

The Audit Plan for Kent County Council

Year ending 31 March 2026

25 March 2026



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Introduction and headlines



Purpose

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

Respective responsibilities

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

Scope of our Audit

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

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

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

Introduction and headlines (continued)

Significant risks

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

- Management override of control (presumed risk)
- Closing valuation of land and buildings
- Valuation of defined benefit asset/liability
- Oracle system implementation and data migration

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

Materiality

We have determined planning materiality to be £59.5m (PY £55.5m) for the Council, which equates to 1.8% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

As part of our risk assessment, we have considered the impact of unadjusted prior period errors. As all of these errors were judgemental and projected, we have made not change to our benchmark of performance materiality which remains at 65% of materiality.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £2.975m (PY £2.275m) for the Council and Group.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of:

- Global Commercial Services Group Ltd

Which in turn consolidates the following subsidiaries:

- Commercial Services Kent Ltd
- Commercial Services Trading Ltd
- Gen2 Property Ltd
- Invicta Law Ltd
- Cantium Business Solution Ltd
- EDSECO Ltd
- CSG Global Education Ltd
- Landscapes for Learning Ltd
- Lifecycle Management Group Ltd
- Prospects Payroll Ltd
- Groupe WF Education

- WF Education Group Holdings Ltd
- WF Education Group Ltd
- Bowerhouse II Solar Ltd
- PeopleTech Services Ltd

The council is also party to a number of joint ventures:

- Hampshire and Kent Commercial Services LLP
- Luton and Kent Commercial Services LLP
- Surrey and Kent Commercial Services LLP
- Dudley and Kent Commercial Services LLP
- Dorset and Kent Commercial Services LLP
- Halton and Kent Commercial Services LLP
- Hackney and Kent Commercial Services LLP
- Kent Waste Management LLP
- UK Teach Ltd

Group planning materiality has been set at £60.5m.

The Council's subsidiary companies are subject to an external audit by UHY Hacker Young (component auditor). The work we perform, as group auditor, is determined based on the financial significance of each subsidiary. Our planned approach for the group audit and assessment of subsidiary significance is set out on page 33 and 34.

No significant risks of material misstatement have been identified at the planning stage that relate solely to the Group and group audit.

Introduction and headlines (continued)

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness, which were reported in our 2024/25 Auditor's Annual Report:

- Financial sustainability – Adult Social Care spend
- Financial sustainability – spend on High Needs Block of SEND

Our planning work for 2025/26 has now been completed. As part of this work, we have confirmed that the significant weaknesses identified in 2024/25, still remain.

Further, on financial sustainability we have identified a potential significant weakness with regard to the 2026/27 budget which has foregone the full Council Tax flexibility, increasing council tax by less than the cap of 4.99%. A potential significant weakness has also been identified with regard to the changes in the administration since May 2025 and the impact this may have on effective decision-making arrangements. Further details are on page 23.

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

Audit logistics

Our planning work has started and will be followed up with an interim audit that will take place in late March 2026, and our final audit fieldwork will take place in mid June 2026. Our key deliverables are this Audit Plan, our Audit Findings Report (AFR), our Auditor's Report and Auditor's Annual Report (AAR) on the Council's VFM arrangements.

In order to meet the statutory deadline for 2026/27 accounts, imposed by the Accounts and Audit (Amendment) Regulations 2024, that audited accounts are published by 30 November 2027, we are undertaking a dry run, with all clients, to finish our work on the 2025-26 accounts by 30 November 2026.

To enable this, we have extended the work performed during our planning and interim audit fieldwork, to reduce the level of testing required during the final audit fieldwork stage. In advance of the publication deadline of 30 June 2026, we will begin work on your accounts from 16 June 2026, undertaking a suite of initial sample selection and testing. This has been discussed and agreed with Management.

We anticipate presenting our AAR and AFR to the September Governance and Audit Committee.

Audit fees and independence

The scale fee for the audit, set by PSAA, is £475,501 (PY: £462,551) for the Council. This fee is subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

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

Significant risks identified

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

Significant risk	Audit team's assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>Risk relates to</p> <p>Group and Council</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>Our work will include, but not limited to:</p> <ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journal entries • Review of accounting estimates, judgements and decisions made by management • Testing of journals entries, selected on a risk basis • Review of unusual significant transactions



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

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

Significant risks identified (continued)

Significant risk

The expenditure cycle includes fraudulent transactions

Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

Risk relates to

Group and council

Audit team's assessment

We have identified and completed a risk assessment of all expenditure streams for the Council and Group. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.

Our consideration of expenditure streams also included capital expenditure and similarly concluded that there is not a significant risk. Capital expenditure transactions are likely to be larger and subject to more scrutiny, reducing the risk of improper recognition.

Planned audit procedures

We do not consider this to be a significant risk for the Council and Group and standard audit procedures will be carried out. This will include substantive testing of transactions around the year-end, to ensure they have been accounted for in the correct period.

We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Land and Buildings</p> <p>Risk relates to</p> <p>Council</p>	<p>The valuation of land and buildings represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit.</p> <p>We therefore identify the valuation of land and buildings as a significant risk of material misstatement due to the inherent risk of material misstatement arising from error.</p> <p>Assets are subject to a rolling five-yearly valuation cycle in accordance with the CIPFA Code. From 2025-26, in intervening years, current value will be updated using appropriate indexation, unless a desktop valuation is required due to absence of a suitable index. The Authority will adopt this approach for the first time in 2025-26, it is a substantial change to the accounting for non-current assets.</p>	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work. • Evaluate management's indexation methodology, including the process for identifying assets subject to indexation and appropriateness of indices selected for each asset class. • Evaluating the competence, capabilities and objectivity of the valuation expert engaged by the Council. • Evaluating the consistency of the disclosure with the valuation report. • Evaluating the basis on which the valuations were carried out. Evaluating and challenging the information and assumptions used by the valuer. • Evaluating the reasonableness of the assumptions used to form the estimate. • Engaging our own valuation expert to assess the instructions sent to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation • Review indices used and application to asset classes • Evaluating the accounting entries for the valuation. • Testing, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register and financial statements.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net asset / liability	The valuation of the pension fund net liability is considered a significant estimate in the Council's balance sheet.	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Updating our understanding of the processes and evaluate the controls put in place by management to ensure the Council's pension fund net liability is not materially misstated. • Evaluating the instructions issued to the actuarial expert regarding the scope of work. • Assessing the competence, capabilities and objectivity of management's expert actuary. • Assessing the accuracy and completeness of the information provided by management to the actuary to complete the pension fund valuation. • Testing the consistency of the pension fund asset and liability disclosures in the financial statements with the actuarial report. • Undertaking procedures to confirm the reasonableness of the actuarial assumptions used to form the estimate. • Obtain assurances from the auditor of the Kent 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. • If a pension asset is recorded, ensure that the asset recorded in the financial statements meets the requirements of IFRIC 14.
Risk relates to Council	<p>Management engages Barnet Waddingham as the Council's actuarial expert to conduct the pension valuation in accordance with IAS 19, as at 31 March 2026. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice on Local Authority Accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. As a significant estimate, we identify the valuation as a significant risk of material misstatement arising from error.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.</p>	

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Oracle system implementation and data migration</p> <p>Risk relates to Council</p>	<p>In August 2025, the Council transitioned its core financial system from Oracle EBS to Oracle Fusion.</p> <p>Data migration is fundamental to any business technology transformation and there is a risk of error when data is moved from one system to another. New systems are often evolving and present a greater risk of material misstatements. Given the nature of this transition, we have identified a risk of material misstatement in relation to the system migration at financial statements level.</p> <p>System migration can introduce inherent risks due to changes in financial reporting functionality, workflow configuration, access controls and the transfer of large volumes of financial data. Errors during data migration or new system configuration may result in incomplete, inaccurate or misstated financial balances in the 2025/26 financial statements.</p> <p>As this is the first year of operating the new system there is a heightened risk of control weaknesses, configuration errors and instability of newly implemented processes.</p>	<p>Our work, performed by the IT audit team, will include, but will not be limited to:</p> <ul style="list-style-type: none"> • Reviewing the governance and controls the Council put in place over the system migration • Assessing how management ensured data transferred from the old system to the new one was complete and accurate • Reviewing reconciliations between opening balances in Oracle Fusion and closing balances in Oracle EBS • Testing samples of migrated data back to source records • Considering whether changes to workflows, access rights or reporting introduce new financial statement risks • Evaluating whether the financial reporting outputs from the new system support accurate and compliant financial statements.

Other risks identified

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

Risk	Description	Planned audit procedures
<p>Going Concern</p> <p>Risk relates to Council</p>	<p>In common with other local authorities, our value for money work in recent years has identified significant risks regarding the financial sustainability of the Council. In the prior year, our concerns were focused on the continuing adult social care overspends and overspends with regard to SEND and High Needs Block.</p> <p>The S25 report, issued by the S151 Officer in February 2026 recognises the risks that the Council faces in the future, with 2026-27 being balanced through planned use of reserves and capital receipts, which are non-recurring. The report also recognises the lost income to the Council through the decision not to use full Council Tax flexibilities.</p>	<p>We have considered the ongoing and future financial pressures faced by the Council in planning the audit. We are satisfied that the going concern basis of accounting remains the correct basis behind the preparation of the accounts. We will keep this under review during the year and throughout our appointment as external auditors of the Council.</p> <p>Our Value for Money work will continue to consider the financial sustainability of the Council. This is set out in more detail from page 20 of this report.</p>



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

(ISA (UK) 315)

Other risks identified (continued)

Risk	Description	Planned audit procedures
<p>Local Government Reorganisation</p> <p>Risk relates to Council</p>	<p>On 16 December 2024, the Minister for State for Local Government and English Devolution Jim McMahon, wrote to all Councils in remaining two-tier areas and neighbouring small unitaries to set out the plans for a joint programme of devolution and local government reorganisation (LGR). All authorities in Kent submitted plans to MHCLG for LGR by 28 November 2025, resulting in five options for reorganisation which are now being publicly consulted on before a government decision, expected in summer 2026,</p> <p>Whilst the specifics of LGR in Kent are unknown at this point, there are potential impacts on decision making at a local level in the period up to the formal reorganisation taking effect. Of particular concern for some existing bodies is the fact that where reserves have been built up over previous years, either via strong management or for the implementation of a particular redevelopment scheme, they may well end up being repurposed to cover an overspend incurred by a successor body. Thus, there is potentially an incentive for bodies to run down reserves prior to the formal merger, to ensure these balances are utilised for the purposes intended when originally set aside. The same may apply for balances such as the Community Infrastructure Levy, which again is at risk of being utilised for different purposes than was planned in any successor body.</p> <p>Auditors will be keeping a close eye, as part of their Value for Money and financial statements audit work, for any schemes or projects which look to be evidence of reserves being run down in advance of LGR. Whilst Authorities ultimately will still have powers to make some spending decisions in advance of LGR, it is important to make sure that proper governance arrangements remain in place, and that due consideration is given to any schemes which are likely to run summer 2026, when the government decision is expected. The fiduciary duty of Members to ensure that the Council to which they are elected manages public funds in a responsible way, maximising their value and use for public benefit is paramount in the lead up to LGR.</p>	<p>Our work will include, but will not be limited to:</p> <ul style="list-style-type: none"> • Consideration of earmarked reserves and any significant changes to their utilisation and levels held • Consideration and review of large projects approved in the financial year that will go beyond summer 2026 and the governance approvals applied. <p>We will work closely with the Value for Money audit team, to form our response on this risk.</p>

Other matters

Other work

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

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

Other material balances and transactions

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

Scope of group audit

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

1	2	3	4	5	6	Organisation Type	Risk of material misstatement to the group	Auditor	Audit scope	Specific account balances in scope	Statutory audit
Kent County Council Group											
	Kent County Council					Local Authority	Yes	Grant Thornton UK			Yes
	Global Commercial Services Group Ltd					100% owned subsidiary	Yes	All entities are audited along with the consolidation of all entities into Global Commercial Services Group Ltd by UHY Hacker Young		Yes	
	Gen2 Property Ltd					100% owned subsidiary	No			Yes	
	Invicta Law Ltd					100% owned subsidiary	No			Yes	
	EDSECO Ltd (The Education People)					100% owned subsidiary	No			Yes	
	Cantium Business Solution Ltd					100% owned subsidiary	No			Yes	
	Commercial Services Trading Ltd					100% owned subsidiary	No			Yes	
	CSG Global Education Ltd					100% owned subsidiary	No			Yes	
	Landscapes for Learning Ltd					100% owned subsidiary	No			Yes	
	Lifecycle Management Group					100% owned subsidiary	No			Yes	
	Prospects Payroll Ltd					100% owned subsidiary	No			Yes	
	Kent Waste Management LLP					50% owned jointly controlled operation	No			Yes	
	UK Teach Ltd					50% owned jointly controlled operation	No			Yes	
	Groupe WF Education					100% owned subsidiary	No			Yes	
	WF Education Group Holdings Ltd					100% owned subsidiary	No			Yes	
	WF Education Group Ltd					100% owned subsidiary	No			Yes	

Audit scope

- Audit of the entire financial information of the component
- Specific audit procedures designed by the group auditor
- Analytical procedures at group level

Scope of group audit (continued)

1	2	3	4	5	6	Organisation Type	Risk of material misstatement to the group	Auditor	Audit scope	Specific account balances in scope	Statutory audit
Kent County Council Group											
						Commercial Services Kent Ltd	100% owned subsidiary	Financially Significant Component	All entities are audited along with the consolidation of all entities into Global Commercial Services Group Ltd by UHY Hacker Young	Revenue, Expenditure	Yes
						Bowerhouse II Solar Ltd	100% owned subsidiary	No			Yes
						PeopleTech Services Ltd	100% owned subsidiary	No			Yes
						Hampshire & Kent CS LLP	50% owned jointly controlled operation	No			Yes
						Luton & Kent CS LLP	50% owned jointly controlled operation	No			Yes
						Surrey & Kent CS LLP	50% owned jointly controlled operation	No			Yes
						Dudley & Kent CS LLP	50% owned jointly controlled operation	No			Yes
						Dorset & Kent CS LLP	50% owned jointly controlled operation	No			Yes
						Halton & Kent CS LLP	50% owned jointly controlled operation	No			Yes
						Hackney & Kent CS LLP	50% owned jointly controlled operation	No			Yes

Audit scope

- Audit of the entire financial information of the component
- Specific audit procedures designed by the group auditor
- Analytical procedures at group level

Scope of group audit (continued)

Fraud and litigation

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

Involvement in the work of component auditors

In order to use the work of the component auditor, we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in the work of UHY Hacker Young will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the UHY Hacker Young audit documentation and meeting with appropriate members of management. We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.

If we are unable to secure access to the component auditor's working papers we will report the impact of such impediments on the audit of the group financial statements.

Our approach to materiality

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

Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	60,500,000	59,500,000	We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure-based budget for the financial year with the primary objective to provide services to the local community; therefore, gross expenditure was deemed the most appropriate benchmark. We assessed a rate of 1.8% as appropriate to apply to the gross expenditure benchmark. This is consistent with the prior year and is at the higher end of the allowable range established by the firm.
Performance materiality	39,000,000	37,000,000	Performance Materiality is based on a percentage of the overall materiality and reflects the level at which we perform substantive audit testing. We have determined to apply 65% of overall materiality considering the requirements of ISA 320.
Trivial threshold	2,975,000	2,975,000	This is assessed as 5% of the council's financial statement materiality
Specific materiality for senior officer remuneration	-	34,500	<p>Senior officer remuneration is an area of interest to readers of financial statements. A lower level of materiality in these areas is appropriate due to the nature of these disclosure notes.</p> <p>We have therefore assessed a specific materiality for senior officer remuneration that is £34.5k per each senior officer. This has been calculated by applying the benchmark percentage used for financial statement materiality to the total of officer remuneration. Note this is not a cumulative amount and will be applied to each senior officer.</p>



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

IT audit strategy

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

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

IT application	Audit area	Planned level IT audit assessment
Oracle EBS	Financial reporting, expenditure, payables, payroll and journal entries	Our IT Audit team will perform work to obtain assurance that the ITGCs are designed and implemented effectively. We do not plan to test the operating effectiveness of ITGCs
Oracle Cloud	Financial reporting, expenditure, payables, payroll and journal entries	Our IT Audit team will perform work to obtain assurance that the ITGCs are designed and implemented effectively. We do not plan to test the operating effectiveness of ITGCs

As set out on page 11, we have identified a significant risk of material misstatement arising from the implementation of the new Oracle Fusion system in August 2025. As such, we have engaged our IT audit team to perform a bespoke piece of work on the Oracle Fusion system, to ensure the data migration is complete and accurate and controls over the new system remain adequate and appropriate. This work is currently in progress and will be reported separately to the Governance and Audit Committee.

Interim Audit Work

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by this date, we will be using an interim visit as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and will include regular catch-ups between management and the audit team to facilitate this work. We have agreed to review the following areas with management during our interim fieldwork phase

Description	Work commentary
Review of prior year recommendations	We will perform a review of the Council's progress against audit recommendations we have raised in the prior year. This includes performing early review and analysis of the Adult Social Care provision for bad debts
Employee benefit expenditure	We will: <ul style="list-style-type: none"> • select and test a sample of starters, leavers and change of circumstances up to M9 • review monthly payroll reports up to M9. • assessing readiness and ability to apply payroll audit data analytics
Advance testing areas	We will select samples and perform advance testing on: <ul style="list-style-type: none"> • fees and charges • operating expenditure

Value for Money Arrangements

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

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

Financial sustainability

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



Governance

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



Improving economy, efficiency and effectiveness

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



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

Risks of significant weakness in VFM arrangements

Initial Risk assessment of the Council's VFM arrangements

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

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	R Significant weakness in arrangements for control of Adult Social Care spend and Dedicated School Grant (DSG) (relating to the High Needs Block element of SEND). Two revised key recommendations continue in place as the Council continues to address these challenges. We raise one new improvement recommendation.	<p>We raised a key recommendation that the Council should explore further options for increased efficiency in the Adult Social Care and Health service. Quarter 3 2025/26 budget monitoring identifies continuing cost pressures particularly within social care which are largely driving a forecast net overspend of £36.5m.</p> <p>We also raised a key recommendation the Council should ensure that its DSG management plan is sufficient to address the legacy deficit as well as control the in-year pressure on the high needs block. Significant financial challenges with regard to DSG continue, with a forecast DSG overspend of £67.5m in 2025/26, increasing the cumulative DSG deficit to £136.5m. There is a risk that the significant weakness with regards to arrangements to mitigate the DSG deficit continue.</p>	<p>We will undertake additional procedures to determine the robustness of arrangements in place to:</p> <ul style="list-style-type: none"> mitigate cost and demand pressures mitigate the annual DSG deficit in context of recent government announcements

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

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability (continued)	R Significant weakness in arrangements for control of Adult Social Care spend and Dedicated School Grant (relating to the High Needs Block element of SEND). Two revised key recommendations continue in place as the Council continues to address these challenges. We raise one new improvement recommendation.	<p>We have also identified a further risk of significant weaknesses with regards to the Council's arrangements to secure financial sustainability.</p> <p>The Council has set a balanced budget for 2026/27 after foregoing full Council Tax flexibility, increasing council tax by 3.99%, 1% less than the total flexibility allowed. We need to conduct sufficient work to establish any significant impacts or risks, to the Council's financial planning, and future financial sustainability emanating from this Council decision.</p>	<p>We will undertake additional procedures to understand and determine the impact of the Council decision to not levy full Council Tax flexibility on the Council financial planning and how the Council intends to manage any associated financial risks.</p>

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

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Governance	R No risks of significant weakness reported; improvement recommendations made	We have identified a risk of significant weakness with regards to the Council's governance arrangements during our audit planning. Since Council elections in May 2025 there has been a number of significant changes in the administration's membership. The number of changes, in a relatively short period, could have possible impacts to effective decision-making arrangements at the Council.	We will undertake additional procedures, including the interviewing of some Members and officers, to determine the robustness of arrangements in place to support effective decision making.
Improving economy, efficiency and effectiveness	G No risks of significant weakness reported; no improvement recommendations made	We have not identified any risk of significant weakness with regards to the Council's arrangements to secure economy, efficiency and effectiveness during our audit planning.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

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

Risks of significant VFM weaknesses

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

Potential types of recommendations



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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

Logistics

The audit timeline

Key Dates

Audit phases

Planning – 2 weeks
w/c 9 February 2026

Governance and Audit Committee
25 March 2026

Interim – 4 weeks
w/c 23 February 2026

Year end:
31 March 2026

Pre-Final – 4 weeks
w/c 15 June 2026

Close out
31 August 2026

Final – 7 weeks
w/c 13 July 2026

Governance and Audit Committee
10 September 2026

Completion – 2 weeks
w/c 1 September 2026

Sign off:
By 30 September 2026

Planning key elements

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

Interim key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Any planned additional advanced testing – Employee benefit expenditure, Fees & Charges, Other services expenditure
- IT audit specific work on system migration
- Issue Audit Progress Report and sector update to Governance and Audit Committee

Pre-Final key elements

- Audit teams and digital audit team to assess completeness of closing trial balance and transaction listings
- Initial sample selection and testing

Final key elements

- Audit teams to complete fieldwork and detailed testing
- Audit of the financial statements
- Audit of the annual report and annual governance statement
- Weekly update meetings with management
- Technical reviews of financial statements

Completion key elements

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

Our team and communications

Grant Thornton core team

Sarah Ironmonger

Engagement Lead / Key Audit Partner

- Sarah is the key contact for senior management and the Governance and Audit Committee
- Responsible for overall quality assurance
- Sarah will attend Governance and Audit Committee meetings

Lucy Nutley

Senior Audit Manager

- Lucy is responsible for overall audit management and quality assurance of audit work
- Key contact for the finance team
- Will oversee the Value for Money work and its conclusions
- Lucy will attend Governance and Audit Committee meetings

Afif Azman & Gloria Marchant

Audit in-charges

- Afif and Gloria will support Lucy with overall resource management
- Responsible for audit team management and day-to-day point of contact for the finance team during fieldwork
- Key day to day contacts for the finance team

Jason Granger

VFM Lead Manager

- Jason will lead on our Value for Money work
- Responsible for meeting with Officers and Members and concluding on the efficacy of arrangements for obtaining value for money

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

Our fee estimate

Our fee estimate

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

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Actuarial valuation of the defined benefit pension liability
 - RICS compliant valuation of land and buildings and investment property

Previous year

In 2024/25 the scale fee set by PSAA was £472,551. The actual fee charged for the audit, including audit of subsidiary companies (where applicable) was £472,551. We are in the process of agreeing a fee variation for the 2024/25 audit with PSAA for the implementation of IFRS 16 and legal fees arising from technical accounting issues encountered. When approved by PSAA these will be communicated to management and those charged with governance.

	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Kent County Council Audit	462,551	475,501
Use of experts – Data migration	-	5,000
Total (Exc. VAT)	462,551	480,501

Our fee estimate (continued)

Relevant professional standards

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

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £475,501.

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

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

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

Updated Auditing Standards

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

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers [and network firms]). In this context, we confirm there are no matters that we are required to report:

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council and Group 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 and Group or investments in the Group 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 and Group 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 and Group.
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 and Group's board, senior management or staff.

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

Fees and non-audit services

The following tables below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to 1 March 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Kent County 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.

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Certification of Teachers Pensions Return 2024-25	12,500	Self-Interest (recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the scale fee for the audit of £475,501 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.
Department for Transport – Local Transport Plan Major Projects 2024-25	7,875	Self-Interest (recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,875 in comparison to the scale fee for the audit of £475,501 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.

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

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Council and Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

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

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

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.

Financial reporting changes

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

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

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

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

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

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

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

IFRS 18 Presentation and Disclosure in the Financial Statements

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

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

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

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



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