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Audit and Governance Committee

Date: Monday, 23 February 2026
Time: 6.30 pm
Venue: Council Chamber, County Hall, Dorchester, DT1 1XJ

Members (Quorum 3)
Gary Suttle (Chair), Spencer Flower (Vice-Chair), Belinda Bawden, Neil Eysenck, Jill Haynes, Andrew Parry, Andy Todd, Beryl Ezzard, Ryan Holloway and Chris Kippax

Co-Opted Members: S Roach, R Ong

Chief Executive: Catherine Howe, County Hall, Dorchester, Dorset DT1 1XJ

For more information about this agenda please contact Democratic Services
Meeting Contact Louis.wicks@dorsetcouncil.gov.uk

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Agenda

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Audit & Governance Committee
23 February 2026
Annual Accounts and Audit 2024/25
For Decision

Cabinet Member:
Cllr S Clifford, Finance & Capital Strategy

Local Councillor(s):
All

Senior Leadership Team:
S Cremer, Corporate Director, Section 151 Officer

Report author and job title: Sean Cremer, Corporate Director, S151 Officer
Email: sean.cremer@dorsetcouncil.gov.uk

Report status: Public Choose an item.

Executive Summary

1. This report and attachments come to the Audit and Governance Committee for Approval of the 2024/25 annual accounts of Dorset Council, and to note reports of the external auditor for 2024/25.

1.1 The associated papers contain a summary of the findings from the audit as well as the management response to and findings and/or recommendations as appropriate.

2. **Recommendation(s)**

2.1 Note the content of the Auditor's ISA260 reports:
- 2.1.1 Dorset Council 2024/25
- 2.1.2 Dorset County Pension Fund 2024/25

2.2 Note the content of the Auditor's opinions:
- 2.2.1 Dorset Council 2024/25
- 2.2.2 Dorset County Pension Fund 2024/25 (financial statements)
- 2.2.3 Dorset County Pension Fund 2024/25 (consistency with Pension Fund Annual Report)

2.3 Agree the content of the letters of management representation and delegate authority to the s151 Chief Financial Officer (in consultation with the Chair of the Audit and Governance Committee or the Chair of the Pension Fund Committee as appropriate) to approve any further changes as required by external auditors Grant Thornton UK LLP.

2.4 Agree the audited financial statements for the period ending 31 March 2025 and delegate authority to the s151 Chief Financial Officer (in consultation with the Chair of the Audit and Governance Committee or the Chair of the Pension Fund Committee as appropriate) to approve the accounts subject to any further changes as required by external auditors Grant Thornton UK LLP.

3. **Reason for the recommendation(s)**

3.1 In accordance with the national backstop deadline of 27 February 2026 for the completion of the 2024/25 audit, the Committee is asked to approve the recommendations which provide a disclaimer of opinion on the financial statements for 2024/25.

4. **The report**

4.1 The attached reports, provided by the Council's external auditor, Grant Thornton UK LLP, sets out the findings arising from the audit of the Dorset Council financial statements for 2024/25 financial year.

4.2 The report describes the work that the external auditor has undertaken to address the risks identified in the Audit Plan, which was presented to the Audit Committee on 30 June 2025.

4.3 The statement of accounts (subject to any audit amendments from Grant Thornton UK LLP) were submitted to Grant Thornton UK LLP for their final review on 11 February 2026.

5. **Alternative options considered**

5.1 N/A

6. **Legal considerations**

6.1 N/A

7. **Financial implications**

7.1 All covered within this report.

8. **Natural environment, climate & ecology implications**

8.1 None

9. **Well-being and health implications**

9.1 None

10. **Other implications**

10.1 None

11. **Risk implications**

11.1 HAVING CONSIDERED: the risks associated with this decision; the level of risk has been identified as:

Current Risk: High

Residual Risk: High

12. **Equalities**

12.1 None

13. **Appendices**

13.1 Appendix 1 - ISA 260 2024/25 (Audit Findings Report) - Dorset Council (to follow)

13.2 Appendix 2 - ISA 260 2024/25 (Audit Findings Report) - Dorset Pension Fund

13.3 Appendix 3 - Draft Letter of Representation for Dorset Council (to follow)

13.4 Appendix 4 - Draft Letter of Representation for Dorset Pension Fund (included in Audit Findings Report)

13.5 Appendix 5 - Draft Opinion for Dorset Council Accounts (included in Audit Findings Report) (to follow)

13.6 Appendix 6 - Draft Opinion for Dorset Pension Fund (financial statements - included in Audit Findings Report)

13.7 Appendix 7 - Draft Opinion for Dorset Pension Fund (consistency with Pension Fund Annual Report - included in Audit Findings Report)

13.8 Appendix 8 - Audited Statement of Accounts for 2024/25 - Dorset Council and Dorset Pension Fund

14. **Background papers**

15. [Agenda for Audit and Governance Committee on Monday, 30th June, 2025, 6.30 pm - Dorset Council]

16. **Report sign-off**

16.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)

Corporate Development
County Hall, Colliton Park, Dorchester,Dorset.DT1 1XJ
01305 221000
www.dorsetcouncil.gov.uk

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Date: 23 February 2026
Ref: SC
Officer: Sean Cremer
01305 228685
Sean.cremer@dorsetcouncil.gov.uk

Dear Grant Thornton UK LLP

Dorset Council
Financial Statements for the year ended 31 March 2025

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

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

Financial Statements

i. We have fulfilled our responsibilities, as set out in **the** Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of other land and buildings and the net defined benefit liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used.

vi. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vii. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

viii. Except as disclosed in the financial statements:

   a. there are no unrecorded liabilities, actual or contingent;

   b. none of the assets of the Authority has been assigned, pledged or mortgaged; and

   c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

ix. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

x. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

xi. The financial statements are free of material misstatements, including omissions.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. We have updated our going concern assessment. We continue to believe that the Authority’s financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

   a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;

   b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and

   c. the Authority’s system of internal control has not identified any events or conditions relevant to going concern.

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

xiv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority’s financial statements in the event of non-compliance.

Information Provided

xv. We have provided you with:

   a. access to all information of which we are aware that is relevant to the preparation of the Authority’s financial statements such as records, documentation and other matters.

   b. additional information that you have requested from us for the purpose of your audit; and

   c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

xvi. We have communicated to you all deficiencies in internal control of which management is aware.

xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

   a. management;

   b. employees who have significant roles in internal control; or

   c. others where the fraud could have a material effect on the financial statements.

xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others. We have considered the impact of the findings relating to the Building Health and Safety investigation on the financial statements as a whole and are satisfied that this does not give rise to a material misstatement.

xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

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

xxiv. On 30 September 2024 Parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements in respect of 2024-25 of 27 February 2026. The new National Audit Office Code of Audit Practice, which was published on 14 November 2024, also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the ‘backstop date’. It has not been possible to provide you with all the information required for you to complete your audit for the year ending 31 March 2025 by the backstop date in relation to property, plant and equipment, pension related balances and reserves.

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Authority's Audit and Governance Committee on 23 February 2026.

Yours faithfully

<<< electronic signature >>>

Name: **Sean Cremer**

Position: **Corporate Director Finance & Commercial**

Date: **23 February 2026**

Signed on behalf of the Authority

Impact of unadjusted misstatements

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

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
The audit of Dorset Pension Fund identified two understatement errors relating to the differences in asset valuations arising from timing differences due to the necessity to meet completion deadlines for the financial statements.	(1,480)	1,480	nil	nil
Overstatement of commercial right of use assets. This results in property, plant and equipment being overstated by £4.4 million with lease liabilities being similarly overstated.				
Overstatement of the PFI liability due to the transition adjustment being based on the 24/25 unitary charge. This has no impact on the general fund with streetlighting infrastructure assets being overstated by £936k with an equal overstatement of PFI liability. As the Sir John Colfox school is an academy the overstatement of £1.3m is reflected in the Capital Adjustment accounts in addition to the PFI liability.				
Related Parties – Note 2 Management has reported fully on all transactions with connected parties. Not all reported transactions fully meet the definition of a related party under IAS 24. Management's view is that the manner of reporting provides full transparency to the user.				
Note 12 Council as lessee - operating lease receivables Testing identified that the lease information used to populate this note was not kept up to date resulting in the total unadjusted sampling error of £7.9 million.				
Property, plant and equipment – Note 21 - Testing identified that a school built by the Authority on leased land had been omitted previously from the fixed asset register and land and buildings balance. It was recognised as a right of use asset in the current year. The total value was £3.7 million and is incorrectly classified as a right of use asset within the note.				
Overall impact of current year unadjusted misstatements	**(1,480)**	**1,480**	**nil**	**nil**

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