

Rushmoor Borough Council

Audit results report

Year ended 31 March 2025

January 2026



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Audit and Governance committee
Rushmoor Borough Council
Council Office, Farnborough Road
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19 January 2026

Dear Audit and Governance Committee Members

2024/25 Audit results report

We attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Audit and Governance Committee. We will update the Audit & Governance Committee at its meeting scheduled for 28 January 2026 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Rushmoor Borough Council (the Council's) accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The Audit and Governance Committee, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. We consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Audit and Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements; and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Audit and Governance Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

This report is intended solely for the information and use of the Audit and Governance Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 28 January 2026.

The [2025 Transparency Report](#) for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 27 June 2025.

Yours faithfully

Simon Mathers

Partner, For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<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>)

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 Audit and Governance 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 the Audit and Governance 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 the Audit & Governance Committee and management of Rushmoor Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary – Context for the audit

Context for the audit - Measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of the democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- lack of capacity within the local authority financial accounting profession;
- increased complexity of reporting requirements within the sector;
- a lack of auditors and audit firms with public sector experience; and
- increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG has worked collaboratively with the FRC and other system partners, to develop and implement measures to clear the backlog. The approach to addressing the backlog consists of three phases:

- Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024. This has now been delivered.
- Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2024/25 financial statements is 27 February 2026. This process of rebuilding assurance will take several years to achieve. The NAO, supported by the MHCLG and the FRC, are responsible for issuing guidance and have been liaising with audit firms to understand the complexities involved and to seek to ensure a more consistent approach for restoring assurance for disclaimed periods. The NAO has now published its Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 setting out considerations for rebuilding assurance following the issue of disclaimed audit opinions under the backstop arrangements. The guidance predominantly focuses on the rebuilding of assurance over reserves, where it is more difficult to obtain assurance because of the way in which they accumulate over successive years. It also continues to recognise that the approach needed to rebuild assurance will differ authority to authority and will need to be considered in the context of both inherent risk factors which all authorities subject to recently disclaimed opinions will share, and factors specific to each individual authority's system of internal control and financial reporting. We will continue to consider the impact of this on our audit approach. In 2024/25 we have continued to audit the closing balance sheet and in-year transactions, which allows the build back of assurances over a large number of balances within the financial statements where audit procedures can be completed for successive years.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 26 February 2025 Audit Results Report we issued a disclaimer of opinion on the Council's financial statements for 2020/21, 2021/22, 2022/23 and 2024/25 under these arrangements to reset and recover local government audit. In 2024/25, we have continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, we do not have assurance over some brought forward balances from 2023/24 where we did not gain assurance (the opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2024/25 audit opinion.

Appendix A sets out the current position of Rushmoor Borough Council in rebuilding to return to a position of full assurance on its financial statements as compared with the timeline envisaged by the NAO's LARRIG 01. This is informed by the summary of the assurances we have gained from our 2023/24 and 2024/25 audit procedures, set out at Appendix B.

Executive Summary – Context for the audit

Scope update

In our Audit Planning Report presented at the 22 May Corporate Governance, Audit and Standards Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Status of the audit

Our audit work in respect of the group opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Full completion of our work on IFRS 16 implementation and disclosures.
- Completion of work to test capital additions.
- Final review procedures on some areas of detailed testing.
- Receipt of updated Annual Report and accounts.
- Review of final signed accounts.
- Going concern review and disclosures.
- Management representation letter.
- Subsequent events review.

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix F.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Annual Report and Accounts which could influence our final audit opinion.

Value for Money

Within our Audit Planning Report, we identified one risk of significant weakness in the Council's arrangements for financial sustainability.

Our work in this area considers the adequacy of the Council's arrangements across three specified reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- 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

Following further work, we have now disaggregated the one risk identified in planning into two risks of significant weakness relating to financial sustainability. See Section 03 of the report for further details.

Executive Summary (cont'd)

Audit differences

We have identified uncorrected misstatements amounting to £401,951 in relation to the turnaround effect of prior year understatement of Consolidated Income & Expenditure (CIES) expenditure, payable accruals and debtors. This has resulted in an overstatement of CIES expenditure in the current audit period.

In addition, the following adjustments above performance materiality have been identified as part of the audit:

1. Misstatement Relating to Pension Liability and Reserve

A misstatement of £12.5 million was identified in relation to the pension liability and pension reserve. Management did not update the IAS 19 Pension Liability to incorporate the revised IAS 19 report received from the actuary. This report included the asset ceiling adjustment required under IFRIC 14, which was not reflected in the accounts.

2. Misclassification of Year-End Capital Accruals

An amount of £2.3 million in year-end capital accruals was incorrectly included under 'Cash Flow from Investing Activities' in the cash flow statement. This should have been recorded as a non-cash adjustment within the net cash flows from operating activities.

3. Assets Held for sale included in Investment Property

£16.6 million of Assets Held for Sale were misclassified as Investment Property.

4. Disclosure Misstatements

- Narrative Statement: There were inconsistencies between the amounts presented in the tables in the Narrative Statement and those reported in the main financial statements.
- Accounting Policies (General Principles): The Expenditure and Funding Analysis Statement was presented as a primary statement rather than as a note to the accounts, contrary to reporting requirements.
- Note 4 (Assumptions & Uncertainty): The disclosure concerning uncertainty in Property, Plant and Equipment (PPE) was incomplete. It only referenced the useful life assumption, omitting the assumptions used in determining Depreciated Replacement Cost (DRC), Existing Use Value (EUV), and Fair Value (FV). Additionally, required disclosure relating to Investment Properties (IP) was not included.
- Note 4 (Assumptions & Uncertainty): The narrative relating to the NNDR appeals provision on 'back pay' and 'equal pay' for both the full provision (Collection Fund) and the Council's share (Comprehensive Income and Expenditure Statement, CIES) referred to the previous year instead of the current year.
- Note 13 (Property, Plant and Equipment): The Right-of-Use (ROU) assets recognised under IFRS 16, including the transitional adjustment, were not separately disclosed as required.
- Note 39 - Leases (Council as Lessee): The disclosure continued to use the terms 'finance leases' and 'operating leases', which are no longer applicable under IFRS 16.
- Note 40: The disclosure concerning the Virgin Media case had not been updated to reflect the current year's position.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

We have not yet completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We will provide a further update on our work in this area in due course.

Executive Summary (cont'd)

Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of the Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Where applicable we have identified those matters that we consider to be key audit matters. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit. In accordance with ISA (UK) 701 key audit matters are included in our auditor's report.

Risk	Status of our work
Significant Risk 1 - Presumptive risk of management override of controls	We have completed all audit procedures in accordance with the Audit Plan subject to final review. During our testing, we identified a control observation pertaining to journal authorisation controls. Refer to Section 06.
Significant Risk 2 - Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	We have substantially completed our audit procedures in accordance with the Audit Plan. We are still in the process of finalising our audit work on capital additions. At this stage there are no matters we wish to bring to your attention. We will provide a verbal update on the conclusions of our work at the Audit and Governance Committee meeting on 28 January 2026.
Significant Risk 3 - Valuation on investment property	Similar with prior year, we were unable to substantiate some key inputs and assumptions used in the valuation of land and buildings valued using Depreciated Replacement Cost (DRC), Equivalent Use Value (EUV) and Fair Value (FV). This includes PPE Other Land and Buildings valued at EUV, DRC and FV; and Investment Properties valued at FV.
Significant Risk 4 - Valuation of land and buildings valued under the depreciated replacement cost (DRC) method and the existing use value (EUV) method	EY's valuation specialists (EYRE) applied their own judgments based on available market information and evidence provided by the Council and its external valuer. Results of EYRE review identified weaknesses in the quality of evidence provided and that certain assumptions adopted by the Council's valuer for assets valued at DRC and FV were not supportable or inconsistent with wider valuation practice. Due to the statutory backstop date of 27 February 2026, we will not be able to complete further procedures to resolve the judgmental differences or conclude on whether potential errors are more pervasive across the untested population.
Significant Risk 5 - IFRS 16 implementation	As at the date of this report, our work on IFRS 16 remains in progress. However, we have identified misstatements relating to compliance with the disclosure requirements of IFRS 16. Refer to Section 05. We will provide a verbal update on the conclusions of our work at the Audit and Governance Committee meeting on 28 January 2026.
Risk of material misstatement 1 - Pension Liability Valuation and the IAS 19 valuations	We have received an updated IAS 19 report following the correction of investment return figures by the actuary, Hymans Robertson, which resulted in changes to the return on assets and the asset ceiling calculation. We have completed all procedures relating to the valuation of pension liabilities. Our EY Pensions Consulting team reviewed the assumptions and performed a roll-forward liability check, and no material variances were noted from this work. However, management used the old report to complete the accounts which resulted in a material misstatement which was subsequently corrected. Refer to Section 05.

Executive Summary (cont'd)

Areas of audit focus

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues
- You concur with the resolution of the issue
- There are no further significant issues you are aware of to be considered before the financial report is finalised

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the [Audit & Governance Committee](#).

Control observations

During the audit, we identified the following control observations:

- Weaknesses in the quality of evidence provided and assumptions made by the Council's valuer for assets valued using DRC/EUV/FV method. The same observation was raised in the prior year audit results report. To be able to fully restore assurance on the Council's financial statements it is essential that this issue is addressed by management.
- There were no evidence that a journal was appropriately reviewed and authorised.
- Declarations of interest relating to 12 Councillors were not obtained.

Please refer to Section 06 for details

Independence

Please refer to Section 08 for our update on Independence.

Factors impacting the execution of the audit

Management, and the Audit & Governance Committee, as the Council's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. The table over-page sets out our views on the effectiveness of the Council's arrangements to support external financial across a range of relevant measures.

Although there remains scope for further improvements as set out over-page, we would like to recognise the improvements that have been to the Council's arrangements in this area and in particular the engaged and constructive approach to the external audit taken by the Section 151 Officer and wider finance team.

Executive Summary (cont'd)

Factors impacting the execution of the audit (cont'd)				
Area	Status			Further detail
	R	A	G	
Timeliness of the draft financial statements	Effective			N/A
Quality and completeness of the draft financial statements	Effective			N/A
Delivery of working papers in accordance with agreed client assistance schedule	Effective			N/A
Quality of working papers and supporting evidence	Requires improvement			N/A
Timeliness and quality of evidence supporting key accounting estimates	Requires improvement			See Section 02 (Significant Risk 3 and 4) for details.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective			There were no issues with access to the finance team and key personnel.
Volume and value of identified misstatements	Requires improvement			See Section 05 for details.
Volume of misstatements in disclosure	Requires improvement			See Section 05 for details.



02 Areas of Audit Focus

Areas of Audit Focus

Significant Risk 1 - Presumptive risk of management override of controls)

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What are our conclusions?

We have not identified any material weaknesses in controls, evidence of management override or instances of inappropriate judgements being applied. We have obtained sufficient audit evidence regarding any business rationale for unusual transactions.

Our evaluation of potential bias in management estimates has been completed for asset valuations, NDR appeals provision and pension liability. Please refer to section 05 for details on the identified error related to the pension liability; we have concluded that this was not due to management override of controls.

As at the date of this report our work to test journals remains subject to final review. During our testing, we identified an observation pertaining to journal authorisation controls. Further information can be found in Section 06.

Our response to the key areas of challenge and professional judgement

We:

- Identified fraud risks during the planning stages.
- Inquired of management about risks of fraud and the controls put in place to address those risks.
- Gained an understanding of the oversight given by those charged with governance of management's processes over fraud.
- Discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- Considered whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.
- Determined an appropriate strategy to address those identified risks of fraud.
- Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- Undertook procedures to identify significant unusual transactions.
- Considered whether management bias was present in the key accounting estimates and judgments in the financial statements.

Having evaluated this risk, we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' were required.

Areas of Audit Focus (cont'd)

Significant Risk 2 - Inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

Our response to the key areas of challenge and professional judgement

We:

- Tested Property, Plant and Equipment (PPE)/Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- Assessed whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- Considered whether any development or other related costs that have been capitalised are reasonable to capitalise, i.e., the costs incurred are directly attributable to bringing the asset into operational use.
- Tested REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What is the status of our work?

As at the date of this report, our work on work on capital additions, remains in progress. We have completed our testing REFCUS and no significant issues has been identified. We will provide a verbal update on the conclusions of our work at the Audit & Governance Committee meeting on 28 January 2026.

Areas of Audit Focus (cont'd)

Significant Risk 3 - Valuation of land and buildings and valued under the depreciated replacement cost (DRC) method and the existing use value (EUV) method

What is the risk?

We have disaggregated land and building assets to identify those where we think the significant risk lies. We have associated the risk to those assets that are valued using the DRC and EUV valuation methods.

These valuation methods involve higher risk estimates due to the significant assumptions and judgements involved, which trigger the use of experts by both management and EY.

These estimates heighten the risk of material error.

What are our conclusions?

Consistent with the prior year, we identified weaknesses in the quality of evidence provided and assumptions made by the Council's external valuer for assets valued using DRC, FV and EUV method. This includes PPE Other Land and Buildings valued at DRC, EUV and FV.

EYRE applied their own judgments based on available market information and evidence provided by the Council and its external valuer. Results of EYRE review showed that certain assumptions used by the external valuer were inconsistent with the wider valuation practice. Key differences identified include:

- In one instance the land values used differed due to incorrect classification of land use (developed versus underdeveloped), resulting in lower-than-expected rates per acre.
- In two instances, the Specialist relied on third-party valuations that assumed residential consent, despite the absence of planning consent.
- There were also variances in assumptions such as capital costs and void costs used.

Due to the statutory backstop date of 27 February 2026, we will not be able to complete further procedures to resolve the judgmental differences or conclude on whether potential errors are more pervasive across the untested population.

We raised a recommendation to address this in the prior year which we do not consider has been addressed - see Section 06. To be able to fully restore assurance on the Council's financial statements it is essential that this issue is addressed by management.

Our response to the key areas of challenge and professional judgement

We:

- Obtained an understanding of the Council's approach to DRC and EUV assets;
- Determined the impact of revaluations on the financial statements;
- Considered the use of management's specialists - the external valuers - including the scope of work and the professional competencies of the specialist;
- Challenged the assumptions made by management and their specialists, with input from EY real estates (EY specialists);
- Sampled test key asset information used by management's specialists. We will consider if there are any specific changes to assets and whether they have been appropriately communicated;
- Considered the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code;
- Reviewed assets not subject to valuation in 2024/25 to assess that the remaining asset base is not materially misstated;
- Considered changes to useful economic lives as a result of the most recent valuation;
- Tested that accounting entries have been correctly processed in the financial statements

Areas of Audit Focus (cont'd)

Significant Risk 4 - Valuation of Investment Property valued at fair value

What is the risk?

The council uses the discounted cash flow (DCF) model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates - adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.

These valuation methods involve higher risk estimates due to the significant assumptions and judgements involved, which trigger the use of experts by both management and EY.

These estimates heighten the risk of material error.

Our response to the key areas of challenge and professional judgement

We:

- Obtained an understanding of the Council's approach to the Investment Property;
- Determined the impact of revaluations on the financial statements;
- Considered the use of management's specialists - the external valuers - including the scope of work and the professional competencies of the specialist;
- Challenged the assumptions made by management and their specialists, with input from EY real estates (EY specialists);
- Sampled test key asset information used by management's specialists. We will consider if there are any specific changes to assets and whether they have been appropriately communicated;
- Tested that accounting entries have been correctly processed in the financial statements.

What are our conclusions?

Consistent with the prior year, we identified weaknesses in the quality of evidence provided and assumptions made by the Council's external valuer for assets valued using FV method in investment properties. This includes Investment Properties valued at FV.

EYRE applied their own judgments based on available market information and evidence provided by the Council and its external valuer. Results of EYRE review showed that certain assumptions used by the external valuer were inconsistent with the wider valuation practice. Key differences identified include:

- The WHE valuation methodology utilizes gross yields, which is inconsistent with UK market practice where net yields are standard. No analysis or commentary was provided regarding adjustments from gross to net yields, and purchaser's costs were not deducted.
- There were also variances in yield rates used.

Due to the statutory backstop date of 27 February 2026, we will not be able to complete further procedures to resolve the judgmental differences or conclude on whether potential errors are more pervasive across the untested population.

We raised a recommendation to address this in the prior year which we do not consider has been addressed - see Section 06. To be able to fully restore assurance on the Council's financial statements it is essential that this issue is addressed by management.

Areas of Audit Focus (cont'd)

Significant Risk 5 - IFRS 16 implementation

What is the risk?

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

Based on our prior year work the Council had made little progress in collecting the information necessary to implement IFRS 16 and determine the impact on its financial statements.

Our response to the key areas of challenge and professional judgement

We performed the following procedures:

- Gained an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete.
- Reviewed the discount rate that is used to calculate the right of use asset and assess its reasonableness.
- Reviewed management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components.
- Gained assurance over the right of use asset included in the 2024/25 financial statements
- Sampled test leases to ensure that transition arrangements have been correctly applied.
- Considered the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.

What is the status of our work?

As at the date of this report, our work on IFRS 16 remains in progress. However, we have identified misstatements concerning compliance with the disclosure requirements of IFRS 16. Refer to Section 05.

We will provide a verbal update on the conclusions of our work at the Audit & Governance Committee meeting on 28 January 2026.

Areas of Audit Focus (cont'd)

Risk of material misstatement 1 - Pension Liability Valuation and the IAS 19 valuations

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Council.

The Council's pension fund liability is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2025 this totalled £2.3 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our response to the key areas of challenge and professional judgement

We:

- Liaised with the auditors of Hampshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council
- Assessed the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team
- Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- Reviewed and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.
- Considered outturn information available at the time we undertook our work after production of the Council's draft financial statements, for example the year-end actual valuation of pension fund assets based on IAS 19 letter from the auditor of Hampshire Pension Fund. We used this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

What are our conclusion?

We have received an updated IAS 19 report following the correction of investment return figures by the actuary, Hymans Robertson. This resulted in changes to the return on assets and the asset ceiling calculation which was communicated by the Council. Our EY Pensions Consulting team reviewed the assumptions and asset ceiling calculation based on the updated IAS 19 report and performed a roll-forward liability check. No material variances were noted from this work.

We have received the report from the Hampshire Pension Fund audit team in relation to their assurances over the information supplied to the actuary to enable the calculation of the valuation of the gross pension asset and liability at year end. There are no significant matters or issues arising from this report.

We have identified a material misstatement in the amount disclosed in the accounts which were subsequently corrected by management. Refer to Section 05.



03 Value for Money

Value for Money

The Authority's responsibility for Value for Money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

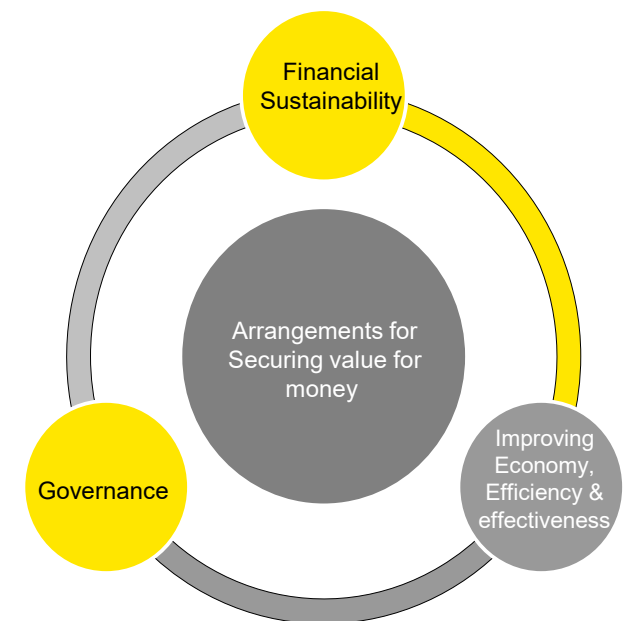
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council arrangements against three reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- 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.

We have completed our detailed VFM work and identified risks of significant weakness as documented on the next page.



Value for Money (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?

Risk 1 - Level of external borrowing - The current level of debt and the impact of increased borrowing costs presents a risk to the Council's financial sustainability.

Risk 2 - Forecast budget shortfall over the medium term - The Stability and Resilience Reserve is being used to balance the budget in the short-term and will be depleted over the MTFS period, if no savings materialise. Therefore, the Council will have insufficient reserves in 2027/28 to set a balanced budget or cover further projected deficit.

What arrangements did this impact?

Financial Sustainability:

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

What did we do?

Our approach focused on:

Whether the Council have fully implemented and actioned its Financial Resilience Plan which contains a range of medium and shorter-term actions designed to ensure its financial sustainability. Specifically:

- Developed and implemented appropriate arrangements to deliver a permanent removal from the base budget of £0.5 million each year for the four years commencing 2024/25.
- Identified and delivered a £40 million asset disposal programme to achieve the Council's interest and cost reduction savings targets.
- Replaced 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.

Findings

We have issued our VFM narrative commentary in our Draft 2024/25 Auditor's Annual Report which we will present to the 28 January 2026 meeting of the Audit and Governance Committee. Having completed our work in this area we expect to report by exception on the Council's arrangements for financial sustainability.



04 Audit Report

Audit Report

Draft audit report

As reported in our 26 February 2025 Audit Results Report, we issued a disclaimer of opinion on the Council's financial statements for 2023/24, 2022/23, 2021/22 and 2020/21 financial statements under the arrangements to reset and recover local government audit.

In 2024/25, we have continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, we do not have assurance over some brought forward balances from 2023/24 where we did not gain assurance. This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. We also have not been able to complete all planned procedures to gain assurance on the valuation of property, plant & equipment and investment property in either 2023/24 or 2024/25 because of weaknesses in the quality of evidence provided and in certain assumptions adopted by the Council's valuer for assets valued at Depreciated Replacement Cost, Existing Use Value and Fair Value.

The areas where we have not obtained those assurances are included within the summary of the assurances we have gained from our 2023/24 and 2024/25 audit procedures, set out at **Appendix B**.

Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2024/25 audit opinion.

Appendix A sets out the current position of Rushmoor Borough Council in rebuilding to return to a position of full assurance on its financial statements as compared with the timeline envisaged by the NAO's LARRIG 01.

As set out in Section 03, we also expect to report by exception on the Council's VFM arrangements in our 2024/25 audit report, particularly in relation to governance and securing economy, efficiency and effectiveness in the use of resources.

The full form and content of the 2024/25 Audit Report will be shared with the Section 151 Officer in due course to enable formal authorisation of the 2024/25 financial statements for issue.



05 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

During the review of the financial statements, a number of misstatements and disclosure issues were identified. Management has responded to these findings, with several adjustments agreed upon. The following sections provide a detailed account of each misstatement above performance materiality and disclosure matter.

1. Misstatement Relating to Pension Liability and Reserve

A misstatement of £12.5 million was identified in relation to the pension liability and pension reserve. Management did not update the IAS 19 Pension Liability to incorporate the revised IAS 19 report from the actuaries. This report included the asset ceiling adjustment as outlined in IFRIC 14, which was not reflected in the accounts.

2. Misclassification of Year-End Capital Accruals

An amount of £2.3 million in year-end capital accruals was incorrectly included under 'Cash Flow from Investing Activities' in the cash flow statement. This should have been recorded as a non-cash adjustment within the net cash flows from operating activities.

3. Assets Held for sale included in Investment Property

An amount of £16.6 million of Assets Held for Sale was incorrectly included in Investment Property.

4. Disclosure Misstatements

- Narrative Statement: There were inconsistencies between the amounts presented in the tables in the Narrative Statement and those reported in the main financial statements.
- Accounting Policies (General Principles): The Expenditure and Funding Analysis Statement was presented as a primary statement rather than as a note to the accounts, contrary to reporting requirements.
- Note 4 (Assumptions & Uncertainty): The disclosure concerning uncertainty in Property, Plant and Equipment (PPE) was incomplete. It only referenced the useful life assumption, omitting the assumptions used in determining Depreciated Replacement Cost (DRC), Existing Use Value (EUV), and Fair Value (FV). Additionally, required disclosure relating to Investment Properties (IP) was not included.
- Note 4 (Assumptions & Uncertainty): The narrative relating to the NNDR appeals provision on 'back pay' and 'equal pay' for both the full provision (Collection Fund) and the Council's share (Comprehensive Income and Expenditure Statement, CIES) referred to the previous year instead of the current year.
- Note 13 (Property, Plant and Equipment): The Right-of-Use (ROU) assets recognised under IFRS 16, including the transitional adjustment, were not separately disclosed as required.
- Note 39 - Leases (Council as Lessee): The disclosure continued to use the terms 'finance leases' and 'operating leases', which are no longer applicable under IFRS 16.
- Note 40: The disclosure concerning the Virgin Media case had not been updated to reflect the current year's position.

At the time of writing this report, we have not received the final statement of accounts to confirm the above adjustments have been correctly made.

Audit Differences (cont'd)

Summary of unadjusted differences

In addition we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We ask that the Audit & Governance Committee request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Audit & Governance Committee and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2025 (Currency'000)	Effect on the current period		Net assets (Decrease)/Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors						
Known differences:						
Judgemental differences:						
Balance sheet totals						
Income effect of uncorrected misstatements (before tax)						
Less: tax effect at current year marginal rate						
Cumulative effect of uncorrected misstatements before turnaround effect						
Turnaround effect. See Note 1 below.		402				
Cumulative effect of uncorrected misstatements, after turnaround effect		402				

The amounts presented above reflect the position at the date of this report and may be updated following the completion of final reviews of detailed audit testing.

As at the date of writing, there are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2025.

Note 1: turnaround effect is the impact of uncorrected misstatements related to the prior period, on results of the current period.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have identified a recurrence of the following control, reported in our 2023/24 Audit Results Report findings.




- Aspects of certain assumptions were not consistent with valuation practice or were outside of a reasonable range for some of the assets selected.

Outside of this we also identified further control deficiencies as part of our own work which we consider on the following page.

The table below provides an overview of the ‘high’ ‘moderate’ and ‘low’ rated observations we have from the 2024/25 audit (including IT controls).

	High	Moderate	Low	Total
Open at 31 March 2024	0	2	3	5
Closed during FY25	0	(1)	(3)	(4)
Escalated during FY25	1	(1)	0	0
New points raised in FY25	0	2	0	2
Total open points as at 31 March 2025	1	2	0	3

Key:

-  A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
-  Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
-  Matters and/or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.

The matters reported on the next slide are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.

Assessment of Control Environment (cont'd)

Summary of control observations and recommendations

Grading	Definition
High	Matters and/or issues considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.
Moderate	Matters and/or issues considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
Low	A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
<p>Land and Building valuation and Investment Property</p> <p><i>Observation</i></p> <p>During our land and building and investment property valuations testing we identified weaknesses in the quality of evidence provided and assumptions made by the Council's external valuer for assets valued using DRC/ EUV/FV method. EYRE applied their own judgments based on available market information and evidence provided by the Council and its external valuer. Results of EYRE review showed that certain assumptions used by the external valuer were inconsistent with the wider valuation practice. Due to the statutory backstop date of 27 February 2026, we were unable to complete further procedures to resolve the judgmental differences or conclude on whether it resulted in misstatements in the financial statements.</p> <p><i>Impact</i></p> <p>The issue has the potential to delay the Council's progress against the expected timescales for rebuilding assurance set out in LARRIG 01 (see Appendix A for illustration), as this recurring matter has an impact on the audit opinion.</p>	H			Continue to challenge both the key inputs and assumptions used in the valuation and the outputs from its professional valuer.	The Council has appointed a new external valuer for 2025/26-year end and is working with the new valuer and property services to deliver asset valuations which are appropriately evidenced and challenged.

Assessment of Control Environment (cont'd)

Summary of control observations and recommendations

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
Journal Testing <i>Observation</i> <p>During journal testing, we were unable to obtain evidence that a journal above £20,000 was approved by Deputy S151 officer as required in terms of management policy on processing journals.</p> <i>Impact</i> <p>Management override of controls is a significant risk and inappropriate review and approval of journals could result in fraudulent transactions being processed.</p> <p>The journal related to an impairment of PPE. We are satisfied that the Deputy S151 officer did consider the adjustment as part of review of the Statement of Accounts and that it is supportable. We are therefore satisfied that the journal does not relate to fraudulent reporting.</p>	M			<p>Ensure that appropriate documentation exists to demonstrate that journals have been reviewed by the designated individual in accordance with the established journal review process.</p>	<p>Management action has been taken to ensure all journals are appropriately reviewed. There will be increased continuity and additional senior technical capacity to deliver the accounts in 2025/26. Additional accounts management sign off process is being considered with this capacity for the 2025/26 financial year.</p>
Related Parties <i>Observation</i> <p>Twelve Councillors did not submit their interest declarations as required by the Code of Conduct</p> <i>Impact</i> <p>The Council will not be aware of a potential conflict of interest and/or if they are transacting with a related party.</p> <p>All Councillors are required to declare their interest at the beginning of each meeting. Based on our review of Council minutes, and other relevant procedures we did not identify any conflicts</p>	M			<p>Ensure that complete declarations are obtained from all Councillors before the end of the financial year.</p>	<p>The Related parties process will be reviewed to ensure complete declarations are completed by all Councillors and appropriate guidance given and escalated where not provided.</p>

Assessment of Control Environment (cont'd)

Status of previous year's recommendations

Recommendation	Grading			Update
	H	M	L	
Management should continue to challenge both the key inputs and assumptions used in the valuation and the outputs from its professional valuer. There should be a clear audit trail to support all assets revalued.	H			<p>Similar with prior year, we identified weaknesses in the quality of evidence provided and assumptions made by the Council's valuer for assets valued using DRC/EUV/FV method.</p> <p>EYRE applied their own judgments based on available market information and evidence provided by the Council and its external valuer. Results of EYRE review showed that certain assumptions used by the external valuer were inconsistent with the wider valuation practice. As a result, we do not consider the recommendation to be addressed.</p> <p>To be able to fully restore assurance on the Council's financial statements it is essential that this issue is addressed by management. We therefore now consider it be a high priority.</p>
Management should ensure that there is evidence of appropriate review of timesheets to support pay costs capitalised as REFCUS.	L			There has been no related finding in the current year based on our work performed. We are therefore satisfied the recommendation has been addressed.
Management should ensure that they perform detailed reconciliation of all balance sheet accounts on a monthly basis which should be reviewed.	M			There has been no related finding in the current year based on our work performed. We are therefore satisfied the recommendation has been addressed.
Management should maintain separate accounting records and operate control processes specific to RHL.	L			There has been no related finding in the current year based on our work performed. We are therefore satisfied the recommendation has been addressed.
Management should ensure that the website is updated and any changes or amendments is appropriately reflected.	L			There has been no related finding in the current year based on our work performed. We are therefore satisfied the recommendation has been addressed.



07

Other Reporting Issues

Other Reporting Issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Rushmoor Borough Council Statement of Accounts 2024/25 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Rushmoor Borough Council Statement of Accounts 2024/25 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the NAO.

We have not yet performed the procedures required by the NAO on the Whole of Government Accounts submission. We cannot issue our Audit Certificate until these procedures are complete, and the NAO has confirmed no further procedure are required.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State,

We did not identify any issues which required us to issue a report in the public interest/issue statutory recommendations under Schedule 7.



08 Independence

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors 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 our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Relationships

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Independence

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.

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

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies 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.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	Current Year	Prior Year
	£m	£m
Scale Fee - Code Work	159,935	145,266
Proposed scale fee variation	TBD Note 2	85,629 Note 1
Total fees	TBC	0

All fees exclude VAT

(1) As set in our 2023/24 Auditor's Annual Report a scale fee variation was submitted to PSAA covering 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.

As at the date of this report that scale fee has not yet been determined.

(2) We propose to submit a scale fee variation to PSAA for additional 2024/25 work covering the following areas:

- Additional procedures to assess the completeness and accuracy of transitional adjustments and disclosures, arising as a result of the implementation of IFRS 16 in 2024/25. PSAA have previously communicated that any additional work required as a result of the implementation of this new accounting standard has not been accounted for within the Scale Fee.
- Work performed by EY Pensions to review the assumptions used in the Pensions Liability and asset ceiling calculation, alongside additional work performed by the EY Audit Team to review the revised IAS 19 report requested from the Pension Fund Actuary.
- Additional work performed by audit team in relation to debtors and creditors testing.

Final scale fee variations remain subject to approval by PSAA.

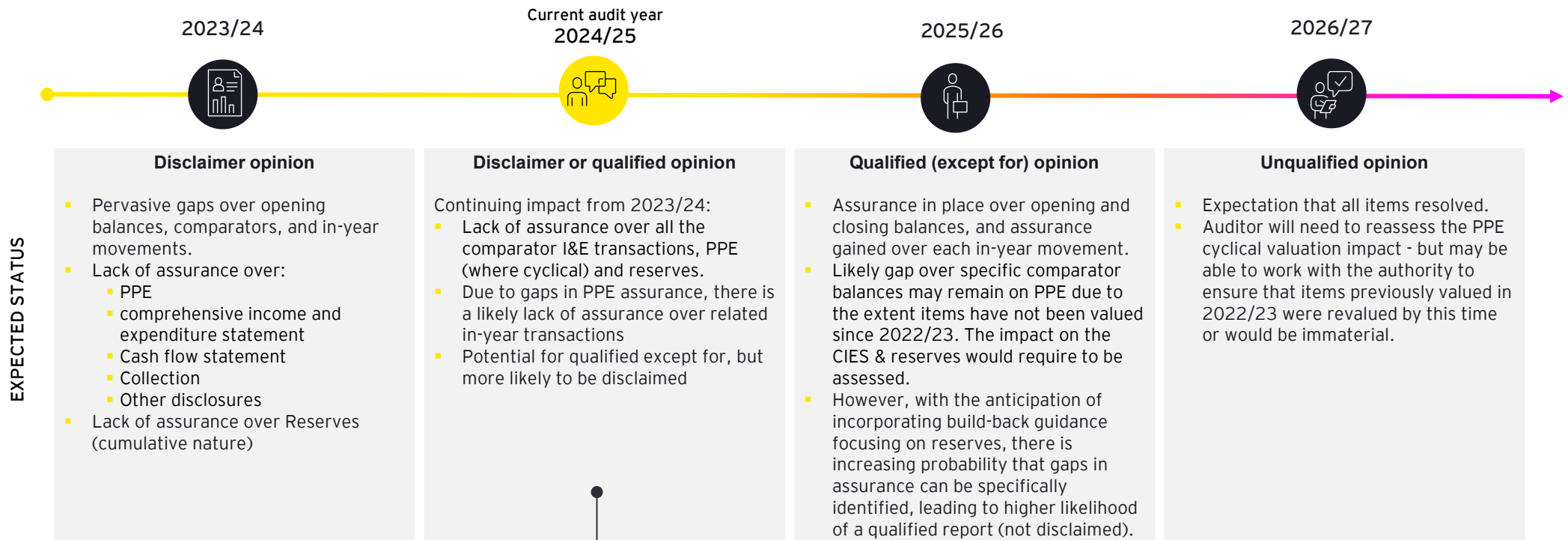


09 Appendices

Appendix A – Progress to full assurance

Progress to full assurance

Set out below is the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council's actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.



CURRENT AUDIT STATUS OF RUSHMOOR BOROUGH COUNCIL

- The Council's progress is in line with the expected timescales for rebuilding assurance set out in LARRIG 01.
- Consistent with the prior year, we identified weaknesses in the quality of evidence provided and assumptions made by the Council's external valuer for assets valued using DRC/EUV/FV method and therefore were unable to gain assurance over the valuation of property, plant & equipment and investment property accounts for the in the financial statements. To be able to rebuild assurance on the Council's financial statements in line with the expected timescales, it is now essential that this issue is addressed by management
- Appendix B sets out in more detail the assurance we have gained by accounts area.

Appendix B – Updated summary of assurances

Summary of Assurances

The table below summarises the audit work we have completed on the 2023/24 and 2024/25 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Property, Plant and Equipment ('PPE')	None	None	We have completed testing of the 2023/24 and 2024/25 additions and disposals to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 and 2024/25 and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognize those assets. However, during our land and buildings valuation testing, we identified weaknesses in the quality of evidence provided and in certain assumptions adopted by the Council's valuer for assets valued using the DRC/FV method. Due to the statutory backstop date of 27 February 2026, we were unable to conclude on whether these matters resulted in material misstatements in the financial statements. Until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2025.
Investment Property	None	None	We have completed testing of the 2023/24 and 2024/25 additions and disposals to the fixed asset register and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognise those assets. However, during our investment property valuation testing, we identified weaknesses in the quality of evidence provided and in certain assumptions adopted by the Council's valuer for assets valued using the FV method. Due to the statutory backstop date of 27 February 2026, we were unable to conclude on whether these matters resulted in material misstatements in the financial statements. Until assurance can be rebuilt over the revaluations in the previously disclaimed periods, and the judgmental differences relating to assets valued using the FV method are resolved, we are unable to obtain full assurance over the completeness and valuation of investment property.
Intangible Assets	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Long Term Investments	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Long Term Debtors	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Short Term Investments	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Short Term Debtors	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.

Appendix B – Updated summary of assurances

Summary of Assurances (continued)

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Cash and Cash equivalents	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Creditors (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Borrowings (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Provisions (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Grants received in advance	Partial	Partial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025, but, as we do not have assurance over the opening balance position at 1 April 2024, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Local Government Pension Scheme Liability	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Other Disclosures	Partial	Substantial	We have completed our planned procedures in this area and have obtained assurance over the in-year transactions for the 2024/25 financial year.
Cash Flow Statement	Partial	Substantial	We have completed our planned procedures in this area and have obtained assurance over the in-year transactions for the 2024/25 financial year.
Collection Fund	Partial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Comprehensive Income and Expenditure Statement	Partial	Partial	We completed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24 and 2024/25 but, as we do not have full assurance over income and expenditure entries relating to PPE and intangible assets, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Reserves	None	None	We have completed our work on the movements in reserves in 2022/23 and 2023/24 but, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements.

Appendix E – Required communications with those charged with governance

Required communications with those charged with governance

There are certain communications that we must provide to those charged with governance. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Audit & Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▪ The planned scope and timing of the audit ▪ Any limitations on the planned work to be undertaken ▪ The planned use of internal audit ▪ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit planning report, as presented to the Corporate Governance, Audit and Standards Committee, May 2025
Significant findings from the audit	<ul style="list-style-type: none"> ▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Significant matters, if any, arising from the audit that were discussed with management ▪ Written representations that we are seeking ▪ Expected modifications to the audit report ▪ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report - Audit and Governance Committee, January 2026

Appendix E – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements 	Audit results report - Audit and Governance Committee, January 2026
Misstatements	<ul style="list-style-type: none"> ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management 	Audit results report - Audit and Governance Committee, January 2026
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the Audit & Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▪ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others where the fraud results in a material misstatement in the financial statements. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Audit & Governance Committee responsibility. 	Audit results report - Audit and Governance Committee, January 2026

Appendix E – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity 	Audit results report - Audit and Governance Committee, January 2026
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report, as presented to the Corporate Governance, Audit and Standards Committee, May 2025</p> <p>Audit results report - Audit & Governance Committee, January 2026</p>
External confirmations	<ul style="list-style-type: none"> ▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit results report - Audit & Governance Committee, January 2026
Consideration of laws and regulations	<ul style="list-style-type: none"> ▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▪ Enquiry of the Audit & Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit & Governance Committee may be aware of 	Audit results report - Audit & Governance Committee, January 2026

Appendix E – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Audit results report - Audit & Governance Committee, January 2026
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit results report - Audit & Governance Committee, January 2026
System of quality management	<ul style="list-style-type: none"> How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit results report - Audit & Governance Committee, January 2026
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report - Audit & Governance Committee, January 2026
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Audit results report - Audit & Governance Committee, January 2026

Appendix F – Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Full completion of our work on IFRS 16 implementation and disclosures	EY to complete the testing on IFRS 16 leases and review the IFRS 16 disclosures	EY
Full completion of our work on capital additions	Management to provide additional supporting evidence and EY to complete the testing	EY
Final review procedures on some areas of detailed testing	EY to fully complete reviews of detailed testing and follow up any issues arising as appropriate	EY
Receipt of updated Annual Report and accounts	Review of the updated financial statements and consistency check of the financial and non-financial information in the Annual Report	EY and management
Review of final signed accounts	Receipt and checking of final signed accounts	Management and Audit & Governance Committee
Going concern review and disclosures	EY review process and finalisation of disclosures and opinion wording	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion.

Appendix G – Regulatory update

The English Devolution and Community Empowerment Bill – Audit Measures

Background

On 16 December 2024, the Government published the English Devolution White Paper. The White Paper outlines how England is one of the most centralised countries in the world and contends that over-centralisation is holding back the prosperity of the regions. As a result, there is an intention from Government to widen and deepen devolution to local areas across England. The English Devolution and Community Empowerment Bill (the Bill) is intended to provide the legislative framework to do this by setting out a standardised framework of devolved powers, duties and functions. The bill is in six parts:

- Part 1 introduces the new devolution architecture for England, centred around the new category of “strategic authorities” (SAs). These are organisations designated by Government to have responsibility for strategy development and programme delivery over larger functional economic areas.
- Part 2 outlines the powers and duties which existing and future SAs will have, and the new process by which new powers and duties can be conferred on SAs by Government in the future.
- Part 3 is focused on measures designed to strengthen local government and communities.
- Part 4 is intended to strengthen the accountability of the local government sector by reforming the local audit system, including the establishment of the Local Audit Office (LAO) as the body responsible for overseeing local audit.
- Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.
- Part 6 contains the technical sections related to the Bill, including on regulations, commencement and extent.

The draft legislation can be found in full at [English Devolution and Community Empowerment Bill](#).

Part 4 of the Bill - Reforming local audit

The Bill is intended to overhaul the local audit system as is part of the wider measures to address the backlog in local government audit previously considered by this report. Specifically:

- The LAO will be established with the aim of radically simplifying the current audit system and bringing functions together under a single organisation with a clear remit. The LAO will be responsible for coordinating the system, standard setting, contracting, quality oversight and reporting. It will also support and enable wider measures to address pressing challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- The LAO will be responsible for audit quality and the regulation of audit providers. Regulatory powers can be delegated.
- The LAO will be responsible for auditor appointment to all local audits other than for NHS bodies, will set indicative fees, publish those fees and make final determinations on the fees to be paid. The ability of local authorities to appoint their own auditors is removed.
- Audit firms will be required to nominate ‘lead individuals’ and have pre-approval of their own eligibility criteria.
- The responsibility for production of the Code of Audit Practice passes from the NAO to LAO. The LAO is also able to determine technical standards that auditors must follow.
- Statutory guidance for Audit Committees will be developed by LAO in conjunction with the Local Government Association, CIPFA and other relevant bodies.

We will continue to keep you updated as these arrangements develop.

Appendix G – Draft management representation letter

Management representation letter

Draft Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Simon Mathers
Ernst & Young LLP
Grosvenor House,
Grosvenor Square,
Southampton
SO15 2BE

This letter of representations is provided in connection with your audit of the consolidated and parent Council financial statements of Rushmoor Borough Council ("the Group and Council") for the year ended 31 March 2025. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Council financial statements give a true and fair view of the Group and Council financial position of Rushmoor Borough Council as of 31 March 2025 and of its financial performance and its cash flows for the year then ended in accordance with, for the Group and the Council, the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We understand that the purpose of your audit of our consolidated and parent Council financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and the parent Council, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
2. We acknowledge, as members of management of the Group and Council, our responsibility for the fair presentation of the consolidated and parent Council financial statements. We believe the consolidated and parent Council financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Group and parent Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The material accounting policy information adopted in the preparation of the Group and Council financial statements are appropriately described in the Group and Council financial statements.
4. As members of management of the Group and Council, we believe that the Group and Council have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for the Group and for the Council that are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Council financial statements taken as a whole. We have not corrected these differences because [specify reasons for not correcting misstatement].
6. We confirm the Group and Council does not have securities (debt or equity) listed on a recognized exchange.

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B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Group and Council's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and parent Council financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the Group or Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated and parent Council financial statements
 - Related to laws or regulations that have an indirect effect on amounts and disclosures in the consolidated and parent Council financial statements, but compliance with which may be fundamental to the operations of the Group and Council's business, its ability to continue in business, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others
 - In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the consolidated and parent Council financial statements
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: 26 November 2025.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the consolidated and parent Council financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Appendix G – Draft management representation letter

Management representation letter

Draft Management Rep Letter

6. We have disclosed to you, and the Group and Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 21 February 2025 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the consolidated and parent Council financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the consolidated and parent Council financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 44] to the consolidated and parent Council financial statements all guarantees that we have given to third parties.

E. Going Concern

Note 1 to the consolidated and parent Council financial statements discloses all the matters of which we are aware that are relevant to the Group and Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

There have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Council financial statements or notes thereto.

G. Group audits

Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Council, subsidiary undertakings and associated undertakings.

H. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

I. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the consolidated and parent financial statements.
2. The key assumptions used in preparing the consolidated and parent financial statements are, to the extent allowable under the requirements of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, aligned with the statements we have made in the other information or other public communications made by us .

J. Ownership of Assets

Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

K. Reserves

We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

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Management representation letter

Draft Management Rep Letter

L. Use of the Work of a Specialist

We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment, investment properties, and pension liabilities and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Estimates

Valuations of property, plant and equipment, investment properties and net pension liability

1. We confirm that the significant judgments made in making the valuation of property, plant and equipment, investment properties, and pension liabilities have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of property, plant and equipment, investment properties, and pension liabilities.
3. We confirm that the significant assumptions used in making the valuation of property, plant and equipment, investment properties, and pension liabilities appropriately reflect our intent and ability to carry out valuations on behalf of the Council.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty, are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of property, plant and equipment, investment properties, and pension liabilities.

6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

N. Retirement benefits

On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Peter Vickers - Section 151 Officer (Chief Finance Officer)

Councillor Bill O' Donovan- Chairperson of the Audit & Governance Committee

xx February 2026

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