



Audit Findings (ISA 260) Report for Elmbridge Borough Council

Year ended 31 March 2025

Finalised February 2026



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29 January 2026

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Dear Members of the Audit and Standards Committee

Audit Findings for Elmbridge Borough Council for the 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with the management and will be discussed with the Audit and Standards Committee.

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

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

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Paul Cuttle

Director
For Grant Thornton UK LLP

Chartered Accountants

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01 Headlines

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Elmbridge Borough Council (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and Authority's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed during September–December (as planned). Our findings are summarised on pages 14 to 31. We have identified one adjustment to the financial statements. These have no impact on the level of the Authority's usable reserves.

Audit adjustments are detailed at page 36. We have also raised recommendations for management as a result of our audit work. These are set out at page 43. Our follow up of recommendations from the prior year's audit are detailed at page 44.

Our work is now complete.

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

Our financial statements audit report opinion is unmodified.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the 26 November meeting of the Audit and Standards Committee. Further details about our value for money work is included on page 47-48 of this report.

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties in relation to the 2024/25 audit.

We have completed the majority of work required under the Code. However we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has not been received from the NAO that the group audit(Department of Health & Social Care for NHS and Whole of Government Accounts for non-NHS) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

- We noted that the implementation of IFRS did not have a material financial material impact upon the statements. Our audit testing therefore focussed on the review of the leases as disclosed and tested in prior years and the transition to the accounting treatment under IFRS16, alongside reviews of the Council’s working papers and lease registers to gain assurance over the completeness of the exercise and disclosures.
- We reviewed the Council’s accounting policies and disclosures for appropriateness against the Code/IFRS16 requirements.
- We reviewed the application of judgment and estimation in the application of the new standard.
- Reviewed the identification of peppercorn rentals how these were treated under IFRS 16 as appropriate

02 Materiality

Our approach to materiality

As communicated in our Audit Plan dated April 2025, we determined materiality at the planning stage as £2.8m based on 2.5% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements and the materiality has been updated which is due to change in gross expenditure figure as per the draft financial statements.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £2.75m based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.
- We have used 2.5% of gross expenditure as the basis for determining materiality.

Performance materiality

- We have determined performance materiality at £2.062m, this is based on 75% of headline materiality. We have revised the performance materiality due to the actual gross expenditure changing significantly from that anticipated at the planning stage resulting in a review of the appropriateness of the materiality figure.

Specific materiality

- Lower separate materiality was identified for Senior Officers remuneration and so we have applied a lower level of materiality of £0.100m.

Reporting threshold

- We will report to you all misstatements identified in excess of £0.137m, in addition to any matters considered to be qualitatively material.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Authority (£)	Qualitative factors considered
Materiality for the financial statements	2,750,000	This is equivalent to approximately 2.5% of the Authority's gross operating expenditure for the period ended 31 March 2025.
Performance materiality	2,062,500	Performance materiality has been set at 75% of financial statement materiality. Performance materiality is an amount used for audit testing purposes to reduce to an appropriate low level the probability that the aggregate value of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Specific materiality for Senior officers remuneration	100,000	Any error relating to Senior officers remuneration might have added significance for the accounts as a whole and so we have applied a lower level of materiality.
Reporting threshold	137,500	Reporting threshold is set at 5% of the overall materiality.

03 Overview of significant and other risks identified

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Risk 1 - Management override of controls	Significant	↔	✓	High	●
Risk 2 – The revenue cycle includes fraudulent transactions	Significant	↔	✓	Medium	●
Risk 3 – The expenditure cycle includes fraudulent transactions	Significant	↔	✓	Medium	●
Risk 4 – Valuation of the net pension fund asset or liability	Significant	↔	✗	High	●
Risk 5 - Valuation of land and buildings (including investment properties)	Significant	↔	✗	High	●
Risk 6 – Implementation of IFRS 16	Other	↔	✗	Low	●

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks (continued)

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Audit procedures performed

We have:

- evaluated the design effectiveness of management controls over journals;
- analysed the journals listing and determined criteria for selecting high risk or unusual journals;
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Key observations

The work has not identified any issues in respect of this risk.

As in the prior year, our testing identified inconsistent practices in the authorisation of journal entries. In some cases, journals prepared by one accountant were authorised by the same individual, in others they were authorised by a different accountant, and in several cases no authorisation was recorded at all. Although no errors or issues with management override of controls were identified, the absence of a consistent and clearly applied authorisation process reduces the audit trail and weakens accountability.

We raised a recommendation in the prior year which is show on page 45, and this control recommendation remains relevant to the current control system around journals.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>In Audit Plan, we had determined that the risk of fraud arising from revenue recognition could be rebutted for all of the Council's revenue streams.</p> <p>For revenue streams involving Council Tax, Business Rates and government grants we have rebutted this risk on the basis that these are income streams which are primarily formula-driven and where the opportunities to manipulate recognition are very limited.</p> <p>For all other revenue streams we have concluded that the risk of fraud arising from revenue recognition can also be rebutted because, based on our knowledge of the authority:</p> <ul style="list-style-type: none"> - there is little incentive to manipulate revenue recognition; and - opportunities to manipulate revenue recognition are very limited. <p>There have been no changes to our assessment as reported in the Audit Plan.</p>	<p>To gain assurance over revenue, we:</p> <ul style="list-style-type: none"> - Tested a sample of revenue to gain assurance over the accuracy and occurrence of revenue recorded during the financial year. - Performed testing over post year-end receipts to assess completeness of revenue and receivables recognition. 	<p>The work has not identified any issues in respect of this risk.</p>

Significant risks (continued)

Risk identified

The expenditure cycle includes fraudulent transactions

Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.

Having considered the risk factors and the nature of the expenditure streams at the Council, and taking into account our knowledge of the authority and the outcomes from our work in previous years, we have determined that the risk of fraud arising from expenditure recognition is low and that this is not a significant risk for our audit. However, as with other local authorities we have assessed that there is an increased risk of error around estimation and cut-off processes at year end. There have been no changes to our assessment as reported in the Audit Plan.

Audit procedures performed

To gain assurance over expenditure, we:

- Evaluated the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code of practice on local authority accounting;
- Updated our understanding of the system for accounting for expenditure and evaluated the design of associated processes and controls;
- Agreed a sample of relevant expenditure and year end payables and accruals to invoices or other supporting evidences;
- Tested a sample of invoices received in the period prior to and following 31 March 2025 to determine whether expenditure is recognised in the correct accounting period.

Key observations

The work has not identified any issues in respect of this risk.

Significant risks (continued)

Risk identified

Valuation of land and buildings (including Investment Properties)

Under the Code of practice on local authority accounting Councils are expected to revalue land and buildings assets with sufficient regularity to ensure that the carrying value is not materially different from the current value at the financial statements date. Investment properties should be revalued annually at fair value.

The valuations of land and buildings represent a significant estimate by management in the financial statements. We therefore identified valuation of land and buildings as a significant risk, with a particular focus on the inputs supporting the valuations and the key assumptions by the Council's external Valuer.

Audit procedures performed

We have:

- Reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuers and the scope of their work;
- Considered the competence, expertise and objectivity of any valuation experts used;
- Written to the valuer to confirm the basis on which the valuation was carried out, and reviewed the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- Tested that revaluations made during the year are input correctly into the Council's asset register; and
- Evaluated the assumptions made by management for those land and building assets not revalued during the year and how management have satisfied themselves that the valuation for those assets is not materially different to current value.

Key observations

The issues identified in respect of this risk has been reported in further detail in Section 06 Audit Adjustments. These do not materially impact on the balances disclosed in the financial statements.

Significant risks (continued)

Risk identified

Valuation of net pension asset or liability

The Authority's share of the pension fund net liability/asset, as reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability/asset is considered a significant estimate due to the size of the numbers involved (£17.662m in the Authority's Balance Sheet at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code. We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's net pension liability/asset as a significant risk.

Audit procedures performed

We have:

- Updated our understanding of the processes and controls put in place by management to ensure that the pension fund net asset or liability is not materially misstated and evaluated the design of the associated controls;
- Evaluated the instructions issued by management to the actuary as management expert and the scope of the actuary's work;
- Assessed the competence, capabilities and objectivity of the Council's actuary;
- Assessed the accuracy and completeness of the information provided by the Authority to the actuary;
- Tested the consistency of the pension fund balances and the disclosures in the financial statements with the actuary report;
- Reviewed the reasonableness of the actuary's assumptions using an auditor's expert and perform any additional procedures required; and
- Assessed if the estimated asset or liability appropriately takes into account the requirements of IFRSIC 14.

Key observations

The issues identified in respect of this risk has been reported in further detail in Section 06 Audit Adjustments. These do not materially impact on the balances disclosed in the financial statements.

Other risks

Risk identified

Implementation of IFRS 16

The adoption of IFRS 16 is required for local government authorities at 1 April 2024. We would expect audited bodies to disclose the implementation of the new accounting standard requirements, the nature of the changes in accounting policy for leases, along with the impact of IFRS 16 on transition.

Audit procedures performed

We have:

- Evaluated the Council's overall arrangements for the implementation of IFRS 16;
- Reviewed the supporting trails for the disclosures in 2024/25 financial statements to gain assurance over completeness of the leases considered under IFRS 16;
- reviewed the Council's accounting policies and disclosures for appropriateness against the Code/IFRS16 requirements;
- reviewed the application of judgment and estimation in the application of the new standard;
- reviewed the treatment of peppercorn rentals;

Key observations

The work has not identified any issues in respect of this risk.

04 Other findings

Other findings – accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.	<ul style="list-style-type: none"> The policy is consistent with the relevant accounting framework. Our testing has confirmed that revenue is being recognised in accordance with the accounting policy. 	<p>● GREEN</p>
Expenditure recognition	<p>Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.</p> <p>Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.</p>	<ul style="list-style-type: none"> The policy is consistent with the relevant accounting framework. Our testing has confirmed that expenditure is being recognised in accordance with the accounting policy. 	<p>● GREEN</p>
Valuation methods	<p>Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic</p> <p>(Continued)</p>	<p>We reviewed the Council's assessment of the estimate, considering;</p> <ul style="list-style-type: none"> Assessment of the Council's management's expert. Undertaking testing on the completeness and accuracy of the underlying information provided to management expert (valuer) used to determine the estimate. <p>(Continued)</p>	<p>● GREEN</p>

Assessment:

- Red = Marginal accounting policy which could potentially be open to challenge by regulators
- Amber = Accounting policy appropriate but scope for improved disclosure
- Green = Accounting policy appropriate and disclosures sufficient

Other findings – accounting policies

Accounting area	Summary of policy	Comments	Assessment
Valuation methods	(continued) benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.	<ul style="list-style-type: none"> Reasonableness of increase/decrease in estimates on individual buildings. 	 GREEN
(Continued)	<p>Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</p> <p>Assets are then carried in the Balance Sheet using the following measurement bases:</p> <ul style="list-style-type: none"> infrastructure and community assets– depreciated historical cost; assets under construction – historical cost; dwelling - current value, determined using the basis of existing use value for social housing (EUV-SH) surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective; and all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV). <p>Where there is no market-based evidence of fair value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value.</p>	<ul style="list-style-type: none"> Adequacy of disclosure of estimate in the financial statements. <p>All the of the properties have been appropriately valued by the management expert.</p>	

Assessment:

-  Red = Marginal accounting policy which could potentially be open to challenge by regulators
-  Amber = Accounting policy appropriate but scope for improved disclosure
-  Green = Accounting policy appropriate and disclosures sufficient

Other findings – key judgements and estimates

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

Assessment:

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

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p>Valuation of land and buildings £149.406m at 31 March 2025</p>	<p>Other land and buildings comprises £74.27m of specialised assets, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£75.14m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged Wilks Head & Eve to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. 74% of total assets were revalued during 2024/25.</p>	<p>We undertook the following procedures:</p> <ul style="list-style-type: none"> • We have reviewed the completeness and accuracy of the underlying information used to determine the valuation. This included testing accuracy of floor areas to plans provided to the valuer and testing of obsolescence and build cost assumptions. For investment properties, we reviewed the completeness and accuracy of rental income information, and the reasonableness of yield percentages applied in calculating the fair value. We have also assessed the appropriateness of the valuation method, the type of inspection performed, and any assumptions made in respect of local factors; • We are satisfied that the Council's expert is objective, competent and knowledgeable in their field of expertise; <p>(continued)</p>	<p>● GREEN</p>
<p>Valuation of Investment Property £79.182m at 31 March 2025</p>	<p>The total year end valuation of land and buildings was £149.406m, a net increase of £24.792m from 2023/24 (£124.614m). The total year end valuation of investment properties was £79.182m, a net increase of £0.207m from 2023/24 (£78.975m).</p>		

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings £149.406m at 31 March 2025		<ul style="list-style-type: none"> • We have reviewed the impact of any changes to the valuation method and incorporated this into our sample selection; • We have reviewed the consistency of valuations against our auditor's expert market trend report and adequacy of disclosure in the financial statements; • We evaluated management's assessment of those assets not revalued in the year. We made our own assessment of the potential value of these assets at 31 March 2025. 	
Valuation of Investment Property £79.182m at 31 March 2025			

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p>Valuation of council dwellings £5.251m at 31 March 2025</p>	<p>The Authority owns dwellings and revalues these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance stipulates that either the use of beacon methodology or discounted cash flow can be used to value council dwelling properties. The Authority has applied the beacon valuation method which entails a detailed valuation of representative property types which is then applied to similar properties. The Authority has engaged external valuer to complete the valuation of these properties. The year end valuation of council dwellings was £5.251m, a net increase of £0.119m from 2023/24 (£5.132m).</p>	<p>We undertook the following procedures:</p> <ul style="list-style-type: none"> • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work. • Evaluated the competence, capabilities and objectivity of the valuation expert. • Discussed with, and wrote to, the valuer to confirm the basis on which the valuation was carried out. • Reviewed and tested a number of assets back to market data for properties in that area. • Reviewed a sample of assets to test the appropriateness of the Beacon applied as well as undertaking existence testing of a sample of assets. • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding. 	<p> GREEN</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Valuation of net pension liability £17.662m at 31 March 2025</p> <p>IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.</p>	<p>The Authority’s net pension liability at 31 March 2025 is £17.662m (PY £4.522m). The Authority uses Hymans Robertson to provide actuarial valuations of the Authority’s assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.</p>	<p>We undertook the following procedures:</p> <ul style="list-style-type: none"> • We assessed management’s actuarial expert and concluded that they are competent, capable and objective in producing the estimate; • We engaged an auditor’s actuary expert to challenge the reasonableness of the estimation method used and the approach taken by the actuary to verify the completeness and accuracy of the information used. We were satisfied that the actuary was provided with complete and accurate information about the workforce, and that the method applied was reasonable; • The auditors’ expert provided us with indicative ranges for assumptions by which we have assessed the assumptions made by management’s expert. As set out below, all assumptions were within the expected range or explained by management to a sufficient degree. <p>(continued)</p>	<p> GREEN</p>

Other findings – key judgements and estimates

Key judgement or estimate

Summary of management's approach

Auditor commentary

Assessment

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.8%	5.8% -5.85%	Reasonable
Pension increase rate	2.8%	2.7% - 2.8%	Reasonable
Salary growth	3.8%	0.5% to 2.5% p.a. above CPI	Reasonable
Life expectancy – Males currently aged 45/65	22.9/ 21.8	N/A	Reasonable
Life expectancy – Females currently aged 45/65	26.0/ 24.3	N/A	Reasonable

- We carried out analytical procedures to conclude whether the Council's share of LGPS pension assets and liabilities were reasonable. We concluded that the Council's share of assets and liabilities was analytically in-line with our expectations;
- We have confirmed from the auditor of Surrey Pension Fund as to the controls over the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the Pension Fund and the fund assets valuation in the Pension Fund financial statements.

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Minimum revenue provision £1.681m in 2024/25</p>	<p>The Authority is responsible on an annual basis for determining the amount charged for the repayment of debt known as its minimum revenue provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £1,681k, a net increase of £48k from 2023/24. This represents a 2.75% charge against the general fund capital financing requirement (CFR).</p>	<p>We have completed our work on review of MRP estimate to conclude;</p> <ul style="list-style-type: none"> • whether the MRP has been calculated in line with the statutory guidance • whether the Authority’s policy on MRP complies with statutory guidance. • Assess whether any changes to the Authority's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full Council • Reasonableness of the increase in MRP charge <p>New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p> <p>We were satisfied that MRP has been estimated and calculated in line with statutory guidance, and that the estimate is reasonable when considered against the overall capital financing requirement of the authority.</p>	<p>● GREEN</p>

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Civica	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	No other risks
Adelante	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	No other risks
i-Trent	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Green	No other risks

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

05 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit and Standards Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations. We have not identified any incidences from our audit procedures performed.
Written representations	<ul style="list-style-type: none"> A letter of representations will be requested from the Authority.
Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. We have requested management to follow up the outstanding responses.
Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements.
Audit evidence and explanations	<ul style="list-style-type: none"> All information and explanations requested from management was provided.

Other responsibilities

Issue	Commentary
<p>Going concern</p>	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> • The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> • the nature of the Authority and the environment in which it operates • the Authority’s financial reporting framework • the Authority’s system of internal control for identifying events or conditions relevant to going concern • management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> • a material uncertainty related to going concern has not been identified; and • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified thus far, however subject to completion of the outstanding audit procedures. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We cannot yet certify the closure of the 2024/25 audit where confirmation has not been received from the NAO that the group audit (Department of Health & Social Care for NHS and Whole of Government Accounts for non-NHS) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code.</p>

06 Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Incorrect classification of Grants	Nil	Dr Short Term Creditors £627.35	Nil	Nil
As part of our testing of Grant Received in Advance and Creditors, we noted that various grants are misclassified to the Creditors balance. Hence, the Grant received in advance balance is understated by £627,350.13 and should be £4,952,152.12 as at 31 March 2025.		Cr Grants Received in Advance - Revenue £627.35		
Overall impact	0	0	0	0

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Note 31	<p>Officers' Emoluments Note:</p> <p>In the disclosure of Officers' Emoluments, the disclosure states that there are 29 employees paid in the band of 50-55k, however while performing our testing it was identified that 35 employees are paid in the band of 50-55k. Management agreed the error as highlighted, and the number of employees was accordingly amended to 35.</p>	✓
Note 16	<p>Financial Instruments:</p> <p>In the Financial Instruments, where management has split the creditors balance as per the definition of financial instruments, a creditor balance item of £737k was incorrectly classified as a financial instrument where it does not meet the definition of financial instruments. Management has acknowledged the error and agreed to amend the note accordingly.</p>	✓
Note 40	<p>Pensions</p> <p>The Council initially chose not to disclose the potential liability associated with the Virgin Media case in the financial statements on the basis that LGPS rule changes are implemented through legislation rather than trustee decisions, and because HM Treasury has not confirmed that the case applies to public service schemes. Management also noted that Government amendments issued in September 2025 permit retrospective actuarial confirmations, reducing the risk of any changes failing the "broadly equivalent" test. Whilst we understand the Council's rationale for not adjusting pension liabilities, disclosure is nevertheless required under accounting standards to ensure transparency and reduce audit and reputational risk. The Council has therefore agreed to include reference to the Virgin Media case within the pensions note 40 in the final audited accounts, which we agree is more appropriate.</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 40	<p data-bbox="448 339 952 368">Defined Benefit Pension Obligation</p> <p data-bbox="448 389 2160 611">We noted the pensions note does not follow the IAS 19 layout, as it omits the unadjusted closing net asset of £19,297k as a separate line item before applying the asset ceiling. Instead, the accounts present only a single line titled “Effect of credit ceiling on net net assets,” making the application of the asset ceiling unclear. We advised the note should present the £19,297k net asset first, followed by the asset ceiling adjustment of (£36,959k), resulting in a reported net liability of £17,662k, in line with IAS 19 disclosure requirements. This would also more closely align the presentation in the accounts with the form in the actuarial report.</p> <p data-bbox="448 629 1556 659">The Council has confirmed it will amend the presentation in the final accounts.</p>	✓

Audit adjustments

Impact of unadjusted misstatements

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

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p>Investment Properties</p> <p>We noted a variance of £390,143 upon the recalculation of the 26-38a and garages, High Street, Cobham. This is due to floor area discrepancies in the calculation of the reversion rent. Management have confirmed that they do not hold floor plans for this property, and thus auditor has agreed floor plans to the original purchasers report. On this basis will raise a projected unadjusted misstatement on this amount as it is below our performance materiality level but above triviality.</p>	Dr Surplus/ Deficit on Provision of Services £390.143	Cr Investment Property £390.143	Dr Surplus/ Deficit on Provision of Services £390.143	DR £390.143
<p>Defined Benefit Pension Obligation</p> <p>While performing our work on pension, we noted an updated version of the IAS 19 report was not used in preparing the accounts. Management advised that first version had already been incorporated and the updated version was received on 2 July 2025, after the statutory publication date of 30 June. Our review confirmed between the two versions confirmed that the only difference between the two reports is an asset variance of £318k, which is below performance materiality and does not materially affect the pension figures. As a result, no amendment to the published accounts is required, and the variance is reported as an uncorrected error on the basis that it arose due to timing and is not material to the financial statements.</p>	Dr Remeasurement of Net Defined Pension Liability £318	Cr Net Liability arising from the Defined Benefit Pension Obligation £318	DR £318	Nil

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p>Defined Benefit Pension Obligation</p> <p>Based on the Pension Fund auditor's report, private equity investments are understated by £26.542m at Fund level. Using the IAS 19 report, private equity represents approximately 2% of the total plan assets. Applying this proportion results in an estimated understatement of £530,840 for the Council's share of assets. This amount exceeds triviality but remains below performance materiality and is therefore reported as a projected unadjusted misstatement.</p>	Cr Remeasurement of Net Defined Pension Liability £530.840	Dr Net Liability arising from the Defined Benefit Pension Obligation £530.840	CR £530.840	Ni.
<p>Provisions</p> <p>In our work around completeness of provisions an understatement in provisions was identified of £600k</p>	Dr operating expenditure £600	Cr Provisions £600	DR £600	DR £600
Overall impact of current year unadjusted misstatements	Dr 778	Cr 778	Dr 778	990.143

Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24, and the resulting impact upon the 2024/25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Negative cash book balance incorrectly included in current assets on the balance sheet but should be disclosed as a current liability		136			Management consider the issue is not material
Dr Cash and cash equivalents – current assets		(136)			
Cr Cash and cash equivalents – current liabilities					
Overall impact of prior year unadjusted misstatements	0	0	0	0	
Cumulative impact of prior year and current year unadjusted misstatements on 2024/25 financial statements	Dr 778	Cr 778	Dr 778	990.143	

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p>The Remaining Useful Economic Life (UEL) range disclosed in the Statement of Accounts does not reflect all asset categories, as our testing identified four assets with UELs outside the stated range of 5–70 years. While management acknowledged these exceptions and noted that the disclosed range covers the majority of assets, the omission of outliers results in an incomplete disclosure. This increases the risk of users being provided with an inaccurate representation of asset lives, potentially impacting transparency and the reliability of the financial statements.</p>	<p>We recommend that the Council review and update the disclosure of Remaining Useful Economic Lives (UELs) within the Statement of Accounts to ensure that the range presented accurately reflects all asset categories. Although management noted that the disclosed range covers the majority of assets, several assets fall outside the stated UEL range, resulting in an incomplete and potentially misleading disclosure. The Council should reassess the full asset register, confirm the correct UEL ranges applicable to all asset classes, and amend the financial statement disclosure accordingly. Ensuring the disclosed UEL range is comprehensive will improve transparency, enhance compliance with reporting requirements, and reduce the risk of users of the financial statements being misinformed.</p> <p>Management response</p> <p>The accounting policy for useful lives will be revisited for accuracy in 2025/26.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in 06 recommendations being reported in our 2023/24 Audit Findings Report. See updates against each prior year recommendation below.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>PPE assets not revalued</p> <p>Where PPE assets are not revalued during the year management are required to assess (Code paragraph 4.1.2.37) if the valuations included in the financial statements are materially different from the current value which would have been determined if the assets had been revalued at the end of the reporting period.</p> <p>This management assessment was not performed for 2023/24.</p>	<p>Management have made an assessment of assets not revalued in 2024/25 using their professional valuer's market report, and have concluded on whether these assets are materially different from the current value (management concluded they were not).</p> <p>Satisfied this recommendation has been addressed in 2024/25.</p>
✓	<p>Minimum Revenue Provision – Annual statement</p> <p>The Council is required to prepare a statement ahead of each financial year explaining how the Minimum Revenue Provision (MRP) will be calculated. The statement for 2023/24 was not consistent with the underlying MRP calculations.</p>	<p>The MRP statement for 2024/25 was consistent with the underlying MRP calculations.</p> <p>Satisfied this recommendation has been addressed in 2024/25.</p>

Assessment

- ✓ Action completed
- ✗ Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Creditor balances overstated</p> <p>Audit testing identified a number of long-outstanding balances included in the total for creditors where there was no outstanding liability at 31.3.24.</p>	<p>This was not an ongoing issue for the 2024/25 year, our testing of creditors for the 31 March 2025 balance sheet date did not identify any creditors which were not supported by appropriate evidence/payment after the year end demonstrating the accuracy and occurrence of the transaction.</p> <p>Satisfied this recommendation has been addressed in 2024/25.</p>
X	<p>Authorisation processes for journals</p> <p>In our testing of journals we noted that the recording of authorisation for journals was inconsistent. The lack of a consistent authorisation process may make it more difficult to identify responsibility for journals posted. An effective authorisation process is also required as the Council does not have senior officer review processes covering all high value or non-standard journals, but places reliance on overall budgetary control procedures to identify any errors arising from journal postings.</p>	<p>This continues to be an issue for 2024/25, and we will therefore retain this control recommendation.</p>

Assessment

- ✓ Action completed
- Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Accounting policy on cash and cash equivalents</p> <p>We note that the Council’s accounting policy defines cash equivalents as “investments that mature in a specified period, no more than one month or less from the date of the balance sheet...”. This wording is potentially misleading and inconsistent with the definition of cash equivalents per the Code and accounting standards.</p>	The accounting policy for cash and cash equivalents has been updated to align with the Code and accounting standards.
✓	<p>Declarations of interest – nil returns</p> <p>Under the annual declaration process responses are requested from all members and those identified as senior officers. However, from inquiries with officers we understand that if a nil declaration is returned then this is not retained. All responses received under the annual declarations process should be retained to provide a supporting trail for the disclosures in the financial statements.</p>	<p>Nil returns were retained in the 2024/25 year.</p> <p>Satisfied this recommendation has been addressed in 2024/25.</p>

Assessment

- ✓ Action completed
- ✗ Not yet addressed

07 Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR was reported to members at the 26 November Audit and Standards Committee.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

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



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have not identified any significant weaknesses in arrangements.

08 Independence considerations

Independence considerations

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person (and network firms) have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to a current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Elmbridge Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees which we set out on the next page.

Audit fees	£
Audit of Authority	£165,095
Certification of Housing Benefits	£43,000
Total	£208,095

Fees and non-audit services

Audit-related non-audit services

Service	2024/25	£ Threats Identified	Safeguards applied
Certification of Housing Benefits	43,000	<p>Self-Interest (because this is a recurring fee)</p> <p>Self-review (because GT provides audit services)</p> <p>Management threat (if GT were to recommend a particular action or make a decision on behalf of management)</p>	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £43,000 in comparison to the total fee for the audit of £165,095 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>To mitigate against the self-review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.</p> <p>The scope of this work does not include making decisions on behalf of management or recommending a particular course of action.</p>

Fees and non-audit services

Audit fees	£
Audit scale fee(excluding VAT)	£165,095
IFRS 16 first time adoption fee variation	£2,500

Non-audit fees for other services	£
Certificate of Housing Benefits	£43,000

The above fees are exclusive of VAT.

The fees agree to the financial statements.

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Our team and communications

Grant Thornton core team

Paul Cuttle

Engagement Lead

- Key contact for senior management and Audit and Standards Committee
- Overall quality assurance

Andy Conlan

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Ali Hamza

Job In-Charge

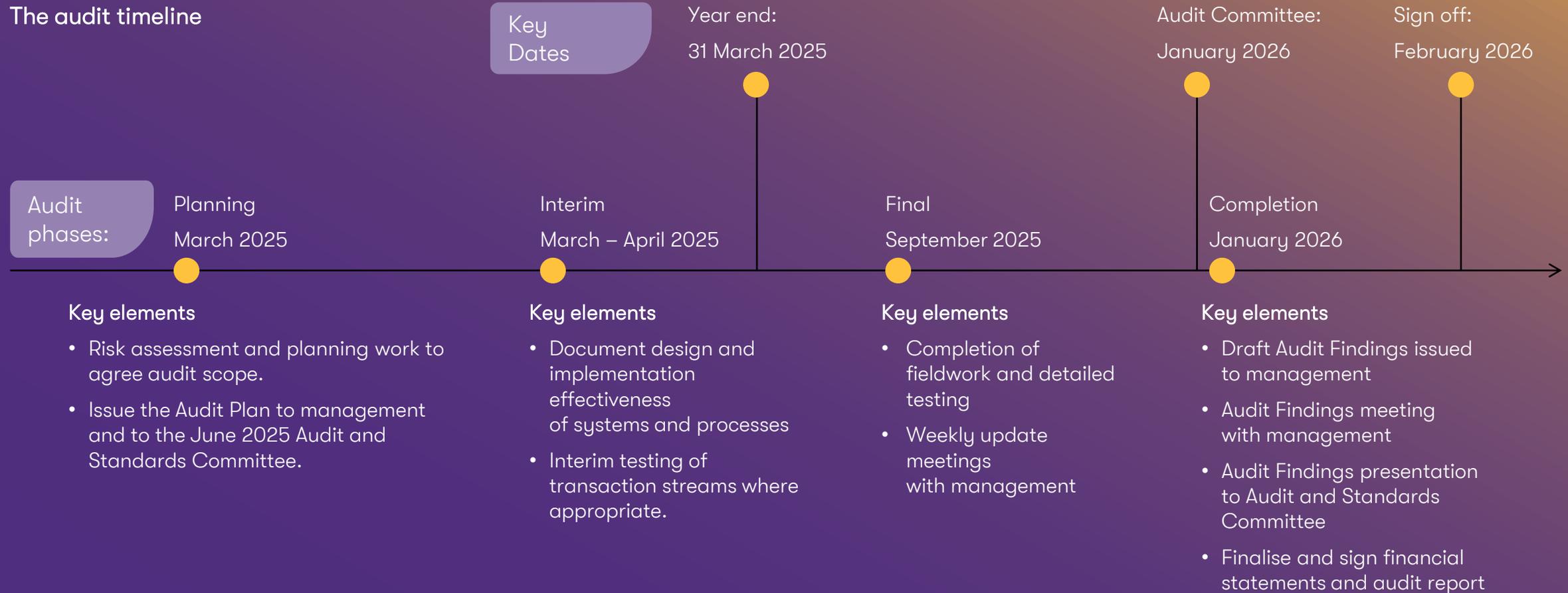
- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • The Audit Findings 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

C. Logistics

The audit timeline





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