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25 February 2026

Dear Committee Members

Conclusion of pending matters– Audit Completion Report for Redcar and Cleveland Borough Council - 2024/25 audit

As required by International Standards on Auditing (UK), we are writing to confirm matters arising that were marked as outstanding within our Audit Completion Report dated 30 January 2026 and to update you on any further issues.

Outstanding matter	Conclusion reached
Cash and cash equivalents	We have now received the direct confirmation for school bank accounts. There are no matters to report.
Significant risk: Pensions Net defined benefit asset/(liability) valuation	We have completed our work and there is the following matter to report. The auditor of the Teesside Pension Fund identified a £36 million understatement of pension fund assets. Redcar and Cleveland Borough Council's share of this is £4.943 million. As the Council is subject to the asset ceiling restriction, this would not impact on the primary statements. The pension disclosure note 37 would change as follows: **£'000s** Dr: Fair value of plan assets 4,943 Cr: Asset ceiling restriction -4,943 The Council has decided not to adjust therefore this will be an unadjusted disclosure error.

Outstanding matter	Conclusion reached
	The auditor of the Teesside Pension Fund identified that benefits payable for the Council should be £28.240 million. The amount in the Council's financial statements was £29.750 million which is overstated by £1.510 million. As this impacts on both the asset and liability equally, there is no impact on the primary statements. The pension disclosure note 37 would change as follows: **£'000s** Dr: Benefits payable (liability) 1,510 Cr: Benefits payable (Asset) -1,510 The Council has decided not to adjust therefore this will be an unadjusted disclosure error. The auditor of the Teesside Pension Fund identified a net £2.121 million understatement of pension fund assets. Redcar and Cleveland Borough Council's share of this is £0.291 million. As the Council is subject to the asset ceiling restriction, this would not impact on the primary statements. The pension disclosure notes would change as follows: **£'000s** Dr: Fair value of plan assets 291 Cr: Asset ceiling restriction -291 The Council has decided not to adjust therefore this will be an unadjusted disclosure error.
Review and closure processes	We are completing our final reviews which will include our check on the signed financial statements, signed letter of representation and consideration of any post balance sheet events.
Value for Money Arrangements	Our FINAL Auditor's Annual Report will be submitted following completion of our audit of the Council's financial statements. There are no substantive changes to the version presented to the Governance Committee meeting in February 2026.
Whole of Government Accounts: Council's consolidation data	We are unable to complete our work on the Whole of Government Accounts until we receive notification from the National Audit Office that no further audit procedures are required in respect of Redcar and Cleveland Borough Council. This does not prevent us from signing our audit report on the Council's financial statements, but we will not be able to sign our audit certificate closing the 2024/25 audit until this work is complete.

If you wish to discuss these or any other points, please do not hesitate to contact us.

Yours faithfully

J.C.Col

James Collins, Director
For and on behalf of Forvis Mazars LLP