This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Grant Thornton

The Audit Findings (ISA260) Report for Plymouth City Council

Year ended 31 March 2024

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18 February 2025

Dear Chair of Audit and Governance Committee

Audit Findings for Plymouth City Council for the 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

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.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2023.pdf (grantthornton.co.uk).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Jackson Murray

Director
For Grant Thornton UK LLP

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Plymouth City Council ('the Council') and the preparation of the Council's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

Financial Statements	
Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion: • the Council's financial statements give a true and fair view of the financial position of the Council and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.	Our audit work was completed through a mixture of on-site and remote working during October 2024 to February 2025. Our findings are summarised on pages 7 to 29. We have identified 2 adjustments to the financial statements and management have also made a number of adjustments following the close of the prior year audits. This has resulted in a £19.7m adjustment to the Council's Comprehensive Income and Expenditure Statement. These have no impact on the level of the Council's useable reserves. Audit adjustments are detailed at Appendix C. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix B. Our 2020/21 audit recommendations were reported to members in December 2024. As there has been insufficient time for management to consider and implement any response to these recommendations we have not followed these up as part of this audit. We will consider these as part of our 2024/25 audit. Our work is substantially complete and there are no matters of which we are aware that would require further modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters; • confirmation of PFI transaction costs and explanation of changes to the model between years; • completion of the accounts consistency checklist on the final draft accounts; • review of the updated cash flow statement; • conclusion of the "hot review" of the financial statements by our financial reporting colleagues; and • satisfactory closure of our final outstanding queries, including any arising from the completion of final quality reviews of our audit documentation. Following completion of the above and the Audit and Governance Committee meeting, we anticipate being in a position to issue our auditor's report prior to the backstop date of 28 February 2025 and following; • receipt and review of the signed management representation letter; and • receipt and review of the final set of signed financial statements, including quality review to ensure all adjustments have been appropriately processed. Unfortunately, owing to the challenges of undertaking an audit where the previous audits were disclaimed due to the local authority backstop, this year we have been unable to regain full assurance and it has not been possible for us to undertake sufficient work to support an unmodified audit opinion in advance of the proposed backstop date of 28 February 2025. This is in line with the national expectations of the Financial Reporting Council and National Audit Office. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements. Our anticipated financial statements audit report opinion will be a disclaimed opinion in relation to opening balances. Due to the proposed disclaimed audit opinion, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdon 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

1. Headlines

Value for Money (VFM) arrangements	
Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the Council's arrangements under the following specified criteria: • Improving economy, efficiency and effectiveness; • Financial sustainability; and • Governance	Our work on the Council's value for money (VFM) arrangements was reported to the Audit and Governance Committee in November 2024 through our Auditor's Annual Report (AAR) (interim version). In that report we noted that we have not been able to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. A further explanation of the significant weaknesses we identified in the Council's arrangements is detailed on page 27 of this report.
Statutory duties	
The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code. As the NAO have indicated that no certificates are to be issued until their whole of government accounts work has been completed we are unable to issue the certificate. This will be issued as soon as is possible upon completion of their work.
Significant matters	Our work in 2023/24 has been impacted by the closing of prior year audits. This has impacted the audit team and management's capacity to deal with queries raised and provide working papers, during this period, and we have continued to work together to ensure progress within the audit. We would like to take this opportunity to record our appreciation for the assistance and collaboration provided by the finance team and other staff during the audit

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament] This confirmed the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024. As a consequence of this, the Council's accounts for 2021/22 and 2022/23 were issued a disclaimer of opinion. The main reasons for the application of the backstop was that the completion of the 2019/20 and 2020/21 audits were delayed due to legal issues related to a pension transaction that were subsequently resolved and a lack of capacity within the audit market that required the government legislation. We were not able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Council's financial statements for the year ended 31 March 2022 and 31 March 2023, as a whole, were free from material misstatement. As a result of these disclaimer opinions, we do not have sufficient, appropriate audit evidence over the opening balances for the 2023/24 audit year and as such, in accordance with national guidance, intend to issue a disclaimer opinion for 2023/24 in order to allow the Council to publish its accounts by the 28 February 2025 deadline.

Our intention is that over time we will re-build assurance in respect of prior years across all backstopped audits, taking account of guidance from the National Audit Office and the Financial Reporting Council. For 2023/24, we have focused at your audit on the following areas in advance of the backstop date.

- risk assessment and evaluation of the control environment for 2023/24 including ISA 315 assessment;
- audit of closing balances as at 31 March 2024;
- audit of income and expenditure and movements within financial year 2023/24 and associated cut off testing;
- testing of journals within 2023/24;
- testing of Movement of Reserves statements and other primary statements (within the constraints that we will not have opening balance assurance);
- financial statements disclosure; and
- recognising the sensitivity of cash, including the opening cash position as at 1 April 2023.

We will continue the process of recovery during 2024/25 and ongoing years.

New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives is the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Annual Auditor's Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

National context – level of borrowing

All councils continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on council budgets, there are concerns as councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on councils, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits. Plymouth is not immune to the challenges the current financial environment present, and continues to manage ongoing finances through a number of mechanisms including investment properties. The Council has increased both short-term, by £12.3m, and long-term borrowing, by £86.8m, in the year as a means to ensure the continued delivery of services and has avoided making inappropriate investments outside of the geographical area of Plymouth and the South West. The challenge will remain for the coming years and we will continue to monitor the Council's performance, both in the financial statements and through the assessment of VfM arrangements.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit & Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

As highlighted in page 3 of this report, unfortunately it will not be possible for us to undertake sufficient work to conclude our work. We therefore plan to issue a disclaimer of the audit opinion due to being unable to gain sufficient assurance over opening balances.

The circumstances resulting in the application of the local authority backstop to prior year audits are clearly extremely unusual. The government has signalled its intent that where backstops have been applied, local authorities and their auditors work together to recover the position over subsequent years. We will follow relevant guidance including from the NAO and the FRC to work with you over the coming years, as we seek to rebuild audit assurance.

Recognising the backstop date of 28 February 2025, we anticipate issuing a disclaimed audit opinion following the Audit & Governance Committee meeting on 18 Feb 2025, subject to completion of issues identified on page 4.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. During the course of the audit both your finance team and our audit team faced challenges again this year, such as remote accessing financial systems, video calling, and verifying the completeness and accuracy of information provided remotely produced by the entity. The need to close the backstopped audits from prior years has also contributed to the challenges and the disclaimed opinion in 2022/23 has resulted in us having to carry out additional audit procedures to gain sufficient audit assurance in respect of our auditor's opinion on the financial statements.

Following the closure of the prior year audits in December 2024, audit and finance teams worked in-person in Plymouth to expediate the closure of audit testing and queries which worked well. Given the success, this is something we are already discussing with management to replicate in our future audits.

2. Financial Statements

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.

Materiality levels remain the same as reported in our audit plan.

We set out in this table our determination of materiality for Plymouth City Council.

	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	7,700,000	We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure-based budget for the financial year and monitors spend against this, therefore gross expenditure was deemed as the most appropriate benchmark. This benchmark was used in the prior year. We deemed that 1.3% was an appropriate rate to apply to the expenditure benchmark.
Performance materiality	5,000,000	Our performance materiality has been set as 65% of our overall materiality.
Trivial matters	385,000	Calculated as a percentage of headline materiality and in accordance with auditing standards

2. Financial Statements: Significant risks

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.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	We have: • evaluated the design effectiveness of management controls over journals; • used our data analysis software, Inflo, to undertake a number of checks on the data, such as unbalanced transactions, unbalanced user IDs and transactions with blank account descriptions. Where any differences were noted by Inflo, we followed these up with management and obtained sufficient explanations and corroboration for these; • tested unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration; • reviewed manual journals, within Inflo, to identify those deemed to be high risk to be selected for testing. We selected and shared our selection with management for them to provide us with evidence to support the entries. We completed our testing upon receipt of this supporting documentation; • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness, and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions Our testing of journals identified the following issue: • There is no formal approval process for posting journals below £500k. Therefore, the finance team members, who have access to post journals, are effectively self approving. This presents a risk that inappropriate journals could be posted and authorised by one individual. We have noted that from January 2024 the Council implemented a control that users who are included within the 'standard journals' user group require approval for any journal posted. However, this covers a specific group and there remain a large number of users who are able to self authorise journals below £500k. • As in previous years, journals over £500k are required to be authorised in the system but, due to limitations with its features related to this area, it is possible to manually override the process. Whilst a manual detective control, through a system generated report, is in place for such journals, this does raise the potential for journals to be missed. No other issues have been identified.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
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. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	We reported in our audit plan that having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we determined that the risk of fraud arising from revenue recognition could 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 Plymouth City Council, mean that all forms of fraud are seen as unacceptable. Having completed our audit work, we consider that the rebuttal of the risk remains appropriate.
Risk of fraud related to expenditure recognition PAF Practice Note 10 In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).	We rebutted this risk in our audit plan. Having completed our work, we consider that the rebuttal of the risk remains appropriate because. • expenditure is well controlled, and the Council has a strong control environment; and • the Council has clear and transparent reporting of its financial plans and financial position.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Closing Valuation of Land and Buildings The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£619.4m as at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions. Additionally, management need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation experts; • written to the valuer to confirm the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • tested revaluations made during the year to see if they had been input correctly into the asset register; • considered valuation work undertaken by other councils in relation to jointly owned properties, such as the Torpoint Bridge and Torpoint Ferry and the Energy from Waste plant. Both of these assets have been externally valued in 2023/24, to ensure the councils' share is appropriately disclosed; and • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. The Council has a large number of assets, both by value and volume, and we have identified a number of issues within our testing: • our reconciliation of Techforge, the fixed asset register (FAR), identified two libraries where management had incorrectly transposed the values. This had a net nil impact but required each asset to be adjusted by £874k. • testing of depreciation identified that the 2022/23 revaluation entries had been entered on the FAR with a valuation date of 1 April 2023 meaning accumulated depreciation was not reversed in the previous year. This therefore impacted the 2023/24 accounts disclosure. This has resulted in an adjusted misstatement of £10.6m to the opening balance and revaluation reserve, £501k to depreciation and £269k to disposals. The opening balance adjustment has been completed before the close of the 2022-23 accounts and is therefore a disclosure only issue. • when inputting the valuation of the Broadway public car park into the FAR management incorrectly put the land valuation as building and vice versa. The revaluation increase recognised in the revaluation reserve is understated by £901k and the revaluation increase recognised in the surplus or deficit on the provision of services is similarly overstated by £901k. This has been corrected. • review of assumptions made about the future and other major sources of estimation uncertainty, note 5, identified that management had disclosed a material valuation uncertainty in relation to PPE. This is not disclosed in the valuer's report and therefore should not be included within the note. This was subsequently removed.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary

Closing Valuation of Land and Buildings (cont.)	Issues identified (cont.)
	• as part of our testing of individual asset values we have considered the estimates and assumptions used by the valuer in their calculations. Testing identified errors in calculations which resulted in a factual misstatement of £4,056k (of which £3,917k has been adjusted by management with the remaining £139k being trivial) and estimation differences of £2,991k (which are unadjusted) for those assets that were sampled. Extrapolating the estimation differences over the full population of revalued assets gives a total potential estimation uncertainty of £3,835k which is immaterial. The issues identified were as follows:
	    • incorrect floor areas used in calculations;
	    • floor area documentation not being retained. We used alternative audit procedures to assess the overall reasonableness of the areas used;
	    • incorrect BCIS build rates being used to calculate the cost per square metre;
	    • inconsistent application of external build costs;
	    • incorrect application of professional fees;
	    • use of school pupil numbers data from Q1 2023 instead of Q1 2024;
	    • double counting of some calculation adjustments; and
	    • no consideration of retirement obligations.
	We have noted a number of other issues in relation to the property, plant and equipment assets and have identified further non-valuation errors around PPE on page 18. The errors identified are not material in isolation but there is a risk that on cumulative basis there could be a material impact on the financial statements. We have raised a recommendation in appendix B.
	As outlined previously, we have backstopped the 2021/22 and 2022/23 audit and therefore will issue a disclaimer of opinion. We cannot place any assurance in the opening balances brought forward or those assets not valued in the year. We will continue to review asset revaluations over the coming years in order to regain assurance over the balances in the financial statements.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of Investment Property The Council revalue its investment property on an annual basis as required by the CIPFA Code. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£223m at 31/03/2024) and the sensitivity of this estimate to changes in key assumptions. Management have engaged the services of an internal valuer to estimate the fair value as at 31 March 2024. We therefore identified valuation of investment property as a significant risk of material misstatement.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation experts; • written to the valuers to confirm the basis on which the valuations were carried out; • reviewed the fixed asset register and valuation reports to identify a sample of investment properties which have been revalued in year for further testing. In doing this we considered those assets whose values at 31 March 2024 are above performance materiality, those assets where there has been a valuation movement or other change outside of our expectation and a sample of assets where the movement is in line with expectation; and • for each item within our sample we have requested detailed calculation sheets for the 2024 revaluation exercise to support and evidence the assumptions used to calculate the updated valuations. Testing identified the following issues: • various errors were identified within the calculation sheets of our selected assets, including incorrect income and incorrect lease break dates used in calculations which have resulted in an extrapolated error of £402k. This is is the net of a £998k overstatement and a £596k understatement; and • testing identified that there is an inconsistent application of stamp duty, agent fees and legal fees for investment property assets. Management had not applied these adjustments in all cases and had they done so the asset value would have increased by £1,160k. It is management's judgement as to whether these costs should be included and once it has been agreed what approach should be taken to ensure this is applied consistently. The total extrapolated variance identified, as a result of the above issues, was a £758k overstatement which is not material. As outlined previously, we have backstopped the 2021/22 and 2022/23 audit and therefore will issue a disclaimer of opinion. We cannot place any assurance in the opening balances brought forward or movements in the year. We will continue to review asset revaluations over the coming years in order to regain assurance over the balances in the financial statements.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£64.3m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls. No issues were identified from completion of this; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken 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 • obtained assurances from the auditor of Devon 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. Within the year it was identified that nationally, IFRIC 14 calculations in relation to asset ceilings had not been appropriately considered by actuaries through a combination of error and them not being requested to by councils and pension funds. In 2023/24 we noted that management has disclosed the impact of the asset ceiling which we have considered as part of our IFRIC 14 review. We discussed the issue with management who requested an updated calculation through their actuary for prior years, as the prior year audits were still open. This was received and we have reviewed it and consider that there is no further impact on the Council's liability position in prior years. We also consider the 2023/24 adjustment to be materially appropriate. We rely on assurances provided by the pension fund auditor over asset and liability balances included in the actuarial report and have reviewed their response for 2023/24. This identified two issues in level 2 and level 3 investments at the pension fund level. Level 2 investments have been overstated by £5.1m and level 3 investments have been understated by £21m in the pension fund's accounts. The Council's share of these assets is 16.53% and therefore the impact on the Council's financial statements are an overstatement of level 2 investments of £843,030 and an understatement of level 3 investments of £3,471,300. The net position is an understatement £2,628,270 which is not material and is considered to be an unadjusted misstatement. As outlined previously, we have backstopped the 2021/22 and 2022/23 audit and therefore will issue a disclaimer of opinion. We cannot place any assurance in the opening balances brought forward or movements from this in the year. We will continue to review pension revaluations over the coming years in order to regain assurance over the balances in the financial statements.

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £619.4m	Other land and buildings comprises of specialised assets such as schools and libraries which are required to be valued at depreciated replacement cost (DRC), reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The reminder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. Surplus assets are valued at the highest and best value. The Council values its assets on a five-year rolling programme and £456m of assets were revalued in 2023/24. The Council engages an internal valuer to undertake the annual valuation. For jointly owned assets, SW Norse, an external expert, has been instructed by those councils responsible for management of the assets, to complete the 2023/24 valuation of these investment properties. The total year end valuation of land and buildings was £619.4m, a net increase of £5m from the prior year (£614.4m	We have assessed: • the competence and experience of the Council's in-house valuers; • the completeness and accuracy of the underlying information used to determine the estimate; • the adequacy of the disclosure of the estimate in the financial statements; and • the consistency of the estimate against market data. We have evaluated the assumptions made by management for those assets not revalued at the year end and how management has satisfied themselves that these are not materially different to current value at year end. We have identified a number of issues from our testing of Land and Buildings including: • variances between the valuer's report and the Council's records; • failure to provide formal documentation to valuers; • variances between areas used for valuations and area per floor plans; • limited or no support for assumptions used to provide valuations; and • errors in calculations. Our misstatements are split between those that are factual and need adjusting which are approximately £4m and those that are estimation variance. Where we have identified estimation uncertainties we have undertaken extrapolations in order to provide assurance that balances are not materially misstated. The extrapolated value of the estimation misstatements are £4.9m and therefore we are satisfied that PPE balances are not materially misstated, following adjustment for the factual variances referenced above. We have used our auditor's expert to obtain further assurance of the methodology used by the valuer. This did not identify any issues that would directly impact disclosed values but did identify some issues in regards to process, including use of comparables, general reference to guidance, record keeping, market commentary and reliance on estates for information. We will include a recommendation in appendix B.	● Amber

Assessment

- ● [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Investment Property Valuation - £223.7m	The Council revalue its investment property on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date The Council's commercial investment portfolio consists of a mixture of assets comprising both industrial and commercial usage. The Council engages an internal valuer to undertake the annual valuation. The total year end valuation of investment properties was £223.7m, a net decrease of £14.7m from 2022/23 (£238.4m).	We have reviewed the detail of your assessment of the estimate considering: • our assessment of the Council's internal valuers • the completeness and accuracy of the underlying information used to determine the estimate; • the reasonableness of the overall decrease in the estimate of £14.7m. Work undertaken has identified that this is due to market conditions and no specific factor impacting either a specific class or individual asset. We also consider the change in valuer has impacted the valuations but no issues have been identified within their methodology; and • the adequacy of the disclosure of the estimate in the financial statements. Testing of the valuer's assumptions requires that sufficient evidence be provided to support any underlying assumptions or indices used to calculate a revaluation. Testing identified a number of issues including: • errors within the valuers calculation sheet; and • inconsistent application of additional asset costs, including stamp duty. We have used our auditors expert to obtain further assurance of the methodology used by the valuer. This has identified a number of findings outlined on the previous page.	● Grey

Assessment

- ● [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
Property, Plant and Equipment (PPE) We have identified the valuation of land and buildings as a significant risk and have undertaken appropriate audit work to provide assurance over these balances which is reported on pages 12 & 13. During the course of our work on PPE we identified a number of other issues, outside of the significant risk, that we wish to bring to the attention of management and TCWG.	The Council has a large number of assets, both value and volume, and we have identified a number of issues within our testing. • testing of Revenue Expenditure Funding Capital Under Statute (REFCUS) identified that where expenditure in year exceeded the value of additions it has been charged against other assets. This has been caused by misstatements in prior years. • testing of REFCUS also identified that adjustments have been made to additions to account for prior year expenditure which was capitalised as assets under construction (AUC) in the year it was incurred and has subsequently been classified as REFCUS. This, along with the issue identified above, has resulted in additions being understated by £2.4m and REFCUS being overstated by the same amount. Testing of depreciation identified the following: • infrastructure asset brought forward accumulated depreciation on disposals has been incorrectly charged to depreciation and not disposals. • the FAR calculates depreciation by dividing brought forward net book value by remaining useful economic life. Recalculation identified an overstatement of £3,264k which is due to errors in the application of depreciation in prior year backstopped audits. The charge in 2023/24 is correct, based on brought forward values and as we have disclaimed prior year audits we are satisfied that no further adjustments are required. • one infrastructure asset had been incorrectly classified as land rather than a depreciable asset. This has resulted in accumulated depreciation not being charged and an understatement of £18k. This is trivial but is considered a control issue and a related recommendation is raised in appendix B. We further noted: • upon review of Academy School disposals we identified that £3,059k had been incorrectly classified as Other Operating Expenditure and should be Financing & Investment Income & Expenditure in the CIES. Testing of heritage assets identified the following: • following the closure of the 2019/20 and 2020/21 audits a number of adjustments were made to heritage assets. This included the addition of an items over £100k column and a special books collection disclosure of £3.5m. The disclosures were made in the 2020/21 financial statements but, given the timing of the issue, was not updated in the FAR until 2023/24. The adjustments have been made in both the 2021/22 and 2022/23 draft statements. These were originally disclosed in the 2023/24 draft statements as revaluations and have subsequently been corrected.	Whilst none of the issues identified are material in isolation there is a risk that these could, on a cumulative basis, have a material impact on the financial statements. Further, the quantum of issues identified indicate that the control environment around PPE is not sufficiently robust to detect and correct errors within the financial disclosures. Management should review the processes currently operated at the Council to ensure that these are fit for purpose and allow errors to be identified and corrected.

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £64.4m	The Council's net pension liability as 31 March 2024 is £64.4m (PY £27.5m) comprising the Local Government and unfunded defined benefit pension scheme obligations. The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years and the latest full actuarial valuation was completed in 2022. A roll forward approach is used in the intervening periods, which utilises key assumptions such as a life expectancy, discount rates, salary growth and investment returns. Given the significant value of the net pensions fund liability small changes in assumptions can result in significant valuation movements. There has been an increase of £36.9m in the net actuarial deficit during 2023/24.	We identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. No issues were identified from our review of the controls in place. We also evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuations and gained an understanding of the basis on which the valuations were carried out. This included undertaking procedures to confirm the reasonableness of the actuarial assumptions made:	Green

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.90%	4.80%– 4.95%	Green
Pension increase rate	3.25%	3.10% - 3.45%	Green
Salary growth	3.90%	CPI (2.90%) + 1	Green
Life expectancy – Males currently aged 45/65	22.8 / 21.5	20.6 – 23.1 / 19.2 – 21.8	Green
Life expectancy – Females currently aged 45/65	24.1 / 22.7	24.1 – 25.7 / 22.6 – 24.3	Green

We have confirmed the consistency of the pension fund assets, liabilities and disclosures in the notes to the financial statements with the actuarial reports.

We have gained assurance over the reasonableness of the Council's share of the LGPS pension assets.

We have received and reviewed the IAS19 assurance from the pension fund auditor over member numbers and did not identify any further issues other than those reported on page 14.

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £19.182m	The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance The year end MRP charge was £19,182k, a net decrease of £3,494k from 2022/23. In 2020/21 the council entered into a £72m pension prepayment transaction for which they borrowed in order to fund, and charged this against MRP. During prior year audits it was agreed that this was not a capital transaction and should be recognised as revenue which has required the Council to reverse the charge. In 2023/24 this reversal is £3,494k.	Although the work is ongoing and we are awaiting updated financial statements, from the work completed to date, we consider the approach taken by management to be appropriate and in line with guidance. Following consultation MHCLG have clarified and updated the regulations and the statutory guidance for minimum revenue provision. Although these take full effect from April 2025 , the consultation highlighted that the intention was not to change policy, but to clearly set out in legislation the practices that authorities should already be following. This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.	TBC

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.

			ITGC control area rating				
IT application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
Civica Financials	ITGC assessment (design and implementation effectiveness only)	🟠	🟠	⚫	🟢	Management override of controls	Generic accounts are not monitored but do not have privileged access. We have undertaken specific user testing within journals and not identified any issues. We have identified a control recommendation.
Capita One (Academy)	ITGC assessment (design and implementation effectiveness only)	🟠	🟠	🟢	🟢	N/A	Seven user accounts have been granted 'Admin' roles. We have asked management for a report to show no inappropriate changes have been made. This has yet to be provided
Core HR	ITGC assessment (design and implementation effectiveness only)	🟢	🟢	⚫	🟢	N/A	N/A
Activity Directory	ITGC assessment (design and implementation effectiveness only)	🟠	🟠	⚫	🟢	Management override of controls	Generic accounts are not monitored but do not have privileged access. We have undertaken specific user testing within journals and not identified any issues. We have identified a control recommendation.

Assessment

- 🔴 Significant deficiencies identified in IT controls relevant to the audit of financial statements
- 🟠 Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- 🟢 IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ⚫ Not in scope for testing

2. Financial Statements - Internal Control

The recommendations arising from our IT audit work in 2023/24 are set out below.

Assessment	Issue and risk	Recommendations
Amber	**Lack of segregation of duties between developers and implementers in Capita One** Our IT Audit identified that, seven (7) user accounts had been granted the role 'Admin' access which enables them to both develop and implement changes in production. It is pertinent to note that these seven (7) accounts were used by five (5) users as one of the users had access to three (3) accounts. **Risks** The combination of access to develop and implement changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/ or programs.	Management should segregate a user's ability to develop and implement changes. Privileged access to the production environment should be revoked from users that are involved in development. Where management is unable to fully segregate access for operational reasons, a risk assessment should be undertaken, documented and formally accepted. Alternative options to mitigate the risk could include performing a review of change implementation activity logs. These should be regularly reviewed for appropriateness by an independent individual with evidence retained. **Management response** Upon investigation, the various modules of Capita require different admin logins hence why one members of staff has more than one Management have raised this with the manufacturer, but in the meantime are happy to accept this risk
Amber	There are a number of variances between the valuer's report, the fixed asset register and the financial statements disclosures. None of the variances are material either collectively or individually.	Management should ensure that sources of documentation used to inform the financial statements have been fully reconciled and any variances considered **Management response** Work is already underway within the land and property team to collect and collate comprehensive inspection and measurement information for assets which will be retained on a standard format template and saved within individual asset files. This is being initially rolled out for PPE assets falling due for revaluation in the YE2025 programme, however due to the large quantity of assets – it may be that further technical resource is required to undertake this work more rapidly.
Amber	The Council apply depreciation on a straight line basis over the remaining life of the asset on the brought forward year end balance. To confirm that this was accurate we calculated depreciation on the gross book value over the life of the asset. This identified a £3.4m variance which was discussed with management. This identified that errors in prior years had impacted the brought forward value and led to a higher depreciation charge in year although depreciation will be charged appropriately over the life of the assets	Management should ensure that depreciation is charged appropriately in year and that a robust review of charges is undertaken as part of the year end financial statements process. **Management response** We will introduce more control checks prior to posting year end journals. We will also have more control over making changes in Technology Forge as we will only be managing one financial year on the system rather than five. Up until this financial year we have had to manage with a manual reconciliation between the fixed asset register and the accounts as we had to close previous years due to the system limitations.

Assessment
- ● Significant deficiency – risk of significant misstatement
- ● Deficiency – risk of inconsequential misstatement

2. Financial Statements - Internal Control

Controls for which assurance could not be provided

Our IT audit has identified the following issue as part of their review. We do not require management response and have reported this to bring it to management's attention

Assessment	Issue and risk	Reason/Justification
● Amber	There are Generic accounts set up with the application. These generic accounts can be used by multiple users. We were unable to provide assurance due to lack of evidence provided. Administrative privileges (including generic super user access rights) to the network, applications and their associated databases are restricted to those users requiring this level of access (in line with their roles and responsibilities). Privileged duties do not conflict with other roles.	We were unable to test the generic database accounts control as the council was unable to provide sufficient supporting evidence. We noted that there were no controls in place to actively monitor the usage of generic database accounts within Civica Financials.

Assessment

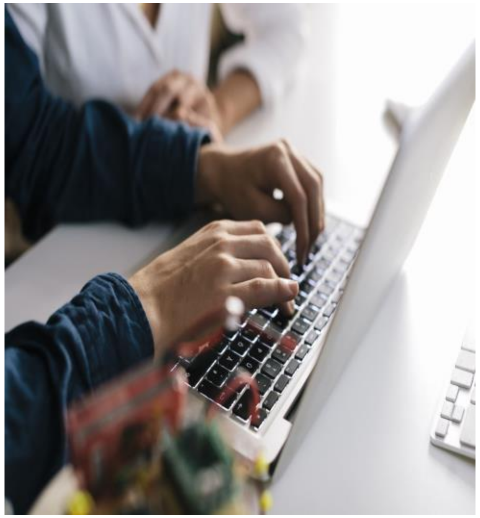
- ● Significant deficiency – risk of significant misstatement
- ● Deficiency – risk of inconsequential misstatement

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee, and we have not been made aware of any incidents in the period. No other issues have been identified during the course of our audit.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, which is included in the Committee papers.

2. Financial Statements: other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent. We have received all the responses. We requested from management permission to send confirmation requests to the Pension Fund Auditor. This permission was granted and the requests were sent. This confirmation has also been provided.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided. We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during the audit.

2. Financial Statements: other communication requirements

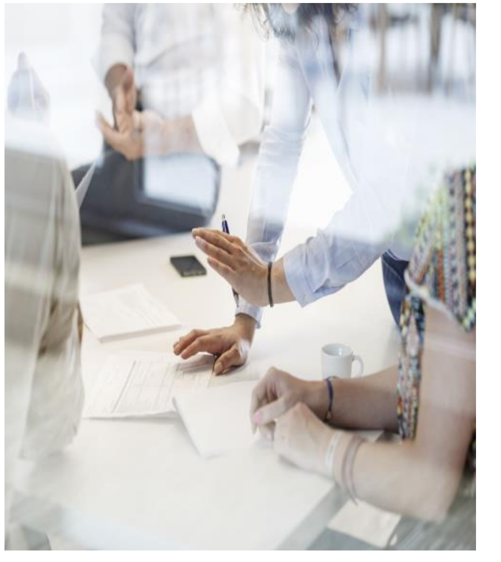
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates; • the Council's financial reporting framework; • the Council's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. However, as we have been unable to conclude our audit in advance of the backstop date, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements, including the Annual Governance Statement and Narrative report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Due to the proposed disclaimed audit opinion, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdon 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit; • if we have applied any of our statutory powers or duties; and/or • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. With the exception of the VFM significant weaknesses reported on page 30, we have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that detailed work is not required as the Council does not exceed the threshold, however the NAO have requested that nationally all audit certificates for 2023/24 are held until their work has been completed.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2023/24 audit of Plymouth City Council in the audit report, due to the NAO requirement to delay issue until WGA work has been completed as noted above.



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body 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 body. We have defined these recommendations as 'key recommendations'.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary was reported in the separate Auditor's Annual Report (AAR) (interim version) presented to the Audit & Governance Committee in November 2024. The report presented in November 2024 was an interim version as it cannot be issued as final until the opinion on the financial statements is issued. Given the report covers arrangements to 31 March 2024, we do not expect any changes to be made to this report and that it will be issued as final alongside our audit opinion in February 2025.

As part of our work, we considered whether there were any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant weaknesses we identified are detailed in the table below, along with the procedures we performed and our conclusions. Our auditor's report will make reference to these significant weaknesses in arrangements, as required by the Code.

VFM theme	Procedures undertaken	Conclusion	Recommendation
Financial sustainability - Ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	We have considered management's response to our 2022/23 key recommendation	As we reported in our 2022/23 Auditor's Annual Report, the Council has an organisational approach to financial planning. However, we reported a significant weakness in the Council's arrangements for financial sustainability as there was a medium-term financial gap of circa £69 million in the Council's Medium Term Financial Strategy (MTFS) 2023/24 to 2027/28 published September 2023. Since we reported on 2022/23, increased costs and activity will likely have widened this gap.	Given the increased level of financial stress the Council is facing members need to ensure that there is a robust response to financial matters with a more detailed revision of the Council's Medium Term Financial Strategy (MTFS), early in 2024/25, to address how it will mitigate the risks against the financial stress indicators. Progress in delivering transformation plans should be tracked by Cabinet each month and periodically reviewed by the relevant Scrutiny Committee for the service.
Financial sustainability - Plans to bridge its funding gaps and identifies achievable savings	We have reviewed management's arrangements to address budget and funding gaps to ensure that these have been fully considered and are appropriate and attainable, following up the issues reported in 2022/23	Whilst there were some savings resulting from the transformation of services in Adults and Children's Services in the year under review, these demand led services overspent significantly in 2023/24 and continue to do so to date in 2024/25. As at November 2024 the Council was forecasting a net revenue overspend for 2024/25 of £6.697 million, assuming all identified mitigations delivered the benefits that they were envisaged to. As at February 2025 the latest published position is a £1.842m overspend.	The Council should implement its plans for its council wide transformation programme at sufficient scale and pace to demonstrate that it is able to address the significant structural budget deficit. This should include: • cohesive reporting to Cabinet on the planned resourcing, timescales, milestones, savings and outcomes from its council wide transformation programme, bringing together work planned and delivered by directorates; • detailing the planned annual savings and how these reconcile to the forecast savings required in the revised Medium Term Financial Strategy (MTFS) 2025/26 to 2029/30.
Improving economy, effectiveness and efficiency - Evaluates the services it provides to assess performance and identify areas for improvement	We have considered management's response to issues previously identified an the ongoing management of the Secretary of State intervention, following up the issues reported in 2022/23	We concluded there was a significant weakness in arrangements to deliver good quality Children's Services within the 2023/24 financial year, as the Council was in Secretary of State (SoS) Intervention for 11 months of the financial year. This follows a significant weakness being identified in our 2022/23 Auditor's Annual Report. The Council can evidence improvement in services during 2023/24, with arrangements put in place promptly to address issues raised in the Improvement Notice. It has also approved an updated children's strategy within the 2024/25 financial year.	The Council should: • ensure appropriate arrangements are in place with partners to address the actions raised in the Joint Area SEND inspection and resultant Improvement Notice; and • fully cost the improvements identified through the "Achieving Excellence "Strategy, approved in July 2024, and incorporate these into the Council's updated financial plans, with relevant timeframes identified.

4. 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 and managers).
In this context, we disclose the following to you:

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard 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.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

4. Independence considerations

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
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, 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.

We confirm that there are no significant facts or matters that impact on our independence 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

4. Independence considerations

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified which were charged from the beginning of the financial year to February 2025 as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing Benefit Subsidy Return	48,400 (2022/23) 48,400 (2023/24)	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 £48,400 in each year in comparison to the total fee for the audit of £392,808 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.
		Self review (because GT provides audit services) Management threat	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers Pension Return	20,000 (2022/23) 20,000 (2023/24)	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 £20,000 in each year in comparison to the total fee for the audit of £392,808 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.
		Self review (because GT provides audit services) Management threat	To mitigate against the self review threat , the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit & Governance Committee. None of the services provided are subject to contingent fees.

Appendices

A. Communication of audit matters to 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	•	
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 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		•
Expected modifications to the auditor's report, or emphasis of matter		•

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 Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

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.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified 11 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	Journals testing has identified a number of segregation issues including: • There is in-built system deficiency as the ledger is not able to segregate the posting and authorising function for journals over the council's authorisation limit of £500k. Specific testing in relation to this has been undertaken and no issues identified, and the Council use a manual detective control however this can lead to error; and • the ability for posters to authorise their own journals. There is a risk that inappropriate journals will be posted leading to fraudulent transactions or misreporting within the financial statements.	Management should review the journal process to ensure that sufficient segregation of duty controls are in place and that monitoring processes are sufficiently robust to identify and address any issues identified. **Management response** The Council has a robust set of reconciliation and monitoring processes in year to support the posting of journals. All journals above £500k are required to be authorised and if they are self approved management have implemented a system generated alerter to notify staff when they have self approved the journal or failed to attach sufficient notes and documents to the journal
Medium	For a number of land and building and investment property assets management were unable to provide floor plans to support the measurements used within the calculations. There is a risk that management and valuers will use inaccurate information which could result in a material misstatement within the statement of accounts	Management should ensure that all supporting information is maintained and is consistent with disclosures made in the statement of accounts **Management response** Work is already underway within the land and property team to collect and collate comprehensive inspection and measurement information for assets which will be retained on a standard format template and saved within individual asset files. This is being initially rolled out for PPE assets falling due for revaluation in the YE2025 programme, however due to the large quantity of assets – it may be that further technical resource is required to undertake this work more rapidly.
Medium	Our work identified adjustments to REFCUS whereby management have corrected prior period errors in the current period, relating to REFCUS spend incorrectly classified as PPE additions in prior years. This has resulted in an unadjusted misstatement reported on the 'Misstatements' tab. This issue was also raised in prior year audits.	For larger capital projects management should perform a close review in order to identify whether any work will be performed on land or assets the council do not own and account for it as REFCUS in that year accordingly. Where management perform large adjustments for items, they should maintain clear working papers, and an audit trail which can be easily accessed, so that they can clearly explain the context, double entry, and evidence the totals involved and the methodology used in arriving at the adjustments **Management response** Accountants will ensure they engage with Project Officers, delivering these projects at an early opportunity. We will also incorporate this into the Training provided to Projects Officers at year end.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	We have identified a number of issues with depreciation including: • brought forward accumulated depreciation on disposals for infrastructure assets incorrectly charged to depreciation and not disposal; • Depreciation is calculated on the closing net book value brought forward. We identified errors in previous years meant the brought forward figure was incorrect which has led to an overcharge of £3,264k in 2023-24 although the closing position is correct. • one infrastructure asset that had been incorrectly classified as land rather than a depreciable asset. This resulted in accumulated depreciation not being charged and an understatement of £18k; and • 2022/23 revaluations having been entered on the FAR with a valuation date of 01-04-2023 meaning accumulated depreciation was not reversed and therefore impacted the 2023/24 accounts disclosure. This has resulted in an adjusted misstatement of £10.6m to the revaluation reserve, £501k to depreciation and £269k to disposals.	Management should ensure that all depreciation calculations and processes are accurate and that all treatment and disclosures are in line with the requirements of the Code and the accounting standards. **Management response** We will introduce more control checks prior to posting year end journals. We will also have more control over making changes in Technology Forge as we will only be managing one financial year on the system rather than five. Up until this financial year we have had to manage with a manual reconciliation between the fixed asset register and the accounts as we had to close previous years due to the system limitations.
Medium	Testing of assumptions used for land and building valuations identified the following: • incorrect BCIS rates applied; • inconsistent application of external build costs; • incorrect application of professional fees; • use of school pupil number data from Q1 2023 instead of Q1 2024; and • double counting of adjustments. None of these errors are material in isolation but there is a risk that the cumulative effect will have a material impact on the financial statements.	Management should review the process for valuing assets and ensure that all documentation is retained to fully support the valuations disclosed in the financial statements. **Management response** In order to address concerns with adhoc errors occurring on Valuation Reports, it is proposed for YE2025 going forward that a more robust system of internal auditing is required to screen for errors. This unfortunately was not possible for YE2024 due to the late issue of full instructions to the Valuer, leading to a significantly reduced timeframe for issuing valuations. The existing Valuation templates and instructions will be reviewed to ensure that there is a consistent approach to adjustments and that all valuation inputs are adequately evidenced.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	Testing of the valuation of assets also identified the following issues: • management incorrectly classified land and buildings for one asset leading to incorrect treatment of valuation movements; and • the disposal of an Academy school had been incorrectly classified within the CIES. None of these issues are individually material but there is a risk that cumulatively there could be a material misstatement in the financial statements	Management should review the process for valuing assets and the necessary accounting disclosures to ensure that robust review is in place to ensure the accuracy and appropriateness of all disclosures. **Management response** We have corrected the treatment of the disposal of Academy schools
Medium	The CIPFA Code and accounting standards require retirement obligations to be considered as part of the valuation process and reported, even where there is a nil impact. Management have not included this within their considerations.	Management should ensure that valuations are carried out in line with the required guidance and standards to ensure that valuations are accurately recorded. **Management response** The valuer will ensure that the report makes reference to retirement obligations, even if it is to confirm a nil impact.
Low	Through general testing of transactions we have identified a number of errors including incorrect classification, improper recognition of accruals and adjustments from prior years. We recognise that there have been challenges presented from prior year audits and there is a risk that errors impair the ability of the reader of the accounts to assess the Council's performance within the year.	Management should ensure that a robust review process exists to ensure that the financial statements are accurate and appropriate and that the number of errors and misstatements is kept to a minimum. **Management response** We will ensure through our year end training that staff are aware of the impact of errors and that they build in control checks to avoid this happening.

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Low	The council have made the decision not to revalue 0.4% of their assets within 5 years. This is against the CIPFA Code (paragraph 4.1.2.38) which specifies that assets should not be revalued at intervals greater than 5 years. Whilst the value of those assets not revalued is not material it is a requirement of the Code that all assets be revalued within this timeframe.	Management should ensure all assets are revalued within the five-year cycle. **Management response** This was a one-year decision as we transitioned back from a 3-year rolling programme to a 5-year rolling programme. Due to resource constraints , we decided that the decision not to revalue 0.4% of our assets was a fair compromise. Under the current rolling programme all assets are revalued within a 5-year period.
Low	We have engaged an auditor expert to assess management's processes for valuations which has identified the following: • the valuer should tabulate and retain all comparable data used; • instructions to the valuer should reference all relevant guidance; • the Council should keep a clear record of their inspection programme; • a table of all categorisation changes should be included within the report; • information should be sourced, where possible, from third parties and the market and not solely from the Estates and Asset managers; and • a market commentary should be included within the report.	Management should ensure that instructions and the valuers report include sufficient information to allow proper understanding of the process undertaken. **Management response** The comparable data is currently retained within folder organised by sector type. This includes data from internal sources and from third parties. Existing tables of data will be undated as further information becomes available, and resource will be deployed to ensure that this is kept up to date. Due to the specific nature of some assets, there is a shortage of available data within the locality. It is proposed that the Valuation template is amended to include a more robust explanation for adjustments that have necessarily needed to be made. A market commentary is included in all Valuation Reports, and where possible external comparable information is sourced. Due to the size of the market in Plymouth and nature of some of the assets, it is not always possible to secure this information. In order to address concerns with adhoc errors occurring on Valuation Reports, it is proposed for YE2025 going forward that a more robust system of internal auditing is required to screen for errors. This unfortunately was not possible for YE2024 due to the late issue of full instructions to the Valuer, leading to a significantly reduced timeframe for issuing valuations. As stated in the comments above, work is already underway to collate more comprehensive and robust records of measurement, inspection and condition for each asset.
Low	Related party disclosure - Note 30 In our group assessment work, we have ensured that balances with Plymouth City Council considered in management's assessment agree to related party disclosure as per note 30. We noted that management has considered a loan of £1.956m being given to Plymouth Science Park which was not disclosed in related party disclosure note 30.	Management should ensure all related party disclosures are included within the financial statement disclosures. **Management response** We will widen the remit of checks undertaken at year end and when gathering data for this disclosure.

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
Changes identified by management from issues considered in prior year audits and adjusted following the conclusion of the prior year audits.	20,655	139	(20,655)	(139)
Depreciation charge in 2023-24 has been updated as a result of adjustments to 2022-23 revaluation of non current assets leading to misstated net book value opening balances.	502		(502)	
Testing of disposals of Academy Schools have been incorrectly presented in the CIES	Other operating expenditure (3,059) Taxation and non-specific grant income 3,059		3,059 (3,059)	0
Testing of fees and charges identified that REFCUS revenue had been charged to cost of services rather than surplus or deficit on provision of services, through taxation and non-specific grant income as per the Code.	Cost of service 13,914 Taxation and non-specific grant income (13,914)		(13,914) 13,914	0
Factual errors identified in the calculation of PPE revaluations within the year	Surplus/Deficit on Provision of Services 340	PPE 3,917 Revaluation reserve (4,257)	(340)	(3,917) 4,257
Incorrect classification of transactions between short-term creditors and short-term debtors		Collection Fund Short term debtors 2,717 Collection Fund Short term creditors (2,717)		(2,717) 2,717
Overall impact	£17,240	£201	£(17,240)	£(201)

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Related party disclosure - Note 30 Plymouth City Council have provided a loan of £1.956m to Plymouth Science Park. This has not been included within the related parties note as required by the Code.	Management should ensure all relevant amounts are included within related party disclosures	✓
The Capitalisation direction disclosure within the narrative report does not reflect that prior year audits have been completed. This requires adjustment following the conclusion of prior year audits.	The narrative report should reflect the current position as closely as possible allowing for timing considerations	✓
Critical Judgements disclosure – Note 3 – Following review of disclosures included within critical judgements it has been confirmed that the following balances should not be included - Financial Assets, Asset Classification, Highways Infrastructure Assets and Government Grants.	Critical judgements should include only those disclosures that have a material impact on the financial statements	✓
Assumptions made about the future and other major sources of estimation uncertainty – Note 5 – Review identified that the disclosure contains references to material uncertainties and a separate material uncertainties consideration. There have been no such uncertainties identified in the year and therefore this disclosure should not be included.	Major sources of estimation uncertainty should only be those disclosures that have a material impact on the financial statements	✓
Expenditure & Funding Analysis – Note 7 The Council have not completed the Expenditure & Funding Analysis in line with the Code and therefore have updated the disclosure.	Management should ensure that all disclosures within the statement of accounts comply with the requirements of the Code	✓
Revaluations – Note 15.3 Revaluations in the year include Torpoint Bridge and Ferry which have not been included within the revaluations note. As this is an asset of the Council it is considered this should be included and management have agreed to add a separate disclosure	Assets owned by the Council, including those that are shared with other authorities, should be included within the relevant disclosures within the financial statements	✓

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Bought forward Accumulated Depreciation of Infrastructure Disposals has been incorrectly charged to Depreciation in Note 15.1 and not disposals as per the Code. This required a correction of £935k.	Management should review all disclosures and information used to inform these to ensure that all values are accurate and reflective of the transactions in year.	✓
Libraries - When inputting the valuations of two libraries into Techforge, the capital accountant made a transposition error and incorrectly assigned the valuation of Crownhill Library to Plympton Library and vice versa. This has a net nil impact on the CIES, Balance Sheet and Revaluation Reserves, and a gross impact of £874k on the individual assets.	Transactions entered into systems that are used to inform accounting disclosures should be reviewed to ensure accuracy and appropriateness	✓
Heritage Assets - The following adjustments were made to the draft accounts following the conclusion of the 19/20 and 20/21 audits. Items Over £100k column added and comparator figures (£17,301k) added. Reclassifications row added which nets to nil and moves assets out of 'Items over £100k' and into relevant categories. Special Books comparator figures updated to £3,500 from nil. This collection was added in 20/21 but was put through the 23/24 FAR and therefore was in the draft accounts as revaluations.	The financial statements should be subject to a more robust review to ensure that all relevant disclosures have been included	✓
Testing of depreciation identified that the 2022/23 revaluation entries had been entered on the FAR with a valuation date of 1 April 2023 meaning accumulated depreciation was not reversed in the previous year. This therefore impacted the 2023/24 accounts disclosure. This has resulted in an adjusted misstatement of £10.6m to the opening balance and revaluation reserve and a further £369k to disposals. The opening balance adjustment has been completed before the close of the 2022-23 accounts and is therefore a disclosure only issue.	Management should ensure that valuation dates are appropriately and accurately entered to ensure that adjustments are kept to a minimum after draft accounts have been published	✓
A small number of amendments were made to the accounts to enhance clarity for the reader.	Our review and audit of the draft accounts identified a small number of presentational changes to enhance the clarity of the accounts for the reader. We have shared the areas for presentational amendments and these will be reflected in the revised accounts.	✓

C. Audit Adjustments (continued)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit & Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
Investment properties – We have identified a number of errors within our testing of Investment Properties and the adjustment is the net position of those issues identified	(402)	402	(402)	402	Not material
Management have been inconsistent with the inclusion of additional costs for the valuation of Investment properties. The adjustment represents the variance from applying the same methodology to all assets	1,160	(1,160)	1,160	(1160)	Not material
PPE – Management had used REFCUS to cover costs of capital transactions. This should have been charged in 2022/23 and has been charged in 2023/24.	(2,403)		(2,403)		Not material
Net pension liability – Testing undertaken by the pension fund auditor identified errors in the valuation of investments. The adjustment is Plymouth's share of the assets which is 16.53%	(2,637)	2,637	(2,637)	2,637	Not material
Testing of transactions to confirm completeness of disclosure balances identified non accrued errors. These have been extrapolated.	Expenditure 2,011	Creditors (2,011)	2,011	(2,011)	Not material
Overall impact	**£(2,271)**	**£(132)**	**£(2,271)**	£(132)	

Impact of prior year unadjusted misstatements

We have backstopped the 2022/23 Statement of accounts and therefore there are no prior year unadjusted misstatements to bring forward.

D. Fees and non-audit services

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee	Final fee
Scale fee	375,258	375,258
Use of experts	5,000	*5,000
Other additional – ISA 315	12,550	15,690
Total audit fees (excluding VAT)	**£392,808**	**£395,948**

*subject to receipt of final invoice from supplier

D. Fees and non-audit services

Non-audit fees for other services	Proposed fee	Final fee
Audit Related Services		
Housing Benefit Certification (2022-23)	48,440	48,440
Housing Benefit Certification (2023-24)	48,440	48,440
Teacher's Pension return (2022-23)	22,000	22,000
Teacher's Pension return (2023-24)	25,000	25,000
Total non-audit fees (excluding VAT)	**£143,880**	**£143,880**

Total audit and non-audit fee	
(Audit Fee) £395,948	(Non Audit Fee) £143,880

The fees reconcile to the financial statements.

None of the above services were provided on a contingent fee basis.

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