opinion – and therefore what level of materiality should drive the testing.

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior year audit recommendations

As part of the 2018/19 audit, we raised 18 recommendations. These were set out in our 2024/25 Audit Plan and have been recreated as appendix to this plan. As the audit was backstopped in 2024/25 a review of progress against these recommendations has not been completed.

We will consider all recommendations as part of our 2025/26 audit and will report progress in our 2025/26 Audit Findings Report.

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Agresso (Unit 4 Business World)	Financial reporting & Payroll	• ITGC assessment (design, implementation and operating effectiveness) • In July 2025 the Council moved from QTC cloud provider to Unit 4 in terms of hosting services. As part of our IT work, we will review the processes and controls for this change in hosting arrangements.
Revenue - Civica	Revenue	• ITGC assessment (design, implementation and operating effectiveness)

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Initial Risk assessment of the Council's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria		2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	R	We concluded that three significant weaknesses identified in prior year reports remain of critical importance in 2024/25, relating to the Council's medium-term financial viability, levels of reserves and development of plans to reconfigure the Council to achieve financial sustainability. One Statutory and three Key recommendations retained.	No new risks of significant weaknesses in arrangements were noted as part of our initial risk assessment. The following recommendations raised in prior years remain relevant: • The Council should take urgent action to address its low levels of unearmarked and earmarked revenue reserves (statutory recommendation); • Officers and members should continue to work together to deliver financial sustainability in the medium term (key recommendation); • The Council must review the basis of the Asset Disposal Programme to ensure that is based on robust, appropriate and reasonable assumptions. The Council should ensure transparency in its reporting around the impact of underperformance in asset disposals, budget delivery and savings targets on its day-to-day liquidity position (key recommendation); and • The Council must devise a transformation programme which is supported by adequate and defined funding which has the ultimate goal of the Council exiting intervention and securing its best value duty (key recommendation).	In addition to completing the procedures required under the Code we will follow up on implementation of the prior year recommendation.

G	No significant weaknesses or improvement recommendations.
A	No significant weaknesses, improvement recommendation(s) made.
R	Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements (continued)

Criteria		2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	R	We conclude four overarching significant weaknesses in governance arrangements, including the Council's preparation of financial statements, governance of its subsidiaries, senior leadership capacity and internal audit. These weaknesses are addressed by two retained Statutory recommendations, three retained Key recommendations and one new Key recommendation. Four previous Statutory recommendations and one key recommendation are now closed.	No new risks of significant weaknesses in arrangements were noted as part of our initial risk assessment. The following recommendations raised in prior years remain relevant: • The Council should ensure it has a fully-resourced Internal Audit function (key recommendation); • The Council should develop a comprehensive project plan for the preparation of [its] accounts (statutory recommendation); • The Council and Commissioners should aim to maintain the permanence of the senior leadership team (key recommendation); • The Council should review and implement effective financial governance and monitoring arrangements for its group relationships (statutory recommendation); • The Council should ensure it effectively manages Slough Children First Ltd (SCF) (key recommendation); and • The Council should ensure it effectively manages all its subsidiaries and winds up those subsidiaries which are not delivering value (key recommendation).	In addition to completing the procedures required under the Code we will follow up on implementation of the prior year recommendation.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 risk-based procedures planned
Improving economy, efficiency and effectiveness	R	We conclude four overarching significant weaknesses in arrangements to improve economy, efficiency and effectiveness, covering the Council's data quality and analysis, arrangements to evaluate and improve key services, arrangements to deliver its contribution to key partnerships, and its procurement, contract management and commissioning arrangements. These are addressed by five Key recommendations.	One new risk of significant weaknesses in arrangements was noted as part of our initial risk assessment. This relates to the Council's ability to ensure significant progress delivering the improvement plan. This is indicative of a lack of corporate grip by senior leadership (political and management) which has been impacted by the high level of turnover at senior management level. The following recommendations raised in prior years remain relevant: • The Council needs to improve data quality and foster a positive culture and capacity around data quality to support robust service planning and reporting, based on high-quality data, including benchmarking (key recommendation); • The Council should develop a plan to strengthen the performance of its housing service, to meet the requirements of the Regulator of Social Housing's (RSH's) Standards (key recommendation); • The Council should develop a plan to strengthen its leadership, oversight and contribution through partnership working in relation to the Slough Youth Justice Service, to drive the significant improvement in quality expected by HM Inspectorate of Probation and ensure the improvement required by the Council is reflected in its AGS (key recommendation); • The Council should make all the necessary steps to continue to work with the Department for Education to improve performance in children's services and SEND (key recommendation); and • The Council should significantly strengthen its arrangements to oversee procurement and deliver value for money from when it procures and commissions services (key recommendation).	In relation to the new risk identified we will: • Identify and evaluate SLT-led arrangements for driving through and maintaining improvement; and • Identify and evaluate the amount and impact of turnover in the SLT. In addition, we will complete the procedures required under the Code and we will follow up on implementation of the prior year recommendation.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations

Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council.
We have defined these recommendations as 'key recommendations'.

Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

Logistics

The audit timeline

Key Dates

Year end: 31 March 2026

Audit and Corporate Governance Committee :

22 July 2026

Close out:

WC 2 November 2026

Audit and Corporate Governance Committee :

November 2026

Sign off:

30 November 2026

Audit phases:

Planning/ Interim – 5 weeks

w/c 9 February 2026

Final – 17 weeks

1 July 2026

Completion – 1 week

w/c 9 November 2026

Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and the Audit and Corporate Governance Committee
- Issue the Audit Plan to management and the Audit and Corporate Governance Committee
- Planning meeting with the Audit and Corporate Governance Committee to discuss the Audit Plan

Key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Any planned early/additional testing.

Key elements

- Audit teams onsite/remote to complete fieldwork and detailed testing
- Audit of the financial statements
- Weekly update meetings with management
- Technical review of financial statements

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to the Audit and Corporate Governance Committee
- Audit Findings presentation to the Audit and Corporate Governance Committee Auditor's Annual Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Barrie Morris

Engagement Lead/
Key Audit Partner

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

Andrew Davies

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Ebenezer Adon-Mensah

Assistant Manager

- Audit team management
- Day-to-day point of contact
- Audit fieldwork

The audit team will utilise technical specialists for VfM, IT Audit and land and buildings valuations.

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• Audit Plan • Audit Findings • Auditor's Annual Report	• Audit planning meetings • Audit Liaison meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Previous year

In 2024/25 the scale fee set by PSAA was £510,825. The actual fee charged for the audit was £366,565 (subject to PSAA approval) as there were large parts of the audit that were not completed.

As the audit reports from the 2024/25 (and 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24) audits were disclaimed due to the imposition of a backstop date, we will need to undertake further audit work, in due course, in respect of opening balances. We will discuss the practical implications of this with you and the associated additional fee. However, for 2025-26, our focus will be gaining assurance over the in-year transactions and closing balances not impacted by limitations on prior year balances.

	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Council Audit	510,825	540,547
Use of auditor expert (Property Valuations) – estimated	-	10,000
IFRS16 Review - estimated	-	10,000
Reduction to reflect work completed	(144,260)	
Total (Exc. VAT)	**366,565**	**560,547**

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £540,547.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here Fee Variations Overview – PSAA

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

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).

We are also required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence.

In this context, we confirm there are no matters that we are required to report. We also confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard.

As part of our assessment of our independence at planning 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.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The table below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to 30 March 2026 as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The non-audit services below are consistent with the Council's policy on the allotment of non-audit work to your auditor. None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Slough 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 as set out below.

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Teachers' Pensions Return for years 2020/21, 2021/22 and 2022/23 - £10,000 for each year – This work is complete and was billed in October 2025	£30,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £30,000 in comparison to the scale fee for the audit of £540,547 and 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.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat, we have assessed the materiality of the amounts involved to our opinion and the unlikelihood of material errors arising. Further, the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management	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.

This covers all services provided by us and our network to the Group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

Fees and non-audit services (continued)

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Housing Benefits Claim (2021/22 and 2022/23) – the estimated for each year is £100,000 (this estimate includes the base fee plus anticipated additional testing requirements). We have also recently been engaged to complete the 2023/24 and 2024/25 certification work. We will confirm the fees for this work within our Audit Findings report.	£200,000 (est)	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the estimated fee for this work is estimated to be £200,000 in comparison to the total scale fee for the statutory audit of £540,547 and, in particular, relative to Grant Thornton UK LLP's turnover overall. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat, we have assessed the materiality of the amounts involved to our opinion and the unlikelihood of material errors arising. Further, the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management	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.
Total non audit fees	**£230,000**		

Total audit and non-audit fee

Audit fee: £560,547	Non-Audit fee: £230,000

This covers all services provided by us and our network to the Group, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence.

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 and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●

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 Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

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.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
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		●

Escalation Policy

The Backstop

The Ministry of Housing, Communities and Local Government has introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Council's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

- If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity’s financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for 2026/27.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of ‘Operating profit or loss’ subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from 2027/28.

Group audit scope and risk assessment

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Slough Borough Council	Yes	Audit of the entire financial information of the component	Group auditor	• Risks are set out on pages 6-17 of this Audit Plan.	Grant Thornton UK LLP
James Elliman Homes Ltd	Yes	Specific audit procedures	Group auditor	• Weaknesses in cash reconciliation process; • Risks around completeness and accuracy of company transactions, given previous weaknesses identified in the separate recording of company transaction from those of the Council; and • Valuation of land & buildings and investment property.	Grant Thornton UK LLP
Slough Children First Ltd	Yes	Specific audit procedures	Group auditor	• Weaknesses in cash reconciliation process; • Valuation of net defined benefit pension liability, and • Valuation of Payables, and completeness of expenditure.	Grant Thornton UK LLP

Group audit scope and risk assessment (continued)

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Key changes within the group

- No significant changes have been noted in relation to the group. As part of or audit procedures we will assess the group boundary and the validity of the judgements to exclude bodies on the grounds of materiality.

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

Involvement in the work of component auditors

Based on our current understanding, and discussions with management, we are not planning to use the work of a component auditor as part of our group procedures. It is believed that undertaking the required testing directly will be more efficient and timely.

We will keep this approach under review. If it is not possible to complete this work directly then we consider the following matters:

- In order to use the work of the component auditor, we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in the work of the component auditor will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the component auditor’s audit documentation and meeting with appropriate members of management.
- We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.
- If we are unable to secure access to the component auditor’s working papers we will report the impact of such impediments on the audit of the group financial statements.

Progress against prior year recommendations

We identified the following issues in our 2018/19 audit of the Council's financial statements, which resulted in 18 recommendations being reported in our 2018/19 Audit Findings Report. The below recommendations remain in progress and will be followed up during the 2025/26 audit.

Assessment	Issue and risk previously communicated	Latest update from 2024/25 planning to address the issue(s)
In progress	Our review of the journal control environment and subsequent testing of a sample of journals identified a number of issues: inadequate record keeping or lack of adequate explanation of journals. There is an elevated risk of financial misreporting or fraud using journals due to inadequate controls over journal entries.	• All journals are processed via workflow, with clear segregation between inputters & authorisers. • Access controls are being strengthened by removing the input access role from all current users in March 2023 in advance of Year-End and only granting access to approved users. • Agresso has the functionality to upload evidence into the system for journals that are input into the system via manual entry. • It is not possible to upload evidence for journals uploaded via a batch upload. • In the meantime, all evidence for journals processed via batch input are being saved in a designated folder, with periodic reviews and reconciliations carried out to ensure all journals have been evidenced. • As this is a completely new way of working for the Council, it is likely to take some time to embed into the culture of the organisation. We will assess these controls during our 2025/26 audit procedures.
In progress	Agreed savings are not supported by robust savings plans and as such are at risk of not delivering as anticipated.	• For the 2023/24 budget, all savings are now fully supported by robust plans and business cases, which have been subject to significant levels of scrutiny during the year but most intensively during December 2022 and January 2023. • Key budget issues, risks and savings proposals were presented at the meetings f each Scrutiny Panel by Lead Members, Executive Directors and other senior officers. • The Overview & Scrutiny Committee agreed to Key Lines of Inquiry for budget scrutiny in July 2022, and councillors on scrutiny received training on local government finance before scrutiny of the savings proposals commenced. • Before considering each savings proposal, the Committee/Panels were presented with an overview of the Council's financial position, and the Members agreed with the overall savings target in line with the Corporate Plan objective for the council to 'live within its means'. We will assess these controls during our 2025/26 audit procedures.

Progress against prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Latest update from 2024/25 planning to address the issue(s)
In progress	• The governance arrangements could be improved by developing the AGS and introducing: • assessment of the effectiveness of the framework, it should be more than a description of what is in place • how the Council is defining outcomes in terms of sustainable economic, social and environmental benefits. • an action plan, that brings together and addresses all the significant issues faced by the Council • a formal mechanism that monitors and assesses the progress of the issues and recommendations raised in the AGS throughout the year.	We will assess the Councils AGS controls during our 2025/26 audit procedures.
In progress	• To facilitate a smooth and efficient group accounts preparation, the Council should work with its group entities to align all accounting year ends to 31 March.	We will assess the Councils processes for producing accurate Group accounts as part of our 2025/26 audit procedures.
In progress	• Effective contract management arrangements are not in place to effectively manage statutory services that are delivered by third parties.	• An ongoing programme of improvements for all companies took place during 2022/23 with 6 companies being closed. • The remaining companies are subject to a review and series of changes in FY 23/24, including further development of the contract management arrangements and improvements to governance arrangements. We will assess these controls during our 2025/26 audit procedures.

Progress against prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Latest update from 2024/25 planning to address the issue(s)
In progress	• Effective governance arrangements are not in place to effectively manage statutory services that are delivered by third parties.	• The new structure includes a new procurement and contract management team. • Appointments have been made to the Head of Commercial and other posts but vacancies remain. • An internal audit review of the procurement function is being planned for the first quarter of 2023/24 now a new team is in place. We will assess these controls during our 2025/26 audit procedures.
In progress	• Insufficient audit trail to support the movements in the cashflow statement Lack of supporting audit trail for key notes in the accounts such as analysis of the income and expenditure by nature	• This is an area that the Council will seek to continuously improve. • For the 2018/19, 2019/20 and 2020/21 accounts, the following improvements have been introduced: • Comprehensive accounts plan linked to the auditors required by client schedule. • Standardised templates linked back to the Code have been prepared for all notes and include a three-stage quality assurance process. • Improved communication through the project plan. • A whole team approach has been instigated. • Comprehensive training and development for finance staff including how to prepare, and also regular reviews of, working papers. We will assess these controls during our 2025/26 audit procedures.
In progress	• A number of inconsistencies and disclosure omissions were identified during our review of the financial statements. This indicated a lack o internal critical review prior to the financial statements being presented for audit.	This has been completed in line with the improvements highlighted above. We will assess these controls during our 2025/26 audit procedures.

Progress against prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Latest update from 2024/25 planning to address the issue(s)
In progress	The basis of preparation of the Council's Group accounts was unclear and the working papers did not provide a comprehensive group consolidation schedule setting out how the group accounts and consolidation adjustments had been determined.	This has been completed in line with the improvements highlighted above. We will assess these controls during our 2025/26 audit procedures.
In progress	A review of the bank reconciliation process identified that the process in place in 2018/19 was overly complex and made the identification of reconciling items and their clearance difficult. There were also issues identified with the descriptions of reconciling balances within the balance.	• Bank reconciliation process has been reviewed and amended to make simpler and to respond to the issues raised. • Redundant bank accounts have been assessed and processes are in place to close them . • All functional bank accounts are being reconciled monthly and suspense accounts reviewed and cleared periodically. We will assess these controls during our 2025/26 audit procedures.
In progress	Loans made to JEH had not been accounted for in line with the Code requirements resulting in amendments to the valuation and disclosure in the final accounts. This was a new transaction in 2017/18 although it was not a material balance in the prior year and the accounting treatment had not been documented against Code requirements before inclusion in the financial statements.	All loans and accounting transactions are reviewed against the requirements of the Code for compliance as part of the improved quality assurance process. We will assess these controls during our 2025/26 audit procedures.
In progress	The Council performs reviews of the debtor and creditor account codes to ensure that balances are appropriate and valid and clears those that do not represent true year-end debtor or creditor balances, and establishing a reconciliation process for all debtors and creditor accounts to ensure the balances are fully supported and represent valid year-end debtors or creditors balances.	Systems and processes have been reviewed. Account payable & accounts receivable control accounts re now reconciled and reviewed monthly by appropriate officers. We will assess these controls during our 2025/26 audit procedures.

Progress against prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Latest update from 2024/25 planning to address the issue(s)
In progress	There is no review process over invoices issued before they were sent out to clients. The Council relies on customers to identify and inform them of any errors noted. However, there is risk that if the invoice is undercharged and the customers do not raise the error, the Council may suffer a loss from undercharging.	Systems and processes have been reviewed. Workflows will be in place by the end of March 2023 to ensure that only valid invoices are raised. We will assess progress and these controls during our 2025/26 audit procedures.
In progress	Councillor and Senior Officer declaration forms are not dated. There is a risk that the declaration record is incomplete or insufficient as a result. The most recent forms for three Councillor declaration forms were signed but not dated. Signing/dating a declaration form should be standard practice, as it could lead to forms being misfiled, or new interests not being declared on time. Senior Officers who were working for SBC through a contracting company are not required to complete a Declaration of Interests form. Interim staff are not required to complete the Register of Interests and Gifts and Hospitality.	• The Council now has a template for declaration of related party transactions as part of its closedown procedures, which is separate and in addition to the Declaration of Interests form previously in place. • All Senior Officers, including interim staff, and Members are required to complete this template as part of the closedown process. We will assess these controls during our 2025/26 audit procedures.
In progress	A number of properties had not been removed / reclassified in the fixed asset register prior to the production of the year end financial statements. We also identified material assets which had been fully depreciated and were held at net nil valued in the fixed asset register and accounts. Annual review of assets recommended to ensure that all disposals and reclassifications are amended. Also, in-year capital movements should be notified on a timely basis to the finance team for accurate maintenance of the fixed asset register.	• An annual review has been carried out for previous financial years. • Quarterly reconciliations process is yet to be instigated but will be in place during 2023/24 as part of the capital monitoring process to ensure that asset movements and reclassifications are captured appropriately. We will assess these controls during our 2025/26 audit procedures.

Progress against prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Latest update from 2024/25 planning to address the issue(s)
In progress	• The purchase of Thames Valley University had been accounted for using the stage payments as additions rather than the cost and a liability. This resulted in a material error in the current and prior year. • Council to establish a process for reviewing and documenting the accounting treatment of significant transactions to ensure they are accounted for in line with the Code. This should be subject to internal review	All loans and accounting transactions are reviewed against the requirements of the Code for compliance as part of the improved quality assurance process. We will assess these controls during our 2025/26 audit procedures.
In progress	Inconsistencies in the accounting records between the categorisation of HRA properties held on the Capita Housing Rents system and the Council's fixed asset register. These two systems must be reconciled regularly to inform the Council's HRA valuation.	This process has been undertaken and discrepancies have been amended accordingly. An ongoing reconciliation process is in place. We will assess these controls during our 2025/26 audit procedures.
In progress	Effective governance arrangements are not in place to ensure those charged with governance can make decisions in an open and transparent way	• Regular and holistic monthly financial briefings for Officers and Members are in place. • For 2024/25, there was a clear timetable for delivering the budget, including a timeline that allowed for more informed Member consideration of the budget. • Quality guidance for finance and other officers on the production of budget monitoring reports and financial implications in reports has been introduced. • Key service financial and performance information is included as a regular agenda item for Cabinet, Scrutiny and the Audit and Corporate Governance Committee. • A training programme is in place for Members and officers concerning local government finance and procurement and contract management processes and procedures. We will assess these controls during our 2025/26 audit procedures.