

The Audit Plan for Shropshire and Wrekin Fire and Rescue Authority

Year ending 31 March 2026

April 2026



Contents

Section	Page
Introduction and headlines	03
Risks identified and Other matters	07
Our approach to materiality	16
Prior year recommendations	18
IT audit strategy	24
Interim audit work	25
Value for money arrangements	26
Logistics, our team and communications	31
Fees and related matters	33
Independence considerations	35
Communication of audit matters with those charged with governance	36
Financial reporting changes	38

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Shropshire and Wrekin Fire and Rescue Authority ('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 in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Authority. 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 and Standards 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 and Standards 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 (continued)

Significant risks

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

- Management override of control
- Valuation of land and buildings
- Valuation of the gross pension liability

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

Materiality

We have determined planning materiality to be £702k (PY £690k) for the Authority, which equates to 2.2% 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.

Clearly trivial has been set at £35k (PY £34k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any new risks in the current year.

However, our work in 2024/25 identified five significant weaknesses in arrangements. Four of these weaknesses were identified in relation to governance, specifically, leadership and culture, informed decision-making, capacity of Statutory officers and managing conflict of interest. The final significant weakness was identified in relation to improving economy, efficiency and effectiveness, specifically, addressing the 2023-2025 HMICFRS inspection results. A significant weakness raised in the prior year is a clear indicator of risk in the current year, so the risks relating to informed decision making, leadership and culture, managing conflict of interest and addressing HMICFRS inspection results remain relevant to our 2025/26 work.

In respect of the 2024/25 key recommendation concerning Statutory Officer capacity, we note that new arrangements have been introduced for 2025/26. We will consider the impact of these revised arrangements as part of our 2025/26 audit work but we do not consider this issue to represent a risk of significant weakness for 2025/26.

Audit logistics

Our interim visit will take place in April 2026 and our final visit will take place between July and October. 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 £100,642 (PY: £114,935) 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.

Introduction and headlines (continued)

The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

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

Our Work

In order to achieve the statutory deadlines for the next two financial years, we will be working towards an internal deadline for 2025/26 of 30 November 2026, as a dry run for future years. We ask you to assist us with this ambition by setting an Audit and Standards Committee date in advance of the end of November 2026, to enable the financial statements to be authorised and signed and allow us to issue our audit report by that date. We note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming deadline for the financial statements.

Whilst we recognise that the formal deadline for you to publish your draft accounts is 30 June 2026, we feel an important first step towards achieving closure by the end of November is to complete early testing wherever possible. With this in mind, we will look to undertake more significant early testing during our interim audit visit.

Bringing testing forward should allow us as a firm to deliver all of our 2025-26 local audits by the end of November 2026, putting us in a strong position ahead of the backstop formally moving to 30 November 2027. We appreciate this will require a change in how both finance and audit teams operate to make this a reality, and we are committed to making this happen. We have already engaged with your finance team to clearly set out our expectations and what is needed to make a success of these plans, and we ask that you work with us to achieve this. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of bodies ability to both maintain and where necessary rebuild assurance. Having a clear, agreed project plan to complete our work on both the financial statements and the VfM by the end of November 2026 is a key part of this assurance.

Introduction and headlines (continued)

Our ask of the Shropshire and Wrekin Fire and Rescue Authority

- Arrange an Audit and Standards Committee meeting for November 2026.
- Ensure sufficient resources are available to support all interim audit work.
- Engage with the audit team on opportunities for early sampling before the main audit begins.
- Notify us promptly of any issues or delays so that we can plan accordingly.

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. The significant risks identified for our 2025/26 audit are outlined on the pages that follow:

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 for all entities that management override of controls is present.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review accounting estimates, judgements and decisions made by management • evaluate the design and effectiveness of management controls over journals • test, on a risk basis, individual journal entries • review any 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	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings	<p>The valuation of land and buildings represents a significant estimate in the financial statements. It is considered a significant estimate due to its complexity and sensitivity to changes in key assumptions.</p> <p>We have therefore identified it as a significant risk for the audit.</p> <p>In addition to the above, from 2025/26, the CIPFA Code will require the Authority to continue carrying out a full valuation of specific categories of Property, Plant and Equipment every five years. However, in all the years between these full valuations, the Authority must now apply annual indexation - meaning the value of these assets must be updated each year using recognised market indices. This is the first time the Authority will need to implement this indexing process. It introduces a risk of error, inconsistency, or gaps in the valuation records if appropriate data, controls, or processes are not in place.</p>	<p>We will:</p> <ul style="list-style-type: none"> • document our understanding of management's process and controls for the calculation of the estimate • evaluate the competence, capabilities and objectivity of management's expert • evaluate the consistency of the disclosure with the valuation report • evaluate the basis on which the valuations have been carried out • evaluate the information and assumptions used by the valuer • evaluate the accounting entries for the valuation • evaluate the reasonableness of the assumptions used to form the estimate • review the Authority's accounting policy to confirm compliance with the updated Code requirements regarding the use of indexation.



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of Land and Buildings (continued)		<ul style="list-style-type: none"> • understand the Authority's revaluation cycle, including how full valuations and annual indexation interact under the new Code. • assess the relevance, appropriateness, and reliability of the indices applied by the Authority for Property, Plant and Equipment, with reference to CIPFA's guidance. • reperform indexation calculations, including recalculating index factors, verifying the mathematical accuracy of adjustments, and confirming that the updated carrying amounts are correctly reflected in the fixed asset register and financial statements.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of the gross pension liability	<p>The valuation of the Authority's pension fund liability, made up of both the Local Government Pension Scheme and the Firefighters' Pension Scheme, represents a significant estimate in the financial statements.</p> <p>The actuarial assumptions used in the estimate are the responsibility of the Authority but are set on the advice given by the actuary, Mercers for both the LGPS and FFPS.</p> <p>The valuation of the pension fund gross liability represents a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. 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. We have therefore identified it as a significant risk for the audit.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding management's process and controls for the valuation of the liabilities • evaluate the competence, capabilities and objectivity of the actuaries (management experts) who carried out the valuations • evaluate the consistency of the disclosures in the financial statements with the actuarial report • evaluate the reasonableness of the assumptions used to form the estimate, by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within that report • for LGPS, we will obtain assurances from the auditor of the Shropshire Pension Fund on the underlying data shared by the fund to the actuary which has been used in the calculation of this estimate.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p>	<p>We have identified, and completed a risk assessment of, all revenue streams for the Authority.</p> <p>We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.</p>	<p>We will keep this assessment under review throughout the audit to ensure this judgement remains appropriate.</p>

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The expenditure cycle includes fraudulent transactions</p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p>As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p>We have identified, and completed a risk assessment of, all expenditure streams for the Authority.</p> <p>We have considered the risk that expenditure may be misstated due to improper recognition 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.</p>	<p>We will keep this assessment under review throughout the audit to ensure this judgement remains appropriate</p>

Other risks identified (continued)

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
Employee related claims	In 2024/25 the Authority made a contribution to the Pensions and Other Staff Issues Reserve to mitigate the impact of future employment liabilities. The Authority’s Provisions at 31 March 2025 included a balance relating to an exit package that was paid in the 2025/26 financial year. This payment will need to be disclosed in the senior officers’ remuneration disclosure in 2025/26. The Authority will need to ensure that any other claims or potential claims have been accounted for correctly between accrued expenditure, provisions and contingent liabilities within the 2025/26 accounts.	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of management’s process and controls for identifying and accounting for provisions and contingent liabilities • review the accounting policies disclosed by the Authority for appropriateness and ensure they have been correctly applied • review the Authority’s disclosures including provisions, officers’ remuneration note and contingent liabilities to ensure that exit packages and any claims or potential claims are accounted for correctly • review minutes of relevant committee’s to ensure completeness of contingent liabilities and provisions.



“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)

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
System migration moving from the on-premise Agresso ERP to Unit4 Cloud	<p>Unit4 has announced the end of support and maintenance for its on-premise ERP solution (Agresso), requiring all customers to migrate to its cloud-based platform.</p> <p>As part of this change, the Authority transferred all system data - including the full live database, all ledgers, and all system areas - from the on-premise server to Unit4’s Azure cloud storage using a Unit4-provided copy tool. On 25 November 2025, the live on-premise Agresso system was closed-down and a final backup was uploaded. Unit4 then completed the upgrade, and the cloud solution became the Authority’s new live system.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Obtain an understanding of how the data migration was planned, executed, and managed • Review the checks performed by management to confirm that the data was migrated completely and accurately • Compare the closing ledger data prior to migration with the opening data in the new environment to confirm that all balances transferred completely and accurately.

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 Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

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

Our approach to materiality

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

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

We determine planning materiality in order to:

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

Other factors

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

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

Reassessment of materiality

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

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

Our approach to materiality (continued)

Description	Amount	Qualitative factors considered
Materiality for the Authority financial statements	£702k	<p>Our materiality threshold equates to approximately 2.2% of the Authority's prior year expenditure.</p> <p>This assessment reflects the facts that:</p> <ul style="list-style-type: none"> the Authority operates in a stable, publicly funded environment no significant matters or deficiencies have been identified in relation to the financial statements during our planning procedures significant Value for Money weaknesses were identified in 2023/24 and 2024/25 relating to governance and arrangements for improving economy, efficiency and effectiveness in the use of resources.
Materiality for senior officer's remuneration	£13.9k	<p>Setting a lower materiality level reflects the sensitivity of officer's remuneration to users of the financial statements.</p> <p>Our materiality threshold equates to approximately 2.2% of the Authority's prior year total senior officer remuneration.</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. Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Progress against prior year audit recommendations

We identified the following issues in our 2024/25 audit of the Authority's financial statements, which resulted in 9 recommendations being reported in our 2024/25 Audit Findings Report (6 of these carried forward from 2023/24). We have followed up on the implementation of our recommendations and 9 are currently in progress.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Register of interests and Gifts</p> <p>We have previously noted that there is no up-to-date version of the register of interests and gifts available on the Authority's website.</p> <p>We recommended that the register of interests and gifts is kept up-to-date and published at least annually.</p>	<p>Management update: Management have communicated that the Register is being updated with recent submissions and will then be published on the website.</p> <p>Audit team response: We will confirm whether this has been actioned during our audit work this year.</p>
In progress	<p>Consideration of New Accounting Standards</p> <p>The authorities IFRS 16 impact assessment, relating to the adoption of this new accounting standard in 24/25 relating to leases was provided late and did not contain sufficient detail to reflect proper consideration of the standard.</p> <p>We recommended that Officers carry out a review on the Authority's leases and accounting policy for the 25/26 audit.</p>	<p>Management update: Management have communicated that:</p> <ul style="list-style-type: none"> The Accounting policy will be added to the Statement of Accounting Policies prior to review by Audit & Standards Committee. A review of the authority's leases will be undertaken as part of the closedown process. <p>Audit team response: We will confirm whether this has been actioned during our audit work this year.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Contract Management</p> <p>From our testing of debtors in 2024/25, we identified that the Authority were unable to provide evidence to support the validity of a debtor item. There had been no formal contract entered into by either party that would have verified this to be genuine income expected to be received by the Authority.</p> <p>We recommended that the Authority ensures formal contracts are in place for all arrangements where they would expect to be compensated for any services being provided</p>	<p>Management update: The Authority have communicated with us that the following is in progress:</p> <ul style="list-style-type: none"> • Review of contracts register is underway and an exercise to review regular spend alongside the contracts register has been completed with Finance. • The current contracts register has been discussed with budget holders and procurement pipeline has been created as a result of these discussions. • Contract with West Mercia Police for procurement support went live on 1 November 2025. • Procurement Officer recruitment is active and interviews to be held in March 2026, secondment currently in place for procurement services with existing member of staff who is CIPS qualified. • Outstanding debt review in relation to prior year finding is in progress. <p>Audit team response: We will review the current actions during our audit work this year to determine whether the recommendation has been addressed.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Review of Fully Depreciated Assets</p> <p>We noted assets with a gross book value of £1.8m, which are carried at a nil net book value in the Balance Sheet. Our testing has confirmed that the assets are still in use at 31 March 2025.</p> <p>Management should continue to review nil net book value assets at year end to assure themselves that they are operational and that they are correct to still be included within the fixed asset register. As part of this review, Management should consider whether determined asset lives are reasonable.</p>	<p>Management update: Officers will review all assets with a net book value of nil and establish where these should remain on the asset register, for the 25/26 audit this will be undertaken as the Asset Register is rolled forward for 25/26 capital accounting.</p> <p>Audit team response: We will confirm whether this has been actioned during our audit work this year.</p>
In progress	<p>Journal approvals</p> <p>During our prior year walkthrough of journals, we have noted that the journal entries or other adjustments posted via a batch are not being reviewed before being sent to Telford & Wrekin Council for processing which increases the risk for error and during testing we confirmed not all individual journals are evidenced as cross-checked to supporting evidence</p> <p>We recommended that management should have measures in place to review batch journals and this be evidenced before information is sent to the service organisation</p>	<p>Management update: Finance Officers to review how to introduce a proportionate check on journal evidence - this will be implemented as soon as possible.</p> <p>Audit team response: We will confirm whether this has been actioned during our audit work this year.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Journals Authorisation</p> <p>We noted that journals being created by the Head of Finance were not being reviewed and approved before being submitted to Telford & Wrekin Council to be posted to the ledger.</p> <p>We recommend that management should have measures in place to review journals posted by the Head of Finance</p>	<p>Management update: The S151 Officer post was out for recruitment during 25/26 during that time the Chief Fire Officer reviewed and approved the Head of Finance’s corporate journals workbook.</p> <p>The S151 Officer is now in place and all journals produced by the Head of Finance are being authorised by the S151.</p> <p>Audit team response: We will confirm whether this is in place during our audit work this year.</p>
In progress	<p>Back posted journals</p> <p>When performing our walkthrough in February 2024 we have noted that some journals were back posted to April 2023 period for reversing pensions related accruals</p> <p>Opening balances are created in period 0. There are a number of accounts that require these opening balances to be reversed, for example those relating to the Authority’s Pensions Account. In order to correct these, Telford & Wrekin Council would be instructed to post back into period 0.</p> <p>We recommended that management introduce controls in the system which restrict back dated posting up to a certain time period at year end and these reversals should be processed and reviewed in the first month of rolling forward and not be processed later on in the year.</p>	<p>Management update: The Head of Finance posted additional journals as 24/25 was closed to clear balance sheet balances to nil. No postings were therefore necessary in period 0 of 25/26.</p> <p>Audit team response: We will confirm this as part of our journals audit work this year.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Starters and Leavers</p> <p>As part of our substantive payroll testing in the prior year we requested a listing of starters and leavers for the year. Testing identified that these reports also included employees who had changed roles (normally considered for our Payroll SAP purposes as amendments). Thus, a change in role for an employee, e.g. transfer to another post or promotion, could signify the end of one position and the start of a new position as a 'starter'. This meant a full and complete reconciliation of full time equivalents (FTE) that should just account for the end of prior year FTE plus starters, less leavers to get to the full FTE at the end of the year was problematic.</p> <p>There was also one starter in 2023/24 tested for which documentation was missing and the Authority's payroll provider were unable to locate the appropriate contract documentation.</p> <p>We recommended management treat changes in roles, as a change in circumstance only and not as a leaver and starter. We also recommended management review & keep the necessary documentation for the starters for future audit purposes.</p>	<p>Management update:</p> <p>Worcester Internal Audit Shared Services (WAIASS) carried out an internal audit review into SMLs, of which management are working through the recommendations from this and also analysing the issues that have been experienced in January to July 2025.</p> <p>Monthly meetings are being held across departments to discuss payroll change activity across the month and to review outstanding issues as a result of starters, movers or leavers.</p> <p>Outstanding internal audit recommendations are being addressed as part of these meetings. Bi-monthly review meetings will also be held with Heads of Department to monitor progress.</p> <p>Audit team response:</p> <p>We will continue to monitor progress against this recommendation as part of the 25/26 audit.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	<p>Valuation of land & buildings</p> <p>We noted the following control deficiencies in 2023/24:</p> <ul style="list-style-type: none"> • Management were unable to provide evidence for the build dates of some of the assets in the sample selected for testing. • We noted some discrepancies in the build dates used by the valuer and held by management. • The last physical inspection carried out by the valuer was 31 March 2018. <p>We recommend management retain evidence to support all build dates.</p> <p>We recommended management review the valuation process to ensure there are no discrepancies between their own data and data used by the valuer.</p> <p>We recommended management request a full physical inspection of all asset next year and have a rolling program for this every year going forward.</p>	<p>Management update:</p> <p>The valuations process has been reviewed with management’s external valuer, Capita, and it was agreed that half of the Service’s stations would be physically inspected and revalued at 2024/25 year end, with the other half being physically inspected and revalued at the 2025/26 year end.</p> <p>Data contained within the valuation reports was been checked against information held by the Authority and differences challenged by management.</p> <p>Head of Resources is addressing the requirement for build dates some information is available; alternatively, condition surveys are going to be carried out in early 2026/27 and the contractor will be asked to provide build dates for use during the valuations process.</p> <p>Audit team response:</p> <p>We will continue to monitor progress against this recommendation during the 25/26 audit, taking into consideration the changes to the Code in respect of valuations.</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
Agresso	Financial reporting	Detailed ITGC assessment (design effectiveness only)
Unit 4	Financial reporting	Detailed ITGC assessment (design effectiveness only)

We are engaging with the Authority to fully understand the system migration that took place during the year. This understanding is necessary to assess the risks arising and to determine the appropriate scope of audit work.

Interim Audit Work

Details of work to be conducted at interim:

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. An indicative plan of the areas that we would cover at interim is set out below, this will be finalised and agreed with management prior to the commencement of our interim visit.

Description	Work commentary
Review of prior year recommendations	We will perform a review of the Authority's progress against audit recommendations we have raised in the prior year.
Payroll	We will: <ul style="list-style-type: none"> • select & test a sample of starters and leavers • review monthly payroll reports up to month 9
Advanced testing areas	We will select samples and perform advanced testing on: <ul style="list-style-type: none"> • grant income and precepts • operating expenditure • PPE additions
Significant or one-off transactions, and changes in policy	We will perform review of any such transactions or changes, and identify elements for further testing where appropriate. We will consider the Authority's approach to PPE valuations and the implementation of the new indexation requirements within the revaluation cycle.

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 and issue our final 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

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 of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
Financial sustainability	A No significant weaknesses in arrangements identified; three improvement recommendations raised in relation to reporting and scrutiny of financial plans, development of savings plans and slippage in delivery of the capital plan.	No risks of significant weakness identified	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 and follow up the prior year improvement recommendations.

- 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
<p style="text-align: center; color: white;">Governance</p>	<p style="text-align: center; color: white; font-weight: bold; font-size: 2em;">R</p> <p>Four significant weakness in arrangements identified and four key recommendations made relating to leadership and culture, informed decision-making, capacity of Statutory Officers and management of conflicts of interest. We also raise three improvement recommendations relating to internal audit reporting, in year financial reporting and the Employee Code of Conduct.</p>	<p>We reported four areas of significant weakness in the Authority’s governance arrangements for 2024/25 and issued four associated key recommendations. At the time of our risk assessment, it was not possible to confirm that all of these recommendations had been fully implemented. Consequently, we have identified three risks of significant weakness in the Authority’s governance arrangements for 2025/26, relating to leadership and culture, decision-making processes, and the management of conflicts of interest.</p> <p>In respect of the 2024/25 key recommendation concerning Statutory Officer capacity, we note that new arrangements have been introduced for 2025/26. We will consider the impact of these revised arrangements as part of our 2025/26 audit work, but we do not consider this issue to represent a risk of significant weakness for 2025/26.</p>	<p>We will assess the extent to which the Authority has strengthened its governance arrangements and whether the improvements made are operating effectively and embedded in practice. This will include:</p> <ul style="list-style-type: none"> - assessing the progress of the Cultural Transformation Programme and the Authority’s arrangements for monitoring and evidencing improvements achieved - reviewing changes to governance structures, policies and protocols and assessing how these have been implemented in practice - assessing evidence of strengthened decision-making processes, including the quality, transparency and completeness of information provided to support decisions.

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p>Improving economy, efficiency and effectiveness</p>	<p style="text-align: center; color: red; font-weight: bold; font-size: 2em;">R</p> <p>One significant weakness in arrangements identified and one key recommendation made relating to the Cause of Concern and Areas for Improvement identified by HMICFRS. We also raise two improvement recommendations relating to performance reporting and procurement and contract management arrangements.</p>	<p>We concluded that a significant weakness existed in the Authority’s arrangements for improving economy, efficiency and effectiveness in 2024/25, due to the ongoing Cause of Concern issued by HMICFRS in 2024. The Cause of Concern remained in place following HMICFRS’s review of progress in July 2025, and the Authority’s action plan for the Cause of Concern still included open actions at the end of 2025. As a result, we have assessed that there remains a continuing risk of significant weakness in the Authority’s arrangements for improving service performance.</p>	<p>We will consider progress made against the Cause of Concern action plan and the associated Areas for Improvement, as well as the Authority’s oversight of service improvement activity.</p>

Risks of significant VFM weaknesses

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



Improvement recommendation

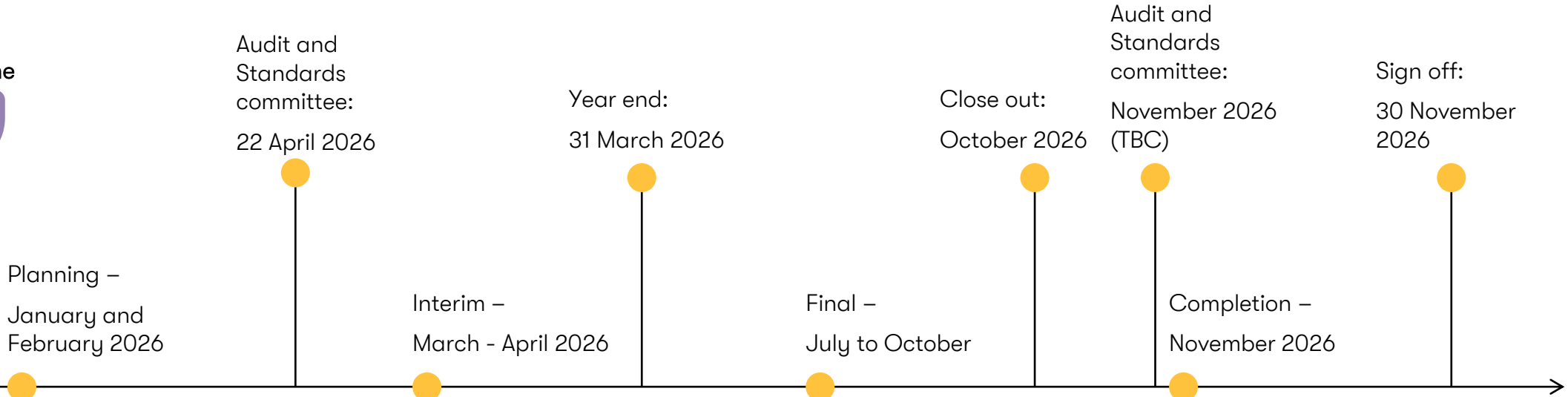
Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not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

Logistics

The audit timeline

Key Dates

Audit phases:



Key elements

- Planning meeting with management to set audit scope
- Agree timetable and deliverables with management and Audit and Standards Committee
- Issue the Audit Plan to management and Audit and Standards Committee
- Discuss the Audit Plan with Audit and Standards Committee

Key elements

- Document design effectiveness of systems and processes
- Review of key judgements and estimates
- Complete any planned additional testing

Key elements

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

Key elements

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

Our team and communications

Grant Thornton core team

Richard J Anderson
Engagement Lead
Key Audit Partner

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

Elliot Baker
Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Ben Hopper
In-charge

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

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

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The 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 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.

Previous year

In 2024/25 the scale fee set by PSAA was £97,901.

	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
PSAA Scale Fee	97,901	100,642
Additional Work (VFM)	17,034	TBC*
Total (Exc. VAT)	114,935	100,642

*The 2024/25 audit required additional audit hours as a result of significant weaknesses identified in the value for money assessment. This additional fee is still subject to approval by PSAA. It is currently too early to determine whether the 2025/26 audit will necessitate further additional hours.

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 Authority to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £100,642.

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.

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

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

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.
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 (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms 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.

We confirm that we have not provided any non-audit services to Shropshire and Wrekin Fire and Rescue Authority since the beginning of the financial year to date.

Communication of audit matters with those charged with governance

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

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

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

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

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

Respective responsibilities

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

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

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the 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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