

Audit Findings (ISA 260) Report for Chorley Borough Council

Year ended 31 March 2025

19 January 2026



Chorley Borough Council
 Town Hall, Market Street
 Chorley
 PR7 1DP

January 2026

Dear Members of the Audit and Governance Committee

Audit Findings for Chorley Borough Council for the 31 March 2025

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

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

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

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://grantthornton.co.uk/transparency-report-2024-.pdf).

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

Georgia Jones

Partner
For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Chorley Borough Council (the 'Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

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

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

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

Our audit work was undertaken during July–November. Our findings are summarised on pages 17 to 35. We have identified adjusted misstatements that have resulted in an adjustment to the Council's Balance Sheet and adjustments to the Council's usable and unusable reserves. The non-trivial audit amendments (including those of a disclosure nature) are detailed from pages 42–43.

There was one unadjusted misstatement, which management chose not to amend for, this is highlighted on page 43. We have also raised recommendations for management as a result of our audit work. These are set out on pages 46 – 50. Our follow up of recommendations from the prior year's audit are detailed on pages 51–53.

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion [Appendix E] or material changes to the financial statement.

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

Our anticipated financial statements audit report opinion will be unmodified.

Headlines

Value for money (VFM) arrangements

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

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

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

Statutory duties

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

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

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

Significant matters

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

Headlines

National context – audit backlog

Government proposals around the backstop

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

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

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

For our audit of your current 2024/25 financial statements we anticipate issuing our audit report ahead of the February 2026 deadline.

Headlines

Implementation of IFRS 16

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

Local government accounts webinars were provided for our local government audit entities during March 2025, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local Council practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

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

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

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

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

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

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

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

Impact on the Council

The implementation of IFRS 16 has resulted in £0.790m of lease liabilities and £0.772m Right of Use Assets recognised on the balance sheet in respect of former operating leases.

We have reviewed the transition adjustments and undertaken procedures to confirm completeness of leases identified. We have no issues to report, other than one disclosure amendment as highlighted on page 45.

Group audit

Group audit

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Specific account balances in scope	Status	Comments
Chorley Borough Council	Yes			Grant Thornton UK		●	Audit work is complete.
Chorley Leisure Ltd.	Yes				Fees, charges and other income Other service expenditure	●	Audit work on this component is complete.
Chorley Property Ltd.	Yes				Fees, charges and other income Other service expenditure	●	Audit work on this component is complete.

Key

Full Scope	Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
Specific	Specific audit procedures designed by the group auditor
Component	Specific audit procedures designed by a component auditor
Out of scope	Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality.

● Planned procedures are substantially complete with no significant issues outstanding.
○ Planned procedures are ongoing/subject to review with no known significant issues.
● Planned procedures are incomplete and/or significant issues have been identified that require resolution.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 30 April 2025, we determined materiality at the planning stage as £1.034m (Group) and £0.982m (Council) based on 1.9% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft consolidated financial statements. Materiality has been updated as a result of the Council's increase in gross expenditure since the prior year.

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

Basis for our determination of materiality

- We have determined materiality at £1.211m for the Group and £1.150m for the Council based on professional judgement in the context of our knowledge of both the Group and the Council, including consideration of factors such as prior year audit findings.
- We have used 1.9% of gross expenditure as the basis for determining materiality. This benchmark is considered the most appropriate because we consider the users of the financial statements to be most interested in how the Council has expended its revenue and other funding.
- The benchmark %'s remain unchanged since last year, given that the overall level of assessed risk is consistent.

Performance materiality

- We have determined performance materiality at £0.847m for the Group and £0.805m for the Council, this is based on 70% of headline materiality. This reflects that the Council/Group have a stable financial reporting team with a track record of preparing good quality financial statements and the minimal volume of adjusted and unadjusted misstatements identified in our previous 2023-24 audit.

Specific materiality

- Senior officers' remuneration – Due to the sensitive nature of this disclosure, we have set a lower materiality of £0.025m.

Reporting threshold

- We will report to you all misstatements identified in excess of £0.060m for the Group and £0.057m for the Council, in addition to any matters considered to be qualitatively material.

Our approach to materiality

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

	Group (£)	Council (£)	Qualitative factors considered
Materiality for the financial statements	£1,210,000	£1,150,000	This equates to 1.9% of gross expenditure in cost of services for the year. We consider this as the most appropriate criteria given stakeholders' interest in the Council delivering its budget.
Performance materiality	£847,000	£805,000	This has been set at 70% of financial statement materiality. This reflects that the Council has a stable financial reporting team with a track record of preparing good quality financial statements and the minimal volume of adjusted and unadjusted misstatements identified in our 2023-24 audit.
Trivial matters	£60,500	£57,500	This has been set at 5% of headline materiality. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.
Materiality for senior officer remuneration disclosures	£25,000	£25,000	The team identified that Senior Officers' Remuneration has a heightened public interest and media interest.

Overview of significant and other risks identified

Overview of audit risks

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

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

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

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Risk 1 Management override of controls	Significant	↔	✓	High	●
Risk 2 The revenue cycle includes fraudulent transactions	Significant	↔	✓	Medium	●
Risk 3 The expenditure cycle includes fraudulent transactions	Significant	↔	✓	Medium	●
Risk 4 Valuation of land and buildings and investment properties	Significant	↔	✗	High	●
Risk 5 IFRS 16 Implementation	Other	↔	✗	Medium	●

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

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

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>We have identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> reviewed accounting estimates, judgements and decisions made by management; reviewed unusual significant transactions; made enquiries of finance staff regarding their knowledge of potential instances of management override of controls; evaluated the design effectiveness of management controls over journals; analysed the journals listing and determine the criteria for selecting high risk unusual journals and those falling into certain criteria determined by the audit team; and tested a sample of journals recorded during the year and after the draft accounts stage for appropriateness and corroboration. <p>In performing the procedures above, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team. These criteria included:</p> <ul style="list-style-type: none"> journals above materiality post year-end; journals that debit creditor accounts, debit property, plant and equipment accounts and credit debtor accounts between targeted dates; and journals posted by senior management. <p>Application of these routines and supplementary procedures identified a total sample of 49 journals to test. Our audit work identified a number of procedural issues with regards to journals processing, which are not inline with best practice:</p> <ul style="list-style-type: none"> example of a journal being self approved by senior management; example of a separate journal being approved and authorised by the same person; and an instance of a junior member of staff approving a journal posted by a more senior finance officer. 	<p>Testing of journals identified through application of our specified criteria and targeted risk assessment is complete and has not identified any evidence of inappropriate management override of controls.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls	In all the instances identified overleaf we were satisfied that the journals were appropriate and within the usual course of business.	
Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.	<p>Whilst we fully acknowledge the difficulties of operating within a relatively small finance team, some of the practices identified above are not in line with best practice. We have made relevant recommendations at page 46.</p> <p>We did not identify any changes in accounting policies or estimation processes and our review of key estimates has not identified any matters to bring to your attention.</p> <p>Our audit work did not identify any evidence of management override of controls.</p>	Testing of journals identified through application of our specified criteria and targeted risk assessment is complete and has not identified any evidence of inappropriate management override of controls.

Significant risks

Risk identified	Audit procedures performed	Key observations
Presumed risk of fraud in revenue recognition	<p>We have rebutted the risk of fraud in revenue recognition.</p> <p>Despite revenue recognition not being a significant risk, we have undertaken the following procedures to ensure that revenue included within the accounts is materially correct:</p> <ul style="list-style-type: none"> evaluated the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code; updated our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls; agreed on a sample basis relevant income and year end receivable/income accruals to invoices and cash payment or other supporting evidence; and completed substantive testing of income including sample testing of material transactions. 	<p>Our audit plan confirmed that we considered it appropriate to rebut the fraud risk in relation to revenue and this remains appropriate.</p> <p>Whilst revenue recognition was not identified as a significant risk, we have carried out procedures and tested material revenue streams to gain assurance over this area and evaluated that it remained appropriate to rebut the presumed risk of revenue recognition.</p> <p>Our audit work has not identified any instances of fraudulent revenue recognition.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Presumed risk of fraud in expenditure recognition</p> <p>Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.</p> <p>We identified and completed a risk assessment of all revenue expenditure streams for the Council/Group. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk because:</p> <ul style="list-style-type: none"> there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds; and the culture and ethical frameworks of local authorities, including Chorley Borough Council mean that all forms of fraud are seen as unacceptable. 	<p>We have rebutted the risk of fraud in expenditure recognition.</p> <p>Despite expenditure recognition not being a significant risk, we have undertaken the following procedures to ensure expenditure included within the financial statements is materially correct:</p> <ul style="list-style-type: none"> evaluated the Council's accounting policy for expenditure recognition for appropriateness and compliance with the Code; updated our understanding of the Council's system for accounting for expenditure and evaluating the design of relevant controls; undertaken detailed substantive testing on the expenditure streams including sample testing of material expenditure transactions; and we have tested a sample of invoices received and payments made in the period following 31 March 2025 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts paid to the corresponding parties. 	<p>Our audit plan confirmed that we considered it appropriate to rebut the fraud risk in relation to expenditure and this remains appropriate.</p> <p>Whilst expenditure recognition was not identified as a significant risk, we have carried out procedures and tested material expenditure streams to gain assurance over this area and evaluated that it remained appropriate to rebut the presumed risk of expenditure recognition.</p> <p>Our audit work has not identified any instances of fraudulent expenditure recognition.</p> <p>We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.</p> <p>Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings and investment properties	<p>We have:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; written to the valuer to confirm the basis on which the valuation was carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; tested revaluations made during the year to see if they had been input correctly into the Council's asset register; evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and for all assets not formally revalued or revalued on a desktop/indexation basis only, evaluated the judgement made by management or others in determination of the current value of these assets. 	<p>Our review of the work performed by the valuer identified several issues:</p> <ul style="list-style-type: none"> Incorrect BCIS (build cost information service rates) location factor had been used in determining the valuation of four assets. The impact on the Council's land and buildings was an understatement of £0.221m. In addition we found an example where the location factor for South Ribble had been used in error. Incorrect valuation figure in the valuation report for one asset, leading to an overstatement of £0.930m. An additional error was identified for this asset where car park income was incorrectly applied, leading to an additional overstatement of £0.050m. Following this, we identified additional car parks where income was incorrectly applied, leading to an understatement of £0.059m. Valuer had used an incorrect build cost figure, resulting in an asset being overstated by £0.460m. The overall impact of the above is an overstatement in the valuation of the Council's property, plant and equipment of £1.160m. Management have chosen to amend for this. Our review of the valuation for Astley Hall (£10.59m) concluded that the BCIS rates used were not deemed to be the most appropriate for a historic building like Astley Hall. As a result a revised valuation was obtained which resulted in a new valuation of £8.028m, a decrease of £2.560m. Management has amended for this.

Significant risks (cont.)

Risk identified	Commentary	Key observations
Valuation of land and buildings and investment properties (cont.)	As part of our audit work we identified that whilst the Council engaged the services of a new valuer for 2024/25, the Council did not have a signed terms of engagement. Best practice suggests signed terms of engagement should be in place before work is undertaken. We have made a recommendation on page 48 in respect of this.	Evidence to support valuer judgements was not always initially available, which resulted in the audit of revaluations taking longer than expected. We have raised a recommendation relating to this on page 46.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of the defined benefit pension fund net liability	<p>We have:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; 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; undertaken procedures as relevant, if there is a movement from a net pension liability to a net pension asset and ensure that movement is materially correct, and any recognition of a proportion of the pension fund surplus is in line with accounting standards; and obtained assurances from the auditor of Lancashire 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. 	<p>Our review of the processes and controls in respect of pensions and the instructions issued by management identified no issues, nor did our assessment of the competence, capability and objectivity of the actuary. We confirmed the accuracy and completeness of the information provided by the Council. We challenged the actuary's assumptions and used our auditor's expert (PwC) to provide expert input on the assumptions that had been used. We have reviewed the IAS19 assurances from the auditor of Lancashire Pension Fund and have not identified any issues.</p> <p>Our audit work has not identified any matters to bring to your attention, and we have gained assurance that the IAS 19 pension net liability has been appropriately accounted for and disclosed within the financial statements.</p>

Other risks

Risk identified	Audit procedures performed	Key observations
IFRS 16 Implementation	<p>We have:</p> <ul style="list-style-type: none"> reviewed the Council's IFRS16 implementation processes and assess the completeness of relevant arrangements identified such as peppercorn leases and leases that have "rolled over" at the end of the term; reviewed the proposed accounting policy and agree disclosures presented in the financial statements to underlying accounting records and calculations; and reviewed management's lease calculations/reconciliations and assess the accuracy and appropriateness of inputs and assumptions used including lease terms, discount rates and annual rentals. 	<p>We have not identified any issues to bring to your attention aside from the disclosure change, which is highlighted on page 45.</p>

Key judgements include

- determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the Council's threshold for capitalising owned assets;
- determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term; and
- the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

We identified completeness of the identification of relevant leases and valuation as an other risk.

Other findings

Other areas impacting the audit

Issue	Commentary	Auditor view
IT Control deficiencies	<p>A number of IT deficiencies were identified:</p> <ul style="list-style-type: none"> we note that the Council is working to achieve a cyber security policy that is fully compliant with MHCLG's cyber assessment framework (CAF). The Council has submitted its plan to MHCLG however, it still has a number of actions to complete, which it aims to achieve by March 2026. Full compliance should enable the Council to respond more effectively to security incidents, minimising potential damages and downtime. In addition, the Council has a cyber incident response plan and playbook, but these are in draft; there is currently no process of identifying and mitigating cybersecurity risks posed by its external suppliers. Best practice suggests regular risk assessments of suppliers are performed and incident response plans developed where necessary to address any potential cybersecurity incidents involving suppliers; and the Council has no formal vulnerability management process in place. Vulnerability management is the process of identifying, categorizing, prioritizing, and addressing security weaknesses in systems, software, networks, devices, and applications. Whilst patching is performed which mitigates some elements of risk, the Council is still exposed until vulnerabilities are appropriately managed. 	<p>We recommended at page 48 that the Council should:</p> <ul style="list-style-type: none"> strive to achieve full compliance with MHCLG's cyber assessment framework; finalise cyber incident response plan and workbooks to ensure these are up to date and aligned with best practice; consider regular cybersecurity risk assessments of suppliers; establish a comprehensive process to identify, classify, prioritize and mitigate vulnerabilities; perform regular user access and privileged user reviews to ensure access privileges are granted or revoked in a timely manner and maintain data protection; and log and monitor scheduled changes to the Council's IT systems, ensuring that there is a clear audit trail.

Other areas impacting the audit

Issue	Commentary	Auditor view
<ul style="list-style-type: none"> no user access reviews have taken place over the last 12 months and there has been no regular review of activities performed by privileged users. Privileged users often have elevated access to sensitive systems and data. We recommend that the Council has regular review of the activities performed by its privileged users as it helps detect and respond to any potential security incidents such as unauthorised access or data breaches. best practice suggests scheduled changes to IT systems are logged and monitored to ensure changes were appropriately made and that there is an audit trail as to why changes were made and by whom. The Council currently does not log or monitor scheduled changes to its IT systems. 	See commentary on the previous page.	See recommendations on the previous page.
Depreciation	<p>In aggregate, these errors did not result in an understatement of depreciation that was above our triviality threshold, however, it is best practice to ensure UELs are updated in line with revaluations to ensure depreciation in subsequent years is appropriately calculated.</p>	<p>We recommended that management conducts regular reviews of building UELs to ensure they are still relevant and appropriate.</p>

Other findings – significant matters

Issue	Commentary
Significant events or transactions that occurred during the year.	From our work during the audit of the financial statements and from discussions with management and those charged with governance, we are not aware of any significant events or transactions that occurred during the period.
Business conditions affecting the Group/Council, and business plans and strategies that may affect the risks of material misstatement.	We are not aware of any business conditions that would significantly affect the Group/Council.
Concerns about management's consultations with other accountants on accounting or auditing matters.	From our work during the audit of the financial statements and from discussions with management and those charged with governance, we do not have any concerns.
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services.	We have not been required to have such discussions.
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information.	We have not identified any such disagreements.
Other matters that are significant to the oversight of the financial reporting process.	We have not identified any matters.
Prior year adjustments identified.	We have not identified any prior year adjustments.

Other findings – accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<p>Accounting Policy 2.2 highlights that income of the Council is accounted for in the period to which they relate, regardless of when the cash is paid or received. In particular:</p> <ul style="list-style-type: none"> revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract; and revenue from Council Tax and Business Rates is measured at the full amount receivable (net of impairment losses) as they are non-contractual, non-exchange transactions. Revenue from non-exchange transactions shall be recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council, and the amount of the revenue can be measured reliably. 	<p>Our work on income has not highlighted any inconsistencies between the Council's accounting policy and its application during 2024/25. The Council's accounting policy is appropriate.</p>	 GREEN
Expenditure recognition	<p>Accounting policy 2.2 highlights that costs of the Council are accounted for in the period to which they relate, regardless of when the cash is paid or received. In particular:</p> <ul style="list-style-type: none"> supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet if balances are material; and expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made. 	<p>Our work on expenditure has not highlighted any inconsistencies between the Council's accounting policy and its application during 2024/25. The Council's accounting policy is appropriate.</p>	 GREEN

Assessment:

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

Other findings – accounting policies

Accounting area	Summary of policy	Comments	Assessment
Judgements and estimates	Notes 4 (Critical judgements in applying accounting policies) and Note 5 (Assumptions about the future and other major sources of estimation uncertainty) covers the critical judgements in applying accounting policies as well as the sources of estimation uncertainty.	Our audit work focusing of judgements and estimates, including work on land and building valuations, accruals and depreciation has not highlighted any concerns. Judgements and estimates have been based on a sound rationale.	● GREEN
Valuation methods	Accounting policies 2.8 (Employee Benefits), 2.16 (Investment Properties), 2.21 (Property, Plant and Equipment) 2.26 (Fair Value Measurement) cover both asset valuations and pension costs accounting valuations. In addition Note 5 (Assumptions about the future and other major sources of estimation uncertainty) highlights that valuations contain figures estimated on the basis of historical experience, current trends and other relevant factors, whilst there also remains a risk of material future adjustments.	Our work on reviewing valuation methods has not highlighted any inconsistencies between the Council's accounting policy and its application during 2024/25. The Council's accounting policy is appropriate.	● GREEN
Other critical policies	Accounting policy 2.11 covers going concern. Management disclosed they have a reasonable expectation that the services provided by the Council will continue in existence for the foreseeable future. For this reason, the Management have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector.	We have obtained sufficient appropriate audit evidence to enable us to conclude that the Council's accounting policy on going concern is appropriate.	● GREEN

Assessment:

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

Other findings – key judgements and estimates

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

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings and investment properties	Other land and buildings includes specialised assets 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 are not specialised in nature and are required to be valued at existing use in value (EUV)	The Council's accounting policy on valuation of land and buildings and investment properties are included in the Accounting Policies notes 2.16 and 2.21.	Valuation of land and buildings and investment properties is not materially misstated.
Land and buildings £135.5m at 31 March 2025	at year end. The Council engaged a new valuer in 2024/25 Align Property Partners, to complete the valuation of properties as at 31/03/25 on a five yearly cyclical basis. 87% of land and building and 100% of investment properties total assets were revalued during 2024/25.	<p>Key observations:</p> <ul style="list-style-type: none"> • We assessed the qualifications, skills and experience of the valuer and determined them to be appropriate. • The underlying information and sensitivities used to determine the estimate was complete and accurate. • The valuer prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates. • We have reviewed management's assessment on assets not revalued and are satisfied there has been no material changes to the valuation of these assets that would require adjustment of their carrying value. 	
Investment properties £35.5m at 31 March 2025	Management have considered the year end value of non-valued properties/ and the potential valuation change in the assets revalued at 31/03/25. Applying land and building indices to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has	<p>We undertook procedures, to provide assurance that the carrying value of assets not valued in the year is not materially different to the current value at year end, including comparison with industry indices. Our audit work again identified that the valuation for those assets not revalued in 2024/25 was potentially materially different to the current value. As a result management chose to have an additional two assets revalued, and this led to a total increase of £679,000 in the valuation of the two assets. Our assessment is an estimate based on indices. Given the Council's action we are satisfied the remaining assets not revalued are not materially misstated.</p>	

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 and investment properties	<p>identified no material change to the properties value.</p> <p>The Council has included disclosures in relation to estimation uncertainty at Note 5.</p>	<p>We have made a recommendation to Management around the need when preparing the financial statements to further consider whether the likelihood of assets not being revalued over a 5 year cycle may lead to a potential misstatement. Management has adjusted for these assets in the financial statements.</p> <p>As part of our audit work, we tested 21 samples of Land and Building valuations and 2 investment property valuations.</p>	Valuation of land and buildings and investment properties is not materially misstated.
Land and buildings £135.5m at 31 March 2025	<p>The total year end valuation of land and buildings was £135.524m, a net movement of £8.3m from 2023/24 (£127.224m).</p>		
Investment properties £35.5m at 31 March 2025	<p>Investment properties are reviewed annually and the value as at 31 March 2025 was £35.458m, an increase since the prior year (£34.385m) of £1.073m.</p>		

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																								
Valuation of net pension liability/asset £2.356m at 31 March 2025	<p>The Council's total net pension liability at 31 March 2025 is £2.356m (PY £2.689m) the Lancashire Pension Fund Local Government Scheme and Local Government and unfunded defined benefit pension scheme obligations. The Council uses Mercer to provide actuarial valuations of the Council's assets and liabilities derived from (this scheme/these schemes). A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability (asset), small changes in assumptions can result in significant valuation movements. There has been a £0.333m decrease in the net liability during 2024/25.</p>	<p>In understanding how management has calculated the estimate of the net pension liability we have:</p> <ul style="list-style-type: none"> assessed the use of management's expert; and assessed the actuary's approach taken and confirmed the reasonableness of their approach. <p>We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council. We have used the work of PwC as auditor's expert, to assess the actuary and assumptions made by the actuary – see below considerations of key assumptions in your pension fund valuation:</p> <table border="1" data-bbox="847 721 2216 1153"> <thead> <tr> <th data-bbox="847 721 1282 807">Assumption</th><th data-bbox="1436 721 1615 807">Actuary value</th><th data-bbox="1615 721 1794 807">PwC range</th><th data-bbox="1794 721 2216 807">Assessment</th></tr> </thead> <tbody> <tr> <td data-bbox="847 807 1282 858">Discount rate</td><td data-bbox="1436 807 1615 858">5.80%</td><td data-bbox="1615 807 1794 858">5.70% - 5.90%</td><td data-bbox="1794 807 2216 858">Reasonable</td></tr> <tr> <td data-bbox="847 858 1282 908">Pension increase rate</td><td data-bbox="1436 858 1615 908">2.60%</td><td data-bbox="1615 858 1794 908">2.60% - 2.70%</td><td data-bbox="1794 858 2216 908">Reasonable</td></tr> <tr> <td data-bbox="847 908 1282 959">Salary growth</td><td data-bbox="1436 908 1615 959">4.10%</td><td data-bbox="1615 908 1794 959">3.85% - 4.20%</td><td data-bbox="1794 908 2216 959">Reasonable</td></tr> <tr> <td data-bbox="847 959 1282 1052">Life expectancy – Males currently aged 45/65</td><td data-bbox="1436 959 1615 1052">22.4 years / 21.1 years</td><td data-bbox="1615 959 1794 1052">21.1 – 23.2 years / 20.8 – 22.0 years</td><td data-bbox="1794 959 2216 1052">Reasonable</td></tr> <tr> <td data-bbox="847 1052 1282 1153">Life expectancy – Females currently aged 45/65</td><td data-bbox="1436 1052 1615 1153">25.3 years / 23.5 years</td><td data-bbox="1615 1052 1794 1153">25.2 – 26.1 years / 23.5 – 24.3 years</td><td data-bbox="1794 1052 2216 1153">Reasonable</td></tr> </tbody> </table> <p>We have examined the completeness and accuracy of the underlying information used to determine the estimate.</p> <p>We have not identified any changes to the valuation method.</p> <p>We are satisfied with the reasonableness of the estimate and disclosure of the estimate in the financial statements.</p>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.70% - 5.90%	Reasonable	Pension increase rate	2.60%	2.60% - 2.70%	Reasonable	Salary growth	4.10%	3.85% - 4.20%	Reasonable	Life expectancy – Males currently aged 45/65	22.4 years / 21.1 years	21.1 – 23.2 years / 20.8 – 22.0 years	Reasonable	Life expectancy – Females currently aged 45/65	25.3 years / 23.5 years	25.2 – 26.1 years / 23.5 – 24.3 years	Reasonable	● GREEN
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.80%	5.70% - 5.90%	Reasonable																								
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Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Minimum revenue provision £0.941m in 2024/25	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its minimum revenue provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £0.941m, a net decrease of £0.501m from 2023/24, due in part to the effect of correcting an historic issue identified during the audit of the 23/24 accounts.</p> <p>The Department for Levelling Up, Housing and Communities statutory guidance that states that useful life of assets should not be assumed to exceed 50 years when used as the basis for calculating MRP. This is equivalent to benchmark of 2%.</p> <p>The Council's MRP represents 0.83% of the Council's overall Capital Financing Requirement.</p>	<p>Our audit work concluded that:</p> <ul style="list-style-type: none"> • MRP has been calculated in line with the statutory guidance; and • the Council's policy on MRP complies with statutory guidance; <p>We do however make a recommendation on page 47 regarding the level of MRP being below the level we would expect. The MRP is to ensure Authorities do not overextend themselves financially by borrowing more than they can afford to repay. Whilst we are not saying this is the case here, it is important that an appropriate amount be set aside.</p> <p>New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p> <p>We have recommended at page 47 that the Council should review its MRP Policy to ensure it continues to be prudent.</p>	● GREEN

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas. Security management has been assessed as amber given the IT control deficiencies highlighted on pages 26 and 27.

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	
Civica	ITGC assessment (design and implementation effectiveness only)	●	●	●	●	Management override of controls
ITrent	ITGC assessment (design, implementation and operating effectiveness)	●	●	●	●	Management override of controls

Assessment:

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

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee and we have not been made aware of any incidents in the period and no issues have been identified during the course of our audit procedures.
Matters in relation to related parties	A comparison of disclosed business interests to Companies House records identified that not all disclosures had been made within the Council's register of interests. We are satisfied that there were no material transactions between the Council and the non disclosed interest, however, there could be a risk going forward that the transactions may not have been identified if the Council were unaware of the business relationship. We have made a recommendation on page 49 regarding this issue.
Matters in relation to laws and regulations	You have not made us aware of any significant incidents of non-compliance with relevant laws and regulations and we have not identified any incidents from our audit work.
Written representations	A letter of representation has been requested from the Council which is set out at Appendix D.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's bankers. This permission was granted and the requests were sent and were returned with positive confirmation.
Disclosures	We have evaluated the appropriateness of the Council's financial statement disclosures. Through our consistency checking of the financial statements we noted several presentational errors in respect of prior year comparators and trivial inconsistencies between notes. In addition the version of the financial statements submitted for audit did not contain complete group accounts. The Council have agreed to amend for the inconsistencies in the accounts with the key issues highlighted on pages 44-45. Updated financial statements have been provided which incorporate group accounts. Our review found no material omissions in the financial statements.
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	We did not encounter any significant difficulties in completing our audit, we were provided with working papers that were of a good quality and received prompt responses to any queries raised.
Other matters	No further matters to bring to your attention.

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> • 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 Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> • the nature of the Council and the environment in which it operates; • the Council's financial reporting framework; • the Council's system of internal control for identifying events or conditions relevant to going concern; and • management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and the Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none">• 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. <p>We have nothing to report on these matters.</p>

Other responsibilities

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Council does not exceed the threshold.</p>
Certification of the closure of the audit	We intend to delay the closure of the 2024/25 audit of Chorley Borough Council, as outlined in our audit report, at Appendix E, due to not having received confirmation from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller and Auditor General.

Audit adjustments

Audit adjustments

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

Impact of adjusted misstatements

All non – trivial adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Impact on general fund
	£'000		£'000	£'000
Debtors				
Testing identified income relating to 2025/26 that had been incorrectly classified as prepayments, despite no payment being made by 31 March 2025. Debtors was overstated and creditors by a similar amount.		Short term debtors (601)		
Testing also identified an amount which had actually been paid before year end, with the resultant affect that debtors were overstated.		Short term creditors 601		
		Short term debtors (147)		
		Usable reserves (capital grants unapplied) 147		
Creditors				
Testing identified 2025/26 payments in advance transactions that were incorrectly accounted for as no payments had been made before 31 March 2025.		Short term creditors 316		
		Short term debtors (316)		
Property, Plant and Equipment (PPE)				
Incorrect location factor applied to four revaluations, which has led to an understatement. One valuation incorrectly recorded in valuation report, which has led to an overstatement and incorrect build cost figure used resulting in an asset being overstated. Overall impact is overstatement of £1.160m.		PPE (1,160)		
		Revaluation Reserve (1,160)		

Audit adjustments (cont)

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Property Plant and Equipment (PPE) – valuation of Astley Hall £2.560m adjustment as a result of Astley Hall being revalued.		PPE (2,560) Revaluation Reserve (2,560)		
Property Plant and Equipment (PPE) Impact of 2 additional assets valued.		PPE 679 Revaluation Reserve 679		
Assets Under Construction Our Asset Under Construction (AUC) testing identified that works on Town Centre Wide Improvements and Civic Square Project: Chapel Street, were completed within 2024/25 and therefore incorrectly classified as an asset under construction rather than being a charge to revenue expenditure funded from capital under statute (REFCUS). We are satisfied that this was an isolated example and that other AUC assets had been correctly classified.	Cost of services 142 Reversed through Movement in Reserves Statement (142)	Assets under Construction (142) Unusable Reserves – Capital adjustment account 142		
Group Accounts – Remeasurement of Pension Liability £69k adjustment to remeasurement of net defined pension liability incorrectly excluded from Group CIES	Remeasurement of net defined pension liability 69		Total Comprehensive (Income) and Expenditure 69	

Impact of unadjusted misstatements

As part of our testing of grant income we identified that £0.072m of Community Infrastructure Levy income should have been accounted for in the prior year rather than included in 2024/25. As the value is not material there is no requirement to do a prior period adjustment and therefore this has not been amended for.

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Officers' remuneration (Note 30)	The number of employees in banding £50,000 to £54,999 in the note was updated to show the correct figure which is 15.	✓
Termination benefit (Note 31)	The number of other agreed departures in exit package £20,001 to £40,000 was incorrect and has been updated to show the correct figure which is 3.	✓
Related parties (Note 34)	The 2023/24 comparative figure for gross expenditure incurred on the shared services has been increased by £0.945m to reconcile with the expenditure figure per 2023/24 ledger.	✓
LG Pension Asset (Note 37i)	The 2023/24 comparative figure of local government pension scheme asset total was incorrectly stated. The total have been updated to correctly show the 2023/24 total figure as £134m.	✓
Cash Flow Statement and Cash Flow Statement – financing activities (Note 28)	The figure of net cash flow from financing activities in note 28 was incorrect. Amended to reconcile with the main cash flow statement, the net cash flow from financing activities in note 28 has been amended by £6.754m.	✓
Narrative report	The figure for cash and cash equivalents in the narrative report has been increased by £0.103m to reconcile with the cash and cash equivalents per note 27.	✓
Property, plant and equipment (Note 15)	The split between assets valued at current value and carried at historic value has been adjusted by £0.171m.	✓
Group Movement in Reserves Statement (MiRS)	Group MiRS has been amended to disclose the Council's share of the Unusable reserves of the subsidiary.	✓

Audit adjustments (cont)

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Group Balance Sheet	Prior year comparators for group balance sheet relating to short term debtors, cash and cash equivalent, short term creditors and grant receipts in advance had been incorrectly stated.	✓
IFRS 16 (Note 17)	Wording of note 36a amended to explain differences between operating lease commitments disclosed applying IAS 17 at the end of the prior reporting period and the initial application at IFRS 16, and to specify the incremental borrowing rate applied.	✓
Capital Commitments (Note 15)	Capital commitments disclosure has been updated to include all capital commitments entered into by the Council. The updated note includes individual commitments less than £50,000, as well as a commitment of £0.181m which had not previously been disclosed.	✓
Note 36b table iii Operating Leases	Operating leases disclosure of total receivable rentals has been amended by £0.567m to reflect actual operating lease rentals expected to be received. Testing identified some omissions in the disclosure.	✓
Note 37e Pensions assets and liabilities	Additional disclosure has been added in the Virgin Media Case.	✓

Action plan

We set out here our recommendations for the Council which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● High	<p>Supporting information provided by the valuer</p> <p>Evidence to support valuer judgements was not always initially available at the start of the audit, which resulted in the audit of revaluations taking longer than expected.</p>	<p>Clear instructions to be provided to the valuer regarding the level of evidence needed and this should be provided to management in a timely manner, allowing management to undertake a sense check of the information provided.</p> <p>Management response</p> <p>Clear instructions are always given to the valuer both in the tender documentation and in preparation for the audit which included a call with the valuers and Grant Thornton. We recognise though there have been issues with the timely provision of the information from the valuers. This was the first year with the new valuers after a period of instability of different valuers. Discussions have already taken place with the valuers in respect of 2025/26 valuations and we are content that this is being addressed.</p>
● Medium	<p>Journal arrangements</p> <p>Our audit work identified a number of procedural issues with regards to journals processing, which are not inline with best practice:</p> <ul style="list-style-type: none"> example of a journal that was self approved by the Director of Finance; example of a separate journal being approved and authorised by the same person; and a member of finance staff approving a journal posted by a more senior finance officer. 	<p>Consider strengthening journal arrangements where possible in light of best practice arrangements.</p> <p>Management response</p> <p>It should be noted that we believe the categorisation as “self-approve” to be slightly incorrect – journals that require a manual element of entry to them are not able to be self-approved it is only a specific type of journal where an amount is recoded from one line to another – this type of journal allows no altering of any information on the journal itself including amount and narrative. The journal ‘self-approved’ by the Director of Finance was an example of this and was an isolated case while there was ongoing staff recruitment. In respect of authorisations themselves the Council currently has six journal authorisers all of whom are experienced accountants – due to leave and availability it is impossible to maintain a hierarchy with this. The Council is looking to strengthen its journal arrangements in the new financial system due to go live from 1st April 2026 but it is likely there will still be a pool of approvers similar to current arrangements to enable the team to function effectively.</p>

Action plan (cont)

Assessment	Issue and risk	Recommendations
● Medium	<p>Other Land and Building Useful Economic Life (UEL)</p> <p>Our audit work identified various issues with regards to other land and building UEL which are as follows:</p> <ul style="list-style-type: none"> – Some assets had not had their UEL's updated to reflect their new revaluation. – Some assets had not been given updated UEL so management had mistakenly reset their UEL based on previous valuation instead of its remaining UEL as at 01 April 2024 	<p>Management is advised to conduct a regular review and updating of other land and building assets' UEL to check if it is still relevant and appropriate.</p> <p>Management response</p> <p>As detailed in the valuer response there was limited opportunity for checking which we are looking to address in the coming closure of accounts. Regardless of this we can undertake further checking of UEL is planned for 2025/26 year end both in advance and after receiving valuations.</p>
● Medium	<p>Valuation of Operational Land and Buildings</p> <p>We identified a potentially material issue with assets not formally revalued in the year. Our assessment concluded that had those assets been revalued there would likely have been a material change in their valuation. We shared our assessment with Management who subsequently agreed with our findings. This led to a further two asset valuations being completed.</p>	<p>Management should complete a more detailed assessment of the potential impact of all assets not subject to revaluation, possibly using indices, as part of the evaluation to determine that sufficient valuations have been undertaken.</p> <p>Management response</p> <p>The 2025/26 Code of Practice introduces a revaluation expedient for property, plant and equipment requiring valuations once every five years or on a five-year rolling basis and supported by indexation in intervening years. The requirement means the assets not subject to revaluation would be covered by indexation. It should be noted that the Council does undertake a review of its own on assets not formally revalued, we will consider our approach in light of your recommendation and how it can be more comprehensive.</p>

Action plan (cont)

Assessment	Issue and risk	Recommendations
● Medium	Minimum Revenue Provision (MRP)	<p>At 31 March 2025, the Council's MRP was £0.921m. At 31 March 2024 the MRP was £1.442m. The MRP represents 0.84% of the Council's overall Capital Financing Requirement.</p> <p>This is a measure of the pace at which charges to revenue are being made to finance capital expenditure. The overarching requirement is for authorities to determine a "prudent" provision, rather than to follow a particular basis of calculation. If the MRP is too low, the burden of financial will fall on future generation of taxpayers. The Department for Levelling Up, Housing and Communities statutory guidance that states that useful life of assets should not be assumed to exceed 50 years when used as the basis for calculating MRP. This is equivalent to a benchmark of 2%.</p> <p>Management response</p> <p>The Council's MRP policy is reviewed annually as part of budget setting. This year is an exceptional year in respect of the Council correcting a historic error of 15 years plus which has offset its MRP provision and made it artificially low.</p>
● Medium	Cyber Security Risk Assessments	<p>We noted there is currently no process of identifying and mitigating cybersecurity risks posed by external supplies. We also noted there is no formal vulnerability management process in place.</p> <p>Management response</p> <p>A Cyber Incident Response Plan is in draft stages and Workbooks are currently under review with an Information Security Council Subgroup. To be finalised by quarter 1 2026. This will include supplier risks.</p> <p>A vulnerability management solution is in place and annual health checks continue to be actioned with the required work undertaken. Progress on remediations is tracked weekly. This process has successfully achieved PSN certification in 2025/26. The latest health check supplier for 2026, allows the councils to track vulnerabilities found through an online portal. Ensuring effective progress and reporting.</p>

Action plan (cont)

Assessment	Issue and risk	Recommendations
● Medium	<p>Cyber Security Policy</p> <p>We noted that the Council still has outstanding actions to complete in achieving a cyber security policy that is fully compliant with MHCLG's cyber assessment framework.</p>	<p>Strive to achieve full compliance with the MHCLG's cyber assessment framework.</p> <p>Management response</p> <p>Digital Services and Business Continuity are working towards CAF Compliance. Objectives A and D have been assessed and actions created which are being implemented. Objectives B and C to follow in 2026.</p>
● Medium	<p>User Access Reviews</p> <p>No user access reviews have taken place over the last 12 months and there has been no regular review of activities performed by privileged users.</p>	<p>Perform regular user access and privileged user reviews to ensure access privileges are granted or revoked in a timely manner; and log and monitor scheduled changes to IT systems to ensure a clear audit trail.</p> <p>Management response</p> <p>Automated leaver processes are currently in place. Ensuring leavers are promptly removed from active directory when offboarded by HR. Further manual permissions and access reviews are planned throughout 2026. Some services review user access directly within systems where they have administration roles.</p>
● Low	<p>Engagement of Valuer</p> <p>As part of our audit work we identified that whilst the Council engaged the services of a new valuer for 2024/25, the Council did not have a signed terms of engagement. Best practice suggests signed terms of engagement should be in place before work is undertaken.</p>	<p>Signed terms of engagement should be put in place between the Council and the valuer.</p> <p>Management response</p> <p>Agreed. While terms of engagement existed and were worked to we will ensure they are signed.</p>

Key

● High – Significant effect on control system and/or financial statements



Medium – Limited impact on control system and/or financial statements

● Low – Best practice for control systems and financial statements

Action plan (cont)

Assessment	Issue and risk	Recommendations
● Low	<p>Related Party Disclosures</p> <p>We have reviewed Companies House information and compared it to the declarations made by members and senior officers. We identified that not all member disclosures had been made within the Council's register of interests. We are satisfied that there were no transactions between the Council and the non disclosed interest and therefore no disclosure required, however, going forward there could be a risk that transactions occur where the Council were unaware of the business relationship.</p>	<p>Members should be reminded of the need to disclose all related party interests.</p> <p>Management response</p> <p>A reminder is sent annually to members in respect of disclosures and is a key part of code of conduct training. Any members found not to have made disclosure will be contacted directly to update records.</p>

Key

● High – Significant effect on control system and/or financial statements



Medium – Limited impact on control system and/or financial statements

● Low – Best practice for control systems and financial statements

Follow up of prior year recommendations

We identified the following issues in the audit of the Council's 2023/24 financial statements, which resulted in 7 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management has addressed our recommendations.

Issue and risk previously communicated	Update on actions taken to address the issue
<p>Valuation of Land and buildings and Investment Properties</p> <p>Our review of the valuation process for land and buildings and investment properties identified a number of issues:</p> <ul style="list-style-type: none"> • Incorrect BCIS (build cost information services rates) had been used by the valuer in determining a 31/3/24 valuation. • Gross internal areas (GIA) provided by the valuer did not always support the GIA used in individual valuation calculations. • Evidence to support valuer judgements was not always initially available which resulted in the audit of revaluations taking longer than expected • Management should consider use of indices when assessing whether those assets not revalued in the year are materially stated. <p>We recommended that a clear approach to revaluations with an audit trail being available at the start of an audit is built into the Council's discussions with its external valuer, including ensuring correct BCIS rates are applied.</p>	<p>The Council has appointed a new valuer for 2024/25 and as part of the revaluation exercise challenged assumptions within their modelling.</p>
<p>Journal arrangements</p> <p>Our audit work identified a number of procedural issues with regards to journal processing, which are not inline with best practice:</p> <ul style="list-style-type: none"> • recode journals which were approved and authorised by the same person • some journals which had been approved ahead of the postholder having been promoted which granted the post holder authority to approve journals • some journals which had been approved by a more junior member of the team • no journal authorisation limits set for staff allowed to approve journals. <p>We recommended that the Council consider strengthening journal arrangements where possible in light of best practice arrangements.</p>	<p>There has been no significant changes to journal arrangements. Best practice always difficult given the number of Finance Staff is relatively small. Council to review further once new financial system introduced.</p>

Follow up of prior year recommendations

We identified the following issues in the audit of the Council's 2023/24 financial statements, which resulted in 7 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management has addressed our recommendations.

Issue and risk previously communicated	Update on actions taken to address the issue
Bank Reconciliation	Exercise undertaken and historic reconciling items addressed.
Minimum Revenue Position (MRP)	See recommendation on page 48.
At 31 March 2024, the Council's MRP was £1.442m. At 31 March 2023 the MRP was £1.293m. The MRP represents 1.30% of the Council's overall Capital Financing Requirement. This has increased from 1.26% at 31 March 2023.	Additional work undertaken for the 24/25 financial statements to address the issues raised.
Impairment Review	
We noted that the impairment review only covers assets with capital expenditure during the year and assets outside of the review have not been considered.	
We recommended management conduct a comprehensive impairment review to evaluate all assets, not limited to those with expenditures in the year that are not being automatically revalued.	

Follow up of prior year recommendations

We identified the following issues in the audit of the Council's 2023/24 financial statements, which resulted in 7 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management has addressed our recommendations.

Issue and risk previously communicated

Update on actions taken to address the issue

Capital Financing Reserve

As part of our work ensuring consistency within the financial statements we identified that there was an historic difference within the Capital Financing Requirement.

We recommended that the Council ensure that the Capital Financing Requirement is correctly calculated and review the historic difference identified.

Related Party Disclosures

A comparison of disclosed business interests to Companies House records identified that not all disclosures had been made within the Council's register of interests. We are satisfied that there were no transactions between the Council and the non disclosed interest, however there could be a risk going forward that the transactions may not be identified if the Council were unaware of a business relationship.

It was recommended that Members and senior officers be reminded of the need to disclose all related party interests.

Issue addressed as part of the 2024/25 accounts.

Importance has been enforced and additional checks undertaken.

Value for Money arrangements

Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR will be reported to you at the November Audit and Governance Committee.

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



Improving economy, efficiency and effectiveness

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



Financial sustainability

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



Governance

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

In undertaking this work, we have not identified any significant weaknesses in arrangements.

Independence considerations

Independence considerations

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

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 Council or group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or group or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council or group as a director or in a senior management role covering financial, accounting or control related areas.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council/group, 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 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.

FY2026/27 and FY2026/27 marks Georgia Jones' Year 6 and Year 7 of involvement as Engagement Lead in this engagement. In light of the anticipated local government reorganisation, which will result in the Council's dissolution in FY2027/28, we believe her continued involvement is essential to ensure continuity and uphold audit quality.

We consider that an objective, reasonable and informed third party would concur the safeguards to be put in place such as the involvement of Value-for-Money experts and PSA Partner Led Panel discussions are sufficient and appropriate to mitigate the familiarity threat arising from Georgia's extended tenure. Therefore, this would not have impact on our independence. Furthermore, this rotation extension has already been approved by the PSAA.

Fees and non-audit services

The following tables below 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 18 November 2025, 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 group's/Council's policy on the allotment of non-audit work to your auditor.

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

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

Audit fees

	£
Audit of Council	159,440
Total	159,440

Audit-related non-audit services

Service	2023/24		2024/25	Threats	Safeguards applied
	£	£	Identified		
Certification of Housing Benefits Subsidy claim	47,400	35,890	Self-Interest (because this is a recurring fee)		The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £35,890 in comparison to the total fee for the audit of £159,440 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	47,400	35,890			

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 Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures	●	
Significant findings from the audit	●	
Significant matters and issue arising during the audit and written representations that have been sought	●	
Significant difficulties encountered during the audit	●	
Significant deficiencies in internal control identified during the audit	●	
Significant matters arising in connection with related parties	●	

A. Communication of audit matters with those charged with governance

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

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

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

Respective responsibilities

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

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

Distribution of this Audit Findings report

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

B. Our team and communications

Grant Thornton core team

Georgia Jones

Engagement Lead/
Key Audit Partner

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

Gareth Winstanley

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Chelsey Taylor

Audit Senior

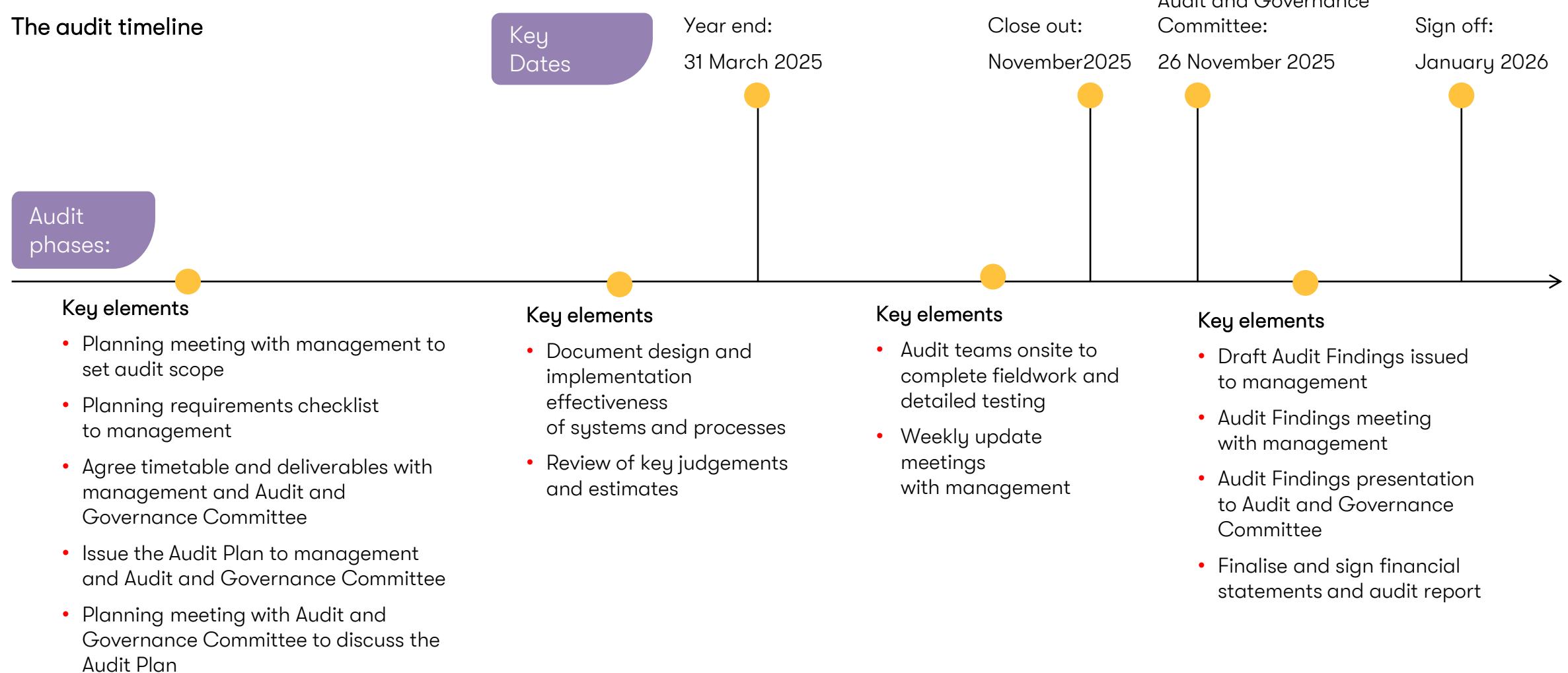
- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • The Audit Findings 	<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

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

C. Logistics

The audit timeline



D. Management letter of representation

Chorley Borough Council Financial Statements for the year ended 31 March 2025

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

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

Financial Statements

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

D. Management letter of representation

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land and building, investment property and defined pension liability valuations. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Council financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the group and Council has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. The financial statements are free of material misstatements, including omissions.

D. Management letter of representation

- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. There are no other prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the Council to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements.

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

D. Management letter of representation

Information Provided

- xvi. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. unrestricted access to persons within the group and Council from whom you determined it necessary to obtain audit evidence.
- xvii. We have communicated to you all deficiencies in internal control of which management is aware.
- xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Authority, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiii. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.

D. Management letter of representation

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

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on **26 November 2025**.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

E. Audit opinion

Independent auditor's report to the members of Chorley Borough Council

Report on the audit of the financial statements

Opinion on financial statements

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

E. Audit opinion (continued)

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

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

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

E. Audit opinion (continued)

Responsibilities of the Authority and the Director of Finance

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

E. Audit opinion (continued)

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

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

E. Audit opinion (continued)

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

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

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

We have nothing to report in respect of the above.

Responsibilities of the Authority

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

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

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

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

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

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

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

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

E. Audit opinion (continued)

Use of our report

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

Georgia Jones, Key Audit Partner

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

Liverpool



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