

The Audit Plan for Halton Borough Council

Year ending 31 March 2026

18 March 2026



Contents

Section	Page
Introduction and headlines	03
Significant Risks identified and Other matters	05
Our approach to materiality	11
Progress against prior year recommendations	13
IT audit strategy	17
Value for money arrangements	18
Logistics, our team and communications	22-23
Fees and related matters	24
Independence considerations	26
Communication of audit matters with those charged with governance	28
Financial reporting changes	30

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Halton Borough Council ('the Council') 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 Halton 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 financial statements that have been prepared by management with

the oversight of those charged with governance (the Audit and Governance Board); and we consider whether there are sufficient arrangements in place at the Council 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 Governance Board 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 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
- Valuation of Land and Buildings
- Valuation of Net Pension Fund Liability

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 £14.205m (PY £9.259m) for the Council, which equates to 2.5% of your prior year gross expenditure. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Our assessment of performance materiality (PM) concluded that it was appropriate to set PM at 70%, down slightly from 75% in the prior year, based on the number and value of amendments required in 2024/25. Clearly trivial has been set at £0.710m (PY £0.432m).

Value for Money arrangements

Our 2024/25 Auditor's Annual Report identified seven significant weaknesses resulting in three statutory recommendations and four key recommendations.

Our 2025/26 risk assessment regarding your arrangements to secure value for money has identified risks of significant weakness across the three key areas of:

- Financial sustainability
- Governance
- Improving economy, efficiency and effectiveness

We will follow up progress against recommendations made in 2024/25 and ensure that our work assesses the current arrangements in place. See page 18 for further detail of our VFM risk assessment.

Audit logistics

Our planning work audit commenced in late January 2026 and our interim audit is planned to conclude in April. Our final visit will take place between late June through to September 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 £348,059 (PY: £350,864) 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.

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
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>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.</p>	<p>We will:</p> <ul style="list-style-type: none">• review accounting estimates, judgements and decisions made by management;• review unusual significant transactions;• make enquiries of finance staff regarding their knowledge of potential instances of management override of controls;• evaluate the design effectiveness of management controls over journals;• analyse the journals listing and determine the criteria for selecting high risk unusual journals and those falling into certain criteria determined by the audit team; and• test a sample of journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.



“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
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying nature of the transactions as:</p> <ul style="list-style-type: none"> • 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 Halton Borough Council, means that all forms of fraud are seen as unacceptable. 	<p>Where the risk has been rebutted we do not consider this to be a significant risk for the Council however standard audit procedures will be carried out.</p> <p>We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We will:</p> <ul style="list-style-type: none"> – evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code; – update our understanding of the system for accounting for the income and evaluate the design of associated processes and controls; – agree on a sample basis relevant income and year end receivable/income accruals to invoices and cash payment or other supporting evidence; and – we will carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.



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
<p>The expenditure cycle includes fraudulent transactions</p> <p>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.</p>	<p>We have completed a risk assessment of all expenditure streams for the Council. 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.</p> <p>This is due to</p> <ul style="list-style-type: none"> • the low fraud risk in the nature of the underlying nature of the transaction; • there being little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds; and • the culture and ethical frameworks of local authorities, including Halton Borough Council, means that all forms of fraud are seen as unacceptable. <p>We have identified a higher risk of error in the recognition of other service expenditure for the completeness of this expenditure stream. We have identified the risk to be a higher risk of cut-off of expenditure accruals at year-end.</p> <p>We have also considered the risk of fraudulent expenditure recognition in relation to capital expenditure and concluded that it is not a significant risk based on the factors set out above.</p>	<p>Despite expenditure recognition not being a significant risk, we will still undertake the following procedures to ensure expenditure included within the financial statements is materially correct. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We will:</p> <ul style="list-style-type: none"> • evaluate the Council'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 creditors and accruals to invoices or other supporting evidence; and • 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.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings	<p>The valuation of land and buildings represents a significant estimate in the financial statements. Revaluations are shared between the Council's Internal Valuer and an external valuation expert, Sanderson Weatherall.</p> <p>The Code for 2025/26 now requires indexation in the intervening years between revaluations. The council will be adopting this for the first time and applying indexation to property plant and equipment.</p> <p>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.</p>	<p>For assurance over the balance sheet valuation of land & buildings (including valuations undertaken by both the internal and external valuation experts), we will:</p> <ul style="list-style-type: none">• evaluate management's processes and assumptions for the calculation of the valuation estimate, the instructions issued to valuation experts and the scope of their work;• evaluate the competence, capabilities and objectivity of the valuation expert;• write out to the valuation expert and discuss with the valuer the basis on which the valuation was carried out;• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding;• evaluate the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets will be substantively tested to ensure the valuations are reasonable;• test a selection of other asset revaluations made during the year to ensure they have been input accurately into the Council's asset register, revaluation and Comprehensive Income and Expenditure Statement;• evaluate the appropriateness of key indices used by the Council and check the basis of accounting entries; and• agree the basis of revaluations relating to Assets Held For Sale.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability	<p>The valuation of the pension fund net asset 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.</p> <p>We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none">• update our understanding of the processes and controls put in place by management to ensure the Council's 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 - Hymans) 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;• 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, including confirmation of the scope of the actuary's work and whether the application of IFRIC 14 has been considered;• obtain assurances from the auditor of Cheshire Pension Scheme 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: and• following the publication of the triennial valuation of Cheshire Pension Fund as at 31 March 2025, we will consider the impact of this on the pension fund net liability.

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 and any other information published alongside your financial statements 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

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, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Planned audit procedures

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 (£)	Qualitative factors considered
Materiality for the Council financial statements	14.205 Million (m)	<p>Financial performance of the Council with a focus on performance on total expenditure. We have calculated materiality based on 2.5% (1.5% PY) of the total expenditure set out in the 2024/25 audited financial statements.</p> <p>The Local Audit Regulations 2025 changed the threshold for major local audits (MLAs) in England from £500 million to £875 million in total income or expenditure and as a result Halton is no longer classified as a MLA. This change has allowed us to apply a higher percentage threshold for calculation of the appropriate 2025/26 materiality.</p>
Performance Materiality (PM) for the Council financial statements	9.943 m	We base our assessment on a number of factors that include the quality of working papers in prior year, extent of misstatements identified in previous years and the Council response to audit queries. Based on these factors we have set PM at 70% of materiality for the Council's financial statements
Trivial Matters	0.710 m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements. This is set at 5% of overall materiality.
Materiality for specific transactions, balances or disclosures	0.058 m	Materiality is reduced for remuneration disclosures due to the sensitive nature and public interest. Based on 2.5% of total Senior Officer expenditure in the 2024/25 audited financial statements. Any related party adjustments are considered on a case-by-case basis as to whether it is material to either party



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

We identified the following issues in our 2024/25 audit of the Council's financial statements, which resulted in four recommendations being reported in our 2024/25 Audit Findings Report with Management responses provided. Set out below is an updated response from Management setting out the latest position. At Page 15 we set out recommendations from 2023/24 that were still to be fully addressed as at 31 March 2025, again with an updated Management response.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Accounts preparation</p> <p>Our review of valuations of land & buildings identified that the draft accounts and fixed asset register had been updated based on the incorrect version of the valuation report provided by the Councils' external valuer. This resulted in the understatement of assets by £5.8m.</p> <p>Our review of IFRS 16 implementation identified some instances of lease arrangements that had not been sufficiently assessed and considered as part of the transition to the new accounting standard.</p>	<p>We recommend that management implement robust quality review procedures to ensure that the draft financial statements and supporting working papers fully reconcile to the underlying data, regardless of whether the information is generated internally or provided by external experts.</p> <p>Additionally, management should proactively prepare for potential technical challenges or changes in reporting requirements and ensure appropriate systems and expertise are in place to respond effectively.</p> <p>Management response – November 2025</p> <p>The Council will increase the checks balancing the final accounts to the underlying valuation data and build this into the closedown checklist.</p> <p>Management Update – March 2026</p> <p>As per Management response November 2025</p>
In progress	<p>Fully depreciated assets held at nil Net Book Value (NBV) assets</p> <p>In our testing we identified many assets in Property, Plant & Equipment which were fully depreciated on the Fixed Asset Register. There is a risk that some of these items are no longer in use and should be recorded as disposed otherwise the gross cost and accumulated depreciation balance is overstated.</p> <p>We identified items which were incorrectly held on the Fixed Asset Register and further review identified a material value of assets which were disposed. Following review by management, we identified one further error in the remaining population of fully depreciated assets.</p>	<p>We recommend that management ensure appropriate procedures and controls are in place to ensure regular review of assets nearing the end of the useful economic life and identify unrecorded disposals of assets.</p> <p>Management response – November 2025</p> <p>The Council had increased the checks on nil Net Book Value assets following the recommendation from previous audits. This will be widened to include intangible assets from 2025/26.</p> <p>Management Update – March 2026</p> <p>As per Management response November 2025</p>

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Capital expenditure recognition</p> <p>Our substantive testing of payments and creditor invoices after the year end identified £1.2m of capital expenditure in 3 transactions which had incorrectly been recorded in the following financial year, 2025/26 but which occurred prior to 31 March 2025.</p>	<p>We recommend that management implements an appropriate control to review and identify capital expenditure around the year-end to ensure transactions are recorded and allocated to the correct financial period.</p> <p>Management response – November 2025</p> <p>Controls were increased on the timing of debtors and creditors as part of the 2024/25 accounts process. The capital invoices were received at the end of April after we had reviewed the year end transactions. Further checks will take place up to May 2026.</p> <p>Management Update – March 2026</p> <p>As per Management response November 2025</p>
In progress	<p>Member Declarations</p> <p>In our 2023/24 audit, we noted during our audit testing that some members had not disclosed all their interests on their declarations.</p> <p>Update at September 2025– Management acknowledged the need for all declarations to be made and carried out further audit testing to verify completeness and timeliness of relevant declarations as part of our 2024/25 audit. We identified that not all members had declared all their interests as expected.</p>	<p>We recommend that all declarations are completed fully by both officers and members.</p> <p>Management response – November 2025</p> <p>The Council will continue to try and ensure all members interests are declared as part of 2025/26 accounts process.</p> <p>Management Update – March 2026</p> <p>As per Management response November 2025</p>

Progress against prior year audit recommendations

Assessment Issue and risk previously communicated

Update on actions taken to address the issue(s)

Our work on cash during the 2023/24 audit noted that bank reconciliations are not always carried out at the month-end date and also that some school bank accounts were still included within cash when they shouldn't have been. The amounts concerned are below our triviality level so no adjustment was required. We also noted the same issue as in 2022/23 where reconciling items were posted to debtors automatically rather than considered as reconciling items as part of the cash balance. The amounts are below trivial

We recommended that reconciliations are performed fully at period-ends and that the amounts which should no longer be in schools' cash are transferred to the appropriate place in the Council's accounts.

In progress

2024/25 audit findings

Management acknowledged that further training was required and that reconciliations would be performed monthly. We reconfirmed that the bank reconciliations were not completed in a timely manner at month-end dates and that the schools bank reconciliations required amendment to fully reconcile the cash balances and these were provided for audit on 5 September 2025.

Management Update – March 2026

Reconciliations will be fully updated at financial year-end. Processes are being put in place to ensure reconciliations are performed fully at period ends.

From our work and discussions with management during 2023/24 we understand that there is no internal formal impairment process performed. Whilst we understand that the valuer will review impairment as part of their review, management need to demonstrate how they have considered their own estate for potential impairment via the estates team and how issues have been discussed with the valuer such as plans to stop using certain assets, condition surveys etc.

We recommended that management introduce a formal impairment process on at least an annual basis.

In progress

2024/25 audit findings

Management agreed to build this process into the annual closedown procedures and we reviewed the impairment review carried out by management and based on the documentation available it was not clear whether all assets have been sufficiently considered and assessed for the risk of impairment. As best practice, we would expect a full list of assets to be circularised at least annually to asset owners requiring positive confirmation that an assessment of impairment risk factors has been completed. We did not consider the process as fully implemented or adequately addressing the recommendation.

Management Update – March 2026

Financial Management will work with the Council's valuer to ensure a full list of assets is circulated, assessed and updated at financial year-end.

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In Progress	<p>Our work on REFCUS (Revenue Expenditure Funded from Capital Under Statute) identified several items that should not have been classified as REFCUS and this led to the misstatements we reported in the Audit Findings Report in 2023/24.</p> <p>2024/25 audit findings</p> <p>Management agreed to build this into the annual closedown checklist. Our testing in 2024/25 identified one transaction which was incorrectly classified as REFCUS as it related to works completed on a Council building. We were satisfied that it was not material however, we consider further improvement is necessary to ensure REFCUS is appropriately classified.</p>	<p>We recommend that the Council review any expenditure it is classifying as REFCUS as part of its annual closedown to ensure it meets the definition and is therefore accounted for correctly.</p> <p>Management Update – March 2026</p> <p>Financial Management will review any expenditure it is classifying as REFCUS as part of annual closedown to ensure it meets the definition and is accounted for correctly.</p>
Management response noted – We agree to remove as a recommendation in future periods	<p>We noted that there is no formal review or authorisation process for journals. The mitigating control is that each cost centre is monitored by the relevant budget holder. The budget holder reviews transactions against cost centre codes periodically to ensure no unusual or incorrect postings have been made.</p> <p>2024/25 audit findings</p> <p>Management view was that this was not required. Our review remains that a preventative control is necessary in line with best practice.</p>	<p>Management should consider putting in place a preventative control in addition to the existing detective control so that journals are authorised prior to them being posted.</p> <p>Management Update – March 2026</p> <p>We remain of the view this is not required as other control measures are in place.</p>

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 audit 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 ERP	Financial reporting	Assessment of design and implementation of relevant IT general controls operated by the Council. To review IT general controls related to security management, development and maintenance and technology infrastructure

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 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.

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 confirmed three significant weaknesses in arrangements for financial planning, transformation and Dedicated Schools Grant (DSG) were identified, and statutory recommendations retained for financial planning and transformation and a key recommendation retained for DSG.	Risk of significant weakness in 2025/26 arrangements based on prior year findings	Given the risk of significant weakness identified, we will undertake additional risk-based procedures to assess the robustness of arrangements to secure financial sustainability with regard to developing the 2026/27 budget, the Medium-Term Financial Outlook, development of transformation and savings plans, and mitigating the DSG deficit.

- 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	<p>R</p> <p>We confirmed a significant weakness in arrangements for corporate control and capacity resulting in a statutory recommendation. We re-confirmed a significant weakness for business continuity and disaster recovery and retained a key recommendation.</p>	<p>Risk of significant weakness in 2025/26 arrangements based on prior year findings</p>	<p>Given the risk of significant weakness identified we will undertake additional risk-based work to assess the progress that the Council has made in addressing the key recommendations we raised in 2024/25, to ensure that performance management arrangements are strengthened, and how the Council are driving improvements in children's social care. We will also follow up the progress made addressing the improvement recommendation we raised in 2024/25</p>
Improving economy, efficiency and effectiveness	<p>R</p> <p>We reconfirmed two significant weaknesses in arrangements in relation to performance management and children's services.</p>	<p>Risk of significant weakness in 2025/26 arrangements based on prior year findings</p>	<p>We will undertake additional risk-based work to assess the progress that the Council has made in addressing the key recommendations we raised in 2024/25, to ensure that performance management arrangements are strengthened, and how the Council are driving improvements in children's social care. We will also follow up the progress made addressing the improvement recommendation we raised in 2024/25</p>

Logistics

The audit timeline

Key Dates

Audit phases:

Planning/Interim – January - March

Audit & Governance Board:
18 March 2026 – Present Audit Plan

Interim – March-April

Year end:
30 June 2026 – Deadline for publication of unaudited Financial Statements

Fieldwork – Onsite and Remote
Late June-September 2026

September 2026

Sign off:
Before 30 November 2026

Key elements

- Planning meetings with management to confirm audit scope
- Risk assessment and associated testing to be completed
- Commence VFM assessment
- Issue the Audit Plan to management and Audit & Governance Board

Key elements

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

Key elements

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

Key elements

- Audit Findings meeting with management
- Draft Audit Findings issued to management
- Draft Audit Findings presented to Audit & Governance Board
- Auditor's Annual Report
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Liz Luddington

Engagement Lead/Key Audit Partner

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

Chris Whittingham

Audit Senior Manager

- Audit planning
- Resource management
- Performance management reporting

Dan Povey

VfM Senior Manager

- VFM Audit planning
- Resource management
- Performance management reporting

Rhea Morang

Audit In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of specialists and other technical specialists (e.g. IT audit), when required.

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress reports and sector updates • Audit Findings Report • Auditor's Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • 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; and
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Valuation of operational land and buildings; and
 - Valuation of Pension Fund Liability.

Previous year

In 2024/25 the scale fee set by PSAA was £338,579. The actual fee charged for the audit was £350,864.

	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Halton Borough Council Audit	338,579	348,059
Implementation of IFRS 16	12,285	N/a
Total (Exc. VAT)	350,864	348,059

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 £348,059.

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 December 2025)
- 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). In this context, we confirm there are no matters that we are required to report. We confirm that we have implemented policies and procedures to meet the requirement 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's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

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. Furthermore, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The following 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 March 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats. The below non-audit services 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 Halton 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 in that we set out below.

Assurance Service Fees

Service	Amounts billed since 1 April 2025 or to be billed (£)	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	34,987 – relates to 2023/24 28,130* - relates to 2024/25 28,113 ** - relates to 2025/26	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 £34,987 in comparison to the total fee for the audit of £348,059 and in particular 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.
Teachers' Pension Agency Certification	12,500	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 £12,500 in comparison to the total fee for the audit of £348,059 and in particular 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.

Other non-audit services

CFO Insights – Other service	18,886 – relates to 2024 licence 12,500 – relates to 2025 licence	Self-Interest	The fee is a subscription and is therefore a self-interest consideration. However, the fee for this work is negligible in comparison to the total fee for the audit and in particular Grant Thornton UK LLP's turnover overall. It is also a fixed fee with no contingent element. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	Relating to 2025/26 - £53,113 Relating to earlier years - £94,503		

Key

*Final amount is still to be confirmed (TBC)

**Core fee will be subject to inflationary uplift and is TBC

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	●	●

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 Council'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		●

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.



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