

Rushmoor Borough Council **Auditor's Annual Report**

Year ended 31 March 2024

April 2025



Corporate Governance, Audit and Standards Committee
Rushmoor Borough Council
Council Office, Farnborough Road
Farnborough, Hants
GU14 7 JU

11 April 2025

Dear Corporate Governance, Audit and Standards Committee Members

2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Rushmoor Borough Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Council's any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 22 May 2025.

Yours faithfully

Simon Mathers

Partner

For and on behalf of Ernst & Young LLP

Encl

Contents

01

Executive Summary



02

Audit of the financial statements



03

Value for Money Commentary



04

Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the CGAS Committee and management of Rushmoor Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to CGAS Committee and management of Rushmoor Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than CGAS Committee and management of Rushmoor Borough Council for this report or for the opinions we have formed.



01 Executive Summary



Executive Summary

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an auditor's annual report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 26 February 2025. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- conclusions relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (continued)

2023/24 Conclusions

Financial statements

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audit of the financial statements for the year ended 31 March 2021, 31 March 2022 and 31 March 2023 for Rushmoor Borough Council were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 26 November 2024, 13 December 2024 and 13 December 2024 respectively.

Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.

Due to delays in receiving audit evidence in sufficient time before the backstop date and delays in the previous year's audits we did not have the required resource available and, have been unable to complete our audit procedures on property, plant and equipment (2023/24 £119.76 million, 2022/23 £112.94 million) and investment property (2023/24 £138.73 million, 2022/23 £129.88 million).

As a result of the disclaimers of opinion in the prior years and the backstop date, we also do not have sufficient appropriate audit evidence over the following:

- in the balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in 'other land and buildings' that were not revalued in year.
- in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet.
- in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet.
- in the collection fund and accompanying notes: opening balances, comparatives and in-year movements that are calculated as a movement between the opening and closing balance.

We therefore issued a disclaimed 2023/24 audit opinion on 10 February 2025.


Consistency of the other information published with the financial statements

Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.

Executive Summary (continued)

2023/24 Conclusions

Value for money (VFM)	<p>On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified a significant weaknesses in the Authority's arrangements for the year ended 31 March 2024 relating to financial sustainability.</p> <p>We have included our VFM commentary in Section 03.</p>
Consistency of the annual governance statement	<p>We were satisfied that the annual governance statement was consistent with our understanding of the Council.</p>
Public interest report and other auditor powers	<p>We had no reason to use our auditor powers.</p>
Whole of Government Accounts	<p>We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.</p>
Certificate	<p>We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Rushmoor Borough Council.</p>



Executive Summary (continued)

Value for Money

Scope

Auditors are required to be satisfied that Rushmoor Borough Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Chief Financial Officer and the Deputy Chief Executive Officer and Monitoring Officer;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council
- management and the finance team.

Executive Summary (continued)

Value for Money (continued)

Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24. We include within the VFM commentary below the associated recommendations we have agreed with the Council.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	<p>The high level of short-term borrowings without sufficient income to finance the repayments as well as increase in interest costs have resulted in a financial uncertainty.</p> <p>The MTFS Equalisation reserve is being used to balance the budget in the short-term and will be depleted over the MTFS period leading to a deficit position during 2023/24</p>	Weakness in arrangements to secure future financial sustainability
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risk identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risk identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



02 Audit of the financial statements

Audit of the financial statements

Key findings

The Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 26 February 2025, we issued a disclaimed audit opinion on the financial statements. The audit of the financial statements for the year ended 31 March 2021, 31 March 2022 and 31 March 2023 for Rushmoor Borough Council was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 28 November 2024 and 13 December 2024. Our audit work in the current year was focused on transactions in the year and the current year balance sheet. As a result of the disclaimer of opinion in the prior year and the scope of our audit work which was impacted by the backstop date.

We reported our audit scope, risks identified and detailed findings to the March meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. The findings for each of the accounts areas are set out in the Audit Results Report in Appendix A. We reported 6 internal control recommendations and 6 areas for improvement in the control environment in the Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error - Management override of controls	We have not identified any material weaknesses in the recognition of expenditure. We have not identified any instances of inappropriate judgements or estimates being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Council
Misstatements due to fraud or error - Risk of manipulation of reported financial performance	Our audit work found no indication of fraud in either revenue or expenditure balances.
Misstatements due to fraud or error - capitalisation of revenue expenditure	Our work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied. There is, however, no formal system to record actual time taken by the staff who worked on REFCUS-related projects.
Valuation of Investment Property and under the depreciated replacement cost (DRC) method and the existing use value (EUV) method	<p>We noted issues around the key inputs and assumptions used in the valuation of PPE land and buildings and investment properties.</p> <p>In light of this, we recognised that management and the Council's external valuer required further time to re-evaluate the valuations. Further time would also be required for both the audit team and EY valuation specialist to consider revised valuations. Having considered the statutory backstop date of 28 February 2025, we concluded that we had insufficient time to further consider representations from the valuer on key inputs and assumption which we have challenged as being inaccurate as part of the audit. We also had insufficient time to consider whether potential errors are more pervasive across the untested population. Consequently, we did not carry out any additional procedures, and ceased testing the remaining audit team samples.</p>



03 Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

Weakness in arrangements to secure future financial sustainability

Rushmoor Borough Council (RBC) delivers more than 100 local services to the communities of Aldershot and Farnborough, including core services such as rubbish and recycling collection, street cleaning, planning, environmental health, housing, parks, and leisure facilities. The Council is more complex than ever before and plays an essential role in broad areas like engaging with and where necessary, supporting local communities and business, helping the most vulnerable in society and making sure our Borough continues to develop and thrive economically with an extensive regeneration programme. The country suffered economic hardship during prior year period with the residual impact from Covid-19, the war in Ukraine, restrictions on the supply chain (particularly from China), the ongoing reset of the UK economy following Brexit, all contributing to the high inflation and the cost-of-living crisis means the economic context is subject to considerable uncertainty. The continuation of constraints in government funding, both in terms of the level of funding and duration, adds to this uncertainty which restricts the Councils ability to financially plan for the medium to long term.

The Council has a Corporate Plan outlining its priorities over the next three years which provides the details of all their services and describes the key strategic projects that will contribute to achieving their vision. The Council plan is updated every year and gives the Council a focus for their activities and services by setting out the short to medium-term steps needed to realise the long-term vision and aspirations. While it sets out an ambitious programme of key activities, underpinning this plan are several individual service plans which include more detailed information on the activities and work of individual teams and the day-to-day services we offer. These plans are monitored quarterly through performance report.

The Council overall financial position worsened over the course of 2023/24. It is very highly geared, with year end total borrowings balance of £162m, with £157m of that borrowing held short term. Total borrowings at the end of 2023-24 had increased to 107% of the liability benchmark and 97% of the Capital Financing Requirement (CFR). The Council's ability to borrow further after 2023/24 judged against CFR is therefore very limited. The Council held a cash balance of £6.3m at the end of 2023-24. In September 2023 Moody's identified the 20 most indebted local authorities in England relative to size of which Rushmoor was ranked 7th. In addition, one of the Council's key capital projects, Union Yard, is dependent on the further borrowing being secured. Current interest rates are more than double the MTFS 2023-24 budgeted assumption of 1.67% and so mitigation must be focused on lessening the cost of debt to ensure a balanced budget can be met in future years.

The Medium-Term Financial Strategy (MTFS) 2025-26 to 2028-29 presented at the February 2024 Full Council meeting indicated a 2025-26 estimated deficit of £5.2 million (£4.1 million projection in February 2024). The 2025-26 MTFS projects an additional £2.9 million drawdown of reserves compared to the prior year with the total amount to be drawn-down forecast to be £3.6 million. The Council therefore has little flexibility for any unplanned draw on reserves in addition to the identified risks around the budget assumptions if the council is to be able to set a balanced budget each year of the MTFS. The 2024-25 budget was balanced using a £5.4m drawdown from reserves. This was dependent on an agreed savings profile which required £740k of revenue savings (£240k interest/Minimum Revenue Provision and £500k cost of services) in 2024-25.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

Weakness in arrangements to secure future financial sustainability

As a result of the financial challenges it faces, the Council commissioned a CIPFA review of its financial resilience which was reported in June 2024. This concluded that without reducing annual spending to align with annual income the Council will not be able to set a balanced budget in 2026/27. Consequently, without mitigation, the Council is not financially sustainable in the medium-term. This is in part driven by the Council's level of debt. Whilst borrowing is within the prudential limit and borrowing will not exceed CFR, securing future sustainability requires a structured and timely disposal of assets to achieve the Council's own interest and MRP savings targets, reducing the interest and MRP costs borne by the General Fund. In response to this the Council has agreed a plan to generate £40 million through asset disposals by September 2025 but recognises risks as to whether this is achievable. No capital disposals were made during 2023/24.

Conclusion: Based on the audit work performed, we identified a significant weakness in the Council's arrangements to secure future financial sustainability.

Recommendation:

The Council needs to fully implement and action its Financial Resilience Plan which contains a range of medium and shorter-term actions designed to ensure its financial sustainability. Specifically:

- Develop and implement appropriate arrangements to deliver a permanent removal from the base budget of £0.5 million each year for the four years commencing 2024-25.
- Identify and deliver a £40 million asset disposal programme to achieve the Council's interest and cost reduction savings targets.
- Seek to replace short-term with long-term borrowing to reduce the Council's exposure to interest rate risk and allow for more certainty in its medium-term financial planning arrangements.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council continues to maintain adequate arrangements to monitor and gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud and corruption. There is regular reporting to the Chief Officers and Council on all matters providing sufficient detail and data for scrutiny, oversight and decision making. This includes identification of any new opportunities, risks or issues, and the management thereof. Cabinet normally meets once a month and makes key decisions and recommendations to the Council. The council is Rushmoor's ultimate decision-making body and is made of all 39 elected councillors. The Corporate Governance, Audit and Standards Committee (CGAS) meets six times a year. The purpose of the Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

A risk management strategy is in place to evaluate and identify risk. There are clearly defined processes to support robust decision making through the understanding of risk, whether an opportunity or threat exists and the likely impact. The Risk Register was developed to identify risks to the Council at a corporate level and is reviewed regularly by risk owners. Risk management is also discussed in the CGAS meeting. The Risk Management Policy and arrangements continued to be reviewed and developed in order to remain effective, and to provide continual improvement. As set out in the Risk Management Policy, reports on risk had been presented to the Council's Corporate Management Team (CMT) on a quarterly basis and presented to the Cabinet, alongside the quarterly performance report. The Overview and Scrutiny Committee also considered performance and risk as part of their work plan. The Council's risk management framework is supported and informed by the work of the Council's Internal Audit function. The Internal Audit opinion for 2023/24 was one of reasonable assurance over the Council's governance, risk management and control framework.

In addition to having risk management policy in place, the Council also has various internal policies such as Fraud Response Plan, Anti-Fraud and Corruption Strategy, Anti-Bribery Policy, Anti-Money Laundering Policy, and Sanction Policy

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

There is regular reporting by the Chief Financial Officer to those charged with governance on all significant matters. The finance reports communicate operational information, such as financial performance, performance against non-financial KPIs and any other relevant information. A line-by-line budget review was conducted of budgets as part of the MTFS review and budgeting setting for 2023/24 which looked at in year spend and identifying areas for future pressures or savings.

The Corporate Plan has four themes which cover both service targets and financial targets. Each theme has performance measures and a Councillor and Officer lead who has responsibility for that measure. These measures are monitored regularly and reported upon quarterly to assess performance and identify areas for improvement.

The Executive Head of Finance Report is discussed at the CGAS Committee meetings. This report sets out the activities of the Treasury Management Strategy and Non-Treasury Investment Operations and reported on compliance with Prudential Indicators.

Where necessary, the council will engage with consultants to review its financial plans and treasury management policies. Interest on treasury management and borrowing costs projections have been reviewed in consultation with Arlingclose the Council's external treasury management advisor, including updating of the Capital Financing Requirement (CFR) with the 2023-24 outturn data. This is then presented to the CGAS committee for recommendation. In addition, the Council has sought external perspectives on its financial plans and overall performance through a LGA Peer challenge and by commissioning CIPFA to undertake an independent review. Both reports highlighted recommendations and action plans which are monitored by the Council.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04 Appendices

Appendix A – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the value for money work in the year covered in this report for the year 2023/24. All recommendations have been agreed by management.

Issue	Recommendation	Management response
Financial Sustainability	<p>The Council needs to fully implement and action its Financial Resilience Plan which contains a range of medium and shorter-term actions designed to ensure its financial sustainability. Specifically:</p> <ul style="list-style-type: none">• Develop and implement appropriate arrangements to deliver a permanent removal from the base budget of £0.5 million each year for the four years commencing 2024/25.• Identify and deliver a £40 million asset disposal programme to achieve the Council's interest and cost reduction savings targets.• Seek to replace short-term with long-term borrowing to reduce the Council's exposure to interest rate risk and allow for more certainty in its medium-term financial planning arrangements.	

Appendix B – Fees

PSAA opted-in bodies: The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

Other Bodies – A breakdown of our fees is shown in the table to the right.

The agreed fee presented is based on the following assumptions:

- ▶ officers meeting the agreed timetable of deliverables;
- ▶ our financial statement opinion and value for money conclusion being unqualified;
- ▶ appropriate quality of documentation is provided by the Council;
- ▶ an effective control environment; and
- ▶ compliance with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

	2024-25	2023-24	2022-23
	£	£	£
Total Fee – Code Work	159,935 Note 3	145,266	TBC Note 1
Scale Fee Variation	N/A	85,629 Note 2	N/A
Scale Fee Variation 2022/23 - Value for Money			15,502 Note 1
Total audit	TBC	230,895	£145,266

All fees exclude VAT

1. As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC (now MHCLG), PSAA has used its fee variation process to determine the final fee for 2022/23 VFM of £15,502 which has been accepted by the Council. The determination of the final fee for 2022/23 work outside of VFM remains outstanding with PSAA.
2. The 2023/24 work is now complete and we intend to submit a proposal to PSAA for a scale fee variation totalling £85,629. This final fee includes an adjustment for the following areas:
 - Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report, totalling £16,902.
 - Additional procedures to consider the Council's readiness for the implementation of IFRS 16 as originally set out in our Audit Planning report, totalling £890.
 - Additional work performed due quality of supporting evidence provided which resulted in the audit having to do numerous follow ups and resampling and additional procedures performed on audit findings identified and resulting changes to the accounts totalling £30,438.
 - Additional work performed and delays on the information provided to queries raised on PPE valuations, totalling £19,901.
 - Additional procedures performed by the Pensions expert due to the error in the IAS pension valuation report, totalling £10,038.
 - First year audit of Group accounts, totalling, £7,460.
3. Scale fees for 2024/25 have been increased by PSAA to cover additional audit work under revised standards and a contractual inflationary increase payable to audit firms. The new work relates to revised auditing standard ISA (UK) 315 (risks of material misstatement) and linked work on ISA (UK) 240 (fraud).

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2025 Ernst & Young LLP. Published in the UK.
All Rights Reserved.

UKC-024050 (UK) 07/22. Creative UK.

ED None

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com/uk