Audit Findings for Swale Borough Council

Year ended 31 March 2026

November 2026 Final

Swale Borough Council

East Street
Sittingbourne
Kent ME10 3HT

November 2026

Dear Members of the Audit Committee

Grant Thornton UK LLP

8 Finsbury Circus

London, EC2M 7EA

www.grantthornton.co.uk

Audit Findings for Swale Borough Council for the year ended 31 March 2026

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with the management and were presented to the Audit Committee on 14 October 2026.

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.

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details.

© 2026 Grant Thornton UK LLP. All rights reserved.

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-2025-.pdf (grantthornton.co.uk).

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

Ade Oyerinde

Key Audit Partner
For Grant Thornton UK LLP

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grantthornton.co.uk for further details.

© 2026 Grant Thornton UK LLP. All rights reserved.



Contents

Section	Page
01 Headlines	05
02 Materiality	09
03 Overview of significant and other risks identified	11
04 Other findings	18
05 Communication requirements and other responsibilities	20
06 Value for Money	24
07 Independence considerations	26
08 Appendices	30
A. Communication of matters with those charged with governance	31
B. Action plan	33
C. Follow up of prior year action plan	36
D. Audit Adjustments	40

© 2026 Grant Thornton UK LLP. All rights reserved.

01 Headlines

Headlines

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

Financial Statements

Basis for Audit Opinion and Other Reporting Responsibilities :

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

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and 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.

Audit timeline:

Our audit work was completed remotely over two visits, during February and again from June-September 2026.

Misstatements:

Our findings are summarised on pages 40 to 42. We identified 2 unadjusted misstatements totalling £395k, which management opted not to amend in the financial statements on the basis that they were immaterial. These have no impact on the level of the Council's usable reserves. We also identified a small number of disclosure amendments.

In addition, management made three presentational amendments to the prior year audited comparatives. One amendment relates to a £160k reclassification from the Other Comprehensive Income and Expenditure Statement to Financing and Investment Income. The remaining amendments involve the disaggregation of balances previously reported within "Other" in Note 35 (Short-term Creditors) and Note 40 (Short-term Debtors), providing enhanced transparency and improved disclosure of the underlying balances. These restatements relate solely to presentation and disclosure and are supported by appropriate narrative explanations. They do not affect the previously reported outturn, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement, or usable reserves. Further details are provided in Appendix D.

© 2026 Grant Thornton UK LLP. All rights reserved.

Headlines

Financial Statements

Recommendations:

We have also raised 2 medium and 2 low priority recommendations for management to strengthen your accounts closedown arrangements (refer appendix B) and reported management's progress on implementing prior year recommendations, of which 5 are in progress(refer appendix C).

Audit Status:

Our audit is complete, we are not aware of any matters that would require modification of the audit opinion or material changes to the financial statements.

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

Our financial statements audit report opinion is unmodified.

Value for money (VFM) arrangements

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

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

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

© 2026 Grant Thornton UK LLP. All rights reserved.

Headlines

Value for money (VFM) arrangements

VFM work status:

Our VFM work is complete and our findings are summarised in section 6 of this report. Our detailed commentary on the Council's VFM arrangements is set out in the separate Auditor's Annual Report, which is presented alongside this report. Whilst we highlight some improvement recommendations within the report, overall, we are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Statutory duties

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

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

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

We have completed our work required under the Code.

However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until:

- confirmation is received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller and Auditor General, and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code; and
- the formal resolution of the objection raised by a member of the public in respect of the 2025/26 accounts.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Significant matters

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

© 2026 Grant Thornton UK LLP. All rights reserved.

02 Materiality

Our approach to materiality

As communicated in our Audit Plan dated 22 April 2026, we determined materiality at the planning stage as £2 million based on 2.5% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements and revised materiality levels downwards. The downward revision is a result of an overall decrease in Council's gross expenditure of 12% from 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 £1.7m (PY: £2m) (financial statements materiality for the audit) based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.

We have used 2.5% (PY: 2.5%) of gross expenditure as the basis for determining materiality.

Performance materiality

We have determined performance materiality at £1.275m (PY: £1.4m) representing 75% of headline materiality (PY: 70%)

The increase in the percentage reflects the absence of audit errors or modifications identified in the previous year.

Reporting threshold

We will report to you all misstatements identified in excess of £85k (PY: £100k), in addition to any matters considered to be qualitatively material.

This is approximately 5% (PY: 5%) of the materiality.

	Final Materiality £	Planning Materiality £
Materiality for the financial statements	1,700,000	2,000,000
Performance materiality	1,275,000	1,500,000
Trivial amount	85,000	100,000

© 2026 Grant Thornton UK LLP. All rights reserved.

03 Overview of significant and other risks identified

Overview of audit risks

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.

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

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	G
Valuation of land and buildings	Significant	↔	✗	High	G
Valuation of pension fund net liability	Significant	↔	✗	High	G
Risk of fraud in revenue recognition (ISA (UK) 240 presumed (rebutted for all revenue streams))	Other	↔	✓	Low	G
Risk of fraud in expenditure recognition (rebutted) and other risk of completeness of expenditure	Other	↔	✓	Low	G

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

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

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.	To address this risk, we have performed the following: • evaluated the design and implementation of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration to supporting evidence • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. We tested a total of 19 journals.	Our audit work is complete. During our testing, we identified the following instances where user accounts were not uniquely assigned to individual users: • one individual assigned two user IDs, and • a system administrator account shared between two individuals. A recommendation has been raised in relation to this matter (see page 34). No other material issues relating to management override of controls were identified in the course of our audit.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings The revised CIPFA Code requires land and buildings to be measured at current value using the depreciated replacement cost or existing use value methods, updated annually through appropriate indexation or desktop valuation where no suitable index exists. The valuation of land and buildings represents a significant estimate in the Council's financial statements due to the size of the numbers involved, the sensitivity of this estimate to changes in key assumptions and market conditions, and overall level of judgements involved. We therefore identified the valuation of land and buildings as a significant risk of material misstatement due to the inherent risk of material misstatement arising from error.	To address this risk, we have performed the following: • documented our understanding of management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work. • evaluated the competence, capabilities and objectivity of the valuation expert engaged by the Council. • evaluated the consistency of the disclosure with the valuation report. • evaluated the basis on which the valuations were carried out. • evaluated and challenged the information and assumptions used by the valuer. • evaluated the reasonableness of the assumptions used to form the estimate. • reviewed indices used and application to asset classes. • tested on a sample basis, revaluations made during the year to ensure they have been input correctly into the Council's asset register and financial statements.	Our audit work is complete. We identified one incidence on non-compliance with CIPFA Code and one disclosure misstatement as set out below: • Management adopted an annual formal revaluation approach for high-value assets, rather than the valuation approach prescribed by the CIPFA Code which came into effect from 2025/26. This is a departure from the Code requirements. Our review of your PPE valuation concluded it was not materially misstated; • Variances were identified between the balances disclosed in Note 24 and the revaluation table in Note 25, resulting in disclosure variances of £133k for Land and Buildings, £151k for Assets Under Construction and (£17k) for Surplus Assets. This is only a disclosure error and management agreed to amend Note 25 in line with Note 24. No other issues were identified in relation to the valuation of land and buildings.

© 2026 Grant Thornton UK LLP. All rights reserved.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of pension fund net liability The valuation of the pension fund net liability represents a significant estimate in the financial statements. It is considered a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We have therefore identified it as a significant risk for the audit. We have pinpointed this significant risk to the assumptions applied by the professional actuary in their calculation of the net liability.	To address this risk, we performed the following: • documented our understanding of management's process and controls; • evaluated the competence, capabilities and objectivity of management's expert; • evaluated the consistency of the disclosure with the actuarial report; • evaluated the reasonableness of the assumptions used to form the estimate; • obtained assurances from the auditor of Kent County Council 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; • for the pension asset recorded and for IFRIC 14, we reviewed the IFRIC 14 assessment carried out by the actuary and evaluated the reasonableness of the assumptions used as part of the assessment.	Our audit work is complete. We identified no material issue relating to the valuation of the pension fund net liability.

© 2026 Grant Thornton UK LLP. All rights reserved.

Other risks

Risk identified	Audit procedures performed	Key observations
Risk of fraud and error in revenue recognition (rebutted for all streams) Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue. As set out in our audit plan, we rebutted this presumption for all material revenue streams of the Council, as there is little incentive and limited opportunity to manipulate revenue recognition, and the Council's culture and ethical framework provide a satisfactory control environment. We kept this judgement under review throughout the audit. No specific fraud risk factors were identified, and our conclusion is unchanged: we do not consider revenue recognition to be a significant risk for the Council. Standard audit procedures were carried out, and we identified no issues in relation to revenue recognition.	To address this risk, we performed the following: • confirmed our understanding of the revenue business process; • evaluated the Council's accounting policy for recognition of income for appropriateness and compliance with the Code; • agreed, on a sample basis, relevant income and year-end debtors/income accruals to invoices and cash payment or other supporting evidence; • carried out testing on a sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.	Our audit work is complete and we have not identified any material issues to be reported.

© 2026 Grant Thornton UK LLP. All rights reserved.

Other risks

Risk identified	Audit procedures performed	Key observations
Presumed risk of fraud in expenditure recognition Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies. As set out in our audit plan, we considered this risk across all of the Council's expenditure streams, including year-end accruals and the risk of revenue expenditure being incorrectly classified as capital expenditure. We concluded that expenditure recognition is not a significant risk, due to the low fraud risk in the nature of the underlying transactions and the immaterial nature of the expenditure streams, both individually and collectively. We kept this judgement under review throughout the audit, and our conclusion is unchanged. Standard audit procedures were carried out, and we identified no issues in relation to expenditure recognition.	To address this risk, we performed the following: • confirmed our understanding of the expenditure business process and determined if there are any relevant controls; • evaluated the Council's accounting policy for recognition and capitalisation of expenditure for appropriateness and compliance with the Code; • inspected transactions incurred around the end of the financial year to assess whether they were included in the correct accounting period; • agreed, on a sample basis, relevant expenditure and year-end creditors and accruals to invoices or other supporting evidence; • carried out testing, on sample basis, of invoices received in the period prior to and following 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties. • Agreed on a sample basis, relevant capital expenditure to invoices or other supporting evidence, to confirm it is capital in nature.	Our audit work is complete and there are no issues arising.

© 2026 Grant Thornton UK LLP. All rights reserved.

04 Other findings

Other findings – Information Technology

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

			ITGC control area rating			
IT application	**Level of assessment performed**	**Overall ITGC rating**	**Security management**	**Technology acquisition, development and maintenance**	**Technology infrastructure**	**Related significant risks/other risks**
Agresso	ITGC assessment (design, implementation and operating effectiveness)	Green	Green	Green	Green	No issues identified

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

© 2026 Grant Thornton UK LLP. All rights reserved.

05 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any incidents in the period, and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	The principal laws and regulations with which the local authority complies include, 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. We are not aware of any significant incidences of non-compliance.
Written representations	A letter of representation will be requested from management. There were no specific representations requested from management.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banking and treasury counterparties. This permission was granted, and the requests were sent. All confirmations have been received.
Disclosures	Our review found no material omissions in the financial statements. We have reported immaterial disclosure misstatements in Appendix D of this report.
Significant difficulties	There were no significant difficulties. Members of the finance team were available to provide evidence and explanations as required throughout the audit.

© 2026 Grant Thornton UK LLP. All rights reserved.

Other responsibilities

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

© 2026 Grant Thornton UK LLP. All rights reserved.

Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies were identified. Our opinion on other information is unmodified.
Matters on which we report by exception	We are required to report on matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • if we have applied any of our statutory powers or duties • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that work is not required as the Authority does not exceed the threshold specified by the NAO.
Certification of the closure of the audit	We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until: • we receive confirmation from the National Audit Office that the audit of the Whole of Government Accounts consolidation pack for the year ended 31 March 2026 is complete and certified by the Comptroller and Auditor General; and • the formal resolution of the objection raised by a member of the public in respect of the 2025/26 accounts. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

© 2026 Grant Thornton UK LLP. All rights reserved.

06 Value for money arrangements

Value for money arrangements

Approach to value for money work for the year ended 31 March 2026

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

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



Governance

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



Financial sustainability

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



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.

In undertaking this work, we have not identified any significant weaknesses in arrangements. As part of our review of your financial sustainability, we have carried forward one improvement recommendation from the prior year regarding the establishment of a long-term savings programme, as insufficient progress has been made to fully address the recommendation. Overall, we are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Full commentary is included in our 2025/26 Auditor's Annual Report.

© 2026 Grant Thornton UK LLP. All rights reserved.

07 Independence considerations and fees

Independence considerations

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council 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 investments held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council.
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, senior management or staff (that would exceed the threshold set in the Ethical Standard).

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

© 2026 Grant Thornton UK LLP. All rights reserved.

Fees and non-audit services (1)

The following table 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 the date of this report, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor. None of the below services were provided on a contingent fee basis.

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

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Swale Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that we have segregated the audit and non-audit teams to ensure independence and implemented robust review processes to monitor compliance with ethical standards.

Audit-related non-audit services

Service	£	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim 2025-26	£41,290 (+daily rate of £1,500)	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 £41,290 in comparison to the total fee for the audit of £192,480 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	£41,290		

© 2026 Grant Thornton UK LLP. All rights reserved.

Fees and non-audit services

Audit fees	£
Audit of Swale Borough Council	£ 189,480
IFRIC 14 estimate not included in scale fee	£3,000
Total (a)	£192,480
Audit related fees	
Certification of Housing benefits claim* (b)	£41,290
Total (a) + (b)	£233,770

*Fee will be finalised at the conclusion of the audit related services. These reviews are being undertaken by our Grants team.

The above fees are exclusive of VAT and out of pocket expenses.

The fees agree to the financial statements.

Reconciliation to Note 13 External Audit fees

External audit costs per Note 13 in the statement of accounts	£232k
Total fees per above	£234k
Difference (roundings)	**£2k**

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

© 2026 Grant Thornton UK LLP. All rights reserved.

08 Appendices

A. Communication of audit matters with those charged with governance (1)

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
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 Council's accounting and financial reporting practices including accounting policies, accounting estimates and financial statements 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		●

© 2026 Grant Thornton UK LLP. All rights reserved.

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

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 councillors 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.

© 2026 Grant Thornton UK LLP. All rights reserved.

B. Action plan (1)

We set out here our recommendations for the Authority 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
Medium	**PPE Revaluations:** The Council's asset revaluation approach does not fully align with the CIPFA Code and represents a departure from the code. While the Council undertakes annual revaluations of high-value assets, the Code requires either a quinquennial revaluation with annual indexation in intervening years, or a rolling five-year programme supported by annual indexation. **Risk:** The Council's revaluation approach does not comply with the CIPFA Code and may result in assets being reported at values that do not reflect current conditions, increasing the risk of material misstatement within the property, plant and equipment balance and related disclosures.	The Council should review its PPE valuation policy to align it with the CIPFA Code, including the application of indexation where material and the completion of desktop valuations for assets in intervening years where suitable indices are not available. **Management response** Management feel that the work required to implement indexation is not proportionate to any perceived benefits. Also, by continuing to revalue high value assets on an annual basis, this will result in asset valuations being more accurate, rather than less. All lower valued assets will continue to be valued on a rolling five year basis. As assessment of indexation is carried out each year on lower value assets not valued within that year, and if found to be material then indexation would be applied. This would incorporate indexation aggregated since the last valuation of each asset. The 2025/26 assessment of indexation on unvalued assets amounted to a total change in valuation of £8,000, which is way below materiality. This risk is therefore mitigated.

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 s

© 2026 Grant Thornton UK LLP. All rights reserved.

B. Action plan (2)

Assessment	Issue and risk	Recommendations
Medium	**Journals - use of Shared and Multiple User IDs** During journals testing, we identified instances where user accounts were not uniquely assigned to individual users: • One individual had two user IDs, and • A system administrator account was shared between two individuals. **Risk:** The use of multiple and shared user accounts reduces user accountability and weakens the audit trail, because journal activity cannot be attributed to a single individual.	Ensure each journal user and system administrator has a unique user ID and remove or disable any duplicate and shared accounts. **Management response** With the introduction of a new finance system, users now all have one unique ID per staff member.

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 s

© 2026 Grant Thornton UK LLP. All rights reserved.

B. Action plan (3)

Assessment	Issue and risk	Recommendations
Low	**Gifts and Hospitality Declaration Process** The Council was unable to provide a Gifts and Hospitality Register for review. Management informed that no registerable declarations were made in 2025/26, and none for a considerable period before that. **Risk:** Gifts and hospitality may not be declared and recorded in accordance with Council policy.	Ensure a complete Gifts and Hospitality Register is maintained and annual reminders are issued to officers and members to promote timely declaration and recording of gifts and hospitality in line with policy requirements. **Management response** The reminder regarding gifts and hospitality will be added to the letter sent to Members for their related party transaction disclosure.
Low	**Review of Inactive Bank Accounts** The Council has one dormant bank account, previously used for car parking income which has not been used in years. **Risk:** Dormant accounts increase the risk of unauthorised activity.	The Council should close the dormant bank account that is no longer in use. **Management response** This will be reviewed annually, as part of the closedown timetable.

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 s

© 2026 Grant Thornton UK LLP. All rights reserved.

C. Follow up of prior year recommendations (1)

We identified the following issues in the audit of the Council's 2024/25 financial statements, which resulted in 9 recommendations reported in our 2024/25 Audit Findings Report. 4 of these recommendations are now closed and 5 remain open. All nine are set out below.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Not yet addressed	**Identification of peppercorn leases** As part of our leases completeness procedures, we identified three peppercorn leases payments that are not included within the right of use assets but are included within the land and buildings, community assets and infrastructure assets with a combined value of £134k. **Prior year recommendation** Review all low value lease payments if they are peppercorn leases and recognise as RoU assets. New peppercorn leases should also be revalued at fair value per the Code.	**Auditors Update:** The three leases are still held within land and buildings, community assets and infrastructure assets, so the recommendation remains open. **Management response** This will be reviewed in 2026/27, and an annual review added to the closedown timetable.
Action completed	**Expenditure and Funding Analysis** Expenditure and Funding Analysis was included in the primary financial statements but should have been disclosed in the Notes to the Accounts. **Prior year recommendation** Disclose the Expenditure and Funding Analysis as part of the 2025/26 Notes to the Accounts in accordance with CIPFA Code requirements.	**Auditors Update:** This has been addressed in 2025/26. Action closed.

Assessment

✓ Action completed

X Not yet addressed

© 2026 Grant Thornton UK LLP. All rights reserved.

C. Follow up of prior year recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Not yet addressed	**PPE Reclassification** One asset recorded in Vehicles, Plant, and Equipment instead of Infrastructure Assets. **Prior year recommendation** Regularly review asset classifications to ensure accuracy and compliance with CIPFA code.	**Auditors Update:** The asset is still recorded within Vehicles, Plant and Equipment, so the recommendation remains open. **Management response** This will be updated within 2026/27.
Action completed	**Receipts from long term debtors** Receipts from long term debtors of £160k shown on the face of the CIES statement as a separate line should be disclosed within the financing and investment income as write down of financing long term debtors. **Prior year recommendation** As part of your 2025/26 financial statements, disclose receipts from long term debtors within the financing and investment income in line with CIPFA code.	**Auditors Update:** This has been addressed in 2025/26. Action closed.
Action completed	**Revenue from contracts with service recipients** The Council has a contract generating £1.1m of revenue during the year, with contract balances of £427k. These have not been separately disclosed as revenue from contracts or contract balances. **Prior year recommendation** As part of your 2025/26 financial statements, separately disclose the revenue and contract balances for the revenue contracts in accordance with CIPFA Code requirement.	**Auditors Update:** This relates to around 21,000 garden waste subscriptions, each under £100, paid in advance. The amounts are not material to the users of the accounts, so we are satisfied that separate disclosure is not required. Action closed.

Assessment

✓ Action completed

X Not yet addressed

© 2026 Grant Thornton UK LLP. All rights reserved.

C. Follow up of prior year recommendations (3)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Not yet addressed	**Fully depreciated assets** We identified fully depreciated assets still recorded in the fixed asset register, with gross book values £3.142m (2025-26) and £3.9m (2024-25). As they remain in use, this overstates gross Property, Plant and Equipment and management should reassess useful lives and adjust depreciation accordingly. **Prior year recommendation** We recommend management to reassess the useful life of these assets and apply appropriate depreciation, to ensure the carrying value reflects actual usage and consumption.	**Auditors Update:** Our work identified a similar issue in 2025/26. Management has confirmed that the recommendation is in progress. **Management response** The remaining fully depreciated assets are plant and equipment, which are carried at cost. Amendments to useful lives will affect the revaluation position which is not applicable to assets carried at this valuation method.
Not yet addressed	**Employee Benefit Expenditure** During our review of employee benefit expenditure, we were unable to fully reconcile the movement between opening and closing FTEs to the March 2025 and March 2026 reported FTE. Management confirmed that changes in FTE arising from employee movements and changes in circumstances cannot currently be quantified due to reporting limitations, restricting the ability to perform a complete FTE reconciliation. **Prior year recommendation** Management should review and update the payroll processes to ensure that changes in employee roles are accurately reflected in the system. This can be achieved through reconciliations and cross-verification of data to maintain consistency and accuracy	**Auditors Update:** Our work identified a similar issue in 2025/26. Management has confirmed that the recommendation is in progress. **Management response** This requirement and system capabilities need to be fully investigated. Management are satisfied that changes in employee roles are accurately reflected, and this is controlled through regular reconciliations and budget monitoring.

Assessment

✓ Action completed

X Not yet addressed

© 2026 Grant Thornton UK LLP. All rights reserved.

C. Follow up of prior year recommendations (4)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Action completed	**Information sent to management expert – Investment property valuation** During our testing of the valuation of investment property, we identified for one investment property, three unit rent agreements were revised during the year. Management experts were not informed of the change. As a result, the valuation of the impacted investment properties was based on outdated rent information. **Prior year recommendation** Management should inform valuation experts of any changes to key source data, as this data directly influences the final asset valuation. Sharing updated information with valuation experts ensures the material accuracy of the year-end valuation of these assets	**Auditors Update:** As part of our 2025/26 testing, management provided the revised rental agreements to the valuer, as recommended. However, we note the valuer did not reflect the updated rents in the valuation. The impact was £109k. As management acted on the recommendation, we have closed this recommendation.
Not yet addressed	**Reconciliation of transaction listings to the accounts** As part of our testing, we identified a small number of areas where there was a trivial difference between the transaction listing extracted from the general ledger and the disclosure in the accounts. **Prior year recommendation** Management should investigate differences between the transaction listing extracted from the general ledger and the disclosure in the accounts when identified, in order to ensure the accuracy and consistency of financial reporting	**Auditors Update:** Our work identified a similar issue in 2025/26. Management has confirmed that the recommendation is in progress. **Management response** This will be resolved through modernised reporting in the new financial management system.

Assessment

✓ Action completed

X Not yet addressed

© 2026 Grant Thornton UK LLP. All rights reserved.

D. Audit adjustments (1)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on surplus/deficit of the provision of services £'000	Impact on general fund £'000	Managements reason for not adjusting
1. Investment property – Incorrect Rental agreement We identified, for one sample tested, that the rental passing considered in the valuation workbook did not agree with the actual rental agreement resulting in increase of £109k in the valuation of investment property. (Dr Inv prop Cr Fin and Inv Income)	(109)	109	(109)	0	The adjustment is not material, and making late changes to the accounts would bring higher risk of further mistakes.
2. Right of use asset – Incorrect Income consideration We identified, for the Car Forum Park asset, that the income considered for the right-of-use asset valuation was incorrect due to wrong data submitted by the Council. This resulted in the right-of-use asset balance being understated by £286k. (Dr RoU asset Cr Op Expenses)	(286)	286	(286)	0	The adjustment is not material, and making late changes to the accounts would bring higher risk of further mistakes.
Overall impact of current year unadjusted misstatements	**(395)**	**395**	**(395)**	**0**	

© 2026 Grant Thornton UK LLP. All rights reserved.

D. Audit adjustments (2)

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit:

Disclosure	Misclassification or change identified	Adjusted?
Expenditure and Funding Analysis	Management identified an error in EFA Sub Note 2 where Other Income and Expenditure within the Net Expenditure Charged to the General Fund column was overstated by £249k (£46.300m reported compared to the correct balance of £46.051m) and amended the financial statements. Subsequently, a further £250k error was identified in the revised financial statements within the Other Transfers column (£17.029m reported instead of £16.779m), resulting in the Net Expenditure in the CIES being understated at £11.829m rather than £12.078m. Management corrected this in the final financial statements.	Yes
Narrative report	Narrative report disclosure inconsistency identified with: • Housing benefits paid misstated by £0.3m (£21.9m disclosed instead of £22.2m). • Total Investments overstated by £0.2m (£13.8m disclosed instead of £13.6m per Note 42).	Yes
Pension Disclosure	The pension disclosure referred to the 2022 triennial valuation rather than the completed 2025 valuation, which applies to employer contribution rates. This was a narrative issue only, with no impact on the financial statements or reported pension liability.	Yes
Note 1 : Accounting policy	The accounting policy for Expected Credit Losses (ECL) was omitted from the draft financial statements. Management agreed and added them in the revised financial statements.	Yes
Note 5 : Events after reporting period	The draft financial statements did not disclose the pause in Local Government Reorganisation (LGR) as a non-adjusting event after the reporting period. Management subsequently updated the disclosure in the final financial statements.	Yes
Note 16 and Note 22	Prior year comparatives were omitted from two notes in the draft financial statements: Note 16 (Capital Grants Unapplied, £2,043k) and Note 22 (Accumulated Absences Account, £6k). Management agreed and added them in the revised financial statements.	Yes

© 2026 Grant Thornton UK LLP. All rights reserved.

D. Audit adjustments (3)

Misclassification and disclosure changes continued

Disclosure	Misclassification or change identified	Adjusted?
Note 24: Property, plant and equipment (PPE)	An asset with a gross book value of £187k was incorrectly classified as Vehicles, Plant and Machinery instead of Infrastructure, resulting in a misclassification between PPE categories.	No
Note 25: Non current asset revaluation	Differences were identified between the PPE balances disclosed in Note 24 and the revaluation table in Note 25, resulting in disclosure variances of £133k for Land and Buildings, £151k for Assets Under Construction, and (£17k) for Surplus Assets. This is a disclosure-only issue with no impact on the total PPE balance reported in the financial statements.	Yes
Note 31: Capital Commitments	Management identified an omission of £520.9k relating to the Beachfields Regeneration Project within Note 31, resulting in an understatement of capital commitments. Following correction, the disclosed balance increased from £17.2m to £17.7m.	Yes
Note 36: Capital grants and contributions	A £6.028m discrepancy was identified between the short-term and long-term capital grants received in advance split disclosed in Note 36 and the balance sheet and supporting listing. The balance sheet correctly reflects the balances, so this is a disclosure-only error within Note 36.	Yes
Note 42 : Financial Instruments	Financial instruments disclosure misclassification due to • an incorrect apportionment between financial and non-financial debtors, resulting in a £1.905m overstatement of non-financial assets and a corresponding understatement of amortised cost assets; • the double counting of business rates creditors, resulting in a £3.36m understatement of financial creditors and a corresponding overstatement of non-financial creditors; • an incorrect classification of sundry debtors of £329k as non- financial instrument instead of a financial instrument.	Yes
Annual Governance Statement	The Annual Governance Statement was based on draft internal audit information and did not reflect the final position of completed internal audits. Management agreed and has updated the annual governance statement.	Yes
General – minor disclosure Issues	Other minor disclosure amendments have been made to the financial statements. None of these amendments are individually or in aggregate significant enough to warrant separate disclosure.	Yes

© 2026 Grant Thornton UK LLP. All rights reserved.

D. Audit adjustments (3)

Prior period - Misclassification and disclosure changes

Disclosure	Misclassification or change identified	Adjusted?
Prior year restated figures	Management made three presentational amendments to prior year audited comparative figures: • £160k was reclassified from Other comprehensive income and expenditure to Financing and Investment income • Note 35, Short-term creditors was restated to present interest due on external borrowing of £108k separately from other creditor balances • Note 40, Short-term debtors was restated to present the impairment allowance for council tax (£1,551k) and business rates (£1,015k) separately from other debtor balances. These restatements were presentation and disclosure changes only, supported by appropriate narrative explanations. They have no impact on the previously audited balances, the Council's financial position, or usable reserves.	Yes

© 2026 Grant Thornton UK LLP. All rights reserved.



© 2026 Grant Thornton UK LLP. All rights reserved.

‘Grant Thornton’ refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions.