The Audit Findings (ISA 260) Report for Barnsley Metropolitan Borough Council

Year ended 31 March 2024

13 November 2024 and updated 20 December 2024 – Final

Grant Thornton

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Members of the Audit and Governance Committee
Barnsley Metropolitan Borough Council
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20 December 2024

Dear Members of the Audit and Governance Committee

Audit Findings for Barnsley Metropolitan Borough Council for the 31 March 2024

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 management.

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

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

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. 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-2023.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.

Michael Green

Director
For Grant Thornton UK LLP

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. 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.

1. Headlines

This section summarises the key findings and other matters arising from the statutory audit of Barnsley Metropolitan Borough Council (‘the Council’) and the preparation of the group and Council's financial statements for the year ended 31 March 2024 for 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
- 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 inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was conducted as planned from July through to fully concluding in December. Our findings are summarised in Section Two of this report. We have not identified any audit adjustments impacting on the Council’s General fund outturn position and general fund useable reserves.

Our work identified one material (disclosure only) and some non- material adjustments to primary financial statements alongside other disclosure and presentational audit adjustments. These adjustments are detailed at Appendix D.

We have raised two recommendations for management as a result of our work in the Action Plan at Appendix B. Our follow up of recommendations from the prior year are detailed at Appendix C.

Our work is now complete.

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

After the final post balance sheet events review and checking the final audited financial statements, we are proposing to issue a clean (unqualified) audit opinion on Council’s and the group’s financial statements for the year ended 31 March 2024.

1. 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	We have completed our VFM work, which is summarised our findings at section three of this report (page 26) , and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the Audit and Governance Committee on 13 November 2024. A final version was issued on 20 December 2024. 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; and • to certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We intend to delay the certification of the closure of the 2023/24 audit of Barnsley Metropolitan Borough Council due to the National Audit Office's request not to certify audits until they are ready to issue their opinion on the Whole of Government Accounts.
Significant matters	We did not encounter any significant difficulties or identify any significant matters arising during our audit.
Acknowledgements	We would like to take this opportunity to record our appreciation for the continued assistance and support provided by Council's finance team and other relevant staff during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings (ISA260) 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, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be presented to the Audit and Governance Committee on 13 November 2024.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, 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.

Audit approach

Our audit approach was based on a thorough understanding of the Council's operations and is risk based, and in particular, included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls
- an evaluation of the components of the Group based on a measure of materiality considering each as a percentage of the Group's gross revenue expenditure to assess the significance of each component and to determine the planned audit response. From this evaluation we determined that a targeted approach was required as part of our audit work on the following Group components; Berneslai Homes Limited (BHL), Penistone Grammar Trust (PGT) and Oakwell Community Assets Limited (OCAL). As reported in our Audit Plan dated 29 May 2024, OCAL became a fully owned and controlled subsidiary of the Council in 2023-24 year.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

Our work is now complete.

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

After the final post balance sheet events review and checking the final audited financial statements, we are proposing to issue a clean (unqualified) audit opinion on Council's and the group's financial statements for the year ended 31 March 2024.

2. Financial Statements

Our approach to materiality

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

Materiality levels remain the same as reported in our Audit Plan dated 29 May 2024.

We detail in the table our determination of materiality for the Council and Group.

Materiality area	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	10,721,000	10,586,000	We have determined materiality at 1.5% of total gross expenditure on provision of services . We consider this as the most appropriate criteria given stakeholders interest in the Council's total provision of services. This is a minor change to the benchmark that was used in our Audit Plan dated 29 May 2024, which we used gross expenditure relating to net cost of services. However, the difference is considered minimal when 1.5% is taken from the revised benchmark. As a result, we have not changed the materiality numbers we reported to you in our Audit Plan dated 29 May 2024.
Performance materiality	7,504,000	7,410,000	Assessed to be 70% of financial statement materiality.
Triviality amount	536,100	529,300	This equates to 5% of materiality. This is our reporting threshold to the Audit and Governance Committee for any errors identified.
Materiality for senior officer remuneration disclosures	15,000	15,000	The senior officer remuneration disclosures in the Financial Statements have been identified as an area requiring specific materiality due to its sensitive nature. There are no changes to these thresholds from our Audit Plan dated 29 May 2024.

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	**Commentary**
Management override of controls (Risk relating to the Council) Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • made inquiries of finance staff regarding their knowledge of potential instances of management override of controls • evaluated the design and implementation of management controls over journals. This included the review of relevant controls management has in place to check journal postings • analysed the journals listing and determined the criteria for selecting high risk unusual journals This included criteria relating to journals which have not been authorised • performed a risk-based interrogation of the financial ledger to identify any unusual and potentially fraudulent transactions for testing • tested unusual journals identified through the application of our risk-based approach for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions as applicable • understood the ledger integration with relevant sources and sub-systems to identify how management may be able to intervene in the journals posting process and post fraudulent entries. 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: • Year-end and Post year-end journals • Journals posted by senior management • Journals increasing useable reserves • Journals related to the OCAL acquisition • journals with blank descriptions Application of these routines and supplementary procedures identified a total sample of 27 journals to test. Our audit work in this area is now complete and work has not identified any issues in respect of management override of controls.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Risk of fraud in revenue recognition and expenditure (Risk relating to the Council) **Revenue** Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable. **Expenditure** Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because: • there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayer's funds • there is no significant immediate pressures on general fund reserves of the Council.	As part of our final accounts audit process, we have reconsidered our rebuttal of both revenue and expenditure recognition and consider the rebuttal is still remain appropriate. Notwithstanding that we have rebutted these risks, we have undertaken procedures to test revenue and expenditure as they are material to the financial statements audit. As part of our audit work, we have: **Accounting policies and systems** • Evaluated the Council's accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with the CIPFA Code • Updated our understanding of the Council's business processes associated with accounting for income and expenditure. **Fees, Charges and other service income** • Agreed, on a sample basis, income and year end receivables from other income supporting evidence. **Taxation and non-specific grant income** • Income for national non-domestic rates and council tax is predictable and therefore we conducted substantive analytical procedures • For other grants we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment was in line with the CIPFA Code. **Expenditure** • Agreed, on a sample basis, non -pay expenditure and year end payables to supporting evidence • Undertook detailed substantive analytical procedures on pay expenditure. We also carried out sufficient and appropriate audit procedures to ascertain that recognition of income and expenditure was in the correct accounting period using cut off testing. Our audit work in this area is now complete. We have not identified any issues in respect of risk of fraud in recognition of revenue or expenditure.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Closing valuation of land and buildings, including Council dwellings (Risk relating to the Group and Council) The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.1 billion) and the sensitivity of this estimate to changes in key assumptions. The Council holds both specialised and non-specialised buildings within its portfolio. The specialised assets comprise schools, a football stadium (as part of the group accounts , see page x, OCAL Limited) and leisure centres among others. The valuation approach is depreciated replacement cost (DRC) with the key valuation assumptions being the rebuild cost, building size and adjustments for obsolescence (buildings age, condition & functionality). The council also holds non-specialised assets such as car parks and offices. Council dwellings are also considered non-specialised. Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling valuation programme is used. We therefore identified the closing valuation of land and buildings, including council dwellings as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our work we have: - evaluated the design and implementation of management controls around processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work including the valuation of the football stadium - evaluated the competence, capabilities and objectivity of the valuer - discussed with the valuer 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 - engaged our own auditor's valuation expert to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpinned the valuation - tested, on a sample basis, revaluations made during the year to see if they had been posted 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 their carrying values are not materially different to current value at year end - considered, where the valuation date is not 31 March 2024 (as relevant) for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2024 - agreed, on a sample basis, the Gross internal Areas (GIAs) to records held by the estates management function - for non-specialised properties valued on the existing use value (EUV) basis, obtained market comparable information to assess the appropriateness of market rents and yields selected by management's expert and used in the valuation calculations. Our audit work in this area is now complete. We have identified the following misstatements in respect of closing valuations of land and buildings. We have reported these at Appendix D • A duplicate disclosure note covering 2022-23 Property Plant and Equipment (19A) was removed and narrative added to explain minor differences • Note 19A was updated to agree to the face of the balance sheet for total Property Plant and Equipment where the note was incorrect by £1.7m due to casting issues. • Correction of infrastructure assets which were incorrectly reported as Other Land and Buildings amounting to £12.8m (classification issue only)

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of the Authority's defined benefit pension scheme (Risk relating to the Group and Council) The Council's pension fund net balance is considered a significant estimate due to the size of the numbers involved (£74m asset at 31 March 2023 after applying IFRIC14 accounting principles) and the sensitivity of the estimate to changes in key assumptions The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). However, for the first time since International Financial Reporting Standards have been adopted in the public sector, the Council (in common with a number of local authorities in 2022-23) has had to consider the potential impact of IFRIC 14 on the Council's IAS 19 accounting. This has continued in 2023-24 due to a net pension surplus for the year ended 31 March 2024 . IFRIC 14 is the accounting principle that limits the recognition of a defined benefit asset in the financial statements. As a result of this, we have assessed the recognition, valuation which is a significant estimate and disclosures of the Council's share of the pension asset as a significant risk. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is verifiable. The actuarial assumptions used are the responsibility of the Council but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular, the discount and inflation rates, where the consulting actuary has indicated that a +0.1% - (0.1%) change in these two assumptions would have approximately 1.5% effect on the liability/asset. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 / IFRIC 14 estimates due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Council's share of the South Yorkshire Pension Fund as a significant risk.	We have: ▪ updated our understanding of the processes and controls put in place by management to ensure that the Authority's share of the pension fund is not materially misstated and evaluate the design of the associated controls ▪ evaluated the instructions issued by management to their management expert (Hymans Robertson) for this estimate and the scope of the actuary's work ▪ assessed the competence, capabilities and objectivity of the actuary (Hymans Robertson) who carried out the Authority's pension fund valuation ▪ assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the net pension balance ▪ tested the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary ▪ undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (PwC as auditor's expert) and performing any additional procedures suggested within the report ▪ evaluated the continued appropriateness (as applicable) of recognising a pension asset position against the Code and IFRIC 14 criteria ▪ assessed the calculation performed to identify the IFRIC 14 net pension asset ceiling and where appropriate, challenged management on the validity and appropriateness of the assumptions used in the calculation ▪ reviewed the accounting for any unfunded liability element of LGPS in line with Code guidance and accounting principles ▪ obtained assurances from the auditor of the South Yorkshire 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 Continued overleaf…

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of the Authority's defined benefit pension scheme (Risk relating to the Group and Council) The Council's pension fund net balance is considered a significant estimate due to the size of the numbers involved (£74m asset at 31 March 2023 after applying IFRIC14 accounting principles) and the sensitivity of the estimate to changes in key assumptions The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). However, for the first time since International Financial Reporting Standards have been adopted in the public sector, the Council (in common with a number of local authorities in 2022-23) has had to consider the potential impact of IFRIC 14 on the Council's IAS 19 accounting. This has continued in 2023-24 due to a net pension surplus for the year ended 31 March 2024 . IFRIC 14 is the accounting principle that limits the recognition of a defined benefit asset in the financial statements. As a result of this, we have assessed the recognition, valuation which is a significant estimate and disclosures of the Council's share of the pension asset as a significant risk. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is verifiable. The actuarial assumptions used are the responsibility of the Council but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular, the discount and inflation rates, where the consulting actuary has indicated that a +0.1% - (0.1%) change in these two assumptions would have approximately 1.5% effect on the liability/asset. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 / IFRIC 14 estimates due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Council's share of the South Yorkshire Pension Fund as a significant risk.	Our audit work in this area is now complete and we have identified the following disclosure misstatements in respect of the valuation of the Council's defined benefit pension scheme which we have included at Appendix D • Correcting the pension asset valuation disclosure table in the statement of accounts to agree to the actuary report as it was inconsistent by £2,905k • Correcting transposition errors on the reconciliation of present value of scheme liabilities table in the statement of accounts where past service costs were incorrectly reported at £54,426k (which was interest costs amount) when it is £1,150k • Correcting sensitivity analysis table in the statement of accounts to agree to the actuary report as most disclosures in this table was inconsistent with the actuary report as some were above our performance materiality level • Correcting other minor inconsistencies between the actuary report **Auditor Commentary on Accounting for the Pension Fund Surplus/Asset in the Council's financial statements in line with IFRIC14** See pages 12 -13 overleaf where this is reported. It is important to note that any adjustments (as applicable) that may arise from the Council's accounting for its share of the pension fund would not result in any impact on the Council's useable reserves.

2. Financial Statements - Significant risks

Auditor Commentary on Accounting for the Pension Fund Surplus/Asset in the Council's financial statements

Valuation of the Authority's defined benefit pension scheme (continued):

This section covers:

(1) Background to the issue and relevant accounting principles

(2) Our observations of the draft accounts and actuary reports presented for audit

(3) Summary position

(1) Background to the issue and relevant accounting principles:

As indicated previously, for the first time since International Financial Reporting Standards (IFRS) were adopted in the public sector, the Council's net defined benefit pension fund was in a surplus or a net asset position in 2022-23 (in common with a number of local authorities in 2022-23 and 2023-24) as opposed to the significant liability balance that has been reported in previous years. This trend has continued in 2023-24

According to the relevant accounting standard, IAS19 (Employee Benefits), an entity shall recognise the net defined benefit liability / asset in the statement of financial position. Therefore, whether it is a liability (which was the case in the past) or an asset , according to IAS19, it should be recognised in the balance sheet.

IAS19 states when an entity has a surplus in a defined benefit plan, it shall measure the net defined benefit asset at the lower of:

(a) the surplus in the defined benefit plan

(b) the asset ceiling, determined using the discount rate specified in IAS19.

The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

IFRIC-14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) provides guidance on amount that can be recognised in the financial statements, when there is a surplus /net asset position.

It is significantly unlikely that there will be refunds from the plan to the employer in a local government defined benefit scheme. There are no exit plans in the foreseeable future as these are public sector pension plans that would continue in perpetuity. There could be a possible situation whereby there could be potential reductions in future contributions to the plan.

The economic benefit available as a reduction in future contributions can be calculated as follows:

- present value of IAS 19 future service costs (calculated based on IAS 19 assumptions as at the balance sheet date), less
- present value of future service contributions if these are classed as a minimum funding requirement.

By doing this, the asset ceiling can be determined (point b above)

Management then needs to consider what should be recognised / disclosed in the financial statements based on accounting principles stated above.

2. Financial Statements - Significant risks

Auditor Commentary on Accounting for the Pension Fund Surplus/Asset in the Council's financial statements

(2) Our observations of the draft accounts and actuary reports presented for audit

Our observations highlighted that:

- According to the actuary report for year ended 31 March 2024, the funded asset surplus was £146.5m and the unfunded defined benefit obligation was £27.7m. Therefore , according to accounting principles including IFRIC14 highlighted at page 13, the lower of the surplus or the asset ceiling should be recognised on the Council's balance sheet.
- The asset ceiling calculation for 23-24 has been determined by the actuary and it was a negative value. According to the applicable accounting principles this cannot be negative and floored to zero. Therefore, applying the principles at page 13, the lower of (a) and (b) at page 13 is zero . Therefore , no asset was recognised on the balance sheet for the year ended 31 March 2024 which is in line with applicable accounting principles.
- In 2022-23, the same principles were applied. The fund surplus was lower than the asset ceiling in 2022-23 and the Council recognised the surplus asset (funded) which was £74.1m
- As indicated above, there was an unfunded defined benefit obligation of £27.7m. Under IAS19 (relevant accounting principles) , a funded asset position can only be netted off against an unfunded liability when, (a) the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and (b) the entity intends to settle the obligations on a net basis or to release the surplus in one plan and settle its obligations under the other plan simultaneously. Our work indicated that none of these apply to the Council as in last year. The Council has correctly reported this separately on the balance sheet as a long-term liability.

(3) Summary position

Pension Fund Surplus/Deficit?	Asset ceiling calculated by the Actuary?	Lower of the (a) Asset Ceiling (b) Surplus recognised	Unfunded Defined benefit obligations correctly accounted for	Accounting treatment correct in line with IAS19 and IFRIC14
Surplus of £146.5m	Yes. It is a negative number and floored to £Nil	Yes. Lower figure is £Nil. Therefore, surplus is restricted to £Nill for recognition	Yes Separately recognised as a liability (£27.7m)	Yes

2. Financial Statements: Key findings arising from the Group audit

Component	Work performed	Group audit impact and findings
Berneslai Homes Limited (BHL)	We adopted a targeted approach of the material balances and transactions of BHL within the Group financial statements for the year ended 31 March 2024. • Our audit work included obtaining sufficient assurances based on group materiality over material balances and transactions of BHL outside the group boundary, based on group materiality. This included the BHL pension fund asset and operating expenditure.	Our work is now complete. There are no issues to report from the consolidation of BHL into the Council's group accounts.
Penistone Grammar Trust (PGT)	We adopted a targeted approach of the material balances and transactions of PGT within the Group financial statements for the year ended 31 March 2023. • Our audit work included obtaining sufficient assurances based on group materiality, over material balances and transactions of PGT, outside the Group boundary. This included the PGT land and buildings and endowment funds balances and any other relevant material balances and transactions outside the Group.	Our work is now complete. There are no issues to report from the consolidation of PGT into the Council's group accounts.

2. Financial Statements: Key findings arising from the Group audit

Component	Work performed	Group audit impact and findings
Oakwell Community Assets Limited (OCAL) - new component this year for consolidation under accounting principles	We adopted a targeted approach of the material balances and transactions of OCAL within the Group financial statements for the year ended 31 March 2024. • Our audit work included obtaining sufficient assurances based on group materiality over material balances and transactions of OCAL outside the group boundary. • This included closing valuation of Land and buildings as a key balance sheet item (Football stadium). This was not considered as a significant risk at group level because we do not consider there is a material estimation uncertainty in football stadium valuation due to the group materiality level (see page 7)	Our work is now complete. Our work highlighted that: In purchasing the asset, the Council did not consider any goodwill arising at the date of purchase and there was no DRC valuation performed to determine that. We challenged the management on this and as a result a DRC valuation was undertaken by an external RICS qualified valuer. This resulted an adjustment to the Group Comprehensive Income and Expenditure amounting to c£8m and management agreed to update the accounts. We have reported this at appendix D. - The OCAL's share capital (£4m) had not been removed on consolidation and management agreed to correct this which was part of the above adjustment in the consolidated (group) accounts - Other minor presentational misstatements around the consolidation were also corrected by management We have reported this at appendix D.

2. Financial Statements – other issues and risks

This section provides commentary on other issues and risks which were identified during the course of the audit that are still relevant to be reported.

Issue	Auditor commentary and view
IFRS 16 implementation FRAB agreed with the deferral of IFRS 16 to 2024- 25. Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. If management elect to implement IFRS 16 from April 2023 (early adoption) then in the 2022-23 accounts as a minimum, we expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts.	The Council has reported on this Standard under Technical Annex D, 'Accounting Standards that have been issued but have not yet been adopted' section. Considering we are now in November 2024 and is a time-consuming task, we have recommended that the Council should progress this matter as a priority and ensure full impact is assessed well before 2024-25 closedown. There is no impact to 2023-24 audit.
Equal pay claims and the potential liabilities: • There have been recent publicity in local government sector where certain councils have accumulated equal pay claims. In some cases, these claims have resulted in recognising significant liabilities on the balance sheet. This has created significant financial and cashflow challenges during an economic crisis where public services have already been impacted due to increasing service demands and cost pressures. • As part of our 2022-23 and 2023-24 audits, we inquired on such existing equal pay claims at the Council, directing our inquiries to the s151 Officer. • Our objective was to identify any unrecorded liabilities in relation to equal pay claims at the Council. • We have also discussed 'Term Time Only' (TTO) potential liabilities with management	Our work indicated: • The Council settled all such claims in 2015 and there are no such existing claims from the work done by the Council • After 2015, the Council has not received notification of any potential equal pay claims through the Advisory, Conciliation, and Arbitration Service (ACAS), Early Conciliation process, through its Employment Relations Forum or through its internal grievance process • The Council has undertaken work such as job evaluation schemes to identify any such potential liabilities and none has been found. • TTO provisions are based on accounting principles and available evidence Additionally, we have also obtained management representation on such matters as applicable
IT General Controls (ITGC) work: As part of our audit procedures on the financial statements, we conducted our ITGC work. This was targeted on general IT controls and was performed by our IT specialists. The objective was to identify any significant deficiencies in IT general controls that could lead to any material errors in the financial statements.	There were some recommendations arising from our prior year IT work and no additional recommendations have arisen from our work in 2023-24. The recommendations are primarily concerned with issues at system access level, where there are compensating controls in place to detect and reduce material errors in the financial statements. The audit team has considered the issues and recommendations identified in prior years'. We do not consider them significant enough to have an impact on our audit approach (as we performed a fully substantive audit approach with no reliance on operating effectiveness of controls whether they are IT or manual). The recommendations identified by our IT audit specialists would further strengthen the Council's IT control environment when implemented. Recommendations are followed up in Appendix C.

2. Financial Statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Council Dwellings valuation: £866m	The Council is required to revalue its Council housing in accordance with Department of Levelling up Housing and Communities (DLUHC) Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged its valuer to complete the valuation of these properties. The Council Dwelling valuation as at 31 March 2024 was £866m, a net increase of £16m from 2022-23 (£850m).	• The Council's RICS qualified valuer has valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties. • Our work indicated that this methodology was applied correctly to the 2023-24 valuation. • We have assessed the Council's valuer to be competent, capable and objective in carrying out the valuations • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report • We have agreed the HRA valuation report to the accounts • We have compared the valuation movements with the property valuation specialist's information we use and national reports and held discussions with our own valuation specialist as relevant. We have also challenged management and the Council's valuation expert on valuation differences as identified through our sensitivity analysis work using other relevant indices when applicable.. Our work is now complete. There are no issues arising from our work that we wish to bring to the attention of management or the Audit and Governance Committee.	🟩 We consider management's process is appropriate and key assumptions are neither optimistic or cautious **(Green)**

Assessment

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

2. Financial Statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Other Land and Buildings valuation: £328.2m	Other land and buildings comprises c£210.2m of specialised assets such as schools and libraries, 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 c£118m are not specialised in nature (such as car parks) and are required to be valued at existing use in value (EUV) at year end. The Council has engaged its in-house RICS qualified valuer to complete the valuation of assets on a five yearly cyclical basis as permitted by Code of Practice on Local Authority Accounting. Approximately 87% of total other land and buildings assets (by gross value) were revalued during 2023-24. Management has also considered the year end value of non-revalued properties of 100 larger value land and buildings (similar approach as in previous years) and has included these in 2023-24 valuation process to gain a higher coverage of valuations. The total year end valuation of other land and buildings was £328.2m.	• We have assessed the Council's in-house RICS qualified valuer, to be competent, capable and objective • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and have no issues to report • The valuation methods remain consistent with the prior year and in line with Code guidance • In relation to assets not revalued in the year, we have compared the Montagu Evans (valuation specialists) property valuation report and held discussions with our own, auditor's valuation specialist. We have also challenged management and the Council's valuation specialist on valuation differences identified through our sensitivity analysis work using other indices. Our work is now complete. There are no issues arising from our work that we wish to bring to the attention of management or the Audit and Governance Committee.	We consider management's process is appropriate and key assumptions are neither optimistic or cautious **(Green)**

2. Financial Statements - key judgements & estimates

<table>
<tr><th>Significant judgement or estimate</th><th>Summary of management's approach</th><th>Audit Comments</th><th>Assessment</th></tr>
<tr>
<td>This Year:

Net pension Asset after asset ceiling calculation (Council)

£Nil – see page 13

Prior Year:

Net pension Asset after asset ceiling calculation £74.1m

(Council)</td>
<td>The Council's net pension asset as at 31 March 2024 after asset ceiling calculation is £Nil (PY asset after asset ceiling calculation £74.1m) . As indicated at page 13, this year's surplus before the asset ceiling calculation was £146.5m. This gives an indication of the nature of the significant estimate and fluctuations on how the estimate is accounted for.

The Council continues to engage Hymans Robertson LLP to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31 March 2022, utilising key assumptions such as life expectancy, discount rates, salary growth and pension increase rate.

A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.

Given the significant value of the net pension fund asset/liability, small changes in assumptions can result in significant valuation movements. As indicated above and our reporting at pages 11-13, it is evident how the significant estimate could change due to assumptions .</td>
<td>We have:

Assessed the competence, capability and objectivity of management's expert, Hymans Robertson LLP
Assessed the actuary's approach taken and deemed it reasonable
Used PwC as an auditor's expert to assess the management actuary and assumptions made by the actuary (see table below)
Confirmed the completeness and accuracy of the underlying information used to determine the estimate
Confirmed the reasonableness of the Council's share of pension assets
Confirmed the reasonableness of the decrease in the liability estimate
Confirmed the adequacy of the disclosure of the estimate in the financial statements.

<table>
<tr><th>Assumption</th><th>Actuary Value</th><th>* PwC assessment</th><th>Assessment</th></tr>
<tr><td>Discount rate</td><td>4.85%</td><td>See comment below</td><td>● Green</td></tr>
<tr><td>Pension increase rate</td><td>2.75%</td><td>See comment below</td><td>● Green</td></tr>
<tr><td>Salary increase rate</td><td>3.35%</td><td>See comment below</td><td>● Green</td></tr>
<tr><td>Life expectancy – Males currently aged 45 / 65</td><td>21.4/20.6</td><td>See comment below</td><td>● Green</td></tr>
<tr><td>Life expectancy – Females currently aged 45 / 65</td><td>25/23.6</td><td>See comment below</td><td>● Green</td></tr>
</table>
*PwC report (auditor's expert) for year ended 31 March 2024 , overall findings has commented on the Hymans Robertson LLP (management actuary) assumptions as follows: "<i>We are comfortable that the methodologies used by Hymans Robertson to establish assumptions will produce reasonable assumptions as at 31 March 2024 for all employers</i>".

Further work in this area is covered at pages 11-13. Our work is now complete. Our work has not identified any evidence to conclude that management's processes and key assumptions are not appropriate .</td>
<td>We consider management's process is appropriate (and key assumptions are neither optimistic or cautious

(Green)</td>
</tr>
</table>

2. Financial Statements: Information Technology

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

			ITGC control area rating		
IT system	**Level of assessment performed**	**Overall ITGC rating**	**Security management**	**Technology acquisition, development and maintenance**	**Technology infrastructure**
SAP **	Detailed ITGC assessment (design effectiveness only)	🟡	🟡	🟢	🟡
Capita Academy	Detailed ITGC assessment (design effectiveness only)	🟢	🟢	●	●
NEC Housing	Detailed ITGC assessment (design effectiveness only)	🟢	🟢	●	●
Active Directory	Detailed ITGC assessment (design effectiveness only)	🟢	🟢	●	●

We also performed specific procedures in relation to the Cyber Security arrangements during the audit period, We observed the following results:

	Result	**Related significant risks / risk / observations**
Cyber Security Review	No deficiencies identified	N/A

Assessment

🔴	Significant deficiencies identified in IT controls relevant to the audit of financial statements
🟡	Non-significant deficiencies identified in IT controls relevant to the audit of financial statements
🟢	IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
●	Not in scope for testing and N/A

** These non-significant deficiencies are findings from prior year work. Improvements have been made further to these findings on our recommendations . See appendix C. The audit team has considered the issues identified in prior year's work during 2023-24 and in the past years. We do not consider them significant enough to have an impact on our audit approach as we have performed a fully substantive audit approach with no reliance on operating effectiveness of controls, whether they are automated or manual controls.

2. Financial Statements - other communication requirements

We set out alongside details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Council's Audit and Governance Committee and the Director of Finance, Chief Financial Officer. We have not been made aware of any significant incidents in the year and no issues have been identified during the course of our audit.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	The proposed letter of management representation is included/tabled separately at the Audit and Governance Committee meeting on 13 November. Additional representations were obtained in relation to: (a) Life Cycle Cost Account and the balances held in this bank account of £4.55k as at 31 March 2024 is not controlled or owned by the Council and therefore not included in the financial statements as at 31 March 2024 (b) Equal Pay liabilities, based on the assessment and work carried out by the Council, there is no requirement to recognise any Equal Pay liabilities on the balance sheet, as at 31 March 2024 (c) Term Time Only (TTO) liabilities as at 31 March 2024 are in line with applicable accounting principles and based on information received by the Council
Confirmation requests from third parties	We requested from management permission to send a confirmation request to the Council's bankers, and entities who were involved with the Council's investments and borrowings. This permission was granted, and the requests were sent and responded to with positive confirmations.
Accounting practices	We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements to date. Our work did identify a small number of presentational disclosure amendments which have been processed by management and these are set out at Appendix D.
Audit evidence and explanations / significant difficulties	As in the previous five years, we have continued to experience good co-operation and engagement from the Council throughout our 2023-24 audit. In order to finalise our audit, we expect to receive continued timely engagement and responses from management. There are no significant difficulties to report in terms of receipt of audit evidence for all information and explanations requested.

2. Financial Statements: other communication requirements

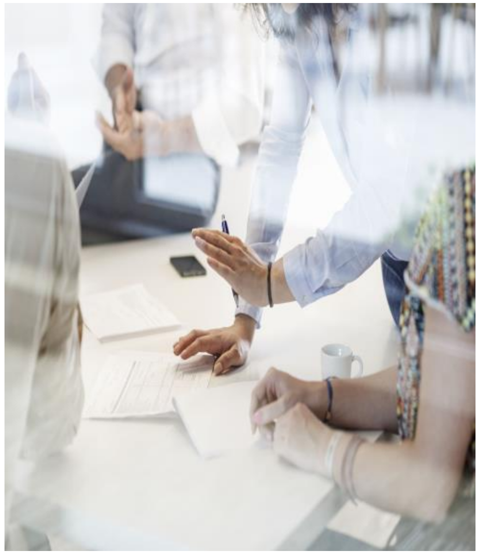
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

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 2020). 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 Council'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 Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the 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 • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

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. Our work noted some disclosure omissions from the Annual Governance Statement and other minor presentational matters. Our review of the Narrative report identified some minor presentational matters. These have been adequately rectified by management. These are reported at Appendix D. We plan to issue an unmodified opinion in this respect as reported at Appendix H in the draft audit report. Overall, no material inconsistencies have been identified.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • if we have applied any of our statutory powers or duties • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness(es). We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out certain procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. The NAO requires the work to be completed once the audit opinion is provided on the financial statements. In 2022, the NAO increased the audit threshold to £2bn expenditure for authorities that required detailed WGA audit work. This threshold remains in place for 2023-24 WGA work, therefore in common with recent years, the Council WGA submission should only require limited audit input. We anticipate to issue this return to the NAO alongside issuing the audit opinion.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2023/24 audit of Barnsley Metropolitan Borough Council due to the National Audit Office's request not to certify audits until they are ready to issue their opinion on the Whole of Government Accounts..



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

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

Statutory recommendation

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

Key recommendation

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

Improvement recommendation

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

3. VFM: our procedures and conclusions

We have completed our VFM work, and our detailed commentary is set out in the separate Auditor's Annual Report (AAR), which was presented alongside our Audit Findings Report to the Audit and Governance Committee on 13 November 2024.

As part of our work, we considered whether there were any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Following our work, we are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

A summary of our findings is set out in the table below. More details can be found in our AAR as indicated above.

Criteria	**2022/23 Auditor judgement on arrangements**		**2023/24 Risk assessment**	**2023/24 Auditor judgement on arrangements**	
Financial sustainability	A	No significant weaknesses identified; improvement recommendations raised in relation to cost pressures in children's services and improving the clarity of financial reporting	No risks of significant weakness identified.	A	No significant weaknesses in arrangements identified, but two improvement recommendations have been made to support ongoing work to control children's social care costs and enhance links between the capital and revenue budgets and Council Plan.
Governance	A	No significant weaknesses identified; improvement recommendations raised in relation to reporting of strategic risks and separation of the roles of Data Protection Officer and Head of Internal Audit.	No risks of significant weakness identified.	A	No significant weaknesses in arrangements identified, but two improvement recommendations have been made to support the Council in ensuring compliance with corporate policies and governance of arm's length entities.
Improving economy, efficiency and effectiveness	A	No significant weaknesses identified; improvement recommendations raised in relation to corporate performance reporting to the Audit and Governance Committee and progression of the Net Zero strategy.	No risks of significant weakness identified.	A	No significant weaknesses in arrangements identified, but two improvement recommendations have been made to support the Council in improving arrangements for corporate performance reporting and contract assurance reporting.

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

4. Independence and ethics

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, we disclose the following to you:

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. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

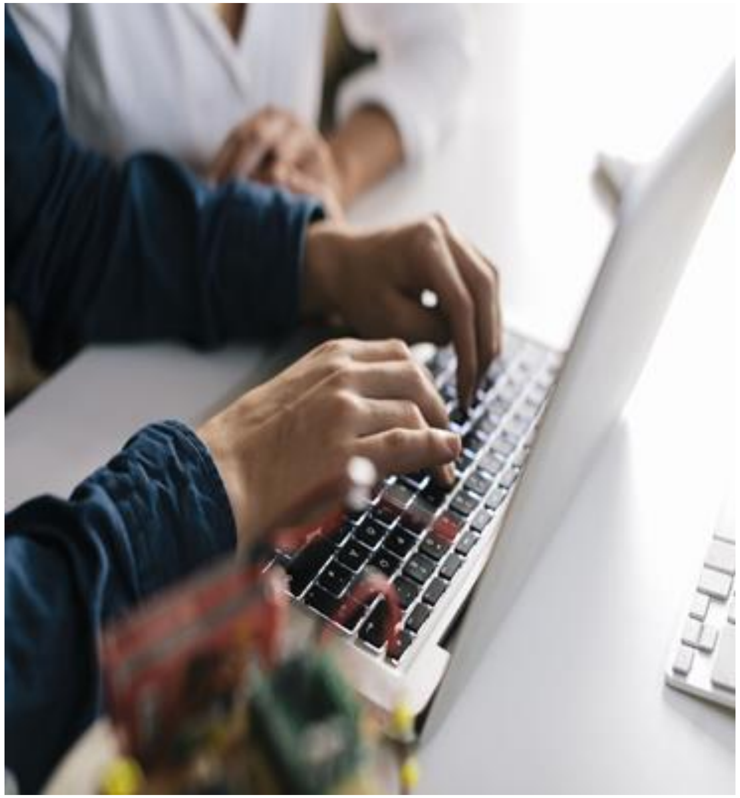
We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed at Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.



Independence and ethics (continued)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The following non-audit services were identified as well as the threats to our independence and associated safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related:			
Certification of Pooling Housing Capital Receipts return	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £387,450 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.
		Self review (because GT provides audit services)	To mitigate against the self- review and self-interest threats, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
		Management (because GT provides audit services)	This audit work is also no longer completed by the audit team set out on page 3, but by our separate specialist grants audit team.
Certification of Teachers Pension Return	12,500	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services) Management (because GT provides audit services)	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 £12,500 in comparison to the total fee for the audit of £387,450 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self-review and self- interest threats, the materiality of the amounts involved are not significant to our accounts opinion, there is an unlikelihood of material errors arising, and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. This audit work is also no longer completed by the audit team set out on page 3, but by our separate specialist grants audit team.

Independence and ethics (continued)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The following non-audit services were identified as well as the threats to our independence and associated safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related continued:			
Certification of Housing Benefit Claim	*35,640	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services) Management (because GT provides audit services)	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 *£35,640 in comparison to the total fee for the audit of £387,450 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self -review and self- interest threats, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. This audit work is also no longer completed by the audit team set out on page 3, but by our separate specialist grants audit team.
Non-audit related:			
None	-	-	-

** NOTE on Housing Benefit work and fees:*

The £35,640 is the base fee for the 2023-24 Housing Benefit Subsidy certification

In addition, as per prior years, for each 40+ HB testing undertaken, there will be additional fees to be raised. The value will be dependent on whether the detailed testing is performed by the Council and reperformed by us, or directly performed by Grant Thornton.

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Governance Committee. None of the services provided are subject to contingent fees.

Independence and ethics (continued)

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

Matter	Conclusion
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 Group.
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 Group or 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 / Group.
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 or 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 [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.

Appendices

A. Communication of audit matters to 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	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
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, we are also required to distribute our findings to 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 all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified the following recommendations for the Council as a result of issues identified during the course of our financial statement audit. We have agreed our recommendations with management, and we will report on progress on this recommendation during the course of the 2024-25 audit. The matters reported here are limited to those areas 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	1. IFRS 16 'Leases' implementation from 1 April 2024 IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. 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. This is a shadow year (23-24) for the implementation of IFRS 16. 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. IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases. This process is a time and resource consuming exercise, to identify such lease contracts and ensure they are complete and accurate. A Council of Barnsley's size (large metropolitan Council) would potentially have many such contracts to be considered/identified, to ensure those are within the scope of IFRS16 standard. The Council has reported of this new standard in the accounts under Technical Annex D, 'Accounting Standards that have been issued but have not yet been adopted' but no indication of any estimated impact disclosed. Considering this is a time and resource consuming task and potential high number of such contracts at the Council, the implementation of this exercise should be accelerated, for understanding the impact and incorporating in 24-25 financial statements where the year-end is c4 months from this report date. If not, the risk is , Council not identifying all the contracts within the scope of IFRS16 and potential misstatements in 2024-25 Statement of Accounts.	Recommendation We recommend the Council to accelerate the implementation and identification process of assets within the scope of IFRS16 to ensure such assets are completely and accurately captured before 2024-25 accounts closedown. Management response – November 2024 Agreed. An IFRS16 implementation team has been set up to assess the requirements and ensure an efficient adoption of the new accounting standard. A training session by our treasury management advisors has been held for key services across the council to raise awareness. The implementation team works with colleagues in Facilities Management, Legal and Procurement as well as other key officers across the Council to identify a list of possible leases and understand the impact. Processes are being reviewed including within procurement and contracts management to ensure that all leases are identified and captured. Further briefing sessions are being planned for SMT and DMTs over the next few months. The new standard will be publicised on the intranet along with the revised processes. We are also currently working with CIPFA to procure its asset register software which will hold the leases data as well as undertake the accounting calculations required for lease accounting. It will also be able to record the Council's non-current assets data. GT Comment – November 2024 Noted. We will review the progress as part of our 2024-25 audit.

Controls

- ● High – Significant effect on financial statements
- ● Medium – Limited Effect on financial statements
- ● Low – Best practice

B. Action Plan – Audit of Financial Statements (continued)

Assessment	Issue and risk	Recommendations
Medium	2. Classification of Grant Income Our work on Grant Income (note 15) identified a number of misclassification misstatements (see appendix D). Whilst these have no impact to the bottom line of the Comprehensive Income and Expenditure Statement (CIES), it indicates that there is scope for improvement to further review the grant income and documentation before positing these correctly to either specific services in cost of services or crediting to taxation and non -specific grant income. If not, there is a risk that grant income is recognised incorrectly in the CIES. Improving the review process and clearly identifying the type of grant would reduce the time of amending for such misclassification errors.	Recommendation We recommend the Council to strengthen the review process around correctly identifying the type of grant income before posting to the CIES appropriate heading. Management response – November 2024 The Council's year end processes will be updated to ensure all documents and postings surrounding the accounting treatment of grant income are updated with clear details of each grant so that they are correctly accounted for in future years. A further two stage review will be adopted as part of the integrity check process whereby, a Strategic Finance Business Partner together with the Strategic Finance Business Partner (Statutory accounts) will review all grant income process prior to submission. GT Comment – November 2024 Noted. We will review the progress as part of our 2024-25 audit.

Controls

- ● High – Significant effect on financial statements
- ● Medium – Limited Effect on financial statements
- ● Low – Best practice

C . Follow up of prior year audit recommendations

We identified the following areas in our 2022-23 audit of the Council's financial statements, which resulted in two recommendations being reported in our Audit Findings (ISA260) Report (see pages 34 and 35) We have followed up on our recommendation below.

Issue and risk previously communicated (ISA 260 Report 2022-23)	Update on actions taken to address the issue
Frequency of Heritage Assets valuations and ensuring the valuations remain appropriate The Council holds Heritage Assets, currently reported at just over £11m as at 31 March 2023. According to the Local Government Code guidance, valuations of heritage assets can be made by any method (e.g. insurance , qualified valuer etc..) that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations. However, where heritage assets are measured at valuation, the code prescribes that carrying amount shall be reviewed with sufficient frequency to ensure the valuations remain current. The Council's last valuation of Heritage Assets was carried out in 2009, which was 14 years ago. Whilst we recognise there is no prescribed minimum period between valuations , we also recognise the Code guidance that valuations should be undertaken with sufficient frequency to ensure it remains reasonably current and not out of date. The risk is, reporting certain Heritage Assets at valuation method and not valuing for a significant period of time, their current value could be misstated. We recognise striking a reasonable balance in reviewing the valuations with sufficient frequency would be appropriate.	**Recommendation** We recommend the Council should consider carrying out Heritage Assets valuations with sufficient frequency, to ensure the valuations remain current – given that the previous valuation was performed in 2009. **Management response – November 2023** Agreed. Moving forwards more regular valuations will be undertaken on all heritage assets the Council owns, in line with the accounting policy for property plant and equipment. This will commence from 2023/24 where larger, higher value assets will be revalued first. **Management update – May 2024** *Work has commenced to identify an appropriate valuer for the council's heritage asset stock. Given the cumulative volume of assets, the availability of a suitable valuer (given the specialist nature of assets), and the fact that any change in value is highly unlikely to be material, the work to revalue all assets has not commenced. This work will commence during 2024 in preparation for the 24/25 accounts.* **Management Comments – November 2024** We have identified an appropriate valuer but due to their workload pressures they have not been able to commence the work of re-valuation. They are hoping to commence this work in the new year with the view to it being completed in time for completion of the 2024/25 accounts **GT Comment – November 2024** Noted. We will review the progress as part of 2024-25 audit. No impact to 2023-24 audit.

C . Follow up of prior year audit recommendations

Issue and risk previously communicated (ISA260 Report 2022-23)	Update on actions taken to address the issue
Note 17 to the accounts, Related Party Transactions disclosure note: As required by International Accounting Standard 24 (IAS 24) , the Council should disclose related party relationships, transactions and outstanding balances with such parties. The standard provides definitions of what constitute related parties and how those can be determined with examples. Once a related party to the Council is identified according to these definitions, then the above disclosures should be made on related party relationship, transactions and outstanding balances in the financial statements. Our audit of related party transaction disclosed at Note 17, has indicated that there are over disclosures above and beyond what is required under ISA 24. Whilst this is not impacting on our audit opinion to be given as these are over disclosures, we consider it is a best practice to minimise on such over disclosures. The benefit of this is reduced time on management when preparing this note, more efficient for the audit and helps to 'declutter' the accounts. This would still result in full compliance with the accounting standard.	Recommendation *We recommend the Council revisits the related party disclosure note in the financial statements when preparing 2023-24 draft accounts and eliminate the over disclosures in this note and report in line with IAS 24 accounting principles and associated definitions.* Management response – November 2023 *Agreed. The additional over disclosure information provided in the related party note was provided to aid the reader of the accounts.* *However, we acknowledge the auditors' comments and as such will discuss a more appropriate disclosure for the 2023/24 accounts.* Management response – May 2024 *The disclosures for related partied for the 23/24 accounts have been reduced in line with the recommendation. The 22/23 disclosures have also been amended for comparison purposes.* GT Comment – May 2024 Noted and will be reviewed as part of 2023-24 audit GT Comment – November 2024 We have reviewed this as part of our 2023-24 audit and can confirm that over disclosures have been removed and no further actions are required. The recommendation is now closed.

C . Follow up of prior year audit recommendations -IT

The following 4 recommendations have been followed up which is arising from our IT audit work in 2021-22.. These continuing recommendations are primarily concerned with weaknesses at system access level, where there are compensating controls in place to detect and reduce material errors in the financial statements.

The audit team has considered the issues identified and do not consider them significant enough to have an impact on our audit approach - as we performed a fully substantive audit approach with no reliance on operating effectiveness of controls, whether they are automated or manual. The recommendations identified by our IT audit specialists would further strengthen the Council's IT control environment when implemented.

Issue and risk previously communicated	Update on actions taken to address the issue
Users with inappropriate access to maintain all SAP Standard or Customised tables in production Our IT audit procedures identified twenty-six (26) Dialog user accounts that were assigned access to maintain all SAP standard or customised tables via SM30 or SM31. We performed further procedures to determine whether there had been changes to those tables during the audit period and observed that these users had maintained critical tables during the audit period. Kindly refer to Appendix A for further details **Risk** Access to maintain all standard or customised SAP tables creates a risk that unauthorised table maintenance functions can be performed and result in data integrity issues	• Management should segregate a user's ability to maintain all the standard or customised SAP tables within production. • We recommend that for the users identified, management should consider assigning access to relevant table groups or individuals tables via S_TABU_DIS and S_TABU_NAM authorisation objects rather than assigning the authorisation values to '*'. **Management response** • Numbers are similar to last year due to the users mainly being third party consultants assisting BMBC with support of SAP plus internal admin staff who require this to fully maintain the system. The only user who is not of a support admin role is KELLYWR and for this user to gain access to modify tables there is a change control process in place. This process restricts time periods to 24 hours where config is open and therefore limits timeframes of when changes can be made. • In our case the recommendation would not work as it would be too time consuming to grant access to individual tables and we do not have the resources to apply this way of working.
Inappropriate segregation of duties as users have ability to configure and delete audit logs in production From our review, we identified one (1) user with access to configure security audit logs via SM19. We performed a comparison of all users with the ability to configure audit logs within production via SM19 with those with the ability to re-organise or delete them in production using SM19 and we identified one (1) user with both access rights Kindly refer to Appendix B for further details **Risk** Users with access to SM19 and SM18 have the ability to configure and delete audit logs on SAP. Hence, inappropriate and anomalous activity may not be detected and resolved in a timely manner	• Management should segregate a user's ability to configure(SM19) and delete(SM18) user security event logs within production. • If for operational reasons access cannot be fully segregated, alternative options to mitigate the risk could include usage of Firefighter accounts with a set validity period based on formal approvals. **Management response** • On further investigation (30/7/24) the user shown (MUGHIS001) no longer has this access, access would have been granted for a limited time in order to produce the audit reports for this data collection. Limited time access will follow the change control process referred to in response for #1 above.

C . Follow up of prior year audit recommendations -IT

Issue and risk previously communicated	Update on actions taken to address the issue
Segregation of duty conflicts within SAP due to inadequate batch management restrictions We noted 31 Dialog (A) unique user accounts with access to monitor their own batch jobs using SM37 transaction were assigned to users. The authorisations S_BTCH_ADM and S_BTCH_NAM permits these users to access, schedule and monitor any batch job within SAP that may not be commensurate with their job roles. We also understand that 3 out of 31 of the users work in Financial services, creating a Segregation of Duties issue. Kindly refer to Appendix C for further details **Risk** A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed.	• Management should consider assigning SM37 access to business users without S_BTCH_ADM and S_BTCH_NAM authorisation objects. Management should undertake a review of all users allocated roles that include access to the Tcodes SM36 and SM37, with authorisation S_BTCH_ADMIN to ensure that there is a legitimate business requirement for access, in relation to the user's current job duties. **Management response** • 2 of the users highlighted KELLYWR & LIAMJ are both responsible for running of payrolls within the organization. Within their roles they work closely together to ensure all processes are checked therefore we accept this as a legitimate business reason. We will however investigate further as recommended on the 3 finance users identified. • Deadline for this will be end of October 2024.
Lack of review of audit logs in Active Directory During our review , we noted that there is no monitoring of activities performed for privileged users/failed logins during the audit period. Logs are only reviewed once an incident has been highlighted. **Risk** Without formal and routine reviews of security event logs, inappropriate and anomalous activity (e.g., repeated invalid login attempts, unauthorised transactions) may not be detected in a timely manner. Additionally, unauthorised system configuration and data changes made using privileged accounts will go undetected by management.	• It is recommended that security event logs are reviewed on a regular basis for example daily or weekly, ideally by an IT security personnel / team who are independent of those administrating Active Directory and its underlying database. • Any issues identified within these logs should be investigated and mitigating controls implemented to reduce the risk of reoccurrence. **Management response** • The Council has had a change of strategy regarding choice of SIEM solution, having migrated most of the Council's data centre into Azure, it is now strategically a better fit to use Microsoft Sentinel. We will have monitoring of failed accounts in place as of this. In addition the Council already utilizes Microsoft Entra Conditional access that risk assesses users based on failed login attempts, out of character behaviour and impossible travel prompting for MFA if any of these factors are triggered. • The implementation has a dedicated team lined up and is awaiting the purchase of required licenses before the project can begin, it is anticipated that monitoring will be in place by end of December 2024.

D. 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 adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024 and the Council's useable reserves.

Detail	**Comprehensive Income and Expenditure Statement (£)**	**Statement of Financial Position (£)**	**Movement in Reserves Statement**	**Impact on useable reserves (£)**
(1) Dr Net Cost of Services	2,780,000	N/A	N/A	None
Cr Taxation and non-specific Grant Income	(2,780,000)			
Two non- ringfenced grants incorrectly credited to Net Cost of Services instead of Total Taxation & Non-Specific Grant Income in the CIES				
(2) Cr Other Land and Buildings in note 19A, £	N/A	(12,852,412)	N/A	None
Dr Infrastructure Assets at note 19B		12,852,412		
Infrastructure assets incorrectly classified as Other Land and buildings		No impact as all are reported under PPE on the face of the balance sheet		

D. 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 (continued)

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024 and the Council's useable reserves.

Detail	Group Comprehensive Income and Expenditure Statement (£)	Group Statement of Financial Position (£)	Impact on useable reserves (£)
(1) Dr OCAL Share Capital Cr BMBC Long Term Investments Cr Gain on Bargain Purchase –other comprehensive income and expenditure - Group consolidation adjustment eliminating the Share Capital and LT investments		4,000,000 3,700,000 300,000	None
(2) Cr Gain on Bargain Purchase – group other comprehensive income and expenditure (CIES) Dr Gains on Revaluation on PPE (CIES) Group consolidation , moving gain on bargain purchase to gain on bargain purchase from gain on revaluation	7,963,000 7,963,000	N/A	None

Impact of un-adjusted misstatements

Currently there are no unadjusted mis-statements for 2023-24 over our reporting threshold.

D. 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.

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.

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
1.	Disclosure	• A duplicate disclosure note covering 2022-23 Property Plant and Equipment (19A) was removed and narrative added to explain minor differences • Note 19A was updated to agree to the face of the balance sheet total of Property Plant and Equipment where the note was incorrect by £1.7m due to casting issues.	Note 19, PPE	✓
2.	Disclosure	• Correcting the pension asset valuation disclosure table in the statement of accounts to agree to the actuary report as it was inconsistent by £2,905k • Correcting Transposition errors on reconciliation of present value of scheme liabilities table in the statement of accounts where past service costs were incorrectly reported at £54,426k (which was interest costs amount) when it is £1,150k • Correcting sensitivity analysis table in the statement of accounts to agree to the actuary report as most disclosures in this table was inconsistent with the actuary report as some were above our performance materiality level • Correcting other minor inconsistencies between the actuary report	Note 37 – Defined Benefit Pension Scheme	✓
3.	Disclosure	2022-23 reserves opening balance was incorrectly stated as the 2023-24 opening balance in the Expenditure and Funding Analysis. This was a typographical error and corrected. No impact to the financial statements	Expenditure and Funding Analysis	✓
4.	Disclosure	Grant Income recognised through the Comprehensive Income & Expenditure Statement: Receipts relating to the Improved Better Care Fund, Social Care Support Grant, and Public Health Grant were misclassified as Other Grants. As a result, the following were corrected. Increase Improved Better Care Fund by £2.1m, increase Social Care Support Grant by £2.0m, increase Public Health Grant by £0.2m, and decrease Other Grants by £4.3m. No impact on core financial statements.	Note 15 – Grant Income	✓
5	Disclosure	External Audit Costs – this note was updated to correct presentational adjustments to reflect the correct External Audit Fees and other related fees to Grant Thornton to agree to correct fees reported in the Audit Plan and this report	Note 14- External Audit costs	✓

D. Audit Adjustments

Misclassification and disclosure changes (continued)

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.

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
6.	Disclosure	The accounts should include events after 31 May 2024, per Code and IAS10 guidance , contrary to this note 18. . Therefore, the narrative at the top underneath note 18 was updated accordingly in line with LG Code 23-24 paragraph 3.8.2.11. In other words , authorised for issue principles go up to audited accounts are published and this note should capture adjusting or non-adjusting events until that date. This note was updated.	Note 18, Events after the balance sheet date	**TBC**
7.	Disclosure	A number of transactions amounting to £78,495k have been incorrectly classified as Fees, Charges & Other Service Income whereas those should be classified as Government Grants & Contributions. This was corrected and no impact to the total income in this note and statement of accounts , CIES.	Note 6 – Expenditure and Income Analysis by Nature	**TBC**
8.	Disclosure	Our review of the draft Annual Governance Statement (AGS) and Narrative Report highlighted some disclosure misstatements and compliance with the relevant guidance. These have now been updated in the final versions of the AGS and the Narrative Report.	AGS (separate document) and Narrative Report (included with the SoA)	✓
9.	Disclosure	• Over £150k salary of a senior manager/Director was not disclosed in line with LG Code guidance and the accounts were updated to disclose the name of the person. • Exit Packages Note, number of redundancies by 1 in the bands of £0 - £20,000 and £20,001 - £40,000 were corrected. • There have been changes in the number of individuals in bands within the 'Salary only' column of the table for employees remuneration over 50k	Note 13	✓
10.	Disclosure	Cash outflow from financing activities and investing activities were amended to reflect the premiums paid on early redemption of debt which was misclassified in the Statement of Cash Flow – no impact to the bottom line of the cash and cash equivalents as at 31 March 2024	Statement of Cashflow	✓
11.	Disclosure	Group Balance Sheet: An intra-group loan of £901k was deducted from Short Term Creditors instead of Long -Term Borrowing. This was corrected and no impact to the group balance sheet	Group Balance Sheet	✓
12	Disclosure	Other minor presentational adjustments were made throughout the financial statements on various pages to further improve disclosures.	Throughout the accounts	✓

D. Audit Adjustments

Impact of unadjusted Prior Year misstatements 2023-24

The table below provides detail of one adjustment identified during the 2023-34 audit which was not made to the final set of financial statements due to its immaterial nature.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves £000	Impact on HRA reserves	Reason for non adjustment
Dr Net Cost of Services (Housing Revenue Account, HRA)	636.8		No impact		
Cr Short Term Creditors		636.8			Not material
				(636.8)	
An estimated HRA accrual of £2,895,541 was recorded. The actual balance of £3,532,369 was confirmed after year end. The difference was recorded as a cost in 2024-25 but this should have been a charge to 2023-24. This is a charge on the HRA reserves rather than General Fund Reserves					
Overall impact	See detail column	See detail column	**No impact**	**(636.8)**	Not material

D. Audit Adjustments

Impact of unadjusted Prior Year misstatements 2022-23

The table below provides detail of one adjustment identified during the 2022-23 audit which was not made to the final set of financial statements due to its immaterial nature. This was also not corrected in South Yorkshire Pension Fund audited accounts.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves £000	Impact on 2023-24 accounts
Dr Net Pension Fund Asset (Long Term Asset) £5.3m (increase the pension asset by £5.3m) Cr Unusable Pension Fund Reserves £5.3m (increase pension fund reserve credit balance) The Pension Fund auditor, as part of their audit work, did not adjust for an error in the pension asset valuation regarding stale pricing amounting to £46.4m for the fund as a whole. Applying the Council's share of fund assets of 11.6% to this indicates a misstatement of £5.3m. This is below materiality for the audit. If corrected, the net pension fund asset would have increased by £5.3m at the year end from £74.1m to £79.4m. Unusable Pension Fund Reserve would have increased by £5.3mm from £45.3m to £50.6m This unadjusted , non-material misstatement in 2022-23 has no impact on Council's useable reserves given the pension reserve is an unusable reserve.	N/A	See detail column	No impact	This is incorporated in overall 2023-24 valuations of defined benefit asset and no impact to 2023-24 audit.
Overall impact	See detail column	See detail column	**No impact**	No impact

E. Fees and non-audit services

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

Audit fees	**Proposed fee**	**Final fee**
Barnsley Metropolitan Borough Council Audit (Scale fee)	£371,400	£371,400
*Additional fee relating to the use of an auditor's expert for the valuation of property not included within the PSAA scale fee.	£3,500	£3,500
*Increased audit requirements of ISA 315 Revised – "Identifying and assessing the Risks of Material Misstatement" – (new controls requirement not included in the PSAA latest tender submission)	£12,550	£15,690
Total audit fees (excluding VAT)	£387,450	£390,590

*All variations to the scale fee will need to be approved by PSAA

Non-audit 'audit related' fees for other services (Also see pages 28 and 29)	**Proposed fee**	**Final fee**
Certification of Pooling Housing Capital Receipts return	£10,000	£10,000
Certification of Teachers Pension Return	£12,500	£12,500
Certification of Housing Benefit Claim	£35,640	**35,640
Total non-audit fees (excluding VAT)	**£58,140**	**£58,140**

*****NOTE on Housing Benefit work and fees:***

The £35,640 is the base fee for the 2023-24 Housing Benefit Subsidy certification

In addition, as per prior years, for each 40+ HB testing undertaken, there will be additional fees to be raised (no current information available on that additional fees) . The value will be dependent on whether the detailed testing is performed by the Council and reperformed by us, or directly performed by Grant Thornton.

The fees (audit and non-audit 'audit related' fees reconcile to the amended financial statements, Note 14 - External Audit Costs. These fees remain unchanged to our Audit Plan reported to you on 29 May 2024. None of the above services were provided on a contingent fee basis.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2019) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing. As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting.

F. Management Letter of Representation

The letter is tabled as a separate agenda item at the Audit and Governance Committee meeting on 13 November 2024

G. Audit opinion – Draft

Independent auditor's report to the members of Barnsley Metropolitan Borough Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Barnsley Metropolitan Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise, the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Housing Revenue Account Comprehensive Income and Expenditure Statement, the Movement on the Housing Revenue Account Balance, the Collection Fund, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include, Notes to the core financial statements, Notes to the Housing Revenue Account, Notes to the Collection Fund, Notes to the Group Accounts, Technical Annex A, comprising the Council's Accounting Policies, Technical Annex B, comprising Critical Judgements and Assumptions, Estimations made within the Accounts and Technical Annex D, Accounting Standards that have been issued but have not yet been adopted. 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 2023/24.

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 2024 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 2023/24; 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 (2020) ("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 group and 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 and s151 officer, Chief Financial Officer'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 group and 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 or the group to cease to continue as a going concern.

G. Audit opinion – Draft

In our evaluation of the Director of Finance and s151 officer, Chief Financial Officer'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 2023/24 that the Authority's and group'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 group and 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 2022) 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 group and Authority and the group and Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Director of Finance and s151 officer, Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 and the group'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 and s151 officer, Chief Financial Officer 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 Annual Governance Statement and the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance and s151 officer, Chief Financial Officer 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 April 2020 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 2023/24, 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.

G. Audit opinion – Draft

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.

Responsibilities of the Authority and the Director of Finance and s151 officer, Chief Financial Officer

As explained more fully in Section 3, Statement of Responsibilities for the Statement of Accounts, 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 and s151 officer, Chief Financial Officer. The Director of Finance and s151 officer, Chief Financial Officer 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 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and s151 officer, Chief Financial Officer 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 and s151 officer, Chief Financial Officer is responsible for assessing the Authority's and the group'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 and the group 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 group and 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 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989, the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) and the Local Government Finance Act 2012.

G. Audit opinion – Draft

We enquired of management and the Audit and Governance Committee, concerning the group and 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 the 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 and group'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 risk was in relation to management override of controls through inappropriate journal entries.

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 large and unusual items and journals falling within identified risk criteria including;
    - journals posted by senior management;
    - year-end and post year-end journals;
    - journals increasing useable reserves;
    - journals related to the OCAL acquisition; and
    - journals with blank descriptions
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings valuation and pension asset and liability valuations, 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 remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

G. Audit opinion – Draft

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's 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 in which the group and Authority operates
- understanding of the legal and regulatory requirements specific to the Authority and group 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 and group'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 and group's control environment, including the policies and procedures implemented by the Authority and group 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.

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 2024.

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

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.

G. Audit opinion – Draft

Auditor’s responsibilities for the review of the Authority’s arrangements for securing economy, efficiency and effectiveness in its 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 undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. 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 document 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 consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Barnsley Metropolitan Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

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.

SIGNATURE: TO BE SIGNED

Michael Green, Key Audit Partner

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

Manchester

Date: TO BE DATED

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