Regaining Assurance Strategy for Slough BC

July 1st 2026

Audit and Corporate Governance Committee
Slough Borough Council
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Dear Members of the Audit and Corporate Governance Committee

Regaining Assurance Strategy for Slough Borough Council

This report sets out our plan to rebuild audit assurance at Slough Borough Council (the Authority) following the disclaimer of opinion issued on 31 March 2019 and then further disclaimer of opinion under the statutory backstop for the years ended 31 March 2020, 31 March 2021, 31 March 2022, 31 March 2023, 31 March 2024 and 31 March 2025. This plan has been agreed with management and will be communicated to the Ministry of Housing, Communities and Local Government (MHCLG) in July 2026.

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

Barrie Morris

Partner
For Grant Thornton UK LLP

Contents

Key messages

Audit Report

We anticipate our audit report will be modified.

Following disclaimed audit reports for the years 2018/19 to 2024/25, we do not expect to be able to support an unmodified opinion on the 2025/26 financial statements. Our audit focus is on 2025/26 in-year transactions and closing balances, with sign-off targeted for 30 November 2026.

Trajectory

Six-year plan to 2030/31

Aligned to NAO LARRIG guidance, with phased build-back of assurance over opening balances, reserves, property and pensions across the 2025/26, 2026/27, 2027/28, 2028/29, 2029/30, and 2030/31 audits.

Authority

Delivery depends on the Authority

Successful build-back requires high-quality draft accounts, comprehensive working papers, timely audit access and continued focus on internal controls. We have discussed the strategy and trajectory for rebuilding assurance with the Section 151 Officer and Chief Executive Officer. The fee will be agreed and reported to the Audit & Corporate Governance Committee in due course.

MHCLG capacity assessment

We have assessed the Authority as Category [D]

An assessment is required by 31 July 2026 covering build-back timing, opinion trajectory and key risks. More detail is available on page 5 and 6.

Background

What and why

As part of the regaining assurance process we are engaging with MHCLG and PSAA as key stakeholders in monitoring and supporting the agenda across the sector.

MHCLG and PSAA have made a joint request for us to provide information for each body subject to the build-back process. The requested information includes a capacity assessment for each body, to be produced with input from both the audit team and the audited body.

The assessment is intended to give MHCLG and PSAA a more granular understanding of: progress of build-back work to date; planned timing of future work; the year in which a qualified opinion and an unmodified opinion are likely to be achieved; key audit risks; the audited body's capacity to support the build-back; and any significant constraints, including restrictions on the auditor's capacity.

Process

The following pages set out our response.

The information will be used by MHCLG to:

- Better understand the nature and impact of key risks and constraints on the build-back process
- Identify and/or evaluate any significant problems that would benefit from further policy intervention and develop appropriate solutions.
- To develop reliable estimates of the overall cost and timescale of the build-back process and support the review of the build-back grant funding model in autumn 2026.
- To support the government’s stewardship of local authorities (including in relation to Local Government Reorganisation) and other bodies by identifying bodies for which an ISA-compliant build-back is unlikely to be possible by the end of 2027/28 and the reasons for this.

Overall assessment and key risks

Under the MHCLG capacity assessment framework, we have provisionally assessed this audit as Category D. The framework categorises audits as follows:

A	B	C	D
Capable of an ISA-compliant approach within the build-back period, relatively straightforward.	Capable of an ISA-compliant approach, but with significant operational difficulties.	Not capable of an ISA-compliant approach by 2027/28 due to practical constraints (adequate systems in principle).	Not capable of an ISA-compliant approach by 2027/28 due to major systemic problems.

Principal factors supporting our assessment

Technical challenges

Audit limitations and control weaknesses remain, including poor data quality, payroll reporting issues, incomplete audit evidence, and delays in accounts production, alongside material financial reporting deficiencies such as errors and incomplete application of IFRS 16; while some progress has been made, the overall control environment and audit readiness are still weak, requiring sustained improvement in 2025/26 to rebuild assurance and support completion of a full audit. The Council has not had a clean audit opinion since 2017/18.

Audited body capacity

The Authority’s draft financial statements have not been published in accordance with the statutory deadline in previous years. Our tenure as auditors commenced in 2018/19. In that first year of audit, we identified a high volume of misstatements and control deficiencies which culminated in a significant number of prior period adjustments and resulted in the 2018/19 audit opinion being fully disclaimed. Since then, the Authority has struggled to deliver draft financial statements in line with the statutory publication deadlines which has impeded our ability to undertake sufficient and appropriate audit procedures to support an audit opinion.

The Authority’s finance team has experienced a high degree of turnover during the period for which disclaimed audit opinions have been issued. While the overall resource position is more stable for 2025/26, there remains a risk that there is a lack of understanding of prior year accounting transactions.

Expected audit report trajectory

Our planning estimate of when our audit report is expected to transition from disclaimed to qualified, and from qualified to unmodified, is set out below. These are planning estimates only; they cannot be taken as a commitment or guarantee as to the opinion eventually issued for a given year.

2024/25

Disclaimed

Disclaimed opinion issued on 26 February 2026.

2025/26 to 2028/29

Disclaimed

A disclaimer of opinion expected. Focus on in-year transactions and closing balances. Disclaimers expected to gradually reduce in balances included based on work undertaken.

2029/30

Qualified

Transition to qualified opinion anticipated reflecting partial build-back of prior-year balances

2030/31

Unqualified

Unmodified opinion anticipated, subject to satisfactory completion of the build-back work programme and absence of any new significant issues.

What the opinion types mean

Unmodified (clean): the financial statements give a true and fair view, in all material respects.

Qualified ("except for"): true and fair, except for one or more identified areas where we could not obtain sufficient evidence or where we disagree with the accounting treatment.

Disclaimer of opinion: we could not obtain sufficient evidence to form any opinion — effectively, no audit assurance.

Build-back work programme

The table below summarises when we plan to undertake build-back work for each audit area. It is consistent with the information we will submit to MHCLG within the capacity assessment by 31 July 2026.

Audit area	Timing and approach
Statutory reserves	Our plan is to undertake work on reserves, subject to obtaining assurance over in-year transactions and closing balances for 2025/26. The work will then be phased across the 2026/27 to 2028/29 audits, aligned with the NAO LARRIG approach, and carried out following completion of the 2025/26 audit.
Property assets	2025/26 through 2027/28 audits — rolling valuation programme and testing of historic additions/disposals.
Non-property investment assets	Year range and approach — audit of sample of Investment properties from 2025/26 through 2027/28 audits
Pension deficit / surplus	2025/26 audit onwards — reliance on IAS 19 actuarial reports for current year; build-back of prior-year movements.
Long-term debtors and creditors	Year range and approach — audit of sample of Debtors and Creditors from 2025/26 through 2027/28 audits.
Working balances (cash, receivables, payables)	Largely covered through 2025/26 testing of in-year transactions and closing balances.
Other audit work (journals, payroll, grants, disclosures)	Substantively covered each audit year from 2025/26 onwards.

We will refresh this timetable and in subsequent Audit Findings Reports if material changes arise.

Regaining assurance examples

The below is a simplified illustration of how our build back work programme might build assurance over the coming years' audits:

R	No assurance
A	Partial assurance
G	Adequate assurance

2025/26 audit process

	24/25	25/26	
CIES	R	R	No assurance over the opening 24/25 and closing 25/26 position
PPE	R	A	Assurance gained over valuations at 31/03/26
Pensions	R	A	Assurance gained over 2026 actuarial process
Other assets & liabilities	R	R	Elements may require >1 year to gain assurance
Reserves	R	R	No assurance over reserve balances at 31/03/26

2026/27 audit process

	25/26	26/27	
CIES	R	A	No assurance over the opening 25/26 position
PPE	A	A	Assurance gained over valuations at 31/03/27
Pensions	A	G	Assurance over balances at both year-ends
Other assets & liabilities	R	A	Assurance over all material balances at 31/03/27
Reserves	R	R	No assurance over reserve balances at 31/03/27

2027/28 audit process

	26/27	27/28	
CIES	A	G	No assurance over the opening 26/27 position
PPE	A	A	Assume rolling valuation programme complete
Pensions	G	G	Assurance over balances at both year-ends
Other assets & liabilities	A	G	Assurance over balances at both year-ends
Reserves	R	R	No assurance over reserve balances at 31/03/28

Reserves balances

The Authority is required to present its reserves in a prescribed manner, with balances arising from statutory requirements and ringfences, which are complex and have not been subject to audit assurance for five years. In addition to this gap, further risk factors exist, including the issuance of a Section 114 notice in July 2021 and issues identified in the 2023/24 and 2024/25 audits, such as weak audit trails, high error rates in samples, and lack of assurance over schools' cash, IFRS 16 leases, and debtor and creditor balances. These factors significantly increase the risk of material misstatement in reserves, and it may not be possible to regain assurance through audit procedures alone.

Regaining assurance (continued)

R	No assurance
A	Partial assurance
G	Adequate assurance

2028/29 audit process

	27/28	28/29	
CIES	G	G	Assurance over transactions in both years
PPE	A	A	Assurance gained over valuations at 31/03/29. Assurance gained over valuations/indexation for 3 years.
Pensions	G	G	Assurance over balances at both year-ends
Other assets & liabilities	G	G	Assurance over balances at both year-ends
Reserves	R	A	No assurance over reserve balances at 31/03/29

2029/30 audit process

	28/29	29/30	
CIES	G	G	Assurance over transactions in both years
PPE	A	A	Assurance gained over valuations at 31/03/30. Assurance gained over valuations/indexation for 4 years.
Pensions	G	G	Assurance over balances at both year-ends
Other assets & liabilities	G	G	Assurance over balances at both year-ends
Reserves	A	A	No assurance over reserve balances at 31/03/30

2030/31 audit process

	29/30	30/31	
CIES	G	G	Assurance over transactions in both years
PPE	A	G	Assurance gained over valuations for remaining years. (this could be green if full valuations have occurred)
Pensions	G	G	Assurance over balances at both year-ends
Other assets & liabilities	G	G	Assurance over balances at both year-ends
Reserves	A	G	Assurance over reserve balances at 31/03/31

Next steps and timetable

The key milestones in the regaining assurance programme are set out below.

April 2026

Completion of 2025/26 interim audit work and risk assessment.

30 June 2026

Submission of draft 2025/26 financial statements.

31 July 2026

MHCLG capacity assessment submitted, with Authority's comments where available.

November 2026

Completion of the 2025/26 audit with the aim of gaining assurance over closing balances and in-year transactions.

30 November 2026

Issue the audit report for the year ended 31 March 2026.

31 January 2027

2025/26 backstop date for publication of audited financial statements.

January 2027

Commencement of 2026/27 audit risk assessment.

2027/28 audit

Target year for two full audit years completed. This will allow built back on prior periods to commence.

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