

The Audit Plan For Tonbridge and Malling Borough Council

Year ending 31 March 2026

13 April 2026



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Introduction and headlines (1)



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Tonbridge and Malling Borough Council ('the Authority') 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 Tonbridge and Malling Borough Council. We draw your attention to these documents.

Scope of our audit

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

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Authority 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 Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority and is risk-based.

Introduction and headlines (2)

Significant risks

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

- Management override of control
- Valuation of land & buildings
- Valuation of the pension fund net liability/asset

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 determined planning materiality to be £1.54m (PY £1.49m) for the Authority, which equates to 2.5% of your prior year gross operating costs for the year.

As part of our risk assessment, we must consider the impact of unadjusted prior period errors. Total unadjusted misstatements for 2024-25 amounted to £0.079m, which is immaterial in the context of the Authority's financial statements. As such, these unadjusted misstatements did not have an impact on our current year risk assessment.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial is set at £0.077m (PY £0.075m).

Value for money arrangements

Our 2024-25 value for money work did not identify any significant weaknesses across the Authority's arrangements for securing financial sustainability, ensuring effective governance, or achieving economy, efficiency and effectiveness.

For 2025-26, our risk assessment across all three specified reporting criteria has similarly not identified any potential significant weakness areas or related risks at this planning stage.

We will continue to monitor your arrangements and update our risk assessment and planned responses throughout the audit cycle, with any emerging issues or changes reported to those charged with governance.

Audit logistics

Our planning and risk assessment work took place in March 2026, with early testing to be conducted in April 2026. Our final accounts visit will take place from mid-June to mid-September 2026. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £158,740 (PY £163,828) for the Authority, subject to the Authority 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 (1)

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>The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in its reporting of financial performance.</p> <p>We therefore identify 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 audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Evaluate the design and implementation effectiveness of management controls over journals. • Analyse the journals listing using data analytics and determine risk-based criteria for selecting high risk unusual journals. • Test identified high risk journal entries made during the year and after the draft accounts stage, for appropriateness and corroborate to supporting evidence. • Gain an understanding of the accounting estimates and critical judgements made by management and consider their reasonableness. • Evaluate the rationale for changes in accounting policies, estimates or significant unusual 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 (2)

Significant risk

Valuation of land & buildings

Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.

Audit team's assessment

Land & buildings (2024-25 £65.7m): Measured at current value using the depreciated replacement cost or existing use value methods. The assets are subject to a rolling five-yearly valuation cycle in accordance with the CIPFA Code. In intervening years, current value is 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.

Management engages external valuation experts to carry out these valuations as at 31 March.

The valuation of land & buildings represents a significant estimate in the Authority's financial statements due to the size of the numbers involved, the sensitivity of this estimate to changes in key assumptions and market conditions, and overall level of judgements involved.

We therefore identify the valuation of land & buildings is a significant risk of material misstatement due to the inherent risk of material misstatement arising from error.

Specifically, we consider the following areas of pinpointed significant risk: assets where the change in valuation is outside of expectation based on market indices and our knowledge of the Authority's asset base; significant changes in key assumptions applied in valuation of assets; and other factors considered to increase the risk of material misstatement based on auditor judgement.

Planned audit procedures

Our audit procedures include, but are not limited to:

- Evaluate 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 the competence, capabilities and objectivity of the valuation expert engaged by management.
- Evaluate the consistency of the disclosure with the valuation report.
- Evaluate the basis on which the valuations were carried out. Evaluate and challenge the information and assumptions used by the valuer.
- Evaluate the reasonableness of the assumptions used to form the estimate.
- Review indices used and application to asset classes.
- Evaluate the accounting entries for the valuation.
- Test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register and financial statements.

Significant risks identified (3)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the pension fund net liability/asset</p> <p>Under ISA 540 (UK) and ISA 315 (UK), auditors are required to determine the assessed risk of material misstatements in relation to accounting estimates. This involves considering the extent to which an accounting estimate is subject to estimation uncertainty, including the degree of complexity, subjectivity, or other inherent risk factors that could affect the susceptibility of the estimate to material misstatement due to fraud or error.</p>	<p>The valuation of the pension fund net liability/asset represents a significant estimate in the financial statements. Management engages Barnet Waddingham LLP as management's actuarial expert to conduct the pension valuation in accordance with IAS 19, as at 31 March 2026.</p> <p>The pension fund net liability/asset is a complex series of judgements and calculations involving significant assumptions including the discount rate, projected salary increases, retirement ages and mortality rates. The valuation is sensitive to changes in assumptions, methods or judgements. It is therefore considered a significant estimate, and we identify it as a significant risk for the audit due to the inherent risk of material misstatement arising from error.</p> <p>We pinpointed the significant risk to:</p> <ul style="list-style-type: none"> • Key assumptions applied by the actuary. • Significant changes in assumptions applied from the prior year. • Material experience gain or losses recorded in the accounting period. • Other factors considered to increase the risk of material misstatement based on auditor judgement. 	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and evaluate the controls put in place by management to ensure the Authority's pension fund net liability is not materially misstated. • Evaluate the instructions issued to the actuarial expert regarding the scope of work. • Assess the competence, capabilities and objectivity of management's expert actuary. • Assess the accuracy and completeness of the information provided by management to the actuary to complete the pension fund valuation. • Test the consistency of the pension fund asset and liability disclosures in the financial statements with the actuarial report. • Undertake procedures to confirm the reasonableness of the actuarial assumptions used to form the estimate. • Obtain assurances from the auditor of 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.

Significant risks identified (4)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Risk of fraud in revenue recognition (rebutted for all streams)</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption may be rebutted if the auditor concludes there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>In our risk assessment of all revenue streams for the Authority, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Authority. Based on the assessment, we rebut the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.</p> <p>This is due to the low fraud risk in the nature of the underlying transactions and the fact that it would require a significant number of transactions to be misstated to cause a material misstatement. We determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Tonbridge & Malling Borough Council, means that all forms of fraud are seen as unacceptable, indicating a satisfactory control environment exists in the Authority to mitigate the risks of fraud. <p>We do not consider this to be a significant risk for the Authority and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure the judgement remains appropriate.</p>	<p>Our audit procedures include, but are not limited to:</p> <ul style="list-style-type: none"> • Confirm our understanding of the revenue business process and determine if there are any relevant controls. • Evaluate the Authority's accounting policy for recognition of income for appropriateness and compliance with the Code. • Agree, on a sample basis, relevant income and year-end debtors/income accruals to invoices and cash payment or other supporting evidence. • Carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Significant risks identified (5)

Significant risk

Risk of fraud in expenditure recognition (completeness)

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.

Audit team's assessment

We identified and completed a risk assessment of all expenditure streams for the Authority. We 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 due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively.

We do identify an increased risk of error in estimation and cut-off processes at year-end in respect of the completeness of expenditure. There is also a risk of incorrectly classifying revenue expenditure as capital expenditure, which would impact the general fund. We do not consider these areas to be a significant risk for the Authority but will keep this consideration under review through the audit to ensure the judgement remains appropriate.

Planned audit procedures

Our audit procedures include, but are not limited to:

- Confirm our understanding of the expenditure business process and determine if there are any relevant controls.
- Evaluate the Authority's accounting policy for recognition and capitalisation of expenditure for appropriateness and compliance with the Code.
- Inspect transactions incurred around the end of the financial year to assess whether they were included in the correct accounting period.
- Agree, on a sample basis, relevant expenditure and year-end creditors and accruals to invoices or other supporting evidence.
- Carry out testing, on sample basis, of invoices received in the period prior to and following 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.
- Agree, on a sample basis, relevant capital expenditure to invoices or other supporting evidence, to confirm it is capital in nature.

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>Local government reorganisation</p> <p>On 16 December 2024, the Minister for State for Local Government and English Devolution wrote to all aauthorities 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).</p> <p>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 currently unknown, 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 where reserves have built up over previous years, either via strong management or for the implementation of a particular redevelopment scheme, which could be repurposed to cover an overspend incurred by a successor body. Thus, there is potentially an incentive for bodies to run down reserves prior to formal merger, to ensure these balances are utilised for the purposes intended when originally set aside. The same may apply to balances such as the Community Infrastructure Levy, which could be at risk of being utilised for different purposes than planned in any successor body.</p> <p>Auditors will keep a close eye, as part of 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 beyond summer 2026, when the government decision is expected.</p> <p>The fiduciary duty of Members to ensure that the Authority, 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 not 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.

Other matters

Other work

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

- We read your Narrative Report and Annual Governance Statement and any other information published alongside your financial statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- 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 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; and
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

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

Our approach to materiality (1)

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

Reassessment of materiality

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

Planned audit procedures

We determine planning materiality 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.
- Assist in evaluating the effect of known and likely misstatements in the financial statements.

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

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 (2)

Description	Amount £	Qualitative factors considered
Materiality for the Authority's financial statements	1,540,000	<p>We considered materiality from the perspective of the users of the financial statements. The Authority prepares an expenditure-based budget for the financial year with the primary objective being the provision of services to the local community, therefore gross expenditure is deemed the most appropriate benchmark. This benchmark was also used in the prior year.</p> <p>We consider it appropriate to apply 2.5% of the 2024-25 gross expenditure figure. The benchmark percentage remains consistent with the prior year and aligns with current firm guidance for public sector entities. We consider this level appropriate as there were no qualitative factors identified in our planning and risk assessment procedures that would justify adopting a lower benchmark or applying an alternative basis.</p>
Trivial matters	77,000	This is 5% of materiality.
Materiality for senior officers' remuneration and exit packages	20,000	<p>We identify senior officer remuneration and termination benefits as disclosures for which we apply a lower materiality. These disclosures are considered sensitive to the public and users of the financial statements. An amendment of £20,000 or more would have a quantitatively and qualitatively material impact on the relevant disclosures in the financial statements.</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).

Progress against prior year audit recommendations (1)

We identified the following issues in our 2024-25 audit of the Authority's financial statements, which resulted in 2 recommendations being reported in our 2024-25 Audit Findings Report. We followed up these prior-year recommendations below and one recommendation from 2023-24.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Bank reconciliation</p> <p>During our review of cash and cash equivalents, we identified an unreconciled trivial balance in the cash account, which represents the Authority's Collection Deposit Book. Furthermore, there has been a cumulative running difference throughout the year that was not investigated or reconciled in a timely manner. Management has attributed the delays in resolving these discrepancies to staff illness and an upgrade to the cash management system.</p> <p>Risk – Although the balances involved are trivial, bank reconciliations are a key control for financial governance. They are vital in ensuring the accuracy of cash and cash equivalents held by the Authority. While management identified the cause of the issue and is prioritising streamlining the process, we report this issue as it could have adverse impact in the effective operation of the bank reconciliation key control, which is fundamental in safeguarding the Authority's cash.</p>	<p>Management has completed the reconciliation of the brought-forward cash balances for 2025-26. The Head of Finance (Section 151 Officer) authorised the write-off of a trivial residual balance to enable the full clearance of the brought-forward account.</p> <p>The Authority's Collection Deposit Book is now subject to monthly reconciliation, with any discrepancies investigated promptly. The Principal Accountant oversees this process to ensure issues are addressed efficiently and provides ongoing support to the Income Team. Work is continuing to enhance reporting capabilities to streamline the reconciliation process further. Nevertheless, management is satisfied that the balances carried forward are now appropriately reconciled.</p>

Progress against prior year audit recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Related parties disclosure note – declaration of interest</p> <p>We identified a missing declaration of interest for one Councillor. Upon discussion with management, it was established that this was due to long term ill-health. Management had not performed alternative procedures to ensure that all interests of the Councillor were considered for the financial year. Alternative procedures could involve conducting a Companies House search to identify any interests that may require disclosure. Additionally, we identified that that declaration forms do not cover closely related persons. As part of our testing of the disclosure, we were satisfied that the absence of the declaration form did not constitute a material omission in the related party transactions disclosure. Our search did not identify any such transactions requiring disclosure.</p> <p>Risk – There is a risk that management is not aware of relationships with related parties that require disclosure. Members who represent the Authority’s interest in borough development may also be able to facilitate transactions in their own interests if sufficient understanding of these interests is not known by the Authority.</p>	<p>Management remains committed to achieving a 100% return rate for Related Party Transaction (RPT) forms. This is supported through early engagement with Members and officers, followed by regular reminders to encourage timely submission. Where any RPT forms are not returned, management undertakes additional checks to gain assurance that no unreported related parties exist (e.g. review of Companies House). Following further review, management considers the current Related Party Transaction form to be fit for purpose. It already includes clear and sufficient guidance, explicitly stating that disclosures apply to both the Councillor and their immediate family members.</p>
In progress	<p>Fixed asset register (FAR)</p> <p>Deficiency noted in the preparation and maintenance of the Authority's FAR, maintained in an Excel workbook with separate tabs for each asset type. This means that there is not one listing of all assets from which sampling, recon, or other checks can be carried out. Additionally, the FAR does not clearly include data needed to determine accounting entries for revaluation movements.</p>	<p>Per management comment, this recommendation was made after using the same format since the inception of capital charges in 1993, that being said management agreed to review and update these registers, the first being land and buildings which was reviewed in 2022–23 with other FARs to be reviewed in the forthcoming years.</p>

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our 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
Integra	Financial reporting (main ledger)	<ul style="list-style-type: none"> <li data-bbox="1021 786 2420 858">• We will obtain an understanding of the information technology general controls over the general ledger, and review design and implementation of those controls. <li data-bbox="1021 879 2420 911">• We do not plan to test the operating effectiveness of ITGCs.

Interim audit

Detail of planned work

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by the end of September, we are conducting an interim visit (April) as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and include regular catch-ups between management and the audit team to facilitate this work. A plan of the areas to be covered is set out below and is agreed with management.

Description	Work commentary
Review of prior year recommendations	Review of progress against audit recommendations we raised in the prior year.
Payroll	<ul style="list-style-type: none"> • Select and test a sample of starters, leavers and changes in circumstance • Review monthly payroll reports • Review exit packages
Advance testing areas	Select and test samples of: <ul style="list-style-type: none"> • fees and charges income • grant income • operating expenditure • capital expenditure • business rates and council tax reliefs
Significant / One-off transactions; and/or changes in policy	Review management's approach to changes in Plant, Property & Equipment valuations in line with Code revisions.

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 Authority 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 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.



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 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 Authority’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	2025-26 Risk assessment	2025-26 Risk-based procedures planned
Financial sustainability	A No significant weaknesses in arrangements identified. One prior year improvement recommendation remains regarding over-optimism in the use of earmarked reserves and establishment of a LGR earmarked reserves for contribution to transition costs.	No risks of significant weakness identified.	As no risks of significant weakness are identified at this stage, no additional risk-based procedures are currently specified. We will undertake sufficient work to document our understanding of your arrangements, as required by the Code, and follow up prior improvement recommendations.
Governance	A No significant weaknesses in arrangements identified. Two prior year improvement recommendations remain regarding improving decision-making by including a full-year financial forecast at the Council-level, and out of date declarations of interest for some Members.	No risks of significant weakness identified.	
Improving economy, efficiency and effectiveness	A No significant weaknesses in arrangements identified. One improvement recommendation raised to ensure that recommendations identified by Internal Audit’s review of the Agile system implementation are embedded into future processes.	No risks of significant weakness identified.	

- 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 Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Authority'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 under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the 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 . We have defined these recommendations as 'key recommendations'.

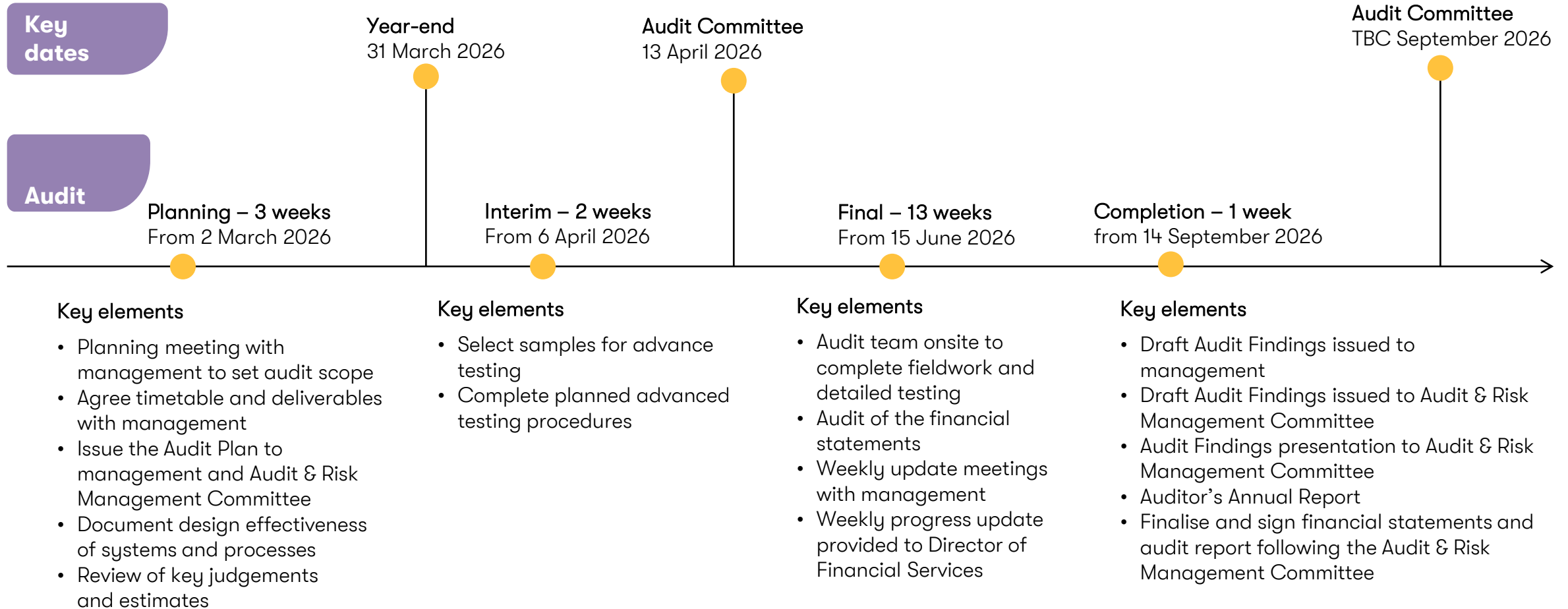


Improvement recommendation

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



Our team and communications

Grant Thornton core team

Sophia Brown
Key Audit Partner

- Key contact for senior management and Audit & Risk Management Committee
- Overall quality assurance

Terence Bershu
Audit Engagement Manager

- Works with senior finance team members
- Responsible for overall audit management, delivery and reporting
- Resource management

Radoslaw Borzymowski
Assistant Manager

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

	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 report and sector updates • Audit Findings • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Weekly audit progress update • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates • Chief accountants’ workshop
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 	<ul style="list-style-type: none"> • Discussion of audit issues as they arise 	<ul style="list-style-type: none"> • General audit matters 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery we may utilize 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 as our UK-based team. They work as part of the engagement team, reporting directly to Sophia and Terence, and will interact with you in the same way 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.

Our fee estimate

Our fee estimate

We set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Authority 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:
 - Valuation of other land & buildings; and valuation of pension fund net liability.

	Audit fee for 2024-25	Proposed fee for 2025-26
	£	£
TMBC audit	163,828	158,740
IFRS16	9,410	n/a
Total (exc. VAT)	163,828	158,740

*We will communicate and agree in advance with management any fee variation due to additional work required or delays experienced during the audit.

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.

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.

FRC Ethical Standard

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. There have been no such breaches to report. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting 's Ethical Standard.

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority 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 Authority or investments 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 Authority 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 Authority.
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 Authority'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 and network firms have complied with the Financial Reporting '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 the date of the issue of this Audit Plan, 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 Authority'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 Tonbridge and Malling Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that the level of the fee for non-audit services are not significant in comparison to the total fee for the audit and relative to Grant Thornton UK LLP's turnover overall.

Assurance service fees

Service	Fees £	Threats identified	Safeguards applied
Housing Benefit (subsidy) assurance process 2024-25	40,000*	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £40,000 in comparison to the total fee for the audit of £163,828 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.
Housing Benefit (subsidy) assurance process 2025-26	TBC	Self-interest (because this is a recurring fee)	The level of this recurring fee, which is to be confirmed (TBC) but not expected to differ significantly from the prior year, is not considered a significant threat to independence. This is because the Housing Benefit (subsidy) assurance fee is small in comparison to the total audit fee and, in particular, relative to Grant Thornton UK LLP's overall turnover. In addition, the fee is fixed and contains no contingent element. These factors collectively mitigate the perceived self-interest threat to an acceptable level.

This covers all services provided by us and our network to the Authority, 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 (1)

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	●	●
Significant matters in relation to going concern	●	●

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

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

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

Communication of audit matters with those charged with governance (2)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Authority's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Financial reporting changes

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

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

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

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

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

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

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

IFRS 18 Presentation and disclosure in the financial statements

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

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

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

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



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