

# **Audit Findings (ISA 260) Report for St Helens Borough Council**

Year ended 31 March 2025

24 November 2025 (updated 26 November 2025)



**St Helens Borough Council**  
Town Hall  
Victoria Square  
St Helens, WA10 1HP

26 November 2025

Dear Members of the Audit and Governance Committee

### **Audit Findings for St Helens Borough Council for the 31 March 2025**

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 manage risk, quality and internal control particularly through our Quality Management Approach. 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-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-.pdf).

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.

*Michael Green*

Director  
For Grant Thornton UK LLP

#### **Chartered Accountants**

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# Headlines and status of the audit

Three decorative purple arcs of varying radii and positions, starting from the bottom left and curving upwards and to the right, ending near the top right of the slide.

# Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of St Helens Borough Council (the 'Council') and the preparation of the Council's financial statements for the year ended 31 March 2025 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 Council 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 during July-November, this was extended from September due to the late submission of the financial statements. Our findings are summarised on pages 22 to 32. We have identified one adjusted misstatement to the financial statements. This was a classification adjustment on the Balance Sheet and has no impact on the level of the Council's usable reserves.

We have identified four unadjusted misstatements that management have chosen not to adjust in the financial statements. These misstatements would result in a £649k increase in unusable reserves.

Audit adjustments including those of a disclosure nature are set out on pages 38 – 40. Unadjusted misstatements are included at page 41.

We have also raised a number of recommendations for management as a result of our audit work. These are set out at pages 42 to 47. Our follow up of recommendations from the prior year's audit are detailed at page 48.

Our work is complete and we have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

We issued an unmodified financial statements audit report opinion on 26 November 2025.

# 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.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We identified a significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. This relates to financial sustainability over the medium-term and the need to manage cost and demand in Children's Services.

# Headlines

## 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 required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until:

- where confirmation has not been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code;

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

## Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit. However, there was a delay in receiving the draft statement of accounts and working papers which has delayed the progress of the audit.

# Headlines

## National context – audit backlog

### Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local Council audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.



# Headlines

## Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local Council practitioners to support the transition and implementation on IFRS 16.

### Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an Council is an intermediate lessor, or where assets are leased out for little or no consideration.

### Impact on the Council

The implementation of IFRS 16 has resulted in £14.45m of lease liabilities and £7.98m Right of Use Assets recognised on the balance sheet in respect of former operating leases. In addition, the PFI liabilities are required to be restated on transition to reflect the indexation of unitary payments since the start of the schemes. This has resulted in a £0.027m increase of the opening liability at 1 April 2024.

We have reviewed the transition adjustments and undertaken procedures to confirm completeness of leases identified. We have noted the Council has included car leases within the lease liability, however as these are part of a salary sacrifice scheme these do not qualify as a lease liability. The Council agree with this and will make the necessary adjustments in the following year. The current year amount is £1.45m and has been included as an unadjusted misstatement, see page 41 for further details. No further issues have been identified.

# Materiality

Three decorative, concentric purple arcs are positioned on the right side of the slide, curving from the bottom towards the top right corner.

# Our approach to materiality

As communicated in our Audit Plan dated June 2025, we determined materiality at the planning stage as £11.2m based on 2% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. Materiality levels remain the same as reported in our audit plan.

A recap of our approach to determining materiality is set out below.

## Basis for our determination of materiality

- We have determined materiality at £11.2m based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as prior year audit findings.
- Materiality has been calculated using 2% of prior year gross expenditure which equates to 1.9% of gross expenditure in the current year.
- We consider user if the financial statement to be most interested in how the Council has expended its revenue and other funding.
- As the Council operates in a stable business environment, maintains a good control environment and in previous years, we have not identified many adjustments, therefore the prior year materiality increased from 1.5% of gross expenditure to 2%.

## Performance materiality

- We have determined performance materiality at £7.8m, this is based on 70% of headline materiality. We have revised the performance materiality percentage from the prior year (75%) to reflect the increased risk due to the change in ledger systems.

## Specific materiality

- Senior officers remuneration – Due to the sensitive nature of this disclosure we have set a lower materiality of £23,860. This has been set at 2% of senior management remuneration.

## Reporting threshold

- We will report to you all misstatements identified in excess of £0.560m, in addition to any matters considered to be qualitatively material.

# Our approach to materiality

A summary of our approach to determining materiality is set out below.

|  | Council (£) | Qualitative factors considered  |
|--|-------------|---|
| Materiality for the financial statements             | 11,200,900  | This equates to 2% of your gross operating expenditure for the 2023/24 year and 1.9% of gross expenditure in 2024/25. It is considered to be the level above which users of the financial statements would wish to be aware in the context of overall expenditure.  |
| Performance materiality                              | 7,840,630   | The performance materiality has been set at 70% of financial statement materiality. This reflects a standard benchmark based on risk assessed knowledge of potential for errors rising. In our prior year audit, this was set at 75%, but we have lowered the performance materiality to accommodate any potential errors or issues that may arise from the new system. |
| Reporting Threshold                                  | 560,000     | This is the threshold for matters that are clearly inconsequential, whether taken individually or in aggregate. It is standard benchmark set at 5% materiality,   |
| Specific materiality for senior officer remuneration | 23,860      | This is due to its sensitive nature, with the value based on 2% of the total senior management remuneration.  |

# Overview of significant risks identified

# Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

| Risk title   | Risk level  | Change in risk since Audit Plan | Fraud risk | Level of judgement or estimation uncertainty | Status of work |
|--|-------------|---------------------------------|------------|--|----------------|
| Management override of controls                              | Significant | ↔                               | ✓          | Low  | ●              |
| Valuation of land and buildings                              | Significant | ↔                               | ✗          | High   | ●              |
| Valuation of the defined benefit pension net asset/liability | Significant | ↔                               | ✗          | High   | ●              |
| New system implementation                                    | Other       | ↔                               | ✗          | Low  | ●              |
| New accounting standards and reporting developments          | Other       | ↔                               | ✗          | Low  | ●              |

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

# Significant risks

| Risk identified   | Audit procedures performed  | Key observations   |
|---|---|--|
| <p><b>Management override of controls</b></p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p> | <p>We have:</p> <ul style="list-style-type: none"><li>evaluated the design and implementation of management controls over journals;</li><li>analysed the journals listing and determined the criteria for selecting high risk unusual journals. For example:<ul style="list-style-type: none"><li>Journals created by senior management</li><li>Journals which impact the financial outturn; and</li><li>Year-end adjustment journals</li></ul></li><li>identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;</li><li>gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness regarding corroborative evidence; and</li><li>evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul> | <p>In performing the procedures above, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team.</p> <p>These criteria included:</p> <ul style="list-style-type: none"><li>Material journals across the year and at year end</li><li>Journals posted by the users with Admin Access to the system</li><li>Journals posted by the IT team</li><li>Credits to expenditure codes</li></ul> <p>Application of these routines and supplementary procedures identified a total sample of 45 journals to test.</p> <p>Our audit work noted the Council has no journals approval hierarchy in place and journals of any amount can be self approved and posted as long as the user has access. A recommendation has been included on page 42.</p> <p>Our audit work has not identified any further issues in respect of management override of controls.</p> <p>We have noted no material adjustments or findings in relation to override of controls.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p> |

# Significant risks

| Risk identified  | Audit procedures performed   | Key observations  |
|--|--|---|
| <p><b>Presumed risk of fraud in revenue recognition</b></p> <p>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 related to revenue recognition. This rebuttal at planning remains valid for St Helens Borough Council.</p> <p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are very limited.</li><li>• the culture and ethical frameworks of local authorities, including St Helens Council, mean that all forms of fraud are seen as unacceptable.</li></ul> <p>Although the risk of fraud is rebutted, we recognise the risk of error in revenue recognition, and this is addressed through the responses to risk detailed across.</p> | <p>We have rebutted the risk of fraud in revenue recognition. Despite revenue recognition not being a significant risk, we have undertaken the following procedures to ensure that revenue included within the accounts is materially correct:</p> <ul style="list-style-type: none"><li>• Evaluated the Council’s accounting policy for recognition of income for appropriateness and compliance with the Code;</li><li>• Updated our understanding of the system for accounting for the income and evaluate the design of associated processes and controls;</li><li>• Agreed on a sample basis relevant income and year end receivable/income accruals to invoices and cash payment or other supporting evidence;</li><li>• Tested a sample of invoices issued and income received in the period prior to and following 31 March 2025 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.</li></ul> | <p>Our audit plan confirmed that we considered it appropriate to rebut the fraud risk in relation to revenue and this remains appropriate.</p> <p>Whilst revenue recognition was not identified as a significant risk, we have carried out procedures and tested material revenue streams to gain assurance over this area and evaluated that it remained appropriate to rebut the presumed risk of revenue recognition.</p> <p>Our audit work has not identified any instances of fraudulent revenue recognition or inaccurate cut-off of revenue recorded around the year end.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p> |



# Significant risks

| Risk identified   | Audit procedures performed   | Key observations  |
|---|--|---|
| <p><b>Presumed risk of fraud in expenditure recognition</b></p> <p>Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p> <p>Based on our assessment we consider that we can rebut the significant risk in relation to expenditure.</p> | <p>We have rebutted the risk of fraud in expenditure recognition</p> <p>Despite expenditure recognition not being a significant risk, we have undertaken the following procedures to ensure that expenditure included within the accounts is materially correct:</p> <ul style="list-style-type: none"><li>• evaluated the Council’s accounting policy for expenditure recognition for appropriateness and compliance with the Code</li><li>• updated our understanding of the Council’s system for accounting for expenditure and evaluating the design of relevant controls</li><li>• undertaken detailed substantive testing on the expenditure streams in 2024-25 including sample testing of material expenditure transactions</li><li>• we have tested a sample of invoices received and payments made in the period prior to and following 31 March 2025 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts paid to the corresponding parties.</li></ul> | <p>Our audit plan confirmed that we considered it appropriate to rebut the fraud risk in relation to expenditure and this remains appropriate.</p> <p>Whilst expenditure recognition was not identified as a significant risk, we have carried out procedures and tested material expenditure streams to gain assurance over this area and evaluated that it remained appropriate to rebut the presumed risk of expenditure recognition.</p> <p>Our audit work has not identified any instances of fraudulent expenditure recognition or inaccurate cut-off of expenditure recorded around the year end.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p> |

# Significant risks

| Risk identified   | Audit procedures performed   | Key observations   |
|---|--|--|
| <p><b>Valuation of land and buildings</b></p> <p>The risk that valuation of land and buildings is misstated. The valuation is an accounting estimate with a high degree of estimation uncertainty and has therefore considered to represent a significant risk in line with ISA 540.</p> <p>The Council re-values its land and buildings on a rolling five-yearly basis and investment properties on an annual basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (Land and Buildings £330.38m valuation in the Councils 2024-25 financial statements) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling program is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>As part of our assessment process, we have considered investment properties and surplus assets. Given the value of these, we have determined that the significant risk does not apply to these asset classes. As the balances are expected to be material they will be subject to review and testing however.</p> | <p>We have:</p> <ul style="list-style-type: none"><li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work;</li><li>evaluated the competence, capabilities and objectivity of the valuation expert;</li><li>Written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code were met;</li><li>challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding;</li><li>engaged our own valuer to assess the instructions issued by the Council to their valuer, the scope of the valuers' work, the valuers reports and the assumptions that underpin the valuations;</li><li>evaluated the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation. Substantively tested these to ensure the valuations are reasonable</li></ul> <p>We have:</p> <ul style="list-style-type: none"><li>tested a selection of other asset revaluations made during the year to ensure they have been input accurately into the Council's asset register, revaluation reserve and Comprehensive Income and Expenditure Statement; and</li><li>evaluated the assumptions made by management for those assets not revalued in year and how management has satisfied themselves that these are not materially different from the current value at year-end.</li></ul> | <p>Our auditor valuation expert provided commentary on the instruction process for the valuation of property assets by Wilks Head and Eve and a review of the resultant report. It did not involve a detailed review of individual property valuations as this aspect of work was completed by the audit team. The auditor expert identified a number of points to follow up including observations around the clarity of assumptions used by the Council valuer and the extent of investigations carried out. We challenged the Council's external valuer on all issues raised and were satisfied that the extent of investigations was sufficient, and that the assumption used were reasonable and appropriate.</p> <p>As part of our overall audit work, we tested 19 Land and Building and 6 Investment property asset valuations, including individually large assets or those with unusual movements, as well as a sample across the remainder of the total population of assets. In completing our work, we examined the accounting entries, data and assumptions used, relevant asset indices and considered those assets not revalued.</p> <p>Our testing of land and building valuations revealed:</p> <ul style="list-style-type: none"><li>instances where incorrect BCIS rates were applied to several school assets. Specifically, Primary School BCIS rates were used instead of the Secondary School rates, resulting in an overstatement of £1.09m in the asset valuations.</li><li>For one property valuation relating to a retail unit within a shopping centre, valuation was based on net operating income. We identified this was based on an estimate which was not updated from the prior-year and more reliable information had become available. The estimate was therefore based on an overestimate of income. On extrapolation of this error over relevant assets this results in a potential misstatement of £1.772m.</li></ul> <p>Management have chosen not to adjust for these matters which are not material and we have reported them as unadjusted misstatements on page 41.</p> <p>Our testing on investment properties did not identify any issues.</p> <p>From procedures performed we have gained appropriate assurance that the carrying value of Council Land and Buildings and Investment properties are fairly stated at the year-end.</p> |

# Significant risks

| Risk identified   | Audit procedures performed  | Key observations  |
|---|---|---|
| <p><b>Valuation of the defined benefit pension net liability</b></p> <p>The Council’s defined benefit pension net asset/liability, as reflected in its balance sheet, represents a significant estimate in the core financial statements.</p> <p>The net pension asset/liability is considered a significant estimate due to the size of the numbers involved (£17.8m pensions liability on the Council’s 2023/24 balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council’s net pension asset/liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> | <p>We have:</p> <ul style="list-style-type: none"><li>• 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 evaluate the design of the associated controls;</li><li>• evaluated the instructions issued by management to their management expert (the actuary) for this estimate and the scope of the actuary’s work;</li><li>• assessed the competence, capabilities and objectivity of the actuary who carried out the Council’s pension fund valuation;</li><li>• assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li><li>• 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;</li><li>• 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;</li><li>• reviewed the IFRIC 14 assessment to obtain assurance over management’s calculation of the asset ceiling; and</li><li>• obtained assurances from the auditor of the Merseyside 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.</li></ul> | <p>Our review of the processes and controls in respect of pensions and the instructions issued by management identified no issues, nor did our assessment of the competence, capability and objectivity of the actuary.</p> <p>We also confirmed the accuracy and completeness of the information provided by the Council to estimate the liability. We challenged the actuary’s assumptions and used our auditor’s expert (PWC) to provide expert input on the assumptions that had been used. Page 28 provides a detailed assessment of the estimation process for the valuation of the pension fund net liability.</p> <p>We have reviewed the IAS19 assurances from the auditor of Merseyside Pension Fund and have not identified any issues.</p> <p>Our audit work has not identified any matters to bring to your attention and we have gained assurance that the IAS 19 pension net liability has been appropriately accounted for and disclosed within the financial statements.</p> |

# Other risks

| Risk identified   | Audit procedures performed  | Key observations   |
|---|---|--|
| <p><b>New system implementation</b></p> <p>The council migrated from the previous Financial Information System (FIS) to the new Unit 4 general ledger system. This transition introduces potential risks, as the adoption of a new system increases the likelihood of encountering operational and reporting issues that may impact the accuracy and reliability of financial data.</p> | <p>We have:</p> <ul style="list-style-type: none"><li>• developed an understanding of the new system implementation through discussions with management. This will include discussions with both IT and non-IT staff members;</li><li>• obtained an appropriate understanding of IT general controls;</li><li>• identified potential risks created or heightened by the new system implementation;</li><li>• developed appropriate audit procedures to gain the required assurance related to the risks identified. Based on the identified risks, the engagement team may need to develop and execute additional or adjusted audit procedures to ensure that the wider audit is not adversely affected. The specific additional procedures will be determined based on the identified risks.</li></ul> | <p>Several audit findings as summarised below have been raised based on the detailed ITGC assessment conducted by the IT audit team of the Unit 4 IT system and controls operating over them:</p> <ol style="list-style-type: none"><li>1. Inadequate control over privileged and generic accounts within Unit 4</li><li>2. Weak password complexity</li><li>3. Access role matrix is not defined for user creation and modification</li><li>4. Lack of a Formal User Access Revocation Process</li><li>5. Data Migration and Chart of Account where it could not be confirmed that the data was fully and accurately migrated from the old systems, which raises the risk of potential data integrity issues</li><li>6. Report Catalogue testing where the Phase 2 of the project was not accurately captured and updated via tracker.</li><li>7. Lack of formal sign-off</li></ol> <p>These findings were formally communicated to management in the IT Audit Findings Report issued in June 2025 and are included in the recommendations on page 42.</p> <p>Despite the control weaknesses identified above, we are satisfied that the ledger has been properly transferred from the FIS system to Unit 4. This conclusion is based on the results of our substantive testing and reconciliation procedures, which confirmed the completeness and accuracy of the financial data migration.</p> <p>During the audit process we identified a number of key issues with the close down process for the financial statements.</p> <ul style="list-style-type: none"><li>• We note the Council were still making a number of manual adjustment to produce the financial statements as the mapping to the statements had not been completed. The Council should look at the facilities of the new ledger and enhance the process to ensure the ledger maps to the accounts with minimal manual adjustments required. This will ensure a smother close-down process and minimise the risk of errors occurring in the financial statements.</li><li>• Our review identified that there were some recharge transactions which were incorrectly posted to non-recharge codes during the year. This could have implications on the accuracy and completeness of financial reporting, as it may result in recharge income and expenditure not being properly matched or eliminated in the accounts. Likewise, we identified some postings on schools' movement codes that are not genuine school movements. These, could have implications on the accuracy of completeness of financial reporting and involved additional audit work to identify the true population and to gain assurance that there was no misstatement.</li></ul> |

# Other risks

| Risk identified  | Audit procedures performed  | Key observations  |
|--|---|---|
| <p><b>New accounting standards and reporting developments</b></p> <p>Local authorities will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide.</p> | <p>We have:</p> <ul style="list-style-type: none"><li>• obtained an understanding of the Council's approach to implementing IFRS 16. This includes understanding the steps taken by the Council to identify and classify leases including peppercorn leases, assess lease terms, and ensure the accounting treatment aligns with the accounting standards;</li><li>• obtained the Council's calculation and lease data and assess the completeness and accuracy by reviewing the calculation of the lease liabilities and right-of-use assets;</li><li>• verified the discount rate used and ensuring the calculations are in line IFRS 16 requirements;</li><li>• reviewed the financial statement disclosure related to leases to ensure this meets the requirements of IFRS 16 such as the nature of leasing activities, key assumptions and judgments made.</li></ul> | <p>The implementation of IFRS 16 has resulted in £14.45m of lease liabilities and £7.98m Right of Use Assets recognised on the balance sheet.</p> <p>We have reviewed the transition adjustments and undertaken procedures to confirm completeness of leases identified. We have not identified any issues in respect of this.</p> <p>Our work noted the Council operates a salary sacrifice car scheme as an employee benefit. Under IFRS 16 transition, the Council has recognised a lease liability but not a right-of-use asset, as the vehicles are under the control of individual employees rather than the Council. The cars are considered to be used at the discretion of employees in exchange for a reduction in salary.</p> <p>For leases entered into before 1 April 2024, the Council has recognised the opening lease liability without recognising the asset. The corresponding accounting adjustment was made to the Capital Adjustment Account (CAA) and subsequently reversed. For leases commencing from 1 April 2024 onwards, the Council initially recognises the lease as an asset addition, which is then immediately treated as a disposal.</p> <p>However, following a reassessment of the lease agreements and Code guidance, it has been concluded that the Council is acting as an agent in this arrangement. Therefore, no leases should have been recognised.</p> <p>The impact of this is £1.448m which has been reported as an unadjusted misstatement see page 41.</p> |

# Other findings



Three decorative, thin purple curved lines are positioned on the right side of the slide. The top line is the largest and most sweeping, starting from the bottom left and curving upwards towards the top right. Below it are two smaller, more compact curved lines, also following a similar upward-curving path.

# Other areas impacting the audit

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.

| Issue   | Commentary   |  |
|---|--|--|
| <p><b>Cybersecurity</b></p> <p>We note that the Council does not have a formal policy covering cybersecurity and does not proactively monitor its level of cyber risk exposure.</p> <p>We specifically note the following areas of cybersecurity should be reviewed to identify and implement additional measures as required:</p> <ul style="list-style-type: none"><li>• Third party supplier IT system / data access</li><li>• Data security including personal data</li><li>• Staff cyber awareness and training</li><li>• IT system user access management</li><li>• System and network security</li></ul> | <p>Based on statistics released by the Department for Science, Innovation and Technology in April 2025, 43% of businesses report having experienced a cyber breach or attack in the last 12 months.</p> <p>High profile cyberattacks undermine trust in an organisation and can shatter hard won reputations. Organisations are also required under GDPR regulation to have appropriate safeguards over personal data they hold and can face large fines if an avoidable breach occurs.</p> <p>The majority of cyberattacks reported are unsophisticated and could be avoided through implementation of simple cybersecurity measures.</p> | <p><b>Auditor view</b></p> <p>We recommend that management proactively assess the Council’s level of cyber risk exposure and put in place appropriate policies/safeguards as required in the areas highlighted.</p> <p><b>Management response</b></p> <p>Third-party supplier access is tightly controlled through a rigorous procurement and risk assessment process, which includes verification of security certifications like ISO 27001 and Cyber Essentials. Contracts incorporate data processing agreements and confidentiality clauses to ensure GDPR compliance. Access is restricted via secure VPN channels with multi-factor authentication and is limited to essential functions. Supplier activity is logged, reviewed periodically, and dormant accounts are promptly disabled. Data security measures include encryption of sensitive information both at rest and in transit, formal data classification policies, enforced retention schedules, secure disposal practices, and regular internal audits including Data Protection Impact Assessments.</p> <p>Cybersecurity awareness is embedded across the organization through mandatory annual training, phishing simulations, and accessible policies on the intranet. Staff are trained to report incidents promptly. User access is managed via role-based controls, automated account provisioning for joiners, movers, and leavers, and enforced MFA for privileged and remote access. System access is logged and monitored for anomalies. Network and system security is maintained through regular patching, firewalls, intrusion detection/prevention systems, endpoint protection tools, and annual penetration testing by certified third parties.</p> |

# Other findings – accounting policies

| Accounting area         | Summary of policy   | Comments  | Assessment  |
|-------------------------|---|---|---|
| Revenue recognition     | <p>Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.</p> <p>In particular:</p> <ul style="list-style-type: none"> <li>• Council Tax and Non-Domestic Rates income is accrued in accordance with the assessed liability for the period to 31 March</li> <li>• fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.</li> </ul> <p>In accordance with IFRS 15 Revenue Recognition, revenue should be measured at the fair value of the amount payable or receivable. In practice, this is the amount that the Council has invoiced, or for which it has been invoiced.</p>   | Our work on income has not highlighted any inconsistencies between the Council's accounting policy and its application during 24/25. The Council's accounting policy is appropriate.      | <br><b>Green</b> |
| Expenditure recognition | <p>Similar to revenue recognition, activity is accounted for in the year that it takes place, not simply when cash payments are made or received.</p> <p>In particular:</p> <ul style="list-style-type: none"> <li>• supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet</li> <li>• expenses in relation to services received are recorded as expenditure when the services are received rather than when the payments are made</li> <li>• interest payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract</li> </ul> | Our work on expenditure has not highlighted any inconsistencies between the Council's accounting policy and its application during 24/25. The Council's accounting policy is appropriate. | <br><b>Green</b> |

**Assessment:**

- **Red** = Marginal accounting policy which could potentially be open to challenge by regulators
- **Amber** = Accounting policy appropriate but scope for improved disclosure
- **Green** = Accounting policy appropriate and disclosures sufficient



# Other findings – accounting policies

| Accounting area          | Summary of policy  | Comments  | Assessment                    |
|--------------------------|--|---|-------------------------------|
| Valuation methods        | <p>Revaluations are carried out as part of a rolling programme by a qualified Valuer, in accordance with guidance issued by the Royal Institution of Chartered Surveyors (RICS). For 2024-2025, the Council used external valuers, Wilks Head &amp; Eve LLP to value Property, Plant and Equipment and the investment portfolio. Specialised assets are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder 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.</p> | Our work on reviewing the valuation methods has not highlighted any inconsistencies between the Council’s accounting policy and its application during 2024/25. The Council’s accounting policy is appropriate.     | <div>●</div> <div>Green</div> |
| Post-employment benefits | <p>As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits to those individuals and participates in two Pension schemes.</p> <p>The Council uses Mercer to provide actuarial valuations of the Council’s assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31 March 2023. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.</p>   | Our work on review the post-employment benefits has not highlighted any inconsistencies between the Council’s accounting policy and its application during 2024/25. The Council’s accounting policy is appropriate. | <div>●</div> <div>Green</div> |

**Assessment:**

- Red = Marginal accounting policy which could potentially be open to challenge by regulators
- Amber = Accounting policy appropriate but scope for improved disclosure
- Green = Accounting policy appropriate and disclosures sufficient

# Other findings – key judgements and estimates


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

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

| Key judgement or estimate   | Summary of management’s approach  | Auditor commentary   | Assessment                    |
|---|---|--|-------------------------------|
| Valuation of land and buildings<br>£330.38m Net carrying value at 31 March 2025 | <p>Other land and buildings comprises £242.09m of specialised assets, which are required to be valued at DRC at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at EUV (£28.35m) at year end.</p> <p>The Council has engaged Wilks Head and Eve LLP to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. 81% of total assets were revalued during 2024/25</p> <p>In addition to the rolling programme, any single asset deemed as material is revalued every year to reduce the risk of non-valued assets. Management also review conditions that may impact non-valued assets, such as enhancements and obsolescence, and request for additional properties to be revalued if required.</p> <p>The Council has included disclosures in relation to estimation uncertainty at Note 2.</p> <p>The total year end valuation of other land and buildings was £330.38m.</p> | <p>The Council’s accounting policy on valuation of land and buildings is included in the Accounting Policies note starting on page 38 of the financial statements.</p> <p>Key observations</p> <p>We assessed the qualifications, skills and experience of the valuer and determined the service to be appropriate.</p> <p>The underlying information and sensitivities used to determine the estimate was complete and accurate. With the exception of two assets:</p> <ul style="list-style-type: none"><li>• one asset where the incorrect BCIS indicis was used and</li><li>• one asset where up to date income details were not used in the calculation of the valuation.</li></ul> <p>The impact of these has been reviewed and an unadjusted misstatement is shown on page:</p> <p>The valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates.</p> <p>We have reviewed management’s assessment on assets not revalued and are satisfied there has been no material changes to the valuation of these assets that would require adjustment of their carrying value.</p> <p>We consider the level of disclosure in the financial statements to be appropriate.</p> <p>We are satisfied the estimate of your land and buildings valuation is not materially misstated.</p> | <div>●</div> <div>Amber</div> |


# Other findings – key judgements and estimates

| Key judgement or estimate   | Summary of management’s approach  | Auditor commentary   | Assessment  |
|---|---|--|---|
| Valuation of investment property<br>£20.72m Net carrying value at 31 March 2025 | <p>The Council has engaged Wilks Head and Eve LLP to complete the annual valuation of investment properties held at fair value as at 31 March 2025.</p> <p>The Council has a number of assets that it has determined to be investment properties.</p> <p>Investment properties must be included in the balance sheet at fair value (the price that would be received in an orderly transaction between market participants at the measurement date).</p> <p>The total year end valuation of investment property was £20.72m, a net increase of £5.52m from 2023/24 (£15.20m).</p> | <p>We have no concerns over the competence, capabilities and objectivity of the external valuation expert used by the Council.</p> <p>The valuer has agreed clear terms of reference for this work with the Council in advance of the work being performed, including within which were the assumptions that were going to be applied to this work</p> <p>The valuer completed a full valuation of the investment portfolio as at 31 March 2025 except for those which are peppercorn rents which are typically nominally valued at £1. These assets are reviewed and considered annually by the Council’s internal estates team in accordance to IAS40 and represent 1% of the balance.</p> | <div></div> <div>Green</div> |


# Other findings – key judgements and estimates

| Key judgement or estimate   | Summary of management's approach  | Auditor commentary   | Assessment |               |           |            |               |       |               |            |                       |       |               |            |               |       |              |            |  |              |                            |            |  |              |                            |            |  |
|---|---|--|------------|---------------|-----------|------------|---------------|-------|---------------|------------|-----------------------|-------|---------------|------------|---------------|-------|--------------|------------|--|--------------|----------------------------|------------|--|--------------|----------------------------|------------|--|
| <p><b>Valuation of defined benefit net pension liability</b> £15.22m at 31 March 2025</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits' available in the form of refunds from the plan or reductions in future contributions to the plan.</p> | <p>The Council's net pension liability at 31 March 2025 is £15.22m (PY £17.78m) comprising the Merseyside Local Government Pension Scheme and Teachers Pension Scheme benefit obligations.</p> <p>The Council uses Mercer to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31 March 2023. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. The net pension liability has decreased by £2.56m during 2024/25.</p> | <p>In understanding how management has calculated the estimate of the net pension liability we have:</p> <ul style="list-style-type: none"><li>Assessed the use of management's expert</li><li>Assessed the actuary's approach taken, and confirmed the reasonableness of their approach</li></ul> <p>We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council.</p> <p>We have used the work of PwC as auditor's expert, to assess the actuary and assumptions made by the actuary. See below considerations of key assumptions in the pension fund valuation:</p> <table><tr><th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>5.80%</td><td>5.70% - 5.90%</td><td>Reasonable</td></tr><tr><td>Pension increase rate</td><td>2.60%</td><td>2.60% - 2.70%</td><td>Reasonable</td></tr><tr><td>Salary growth</td><td>4.10%</td><td>3.1% to 5.1%</td><td>Reasonable</td></tr><tr><td>Life expectancy – Males currently aged 45/65</td><td>22.1<br/>20.8</td><td>21.1 – 23.2<br/>20.8 – 22.0</td><td>Reasonable</td></tr><tr><td>Life expectancy – Females currently aged 45/65</td><td>25.2<br/>23.5</td><td>25.2 – 26.1<br/>23.5 – 24.3</td><td>Reasonable</td></tr></table> <p>We have examined the completeness of accuracy of the underlying information used to determine the estimate, including liaison with the auditor of Merseyside Pension Fund.</p> <p>We have assessed the adequacy of disclosure of estimate in the financial statements.</p> <p>We have not identified any changes to the valuation method.</p> <p>From the work completed we are satisfied with the reasonableness of the estimate and disclosures of the estimate in the financial statements.</p> | Assumption | Actuary value | PwC range | Assessment | Discount rate | 5.80% | 5.70% - 5.90% | Reasonable | Pension increase rate | 2.60% | 2.60% - 2.70% | Reasonable | Salary growth | 4.10% | 3.1% to 5.1% | Reasonable | Life expectancy – Males currently aged 45/65 | 22.1<br>20.8 | 21.1 – 23.2<br>20.8 – 22.0 | Reasonable | Life expectancy – Females currently aged 45/65 | 25.2<br>23.5 | 25.2 – 26.1<br>23.5 – 24.3 | Reasonable | <div><div></div><div>GREEN</div></div> |
| Assumption  | Actuary value   | PwC range  | Assessment |               |           |            |               |       |               |            |                       |       |               |            |               |       |              |            |  |              |                            |            |  |              |                            |            |  |
| Discount rate   | 5.80%   | 5.70% - 5.90%  | Reasonable |               |           |            |               |       |               |            |                       |       |               |            |               |       |              |            |  |              |                            |            |  |              |                            |            |  |
| Pension increase rate   | 2.60%   | 2.60% - 2.70%  | Reasonable |               |           |            |               |       |               |            |                       |       |               |            |               |       |              |            |  |              |                            |            |  |              |                            |            |  |
| Salary growth   | 4.10%   | 3.1% to 5.1%   | Reasonable |               |           |            |               |       |               |            |                       |       |               |            |               |       |              |            |  |              |                            |            |  |              |                            |            |  |
| Life expectancy – Males currently aged 45/65  | 22.1<br>20.8  | 21.1 – 23.2<br>20.8 – 22.0   | Reasonable |               |           |            |               |       |               |            |                       |       |               |            |               |       |              |            |  |              |                            |            |  |              |                            |            |  |
| Life expectancy – Females currently aged 45/65  | 25.2<br>23.5  | 25.2 – 26.1<br>23.5 – 24.3   | Reasonable |               |           |            |               |       |               |            |                       |       |               |            |               |       |              |            |  |              |                            |            |  |              |                            |            |  |


# Other findings – key judgements and estimates

| Key judgement or estimate   | Summary of management’s approach  | Auditor commentary  | Assessment   |
|---|---|---|--|
| <p>Provision for NNDR appeals</p> <p>£3.95m as at 31 March 2025</p> | <p>The Council is liable for successful appeals against business rates charged to business in 2024/25 and earlier financial years in their proportionate share. A provision has therefore been made for the best estimate of the amount that businesses have been overcharged up to 31 March 2025.</p> <p>The Council uses data provided by the Valuation Office Agency (VOA) on historic appeals and analyses this data to estimate the likely success of outstanding appeals. The data is sense checked and a wider analysis of provision levels is undertaken across local Council groups to provide assurance that provision levels appear reasonable.</p> <p>The provision has decreased by £2.68m in 2024/25.</p> | <ul style="list-style-type: none"><li>• We have not noted any issues with the completeness and accuracy of the underlying information used to determine the estimate.</li><li>• We have considered the approach taken by the Council to determine the provision, and it is in line with that used by other local government bodies</li><li>• Disclosure of the estimate in the financial statements is considered adequate.</li><li>• There have been no changes to the calculation method this year.</li></ul> | <div><br/>Green</div> |

# Other findings – key judgements and estimates

| Key judgement or estimate                                     | Summary of management’s approach  | Auditor commentary   | Assessment  |
|---|---|--|---|
| <p><b>Depreciation</b></p> <p>£16.81m as at 31 March 2025</p> | <p>Asset values and assessed remaining lives are input into St Helens asset register (Unit 4) at acquisition and maintained until write off or disposal. The system then calculates the depreciation charge to be included in the draft accounts. Depreciation is calculated on a straight-line basis over the Useful Economic Life (UEL) of the assets.</p> <p>The usual UEL of assets is as follows:</p> <p>Buildings - 10-56 years</p> <p>Vehicles, Plant and Equipment - 3-30 years</p> <p>Infrastructure Assets – 30-40 years</p> <p>Qualified valuers advise on the UEL of Buildings and suitably qualified officers advise on Vehicles, Plant and Equipment.</p> | <p>From our work performed on depreciation, we have noted that depreciation has not been pro-rated in year for changes in the asset including:</p> <ul style="list-style-type: none"> <li>• Depreciation has not been charged on additions in the year of acquisition</li> <li>• Depreciation has been charged in full in the year of disposal</li> <li>• Depreciation has not been charged on AUC brought into use during the year</li> <li>• Depreciation has not been charged on assets moved to AHFS midway through the year</li> </ul> <p>We have performed an assessment of the total impact these errors have on the in year depreciation charge. Where possible we have used the dates the asset came in to use but for others we have used the 1/4/24 to identify the worst case. We have found that the overall impact is that depreciation has been an understated in year of approximately £0.881m. As this is considerably lower than our performance materiality, we have reported this as an unadjusted misstatement see page 41.</p> <p>We have raised a recommendation that the Council should pro-rate depreciation in the year of acquisition/ disposal/ reclassification based on the number of months. This will ensure correct compliance with IAS16 and provide more accurate reporting.</p> <p>Additionally, we have identified a number of assets where UEL is not in line with useful lives stated in the Council's accounting policies. Management have agreed to review and update their policy regarding asset lives so that this is in line with lives actually applied.</p> | <div>  <p>Amber</p> </div> |

# Other findings – key judgements and estimates

| Key judgement or estimate                             | Summary of management's approach   | Auditor commentary   | Assessment  |
|---|--|--|---|
| <b>Minimum revenue provision</b><br>£5.87m in 2024/25 | <p>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.</p> <p>The year end MRP charge was £5.87m, a net increase of £2.2m from 2023/24. This represents a 2.66% charge against the general fund capital financing requirement (CFR).</p> | <ul style="list-style-type: none"><li>• The Council's MRP has been calculated in line with the statutory guidance;</li><li>• Cabinet approved the annual MRP policy in February 2024;</li><li>• We assessed the reasonableness of the approach taken by the Council in calculating MRP. A benchmark of 2% is generally regarded as appropriate charge as it reflects MRP being charged across an approximate asset life of 50 years.</li><li>• The Councils MRP is 2.67% with the underlying reason that the Council is charging MRP on an annuity basis for those supported assets (pre 2008 regulations) and on certain regeneration assets. This approach is allowable under statutory guidance and results in a lower MRP charge in earlier years and a higher charge in later years. Whilst allowable, this method does push more of the burden of debt repayment into the future.</li><li>• The Council should continue to examine the appropriateness of its MRP policy to ensure it is making sufficient charge to general fund. It should consider future affordability in using the annuity basis which results in increasing MRP charges in later years.</li></ul> <p>New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following.</p> <p>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.</p> | <div></div> <b>Amber</b> |

# Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application 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.

| IT application | Level of assessment performed                                  | Overall ITGC rating  | ITGC control area rating |   |                             | Related significant risks/other risks |
|----------------|--|----------------------|--------------------------|---|-----------------------------|---------------------------------------|
|                |  |                      | Security management      | Technology acquisition, development and maintenance | Technology infrastructure   |                                       |
| Unit 4         | ITGC assessment (design and implementation effectiveness only) | <div></div><br>Amber | <div></div><br>Amber     | <div></div><br>Green                                | <div></div><br>Not in scope | Management override of controls       |

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment



# Communication requirements and other responsibilities

# Other communication requirements

| 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 other incidents in the period and no other issues have been identified during the course of our audit procedures.  |
| 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 use 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 set out at Appendix D.  |
| Confirmation requests from third parties    | We requested from management permission to send confirmation requests to the Council’s banking and treasury partners. This permission was granted and the requests were sent. All confirmations have now been returned with positive confirmation.   |
| Disclosures                                 | Our review found no material omissions in the financial statements. A number of amendments were made to the financial statements to further enhance the transparency of the disclosures within the Accounts and improve compliance with reporting requirements. Further detail is set out at page 39.  |
| Audit evidence and explanations             | All information and explanations requested from management continue to be provided.  |
| Significant difficulties                    | As part of our final accounts audit, we experienced delays in obtaining key pieces of information, including the draft Statement of Accounts. These delays impacted the timing of the audit and the delivery of work within expected timescales. Timely provision of audit evidence is essential to support a smooth audit procedure and to ensure that reporting deadlines are met. |

# Other responsibilities

| Issue         | Commentary   |
|---------------|--|
| Going concern | <p>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 2024). 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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"><li>• 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</li><li>• 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.</li></ul> <p>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:</p> <ul style="list-style-type: none"><li>• the nature of the Council and the environment in which it operates</li><li>• the Council’s financial reporting framework</li><li>• the Council’s system of internal control for identifying events or conditions relevant to going concern</li><li>• management’s going concern assessment.</li></ul> <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"><li>• a material uncertainty related to going concern has not been identified; and</li><li>• management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li></ul> |

# Other responsibilities

| Issue   | Commentary  |
|---|---|
| Other information                                     | <p>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.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix E.</p>   |
| Matters on which we report by exception               | <p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"><li>• 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,</li><li>• if we have applied any of our statutory powers or duties.</li><li>• where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness.</li></ul> <p>We have reported a significant weakness in respect of the Councils arrangements to secure value for money.</p> |
| Specified procedures for Whole of Government Accounts | <p>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.</p> <p>Note that work is not required as the Council does not exceed the threshold.</p>  |
| Certification of the closure of the audit             | <p>We intend to delay the closure of the 2024/25 audit of St Helens Council in the audit report, as detailed in Appendix E, due to not having received confirmation from the NAO that the group audit (Whole of Government Accounts) has been certified by the C&amp;AG.</p>  |

# Audit adjustments

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# 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.

| Detail   | Comprehensive Income<br>and Expenditure<br>Statement<br>£'000 | Balance Sheet<br>£'000   | Impact on total net<br>expenditure<br>£'000 | Impact on general fund<br>£'000 |
|--|---|--|---|---------------------------------|
| The Council includes the Cash balance in relation to MRWDA as Other long-term liabilities. However, these should be included as current liabilities as cash is liquid and repayable in 12 months | -   | Other long term liabilities<br>11,097<br>Current liabilities<br>(11,097) | -   | -                               |
| Overall impact   | 0   | 0  | 0   | 0                               |

# Audit adjustments

## 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  | Misclassification or change identified  | Adjusted? |
|---|---|-----------|
| Statement of Main Principles, Accounting Policies and Estimation Techniques   | Our review identified that the Council's accounting policy for depreciating buildings is applied over a period of up to 60 years. However, the disclosed accounting policy currently states a maximum of 56 years.  | ✓         |
| Note 2 Critical judgements in applying accounting policies, assumptions made about the future and other major sources of estimation uncertainty | Valuations of the Council's land and building based costs has been amended to £344.991m representing the total valuation of operational and non-operational land and buildings.   | ✓         |
| Note 11 c Pensions assets & liabilities   | Additional disclosure has been added in the Virgin Media Case   | ✓         |
| Note 11 f Actuarial assumptions   | We have noted that the percentage has been omitted in error.  |           |
| Note 15 Expenditure and Income analysed by nature   | Contributions amounted to £28.6m was erroneously mapped to Government Grants and should be included in 'Fees, Charges, and Other Income' which becomes (£87,901) and Government Grants becomes (£363,367) in the accounts.  | ✓         |
| Note 32 - Capital Expenditure and Financing   | The Council has corrected the REFCUS figures which was initially understated by £863k, with a corresponding understatement in PPE capital investment by the same amount.  | ✓         |
| Note 33 – Assets held for sale  | <p>Upon review, we noted that the client has first transferred the asset to the AHFS category and subsequently recognised a valuation gain/loss.</p> <p>We have confirmed that the revaluation gains and losses were correctly accounted for either through the Revaluation Reserve or CIES, depending on the nature of the movement and the opening balance of the reserve. Therefore, we are satisfied that the valuation adjustments were properly recognised. The issue lies solely in the presentation within the accounts where the revaluation should have been reflected prior to the asset's transfer to AHFS.</p> | ✓         |
| Note 34 – Exit Packages   | The Council has revised the reported figures for exit packages, adjusting the £0–£20,000 band to £213k and the £20,001–£40,000 band to £434k. This correction was made after identifying that an officer had been incorrectly classified under the lower band. Importantly, the overall total cost of exit packages remains unchanged.  | ✓         |
| Note 38 – Other long-term liabilities   | MRWDA is included as a long-term liability, however this relates to cash and the SLA confirms a notice period of 26 weeks, there we believe the liability of £11,097k should be included in the accounts as a short-term liability instead of a long-term liability.  | ✓         |

# Audit adjustments

## Misclassification and disclosure changes (continued)

| Disclosure   | Misclassification or change identified   | Adjusted? |
|--|--|-----------|
| Note 39 – Cash and Cash Equivalents  | <p>Our review noted that the Council did not include a separate disclosure for client monies within the financial statements. In accordance with CIPFA Code of Practice (Section 3.4.4, paragraph 11), authorities are required to provide “a statement indicating the overall nature and amounts administered” in respect of client funds.</p> <p>MRWDA cash of £11,097k is included in the cash balance In line with the Code paragraph 3.4.4.1 (3) and (11) this amount should be disclosed within the Cash and Cash Equivalent note.</p> | ✓         |
| Note 39 (e) – Nature and extent of risk from financial instruments – Credit Risk | <p>We noted that total debts overdue by more than 28 days (the standard payment terms) amount to £8.9m whereas the disclosure total £12.06m. The discrepancy in the disclosed figure arose because a report generated for a different period was used.</p>   | ✓         |
| Throughout   | <p>Several minor typographical errors have been identified throughout the financial statements, including page references, hyperlink updates, incorrect totals, and rounding differences.</p>  | ✓         |



# Audit adjustments

## Impact of unadjusted misstatements

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

| Detail  | Comprehensive Income and<br>Expenditure Statement £'000                        | Balance Sheet £'000  | Impact on total net<br>expenditure£'000 | Impact on general<br>fund £'000 |
|---|--|--|---|---------------------------------|
| <b>Revaluations</b>   |  |  |   |                                 |
| BCIS rates used for School assets   | Surplus or deficit on revaluation of NCA<br>1,090                              | PPE<br>(1,090)   | 1,090                                   | -                               |
| Our testing of land and building valuations revealed instances where incorrect BCIS rates were applied to several school assets. Specifically, Primary School BCIS rates were used instead of the Secondary School rates, resulting in an overstatement of the asset valuations.  |  |  |   |                                 |
| <b>Values used for revaluation</b>  |  |  |   |                                 |
| Our testing of land and buildings identified the income values used as the basis for valuation were not updated from the prior year and were overstated. This was extrapolated over the type of asset.  | Surplus or deficit on revaluation of NCA<br>1,772                              | PPE<br>(1,772)   | 1,772                                   | -                               |
| <b>Depreciation charges</b>   |  |  |   |                                 |
| From the audit work performed on depreciation, we have noted that depreciation has not been pro-rated in year for additions, disposals or reclassifications. This was extrapolated as the maximum effect. This has resulted in an overall understatement of depreciation charges. | NCOS<br>881  | PPE<br>(881)   | 881                                     | -                               |
| <b>Leases</b>   |  |  |   |                                 |
| The Council operates a salary sacrifice car scheme as an employee benefit, however as the Council are acting as an agent in this arrangement. Therefore, no leases should have been recognised. The Council have currently recognised this as a lease liability.                  | NCOS<br>416<br>Loss on disposal of assets<br>(799)<br>Interest expense<br>(50) | Current liabilities<br>515<br>Long term liabilities<br>567<br>Unusable reserves<br>(649) | (433)                                   | -                               |
| <b>Overall impact of current year unadjusted misstatements</b>  | <b>3,310</b>   | <b>(3,310)</b>   | <b>3,310</b>                            | <b>-</b>                        |

# Action plan




We set out here our recommendations for the Council which we have identified as a result of issues identified during our 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  |
|--|---|--|
| <div><div>●</div><div>High</div></div> | <p><b>1) Journal Authorisation</b></p> <p>Our review identified that there is currently no journal approval hierarchy in place within Unit 4. This means that users with posting access can self-approve and post journals of any value without approval. The absence of a formal approval process increases the risk that inappropriate or erroneous journal entries may be posted and remain undetected.</p> <p>Additionally, we noted that senior officers have access to post journals. Whilst our testing did not identify any journal entries posted by senior officers during the year, the ability to do so presents a risk of management override of controls, particularly in the absence of mitigating approval process.</p> | <p>We recommend that the Council reviews access controls to posting journals of senior officers and include a journal hierarchy.</p> <p><b>Management response</b></p> <p>The introduction of Unit 4 allows for live reporting. The Council is of the view that the current system does not significantly increase control risks. There is minimum risk in operating a system which allows for authorised finance staff to input journals directly into the ledger. The robust management reporting the Council has in place would enable inappropriate or erroneous journal entries to be detected.</p> <p>The functionality that allows for the Director of Finance to transact journal adjustments will be removed.</p> |
| <div><div>●</div><div>High</div></div> | <p><b>2) Production of accounts</b></p> <p>The statutory deadline for producing accounts is the 30 June however the Council did not provide accounts until the 24 July 2025. Working papers were then provided following this date. However, as the government is working to clear the backlog the Council should ensure accounts and working papers to support these are provided by the deadline.</p>   | <p>We recommend the Council provide accounts and working papers by the 30/6/26 for the following year.</p> <p><b>Management response</b></p> <p>Agreed</p>   |
| <div><div>●</div><div>High</div></div> | <p><b>3) Manual Adjustments</b></p> <p>Whilst the Council have implemented a new ledger in 2024/25 the mapping to the accounts has not been completed and a significant number of manual adjustments have been made. The Council should look to use the facilities of the ledger and enhance this process to ensure the ledger maps to the accounts with minimal manual adjustments required.</p>   | <p>We recommend the Council review the closedown procedures to ensure the close down procedure is completed efficiently.</p> <p><b>Management response</b></p> <p>The Council will seek to minimise the number of manual adjustments made in its production of the Statement of Accounts and, wherever possible and practical, avoid off ledger adjustments.</p>   |




## Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

# Action plan

| Assessment  | Issue and risk  | Recommendations   |
|---|---|---|
| <br>Medium | <p><b>4) Finance users with System Administrator Rights</b></p> <p>As part of our IT general controls review, we identified that two finance users were granted system administrator rights within Unit 4 to support the system’s implementation. Whilst we have reviewed the journal entries posted by these users and found them to be appropriate and in line with their designated roles, this elevated access enables them to make system-level changes, which inherently increases the risk of unauthorised activity and potential management override of controls.</p>   | <p>We recommend that the Council reviews the users with system admin rights to ensure appropriate segregation of duties.</p> <p><b>Management response</b></p> <p>The Council had already reviewed the system administrator rights and removed from finance users who had been temporarily granted these as part of their roles on the implementation team.</p> |
| <br>Medium | <p><b>5) Depreciation charges</b></p> <p>During our review of the Council’s accounting practices on depreciation, we identified the following:</p> <ul style="list-style-type: none"> <li>- Depreciation has not been charged on additions in the year of acquisition or where Assets Under Construction are brought into use. Depreciation has been charged in full in the year of disposal</li> <li>- Depreciation has not been charged on assets moved to Assets Held for Sale midway through the year</li> </ul> <p>This approach is not aligned with standard accounting principles, which require depreciation to be charged from the point when an asset is brought into use and to cease once it is either fully depreciated or no longer in use.</p> | <p>We recommend that the Council review and update its depreciation policy to ensure that the approach in depreciation charges is aligned with the standard accounting principles.</p> <p><b>Management response</b></p> <p>It is the view of the Council that the current depreciation methodology provides a materially accurate estimate.</p>                |
| <br>Medium | <p><b>6) Recharges</b></p> <p>Our review identified that there were some recharge transactions which were incorrectly posted under non-recharge codes during the year. This could have implications on the accuracy and completeness of financial reporting, as it may result in recharge income and expenditure not being properly matched or eliminated in the accounts.</p>  | <p>We recommend that the Council ensure that all recharge transactions are consistently recorded using designated recharge codes. This will help ensure that recharge transactions are properly identified going forward.</p> <p><b>Management response</b></p> <p>Agreed</p>   |

## Key

-  High – Significant effect on control system and/or financial statements
-  Medium – Limited impact on control system and/or financial statements
-  Low – Best practice for control systems and financial statements

# Action plan (continued)

| Assessment                                 | Issue and risk   | Recommendations  |
|--|--|--|
| <div> <div></div> <div>Medium</div> </div> | <p><b>7) Housing Benefits reconciliations</b></p> <p>We experienced some difficulties obtaining the reconciliation from the client due to the staff member responsible for preparing it leaving the organisation. This was prepared during the audit process.</p>  | <p>We recommend the Council produce the housing benefits reconciliation as part of the close down procedures.</p> <p><b>Management response</b></p> <p>Agreed</p>  |
| <div> <div></div> <div>Medium</div> </div> | <p><b>8) Service Level Agreement for MRWDA</b></p> <p>The most recent SLA that was obtained related to 2022/23 and was not signed by either party. The Council should ensure SLA is updated on an annual basis and signed by both parties. The absence of a signed agreement may raise concerns regarding the clarity and enforceability of the arrangement.</p>   | <p>We recommend the Council agree a service level agreement with MRWDA on an annual basis.</p> <p><b>Management response</b></p> <p>Agreed</p>   |
| <div> <div></div> <div>Low</div> </div>    | <p><b>9) Capital Financing Requirement</b></p> <p>The Council currently reports all capital investment under the category of Property, Plant and Equipment, including amounts related to Investment Property, Intangible Assets, and Heritage Assets. Whilst the amounts involved are not material, this classification does not align with the CIPFA Capital Financing Requirements, which require capital investment to be reported by asset category.</p> | <p>We recommend that management disaggregate capital investment reporting by asset category, specifically separating Investment Property, Intangible Assets, and Heritage Assets from PPE.</p> <p><b>Management response</b></p> <p>Agreed</p> |
| <div> <div></div> <div>Low</div> </div>    | <p><b>10) Unsigned S75 agreement</b></p> <p>During our review, we noted that the Section 75 agreement, which formalises the partnership between the Council and Cheshire and Merseyside ICB has not yet been signed. The absence of a signed agreement may indicate incomplete or potentially inaccurate contractual disclosures and raises concerns regarding the clarity and enforceability of the arrangement.</p>  | <p>We recommend that the Council ensures that the S75 agreement is formally reviewed, finalised, and signed.</p> <p><b>Management response</b></p> <p>Agreed</p>   |

## Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

# Action plan (continued)

| Assessment   | Issue and risk   | Recommendations   |
|--|--|---|
| ●<br>Low   | <p><b>11) Related party transactions</b></p> <p>We have reviewed companies house and compared it to the declarations made. We have identified that a small number of members who have interests per companies house but these have not been declared. No transactions have been identified with these companies therefore no additional disclosures are required. These have been taken to the client for explanation for which the client has confirmed that the relevant members will be reminded regarding the disclosure requirements.</p>               | <p>We recommend that the Council reminds members of the requirements to declare all related party transactions.</p> <p><b>Management response</b></p> <p>Agreed - Members will be reminded of their ongoing obligations under the Code to register interests falling within the categories set out in Table 1 and 2 of the Code as part of the annual reminder sent out by the Monitoring Officer.</p>  |
| ●<br>Low   | <p><b>12) Accounting Policy - Infrastructure</b></p> <p>We have identified that there is no specific section for 'Infrastructure Assets' in the Council's accounting policies. Rather the policy refers more generally to PPE and how depreciation is charged. In particular, this should outline that infrastructure assets are held using a modified form of historical cost, which is not stated in the current policy.</p>   | <p>We recommend that for clarity, a separate section in the accounting policy is added for Infrastructure assets with reference to the example accounting policies outlined in 'Annex A - CIPFA Bulletin 12'.</p> <p><b>Management response</b></p> <p>The Council will review and consider adding a dedicated Infrastructure Assets section to the accounting policies, with reference to Annex A – CIPFA Bulletin 12. References to these policies are currently included in Note 25 – Infrastructure Assets.</p>   |
| The following are recommendations raised by the IT team as part of the review of Unit 4 implementation |  |   |
| ●<br>Medium  | <p><b>13) Inadequate control over privileged and generic accounts within Unit 4</b></p> <p>Our review of privileged users within the Unit4 system identified that 2 out of 11 privileged users were non-IT users leading to segregation of duties conflict. They continued to retain this access in order to conduct testing as part of the project implementation process.</p> <p>The audit team have completed specific testing on these users as part of our journals work. We identified no issues over the journals processed by these individuals.</p> | <p>Where possible, generic accounts should be removed, and individuals should have their own uniquely identifiable user accounts created to ensure accountability for actions performed. Alternately, management should implement suitable controls to limit access and monitor the usage of these accounts (i.e. through increased use of password vault tools / logging and periodic monitoring of the activities performed). Where monitoring is undertaken this should be formally documented and recorded.</p> <p><b>Management response</b></p> <p>Agreed</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements




# Action plan (continued)

| Assessment                               | Issue and risk  | Recommendations  |
|--|---|--|
| <div><div>●</div><div>Medium</div></div> | <p><b>14) Weak password complexity</b></p> <p>During our review we noted that password parameters are not set appropriately to meet best practice guidelines.</p>   | <p>We recommend that password parameters for Unit4 should be configured to meet best practice guidelines such as those recommended by NCSC,</p> <p><b>Management response</b></p> <p>Agreed. Unit4 uses Single Sign On, therefore the password is their Microsoft network password which is governed by IT following NCSC guidelines. A small number of users require a Unit4 password to upload journals, and users are required to set their own password for this. Unit4 settings also follow NCSC guidelines</p>                 |
| <div><div>●</div><div>Low</div></div>    | <p><b>15) Access role matrix is not defined for user creation and modification</b></p> <p>During our review, we observed that a defined role matrix has not been established to assess whether the roles requested are appropriate for assignment to users.</p>   | <p>Management should develop formal role matrix.</p> <p><b>Management response.</b></p> <p>Agreed. This is in progress.</p>  |
| <div><div>●</div><div>Low</div></div>    | <p><b>16 ) Lack of a Formal User Access Revocation Process</b></p> <p>During our review, we observed that a formal process for user access revocation has not been defined. Currently, user access is reviewed on a monthly basis for revocation. Given this frequency, there is a risk that user IDs may remain active beyond an individual's last working day, particularly if their departure occurs early in the month.</p> | <p>Management should ensure that a comprehensive user administration procedures are in place to revoke access in a timely manner. Management should consider performing user access reviews on all terminated accounts to ensure all accounts have been disabled in a timely manner.</p> <p><b>Management response.</b></p> <p>Agreed. Access Revocation is performed by IT as access to Unit4 uses their Microsoft Network Account.</p> <p>We have implemented a weekly check of payroll leavers and revoke access accordingly.</p> |

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

# Action plan (continued)

| Assessment  | Issue and risk  | Recommendations  |
|---|---|--|
| <br>Medium | <p><b>17) Data Migration and Chart of Accounts</b></p> <p>We could not confirm that the data was fully and accurately migrated from the old systems, which raises the risk of potential data integrity issues.</p> <p>Furthermore, during our review, we observed that the migration of the Chart of Accounts (COA) was not fully completed in a timely manner by the time the system went live. Several placeholder accounts were established to facilitate journal entry postings and ensure continuity in financial processing.</p> <p>As part of the financial statements audit the audit team completed additional work which confirmed the Council had correctly and accurately migrated the data from the old system to the new system. We were also able to link the codes to the financial statements. Although we have raised recommendation 3 on the number of manual adjustments being completed.</p> | <p>To support a successful and controlled data migration process, the Council should have a:</p> <ul style="list-style-type: none"><li>• A clearly defined data migration strategy</li><li>• A structured data cutover approach</li><li>• A comprehensive data cleansing approach</li><li>• Documented data reconciliations by entity, financial period, and data type</li></ul> <p><b>Management response</b></p> <p>Agreed for any future system implementations</p> |
| <br>Medium | <p><b>18) Report Catalogue testing</b></p> <p>During our review, we noted that the testing performed during the Phase 2 of the project was not accurately captured and updated via tracker. Hence, we were not able to confirm the appropriateness and completeness of testing performed.</p> <p>Also, no formal sign off was obtained.</p>   | <p>Management should ensure that testing result are captured and approved by appropriate personal.</p> <p><b>Management response</b></p> <p>Agreed, noted for future projects</p>  |
| <br>Low   | <p><b>19) Lack of formal Sign-Off</b></p> <p>As part of our IT audit procedures over the new system implementation, we noted that formal sign-off and documented approvals were not obtained for several critical project milestones.</p>   | <p>Management should ensure formal sign offs are obtained for key milestones and key documents are retained.</p> <p><b>Management response.</b></p> <p>Agreed, noted for future projects</p>   |

## Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
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# Follow up of prior year recommendations

We identified the following issues in the audit of the Council’s 2023/24 financial statements, which resulted in 3 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented our recommendation except for one which relates to the receipt of Statement of Accounts.

| Assessment | Issue and risk previously communicated  | Update on actions taken to address the issue  |
|------------|---|---|
| ✓          | <b>Asset lives</b><br>Our audit work identified assets which were fully depreciated but still in use. The implication being the original life allocated to the asset may not have been accurate.<br><br>The Council should ensure asset lives are reviewed to ensure they reflect the true life of the asset and that the annual depreciation charge is appropriate.  | The Council have established clear procedures to monitor and de-recognise nil NBV assets in a timely manner.  |
|            | <b>Bank reconciliations</b><br>Our audit work identified the bank reconciliation for April 2024 remains outstanding due to a member of staff on long term sickness.<br><br>Timely reconciliation of the bank accounts is considered a key financial control and as such, reconciliations should be completed on a monthly basis and other staff members should be trained to complete this.                         | Bank reconciliations are completed on a regular basis.  |
| X          | <b>Statement of Accounts</b><br>The deadline for the statement of accounts was the 31/5/24 however they were not received until the 26/6/24. Key working papers were also received during the audit process. As we move to the earlier deadlines it is crucial these are received on a timely basis.<br><br>The Statement of Accounts and complete working papers should be prepared and available by the deadline. | The draft statement of accounts for 2024/25 were received on 24/07/2025. This recommendation is carried forward and included in the current year recommendations. |



# Value for Money arrangements

# Value for Money arrangements

## Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30<sup>th</sup> November each year from 2024-25. Our draft AAR accompanies this audit findings report.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



### Improving economy, efficiency and effectiveness

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



### Financial sustainability

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



### Governance

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

In undertaking this work we have identified one significant weaknesses in arrangements. Our Auditor's Annual Report accompanies this audit findings report.

# Independence considerations

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# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, we disclose the following to you:

| Matter  | Threats       | Safeguards   | Conclusion   |
|---|---------------|--|--|
| Independence – An associate employed by us in the Liverpool office within the Public Interest audit team is the daughter of an Executive Director at the Council. | Self interest | The associate: <ul style="list-style-type: none"><li>- will not work on the St Helens audit</li><li>- will have no access to the file,</li><li>- the audit will be conducted from our Manchester office and members of the team will not discuss any matters with the associate.</li></ul> | We have concluded that our independence is not compromised due to the safeguards in place. We have agreed these with our Ethics department and Public Sector Audit Appointments Limited. |

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council’s Ethical Standard. Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

## Non-audit fees

A schedule of our fees and non-audit services is set out further in this report, including an assessment of any perceived or actual threats to our independence and, where relevant, safeguards applied.

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

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

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

# Fees and non-audit services

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to the Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees.

## Audit-related non-audit services

| Service   | 2023/24<br>£ | 2024/25<br>£ | Threats Identified  | Safeguards applied  |
|---|--------------|--------------|---|---|
| Certification of Housing Benefits Subsidy claim | £35,640      | £35,055      | Self-Interest (because this is a recurring fee)<br><br>Self-review (because GT provides audit service)<br><br>Management threat | 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 £35,055 in comparison to the total fee for the audit of £360,764 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. |
| Certification of Teachers' Pension Return       | £12,500      | £12,500      | Self-Interest (because this is a recurring fee)<br><br>Self-review (because GT provides audit service)<br><br>Management threat | The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £360,764 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. |
| Total   | £48,140      | £47,555      |   |   |

# Fees and non-audit services

## Total audit and non-audit fee

|                            |                 |  |          |
|----------------------------|-----------------|--|----------|
| Audit fee - PSAA Scale fee | £340,764        | Non-audit fee (grant certification work) | £47,555* |
| New System implementation  | £12,500         |  |          |
| IFRS 16                    | £5,000          |  |          |
| Post statement issues      | £2,500          |  |          |
| <b>Total audit fee</b>     | <b>£360,764</b> |  |          |

The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

|   |                 |
|---|-----------------|
| • fees per financial statements   | £353,264        |
| • additional fee for IFRS 16  | £5,000          |
| • additional fee for post statements work following new system implementation | £2,500          |
| • <b>total fees per above</b>   | <b>£360,764</b> |

\*exact fee to be confirmed on completion of work

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

# Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees.

| Grade          | Rate (Determined by PSAA) | Hours  | Fee variation for Audit 2024/25 |
|----------------|---------------------------|--------|---------------------------------|
| Director       | £428                      | 0.5    | £214                            |
| Senior Manager | £236                      | 13     | £3,068                          |
| Senior Auditor | £153                      | 109.27 | £16,718                         |
| Other staff    | £117                      |        |                                 |
| Total          |                           |        | £20,000                         |

The above is subject to review by PSAA who will make a final determination.







# Appendices

Three decorative purple arcs of varying radii are positioned on the right side of the slide, starting from the bottom and curving upwards and to the right.

# A. Communication of audit matters with those charged with governance

| Our communication plan  | Audit Plan | Audit Findings |
|---|------------|----------------|
| Respective responsibilities of auditor and management/those charged with governance   | ●          |                |
| Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks  | ●          |                |
| Confirmation of independence and objectivity  | ●          | ●              |
| A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence | ●          | ●              |
| Significant matters in relation to going concern  | ●          | ●              |
| Views about the qualitative aspects of the Group’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures   |            | ●              |
| Significant findings from the audit   |            | ●              |
| Significant matters and issue arising during the audit and written representations that have been sought  |            | ●              |
| Significant difficulties encountered during the audit   |            | ●              |
| Significant deficiencies in internal control identified during the audit  |            | ●              |
| Significant matters arising in connection with related parties  |            | ●              |

# A. Communication of audit matters with those charged with governance

| Our communication plan  | Audit Plan | Audit Findings  |
|---|------------|---|
| 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, as a minimum a requirement exists for our findings to be distributed to all the company directors and 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 those charged with governance.

# B. Our team and communications

## Grant Thornton core team

**Michael Green**

Engagement Lead/  
Key Audit Partner

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

**Sophia S. Iqbal**

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

**Kyle Chanice C. Reyes**

Audit Senior

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

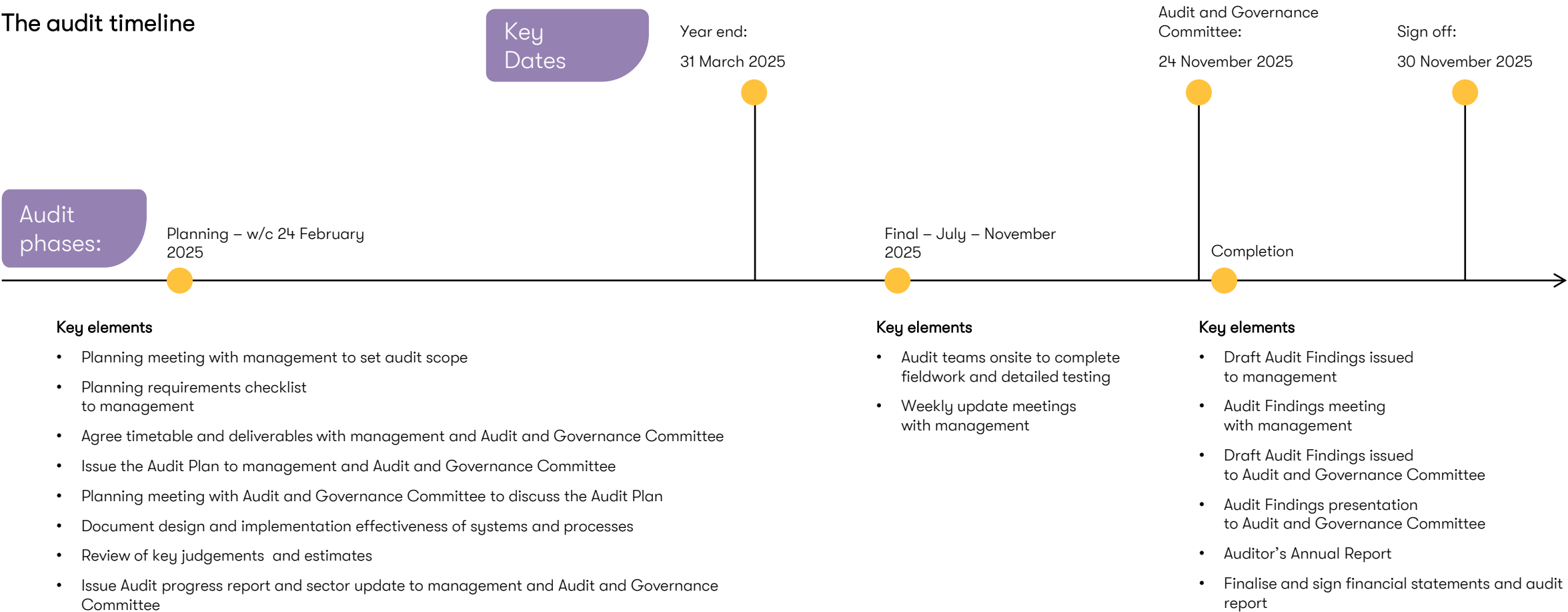
Pool of valuation specialists and other technical specialists to support our IT audit work and digital tools.

| Service delivery   | Audit reporting   | Audit progress   | Technical support  |
|--|---|--|--|
| <b>Formal communications</b> • Annual client service review  | <ul style="list-style-type: none"><li>• The Audit Plan</li><li>• The Audit Findings</li><li>• The Auditor’s Annual Report</li></ul> | <ul style="list-style-type: none"><li>• Audit planning meetings</li><li>• Audit clearance meetings</li><li>• Communication of issues log</li></ul> | <ul style="list-style-type: none"><li>• Technical updates</li></ul>                |
| <b>Informal communications</b> • Open channel for discussion |   | <ul style="list-style-type: none"><li>• Communication of audit issues as they arise</li></ul>  | <ul style="list-style-type: none"><li>• Notification of up-coming issues</li></ul> |

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same was as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

# C. Logistics

## The audit timeline



# D. Management letter of representation

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report.

Grant Thornton UK LLP

11th Floor,  
Landmark St Peter's Square,  
1 Oxford St,  
Manchester,  
M1 4PB

Dear Grant Thornton UK LLP

**St Helens Borough Council**  
**Financial Statements for the year ended 31 March 2025**

This representation letter is provided in connection with the audit of the financial statements of St Helens Borough Council ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## **Financial Statements**

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

## D. Management letter of representation (continued)

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land and building, investment property and defined pension liability valuations. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
  - a) there are no unrecorded liabilities, actual or contingent;
  - b) none of the assets of the Authority has been assigned, pledged or mortgaged; and
  - c) there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
  - a) the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
  - b) the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c) the Authority's system of internal control has not identified any events or conditions relevant to going concern.
- xiv. We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

# D. Management letter of representation (continued)

xiv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

## Information Provided

xv. We have provided you with:

- a) access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
- b) additional information that you have requested from us for the purpose of your audit; and
- c) access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

xvi. We have communicated to you all deficiencies in internal control of which management is aware.

xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements

xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

- a) management;
- b) employees who have significant roles in internal control; or
- c) others where the fraud could have a material effect on the financial statements.

xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

## Annual Governance Statement

xxiv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

## Narrative Report

xxv. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.



# D. Management letter of representation (continued)

Approval

The approval of this letter of representation was minuted by the Council’s Audit and Governance Committee at its meeting on 24 November 2025.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Council

# D. Management letter of representation

Appendix A – Unadjusted Misstatements

| Detail   | Comprehensive Income & Expenditure Statement £'000 | Statement of Financial Position £' 000 | Impact on total net expenditure £'000 | Impact on general fund £'000 |
|--|--|--|---------------------------------------|------------------------------|
| <b>Revaluations</b>  | Surplus or deficit on revaluation of NCA           | PPE                                    | £1,090                                | -                            |
| BCIS rates used for School assets  | £1,090   | Cr £1,090                              |                                       |                              |
| Our testing of land and building valuations revealed instances where incorrect BCIS rates were applied to several school assets. Specifically, Primary School BCIS rates were used instead of the Secondary School rates, resulting in an overstatement of the asset valuations. |  |  |                                       |                              |
| <b>Values used for revaluation</b>   | Surplus or deficit on revaluation of NCA           | PPE                                    |                                       |                              |
| Our testing of land and buildings identified the income values used as the basis for valuation were not updated from the prior year and were overstated. This was extrapolated over the type of asset.   | £1,772   | Cr £1,772                              | £1,772                                | -                            |
| <b>Depreciation charges</b>  | NCOS 881   | PPE (881)                              | 881                                   | -                            |
| From the audit work performed on depreciation, we have noted that depreciation has not been pro-rated in year for additions, disposals or reclassifications. This was extrapolated as the maximum effect.  |  |  |                                       |                              |
| This has resulted in an overall understatement of depreciation charges.  |  |  |                                       |                              |
| <b>Leases</b>  | NCOS 416   | Current liabilities 515                | (433)                                 | -                            |
| The Council operates a salary sacrifice car scheme as an employee benefit, however as the Council are acting as an agent in this arrangement.  | Loss on disposal of assets (799)                   | Long term liabilities 567              |                                       |                              |
| Therefore, no leases should have been recognised. The Council have currently recognised this as a lease liability.   | Interest expense (50)                              | Unusable reserves (649)                |                                       |                              |
| <b>Overall impact of current year unadjusted misstatements</b>   | <b>3,310</b>                                       | <b>(3,310)</b>                         | <b>3,310</b>                          | <b>-</b>                     |

# E. Audit opinion

## Independent auditor's report to the members of St Helens Borough Council

### Report on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements of St Helens Borough Council (the 'Authority') for the year ended 31 March 2025, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Director of Finance's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Director of Finance's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

# E. Audit opinion (continued)

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required 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 Kingdom 2024/25, 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.

We have nothing to report in this regard.

## Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

# E. Audit opinion (continued)

## Responsibilities of the Authority and the Director of Finance

As explained more fully in the Statement of Responsibilities the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance. The Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003 as well as the Local Government Act 1972, Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Finance Act 2012).
- We enquired of management and the Audit and Governance committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit and Governance Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to management override of controls through inappropriate journal entry and management bias or error in making significant accounting estimates.

## E. Audit opinion (continued)

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on, material journals across the year, post year-end journals, journals around the year-end, journals crediting to expenditure, journals posted by unexpected users, journals posted by IT users and journals posted by senior officers;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings and the defined benefit pension net asset or liability; and
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the risks relating to inappropriate journal entry and management bias or error in estimating the value of land and buildings and the defined benefit pension net asset or liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# E. Audit opinion (continued)

## Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

### Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except on the 24 November 2025 we identified a significant weakness in the Authority’s arrangements to secure financial sustainability. This was in relation to managing cost and demand in the Children and Young People Portfolio. The £8.4m overspend within Children’s services was the key driver for the adverse financial position in 2024/25. The service has significant cost and demand pressures and challenges delivering agreed savings. Managing cost and demand in Children’s Services is fundamental to achieving financial sustainability.

We recommended that the Council places an urgent organisational focus on developing and implementing effective mitigations to manage escalating demand and cost in relation to Children’s Services. Actions should include:

- Identify and deliver actions to reduce demand through early help, ensure sufficiency of cost-effective placements and reduce agency staffing costs.
- Refinement of financial and demand modelling to ensure that budgets are based on realistic assumptions.
- Contain overspends within the Directorate so as not to adversely impact on the Council’s outturn position.
- Ensure planned savings and their timing are realistic and identify full mitigating actions if they are delayed.

### Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in the Authority’s use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

# E. Audit opinion (continued)

## Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for St Helens Borough Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Authority's consolidation returns and we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

### Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michael Green, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

**Manchester**





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