Grant Thornton

Audit Findings for Tunbridge Wells Borough Council

Year ended 31 March 2026

15 September 2026

Tunbridge Wells Borough Council

Town Hall
Tunbridge Wells, Kent
TN1 1RS

15 September 2026

Dear Members of the Audit and Governance Committee

Grant Thornton UK LLP

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Audit Findings for Tunbridge Wells Borough Council for the 31 March 2026

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

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

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

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

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

Parris Williams

Director
For Grant Thornton UK LLP

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Headlines

This page and the following pages summarise the key findings and other matters arising from the statutory audit of Tunbridge Wells Borough Council (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2026 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion, the Authority's financial statements:

- give a true and fair view of the financial position of the Authority and its income and expenditure for the year
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit planning work took place from January 2026 to March 2026, and our final audit work started from mid-June 2026 and is near completion. We presented our Indicative Audit Plan in the Audit and Governance Committee Meeting held on 10 March 2026 and the Final Audit Plan in the meeting held on 2 July 2026. There has been no change to the risk assessment previously communicated in the Audit Plan, except for the reassessment of materiality using the draft financial statements, as described on pages 7-8 of this report. Our audit findings are set out from page 9 onwards in this report.

The draft financial statements produced by the finance team and presented for audit were of good quality and were appropriately supported by a suite of working papers. The finance team was engaging throughout the audit process and responded in a timely manner to our audit requests. We would like to extend our gratitude to them for their cooperation.

Based on the work completed, we have not identified any material adjustments to the financial statements or any significant control deficiencies to report to the Audit and Governance Committee. Additionally, the control recommendations raised in the prior year have been addressed by management, as explained on pages 27 and 28.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of the Authority and with the audited financial statements.

Our audit work is complete. We are not aware of any matters that would require a modification to our audit opinion or a material adjustment to the financial statements. Subject to the receipt of signed management representation letter and review of the final signed set of financial statements, we anticipate issuing an unmodified opinion on the financial statements by the end of September 2026.

(continued overleaf)….

Headlines (continued)

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Governance
- Financial sustainability
- Improving economy, efficiency and effectiveness

We have completed our VFM work. A summary is provided on page 29, with detailed commentary in the separate Auditor's Annual Report presented alongside this report. We are satisfied that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties as described to us under the Act;
- certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

Upon completion of our pending audit work under the Code, we would not be able to formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation is received from the NAO that the group audit for Whole of Government Accounts has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Our approach to materiality

As communicated in our final Audit Plan dated 2 July 2026, we determined planning materiality at £1.8m, based on 2.5% of the prior year's gross expenditure. At year-end, we reassessed planning materiality using the current-year draft financial statements. As there has been no significant movement in gross expenditure, materiality remains unchanged at £1.8m. The materiality percentages also remain unchanged from those communicated in the Audit Plan.

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

Basis for our determination of materiality

- We have determined financial statement materiality for the audit at £1.8m (prior year: £1.8m). This was determined using professional judgement in the context of our knowledge of the Council, taking into consideration factors including stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.
- We have used gross expenditure as the benchmark for determining materiality and applied 2.5% (prior year: 2.5%) to this benchmark. Gross expenditure remains an appropriate benchmark given the Council's public service objectives and the financial information relevant to users of the financial statements. The percentage applied remains consistent with the prior year, as no significant changes have been identified in the Council's structure, operating environment or other relevant circumstances that would warrant a change.

Performance materiality

- We have set performance materiality at £1.35m for the current year (PY: £1.35m), representing 75% (PY: 75%) of materiality.
- We consider it appropriate to maintain the percentage at 75%, consistent with the prior year, based on our understanding of the Council's control environment and the results of prior-year audits, during which no significant control deficiencies or material misstatements were identified.

Specific materiality

We have determined a lower materiality of £20k (PY: £20k) for Officers' Remuneration disclosure in the financial statement due to its qualitatively material nature. A lower performance materiality of £15k (PY: £15k) has also been determined at 75% (PY: 75%) of the materiality.

Reporting threshold

We will report to you all misstatements identified in excess of £90k (PY: £90k), in addition to any matters considered to be qualitatively material. This is approximately 5% (PY: 5%) of the materiality.

Our approach to materiality (continued)

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

Description	Authority (£)	Qualitative factors considered
Materiality for the financial statements	1,800,000	This represents approximately 2.5% (PY: 2.5%) of gross expenditure for the current year. We consider it appropriate to maintain the percentage at the prior-year level, as no significant changes have been identified in the Council's size, structure, operating environment or other relevant circumstances that would warrant a lower materiality level.
Performance materiality	1,350,000	Performance materiality for the Council has been determined at 75% (PY: 75%) of financial statement materiality. We consider it appropriate to maintain the percentage at the prior-year level based on our understanding of the Council's control environment and the results of prior-year audits, in which no significant control deficiencies or material misstatements were identified.
Specific materiality for Senior Officers' Remuneration disclosure	20,000	We have determined a lower materiality of £20k (PY: £20k) for Senior Officers' Remuneration disclosure in the financial statement due to its qualitatively material nature. A lower performance materiality of £15k (PY: £15k) has also been determined at 75% of the materiality.
Reporting threshold	90,000	This is approximately 5% (PY: 5%) of the materiality.

Overview of audit risks

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

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

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Status of work
Management override of controls	Significant	↔	✓	G
Valuation of land and buildings (including right of use assets)	Significant	↔	✗	G
Valuation of the net pension fund liability	Significant	↔	✗	G

There has been no change to the risk assessment communicated in our Audit Plan, which was presented to the Audit and Governance Committee on 2 July 2026.

↑ Assessed risk increase since Audit Plan

↔ Assessed risk consistent with Audit Plan

↓ Assessed risk decrease since Audit Plan

G Not likely to result in material adjustment or change to disclosures within the financial statements

A Potential to result in material adjustment or significant change to disclosures within the financial statements

R Likely to result in material adjustment or significant changes to disclosures within the financial statements

Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. 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.	We have: • evaluated the design and implementation of management's controls over journal entries; • analysed the journal listing and determined the criteria for selecting high-risk or unusual journals; • identified and tested unusual journals made during the year identified based on the criteria determined for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements made by management and considered their reasonableness; and • evaluated the rationale for changes, if any, in accounting policies, estimates or significant unusual transactions.	Our audit work has not identified any issues relating to management override of controls. Having assessed management's judgements and estimates, both individually and in aggregate, we are satisfied that they are appropriate, have been determined using consistent methodologies, and do not indicate a material misstatement arising from management bias in the financial statements.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings (including right of use assets) Land and buildings in PPE - £127.078m (PY: £118.240m) Land and buildings in ROUA - £7.906m (PY: £7.810m) The Council revalue its land and buildings on a five-year rolling basis. Operational land and buildings, both recognised in Property, Plant and Equipment (PPE) and Right of Use Assets (ROUA) are held at current value in accordance with the CIPFA Code. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. The Council has appointed Cluttons LLP to carry out the valuations for 2025/26. From 2025/26, the CIPFA Code introduces changes to the valuation requirements for land and buildings held under the revaluation model, particularly through the mandatory use of annual indexation. Under the updated requirements, where authorities use a rolling five-year programme of revaluations, they must apply an appropriate index to each asset in the four intervening years, using the best and most relevant index available for that asset class. (continued overleaf)….	We have: • evaluated the design and implementation of relevant controls management put in place to ensure that the valuation of the Council's land and buildings is not materially misstated; • reviewed the instructions issued to your valuer and ensured that the scope of their work is appropriate; • evaluated the competence, capabilities and objectivity of your valuation expert; • written to your valuer to confirm the basis on which the valuation was carried out; • challenged the information and assumptions used by your valuer to assess completeness and consistency with our understanding, the valuer's report and the assumptions that underpin the valuation; • tested revaluations made during the year to confirm whether they had been recorded correctly in the Council's asset register and therefore in the accounts; and • evaluated the reasonableness of the indices applied by management to assets that were not formally revalued during the year and verified the accuracy of the related calculations. Where no suitable index was available, we assessed the reasonableness of management's judgement, including the rationale for rejecting the available indices.	<u>Royal Victoria Place Valuation:</u> We have noted that management has chosen to obtain an annual formal valuation of Royal Victoria Place Shopping Centre, rather than apply the valuation approach prescribed by the CIPFA Code 2025/26, which requires a quinquennial formal valuation with indexation in the intervening years. Management considers that, given the significance of Royal Victoria Place Shopping Centre as one of the Council's largest assets, an annual formal valuation provides a more accurate estimate of its current value. We acknowledge management's rationale and do not disagree that an annual asset-specific valuation may provide a more accurate estimate than the application of a general index. Nevertheless, this approach represents a departure from the requirements of the Code and is therefore required to be reported. No material misstatement has been identified as a result of this departure. Our work in this area is complete; we have not identified any material issues to be reported.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings (continued) Only in rare circumstances, where a suitable index cannot be identified, may an authority rely solely on a quinquennial revaluation, in which case a desktop valuation must also be carried out in year three. Out-of-cycle revaluations are not required unless impairment indicators under IAS 36 arise and a full valuation becomes necessary. CIPFA/LASAAC are not proposing to mandate the use of any particular index, and the Code sets out that the choice of index is a matter of judgement that should be made in the context of providing a reasonable estimate of the movement in the value of an asset from the prior year. Further guidance on selecting suitable indices, including considerations, available indices and the pathway for choosing an index, can be found in CIPFA Bulletin 22 – Indexation application guidance.	Pinpointing the risk: PPE: During the year, 19 PPE assets, with a combined value of £48.893m, were revalued. For testing purposes, we divided the population of revalued land and buildings into two categories: high-risk assets, defined as those with a value greater than or equal to performance materiality, and the remaining population. Three assets, with a combined value of £43.195m, were categorised as high risk and selected for testing. One additional asset was selected from the remaining population. This asset, valued at £830,000, was the highest-value asset within that remaining population. Overall, four of the 19 revalued assets were tested, covering £44.025m of the total population value of £48.893m. ROUA: During the year, one right-of-use asset, valued at £750k, was revalued. This asset was selected for testing.	

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of net pension liability As at 31 March 2026, the net liability recognised in the Authority's Balance Sheet is £1.165m (PY: £0.540m), comprising: - Fair value of plan assets: £135.804m (PY: £124.514m) - Present value of defined benefit obligation: £114.950m (PY: £110.797m) - Impact of asset ceiling: £22.019m (PY: £14.241m) The Authority's share of the pension fund, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements due to both the materiality of the figures involved and the sensitivity of the estimate to changes in key actuarial assumptions. The estimate is particularly sensitive to changes in assumptions such as discount rate, inflation, and mortality rates, which could significantly affect the valuation of both assets and liabilities.	**Pinpointing the significant risk:** The method applied in the calculation of the IAS 19 estimates is commonly applied by all actuarial firms in line with the requirements set out in the Code. We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's net pension liability as a significant risk. We have performed the following audit procedures: • evaluated the design and implementation of relevant controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; *(continued overleaf)….*	Our work in this area is complete; we have not identified any material issues to be reported.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of net pension liability	• assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • reviewed the IFRIC 14 assessment for 2025/26 carried out by management's expert; and • obtained assurance 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.	

Significant risks (continued)

Risk identified	Audit procedures performed
Risk of fraud in expenditure recognition Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.	**Audit team's assessment:** In our risk assessment of all expenditure streams for the Council, we have considered the risk that expenditure may be misstated due to the improper recognition of expenditure and concluded that there is not a significant risk for all expenditure streams. This is due to the low fraud risk in the nature of the underlying transaction, or immaterial nature of the expenditure streams both individually and collectively. We have determined the following: • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of local authorities, including Tunbridge Wells Borough Council, mean that all forms of fraud are seen as unacceptable. We have assessed our risk around the capital expenditure through the inappropriate capitalisation of revenue items as well. Based on the above factors, we do not consider it to be an area of significant risk of material misstatement. Based on our assessment, no specific fraud risk factors have been identified and therefore **we do not consider expenditure recognition to be a significant risk for the Council**. There is no change in our risk assessment since the Audit Plan. Whilst we have not identified a separate significant risk around expenditure, we have nonetheless performed audit procedures to gain assurance that operating expenditure is materially correct. The procedures designed to gain assurance over expenditure included the following: • tested post year-end transactions to assess completeness of expenditure recognition; • inspected a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; and • tested a sample of operating expenses to gain assurance over the accuracy and occurrence of expenditure recorded during the financial year. **Conclusion:** We have not identified any material issues to be reported.

Significant risks (continued)

Risk identified	Audit procedures performed
Risk of fraud in revenue recognition (rebutted) Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.	**Audit team's assessment:** In our risk assessment of all revenue streams for the Council, we considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council. Based on that, we have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying transaction, or immaterial nature of the revenue streams both individually and collectively. We have determined the following: • 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 Tunbridge Wells Borough Council, mean that all forms of fraud are seen as unacceptable. **We do not consider this to be a significant risk for the Council.** There is no change in our risk assessment since the Audit Plan. Although we have not identified a fraud risk in revenue recognition, we have performed audit procedures to address the risk of error. Some of the key procedures we have performed in order to obtain this assurance are: • tested a sample of revenue to gain assurance over the accuracy and occurrence of revenue recorded during the financial year; • performed testing over post year-end receipts to assess completeness of revenue and receivables recognition. **Conclusion:** We have not identified any material issues to be reported.

Other findings – key judgements and estimates

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

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings (including right of use assets) Land and buildings in PPE - £127.078m (PY: £118.240m) Land and buildings in ROUA - £7.906m (PY: £7.810m)	PPE other land and buildings: Other land and buildings in PPE comprise £50.467m of specialised assets such as sports centres, leisure centres and theatres which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£76.611m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year-end. Total impact of valuation recognised during the year is £2.971m. From 2025/26, the CIPFA Code introduces changes to the valuation requirements for land and buildings held under the revaluation model, particularly through the mandatory use of annual indexation for those assets that are not formally revalued in year as explained on pages 11 and 12 of the report. *(continued overleaf)….*	We considered and completed the following in the course of our testing: • We are satisfied that the Council's expert is objective, competent and knowledgeable in their field of expertise; • We have reviewed the completeness and accuracy of the underlying information used to determine the valuation. This included testing accuracy of floor area plans provided to the valuer; querying yield percentages used by the valuer against comparable market evidence; recalculating the capitalisation of rental income in fair value valuations to ensure accuracy; using transactional data to review for reasonableness of valuer's estimate.	● (Green)

Assessment:

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

Other findings – key judgements and estimates (continued)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings (continued)	Management has applied relevant indices to the carrying values of property, plant and equipment assets that were not formally revalued during the year ended 31 March 2026. Management has considered the suitability and applicability of the indices selected for the relevant asset categories. Where no suitable index was available, management assessed the available indices and documented the rationale for their rejection. Based on this assessment, management considers the carrying values of assets not formally revalued during the year to be materially correct. Total impact of indexation recognised during the year is £2.327m. **ROUA land and buildings:** Other land and buildings in ROUA comprise one sports and leisure centre asset valued at £1.674m which is a specialised asset and is therefore required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£6.232m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Cluttons LLP to complete the valuation of properties as at 31 March 2026 on a five-year cyclical basis.	• We have assessed the appropriateness of the valuation method, the type of inspection performed, the assumptions made in respect of obsolescence and any assumptions made in respect of local factors; • We have reviewed the impact of any changes to the valuation method and incorporated this element in our sample selection; • We have reviewed the adequacy of disclosure in the financial statements; and • We have reviewed management's application of the relevant indices to PPE assets that were not formally revalued during the year. We obtained management's rationale for the indices selected and assessed their suitability and applicability to the relevant assets. Where management determined that no suitable index was available, we assessed the reasonableness of management's judgement, including the reasons for rejecting the available indices.	

Other findings – key judgements and estimates (continued)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension liability As at 31 March 2026, the net liability recognised in the Authority's Balance Sheet is £1.165m (PY: £0.540m), comprising: Fair value of plan assets: £135.804m (PY: £124.514m) Present value of defined benefit obligation: £114.950m (PY: £110.797m) Impact of asset ceiling: £22.019m (PY: £14.241m) IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.	The Council's net pension liability at 31 March 2026 is £1.165m (PY: £0.540m) comprising the Council's share of the Kent County Council Local Government Pension Scheme assets and liabilities. The Council uses Barnett Waddingham LLP to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A formal valuation of the Local Government Pension Scheme is undertaken every three years. The latest full actuarial valuation was completed in March 2025. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £1.909m net actuarial loss during 2025/26. *(continued overleaf)….*	We have: • assessed management's actuarial expert and concluded they are competent, capable and objective in producing the estimates; • been provided with indicative ranges by the auditor's expert (PwC) for assumptions by which we have assessed the assumptions made by management's expert. As set out below all assumptions were within the expected range and were therefore considered reasonable;	Green

Assumption	Actuary value	PwC range	Assessment
Discount rate	6.10%	5.90 to 6.30%	Reasonable
Pension increase rate (CPI)	2.90%	2.90% to 2.95%	Reasonable
Salary growth	3.90%	0.5% to 2.5% p.a. above CPI inflation for most employers	Reasonable
Life expectancy – Males currently aged 65 today / in 20 years	21.6 / 23.2	In line with the expectation	Reasonable
Life expectancy – Females currently aged 65 today / in 20 years	23.9 / 25.6	In line with the expectation	Reasonable

Other findings – key judgements and estimates (continued)

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension liability (continued) IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits' available in the form of refunds from the plan or reductions in future contributions to the plan.		• assessed the actuary's approach taken regarding the valuation method and detail work undertaken to confirm reasonableness of approach; • reviewed the completeness and accuracy of the underlying information used to determine the estimate. We noted no issues in this respect; • carried out analytical procedures to conclude on whether the Council's share of LGPS pension assets and liabilities was reasonable. We concluded that the Council's share of assets and liabilities were in line with our expectations; and • assessed the reasonableness of movements in the estimate and adequacy of the related disclosures of estimate in the financial statements and concluded them to be reasonable.	

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
E-Financials	ITGC assessment (design and implementation only)	● Green	● Green	● Green	● Green	Management override of control

Assessment:

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

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee as part of the Audit Plan. We have not been made aware of any other incidents in the period, and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant instances of non-compliance with relevant laws and regulations, and we have not identified any incidences from our audit work.
Written representations	A signed letter of representation will be requested ahead of the auditor's report being signed. We have not identified the need for any specific representations at the time of writing.
Confirmation requests from third parties	We requested from management's permission to send confirmation requests to banking institutions. This permission was granted, and the requests were sent. We have received all the confirmations, and no issues are noted in the confirmations received. As part of our audit procedures, we communicated with the legal counsel (Mid Kent Legal Partnership) who worked with the Council during the period. All responses were received, and no issues were noted.
Disclosures	Our review found no material omissions in the financial statements.
Audit evidence and explanations	All information and explanations requested from management have been provided. No issues noted.
Significant difficulties	No significant difficulties were encountered during the audit.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities (continued)

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We have not identified any material issues to be reported.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that work is not required as the Authority does not exceed the threshold.
Certification of the closure of the audit	Upon completion of our pending audit work under the Code, we would not be able to formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation is received from the NAO that the group audit for Whole of Government Accounts has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code; We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Audit adjustments

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

Impact of adjusted misstatements

No adjusted misstatements have been identified.

Misclassification and disclosure changes

No material misclassification and disclosure changes have been identified that requires reporting to the Audit Committee.

Impact of unadjusted misstatements

No unadjusted misstatements have been identified.

Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior-year audit that were not adjusted in the final financial statements for 2024/25.

The pension adjustment represents a cumulative difference in the valuation of the Council's net pension liability at 31 March 2025 and therefore impacts only the opening balance position for 2025/26. The position has been reassessed as part of the year-end pension valuation at 31 March 2026, and no required adjustment has been identified as at year end.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on General Fund £'000	Impact on Unusable Reserves £'000	Reason for not adjusting
Overstatement on the pension fund liability The audit of the Kent Pension Fund (KPF) identified a £8.4m understatement in benefits paid during the year in KPF's accounts. Of this, £142k relates to the Council's share, resulting in an overstatement of the Council's net pension liability as at year-end. They also identified a difference in net assets due to issues in the data shared with the actuary by KPF and a difference in the valuation of investments between the draft financial statements and the underlying supporting evidence. The Council's share of net assets per the actuary report was £124.514m, while the revised net assets from KPF attributable to the Council was £125.084m, resulting in a £570k overstatement of net pension liability at year-end. The total impact of these adjustments is a £712k reduction in the Council's pension liability. However, the Council has chosen not to adjust for this amount, considering it immaterial. We have therefore included this in our unadjusted misstatements.	Cr Remeasurement of net pension liability (OCI) – (712)	Dr Pension liabilities – 712	Nil	Cr. Pensions Reserve (712)	The Council has not adjusted as this is below materiality.

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2024/25 financial statements, which resulted in two recommendations being reported in our 2024/25 Audit Findings Report. We are pleased to report that management has implemented the recommendations. These are presented here for completeness.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Related Party disclosures** As part of our review of the related party disclosures, we examined the register of interests available on the Council's website, the declaration forms circulated by management to members, and conducted independent checks via the Companies House website. We noted that for a small number of members, either the declaration forms and registers of interest were not available for review, or the submitted documents did not capture all relevant related party relationships identified through our independent checks. Additionally, in some instances, relationships disclosed by members were not reflected in the related party note to the draft financial statements. **Recommendations:** We recommend that management ensure all members and relevant officers have submitted their related party declaration forms and registers of interest ahead of finalising the disclosure. Where documents are incomplete or unavailable, timely follow-up would help strengthen the process. Additionally, a more detailed review of the submitted information supported by independent checks, such as Companies House searches may assist in confirming that all relevant relationships have been appropriately captured.	**Management's response in 2024/25:** Management already undertakes regular follow-up with members to obtain completed related party declaration forms and registers of interest. In addition, management reviews related party relationships using existing knowledge and independent sources, including declarations made during meetings and checks via the Companies House website. The recommendation regarding further strengthening these procedures has been noted. **Management's response in 2025/26:** These additional checks have been included in the closedown plan for 2025/26

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Fixed Asset Register cleansing** As part of our review of the Fixed Asset Register for 2024/25 we observed the following: 1) We observed that four assets, with a combined gross cost and accumulated depreciation of approximately £52k, are recorded on the FAR with a net book value of £0. While the financial impact is immaterial, it may be helpful to consider whether these assets are still in operational use. If they continue to be used, a reassessment of their useful lives may be appropriate. However, if they are no longer in use, removing them from the FAR would help ensure the register reflects assets currently held and utilised by the Council. 2) A small number of assets that have been disposed of in previous years are still listed on the Fixed Asset Register with nil cost and depreciation. While this has no financial impact, it may be helpful to update the register to reflect only assets currently held, in line with good record-keeping practices. **Recommendations:** While this do not indicate any material concern regarding the numbers or disclosure in the financial statements, management may wish to consider periodically updating the Fixed Asset Register to reflect disposals and review the treatment of fully depreciated assets that remain in use, as part of maintaining good asset management practices.	**Management's response in 2024/25:** The Fixed Asset Register is reviewed regularly, including consideration of useful lives, to ensure it remains up to date. The items noted are not significant and do not impact the overall accuracy of the register or the financial statements. **Management's response in 2025/26:** This has already been actioned.

Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in March 2026. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, the Code requires auditors to share a draft of the Auditors' Annual Report (AAR) with those charged with governance by 30 November each year from 2025/26. Our Auditors' Annual Report (AAR) accompanies this Audit Findings Report.

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

Improving economy, efficiency and effectiveness

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

Financial sustainability

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

Governance

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

Potential types of recommendations

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

Statutory recommendation

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

Key recommendation

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

Improvement recommendation

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

Value for Money: Our procedures and conclusions

We have completed our Value for Money work, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. As part of our work, we considered whether there were any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Criteria	2024/25 Assessment of arrangements		2025/26 Risk assessment	2025/26 Assessment of arrangements	
Financial sustainability	A	No significant weaknesses in arrangements. One improvement recommendation carried forward from 2023/24.	No significant weaknesses in the arrangements identified.	G	No significant weaknesses in the arrangements identified. In relation to the improvement recommendation first raised in 2023/24 regarding the development of a Council-wide savings and efficiency programme, the Council has developed and implemented such a programme and therefore we have downgraded the recommendation to an insight as further recurring savings and income generation proposals are still required to address the remaining medium-term funding gap.
Governance	A	No significant weaknesses in arrangements identified. We did raise one improvement recommendation.	No significant weaknesses in the arrangements identified.	G	No risks of significant weakness identified nor any improvement recommendations. The improvement recommendation raised in 2024/25 relating to the managing potential independence conflict between Internal Audit and Risk Management has been resolved.
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified or improvement recommendation.	No risks of significant weakness identified.	G	No risks of significant weakness identified nor any 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.

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, there are no independence matters that we would like to report to you.

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

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

As part of our assessment of our independence 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, 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 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.

Fees and non-audit services

The following table sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date of this report, 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.

We confirm that the fees from non-audit services to the audited entity and its controlled entities do not exceed 70% of the total audit fee for the year.

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 Tunbridge Wells Borough Council. The table summarises all non-audit services which were identified along with the safeguards applied.

Audit-related non-audit services

Service	2024/25 £	2025/26 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	35,058	36,285	Self-interest (because this is a recurring fee) Self-review (because Grant Thornton provides audit services) Management threat	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is estimated at £71,343 (both 2024/25 and 2025/26 as 2024/25 is ongoing) in comparison to the total fee for the audit of £169,944 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. To mitigate against the self-review threat and management threat, we have not prepared the form which we are reviewing. The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We will perform the proposed service in line with the instructions and reporting framework issued by DWP and will report to DWP, with a copy of our report being provided to the Council at the same time. Based on past experience, it is not expected that there will be material changes to housing benefit subsidy payable or receivable in future years based on the work that we perform. Any changes to the form will be agreed with the Council before we conclude our report to DWP. Any changes to subsidy payable will be determined by DWP and we will have no involvement in the decision.
Total	35,058	36,285		

Fees and non-audit services (continued)

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

Audit fees	Proposed fee (£)	Final fee (£)
Scale Fee for Tunbridge Wells Borough Council Audit	169,944	169,944
Total audit fees (excluding VAT)	**169,944**	**169,944**

Non-Audit fees	Proposed fee (£)	Final fee (£)
Certification of Housing Benefit Assurance (2024/25)	35,058	TBC
Certification of Housing Benefit Assurance (2025/26)	36,285	TBC
Total non-audit fees (excluding VAT)	**71,343**	**TBC**

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

Fees and non-audit services (continued)

Total audit and non-audit fee	
(Audit Fee) £169,944	(Non-Audit Fee) £71,343

A reconciliation of our fees to the financial statements is set out below.

Reconciliation of fees per the financial statements to total fees above (audit services)	£
Fees per the financial statement for audit services	169,944
Total audit fees (excluding VAT)	**169,944**

Reconciliation of fees per the financial statements to total fees above (non-audit services)	£
Fees per the financial statement for non - audit services	52,308
Fee Variation for the Certification of Housing Benefit Assurance 2023/24	(17,250)
Certification of Housing Benefit Assurance (2025/26) – to be accrued in next year, as the work has not started in 2025/26	36,285
Total non-audit fees (excluding VAT)	**71,343**

Appendices

A. Communication of audit matters with those charged with governance

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

A. Communication of audit matters with those charged with governance (continued)

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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

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

Respective responsibilities

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

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

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

Grant Thornton