

Audit Findings (ISA 260) Report for Runnymede Borough Council

Year ended 31 March 2025

January 2026
20 March 2026 Final

Runnymede Borough Council
Standards and Audit Committee
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Dear Standards and Audit Committee members

Audit Findings for Runnymede 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 management.

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.

Ade O Oyerinde

Director
For Grant Thornton UK LLP

Chartered Accountants

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1 Headlines and status of the audit

Headlines

This and the following summarises the key findings and other matters arising from the statutory audit of Runnymede Borough Council (the 'Authority') and the preparation of the group and 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 Group and Authority's financial statements give a true and fair view of the financial position of the Group and Authority and the Group 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.

In 2023/24, we were appointed as the auditor of Runnymede Borough Council. We presented our 2023/24 Audit Findings Letter to Standard and Audit Committee on 29 May 2025. At the time of writing, we are yet to issue our disclaimer opinion on your 2023/24 Statement of Accounts as your predecessor auditor is yet to issue their opinions on 2019/20 to 2022/23.

We assessed risks for 2024/25 and presented our Audit Plan to the Standards and Audit Committee on 29 May 2025, with fieldwork scheduled for mid-September. The Council published its 2024/25 draft accounts on 30 June 2025 in line with statutory deadline. To enable the scheduled fieldwork, both draft statements and working papers should be available at the start of fieldwork. However, we encountered delays in receiving supporting evidence and transaction listings within the agreed timeframe, which restricted our ability to perform certain substantive testing. Refer to 28 for details.

We appreciate the effort made by the finance team in drafting and publishing the 2024/25 accounts by the statutory deadline of 30 June 2025, particularly given the challenges of operating with a small finance team. We also acknowledge that the Council has not been fully audited for over four years, and the depth and rigour of current audit requirements and requests will necessitate a realignment of your practices and approach over time as we work together to rebuild audit assurance over the coming years.

We present our findings at the Standards and Audit Committee on 29 January 2026, caveating that while some areas of work is complete, some areas had limited or no audit coverage due to time constraints, notably grant income and other contributions, rent and lease income, employee benefit expenditure, other service expenditure, and the collection fund.

Headlines

Financial statements (continued)

We are in the process of completing our work in the following areas:

- completion of testing for debtors, expenditure and funding analysis, financial instruments, movement in reserves, contingent liabilities, and litigation and claims;
- resolution of queries on pension liability with your actuary, investments confirmation (3 outstanding), expected credit losses (reconciliation to disclosure), provisions (inputs corroboration), investment properties (including group), and capital financing requirements;
- final audit file reviews by Engagement Manager and Engagement Lead; and
- receipt and review of letter of representation.

Our work is complete and we issued a disclaimer of opinion on 20 March 2026.

Recognising the scale of the Council's position and the lack of external audit scrutiny in prior years, the journey to recovery will not be easy. Our goal is to continue to work closely with officers over the next few years to achieve an efficient audit cycle and rebuild assurance where possible, before the Surrey Local Government Reorganisation vesting date. We would like to acknowledge the efforts of officers and staff who contributed to the 2024/25 accounts audit.

Our findings to date are summarised on pages 18 to 37. We identified two adjustments to the financial statements, resulting in a nil adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed on 43. We also report one unadjusted misstatement arising from the work undertaken by the auditors of Surrey Pension Fund. The Council's share of the projected error is approximately £610k. Management did not adjust the accounts as the amount is immaterial. Refer to 44 for further details. We also raised 12 recommendations for discussion with management, refer to pages 47 to 53.

Owing to the challenges of undertaking an audit where the previous years audits were subject to backstop-related disclaimed audit opinions, we have been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements. Our anticipated financial statements audit report opinion will be disclaimed due to the lack of assurance over opening balances and unresolved issues in 2024/25. In forming a disclaimer of opinion, we will also consider if there are any specific concerns of a material nature that should be reported.

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, which is summarised on 53, and our detailed commentary was set out in the separate interim Auditor's Annual Report which we presented at the Standards and Audit Committee meeting on 27 November 2025. Based on our interim work, we are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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 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:

- the NAO confirms that the group audit for Whole of Government Accounts has been certified and that no further work is required by local government auditors to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code;
- Your predecessor auditor issues their audit certificate for the past disclaimed audits, which will allow us to issue the 2023/24 opinion and 2024/25 audit certificate.
- where the certificate for the previous year has not been issued.

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 faced significant challenges during this audit, mainly due to delays in receipt of some working papers and response to audit queries. We set out further details in ‘Headlines and status of the audit’ and ‘Other findings’ sections of this report. Our audit recommendations to support your accounts production and audit arrangements as set out on pages 47 to 52.

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

National context – local audit recovery

In the audit findings report for the year ended 31 March 2024, a disclaimer of opinion was proposed due to the backstop legislation. At the time of writing, we are yet to issue our audit report for 2023/24. We plan to issue the report shortly after the previous auditor has issued their audit opinions for the years 2019/20 to 2022/23.

As a result of the proposed disclaimer of opinion, for 2024/25:

- we have no assurance over the opening balances for 2024/25
- we have no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

Our aim for the 2024/25 audit has been to continue with rebuilding assurance, therefore our focus has been on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration and disclosures; and closing balances.

On 5 June 2025 the National Audit Office (NAO) published its “Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06” for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach;
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

We will discuss with you our strategy for rebuilding assurance, in the light of this year’s audit, as part of our planning for 2025/26.

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

As part of the 24/25 accounts preparation, the Authority had to consider the following:

- whether it has had a financial material impact upon the statements
- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that required updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Management have undertaken an IFRS 16 assessment in 2024/25 and concluded the impact is not material for the Council. Our work is complete. We made a recommendation in respect of your analysis of lease payments. Further details are set out on 26.

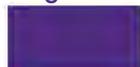
2 Group audit

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Key Audit Partner / Responsible Individual	Status	Comments
Runnymede Borough Council	Yes			Grant Thornton UK	Ade O Oyerinde (RI)	●	At the time of writing this report, the audit work on Council is complete. We set out our findings on pages 18 to 37 of this report.
RBC Investments (Surrey) Limited	Yes			Grant Thornton UK	Ade O Oyerinde (RI)	●	As set out in our Audit Plan, we focused our work on material balances which we determined was investment properties. The external audit of the component was completed and audited accounts was filed with Company House on 29 December 2025. Our review of the consolidated working papers highlighted some reconciling issues between the component, consolidated balances and intercompany balances eliminated. In some instances, the entries in the supporting schedules were 'typed in' numbers rather than links to supporting entries which resulted in additional time and created follow up queries. We recommend as part of your 2025/26 closedown arrangements you engage with component auditor early to ensure the audit is concluded timely and your supporting consolidated working papers have links to supporting entries.

Key

-  Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
-  Specific audit procedures designed by the group auditor (specific scope)
-  Specific audit procedures designed by a component auditor (specific scope)
-  Out of scope
-  Planned procedures are substantially complete with no significant issues outstanding.
-  Planned procedures are ongoing/subject to review with no known significant issues.
-  Planned procedures are incomplete and/or significant issues have been identified that require resolution.

Group audit (Continued)

Component	Risk of material misstatement to the group	Scope – planning	Scope – final	Auditor	Key Audit Partner / Responsible Individual	Status	Comments
RBC Services (Addlestone One) Limited	No			Grant Thornton UK	Ade O Oyerinde (RI)	●	As set out in our Audit Plan, we focused our work on analytical procedures. Our work has not identified any issues to report in this respect. The audited accounts was filed with Company House on 29 December 2025 by the component auditor.
RBC Heat Company Limited	No			Grant Thornton UK	Ade O Oyerinde (RI)	●	As set out in our Audit Plan, we focused our work on analytical procedures. Our work has not identified any issues to report in this respect. The audited accounts was filed with Company House on 29 December 2025 by the component auditor.

Key

-  Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
-  Specific audit procedures designed by the group auditor (specific scope)
-  Specific audit procedures designed by a component auditor (specific scope)
-  Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality.
-  Planned procedures are substantially complete with no significant issues outstanding.
-  Planned procedures are ongoing/subject to review with no known significant issues.
-  Planned procedures are incomplete and/or significant issues have been identified that require resolution.

3 Materiality

Our approach to materiality

As communicated in our Audit Plan dated 29 May 2025, we determined materiality at the planning stage as £1.4m for Group (based on 2.25% of prior year unaudited group gross expenditure) and £1.3m for the Council (2.05% of prior year council's gross expenditure). At year-end, we have reconsidered planning materiality based on the draft financial statements. Based on the updated figures, materiality for the Group and all components has not changed significantly. Accordingly, we have decided to retain the planning materiality previously set.

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

Basis for our determination of materiality

- We have determined Headline materiality at £1.4m for Group and £1.3m for Council based on professional judgement in the context of our knowledge of the Authority.
- We have used 2.25% of group gross expenditure as the basis for determining Group materiality and 2.05% of Council's gross expenditure for determining council's materiality.

Performance materiality

- We have determined performance materiality at £0.91m for Group and £0.85m for the Council. This is based on 65% of headline materiality. Typically, our performance materiality for a district council would be 75% of headline performance materiality.

Component Performance materiality

- Where audit work on components is being performed using component performance materiality, this has been set at £0.5m, in conjunction with relative risk and size of the component. The components details have been summarised on pages 14 to 15.

Reporting threshold

- We will report to you all misstatements identified in excess of £65k, in addition to any matters considered to be qualitatively material.

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

	Group (£)	Authority (£)	Component (£)
Materiality for the financial statements	1,400,000	1,300,000	-
Performance materiality	910,000	845,000	506,000
Reporting threshold	70,000	65,000	-

4 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
Management override of controls	Significant	↔	✓	High	No overall conclusion formed this year, as our opinion has been disclaimed
Valuation of land and buildings including Council dwellings	Significant	↔	✗	High	
Valuation of Investment Properties	Significant	↔	✗	High	
Valuation of Pension fund net asset/liability	Significant	↔	✗	High	
Revenue cycle includes fraudulent transactions	Significant	↔	✓	Low	
Expenditure cycle includes fraudulent transactions	Significant	↔	✓	Low	
First year Implementation of IFRS 16	Other	↔	✗	Low	

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

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.</p> <p>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</p>	<p>We have:</p> <ul style="list-style-type: none">• evaluated the design and implementation of management controls over journals;• analysed the journals listing and determined the criteria for selecting high risk unusual journals;• tested unusual journals recorded during the year and after the draft accounts 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. <p>We selected 46 journals to test.</p>	<p>We note the following observations:</p> <ul style="list-style-type: none">• we note a lack of segregation of duties between authorisation, posting and approval of journals. This creates a risk of self authorisation that could result in override of controls; management confirm they have in place mitigation controls to review posted journals however this is not routinely evidenced and retained;• as part of our review of the completeness of journals, we note there were incomplete records resulting in significant variances. Subsequent follow up discussion confirmed that journal listings provided were for periods 1 to 12 (as requested by the auditor) and differences identified related to period 13 which were later provided; and• we noted that imported journals do not show user IDs and are recorded as manual entries, making it difficult to identify who imported them and segregation between imported and manual journals. <p>We understand that the Council is in the process of replacing its general ledger system in 2025/26 and we recommend the segregation of duties between authorisation, posting and approval of journals be included as part of the journal process and manual journals have a unique identifier.</p> <p>We further recommend that the new ledger system include system reports that provide the full list of journals for the financial year to enable the completeness of journals to be verified timely, display user IDs for imported journals and include functionality to distinguish imported journals from manual entries.</p>

Significant risks

Risk identified

Valuation of land and buildings (including Council Dwellings)

The authority revalues its land and buildings on a rolling five-yearly basis to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value at the financial statements date.

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. Where any valuation is materially different for any asset, a review of similar assets in that class is undertaken to ensure fair value at the end of the reporting period.

Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the RICS "Red Book" UK Appendix 5 "Valuation of Local Authority Assets", and in accordance with International Financial Reporting Standards (IFRS) 13 & CIPFA Code of Practice on Local Authority Accounting. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. There is a high amount of estimation uncertainty involved, which causes a risk factor due to the potential for error.

We therefore identified valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

We have:

- 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;
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met and discuss this basis where there are any departures from the Code;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- tested revaluations made during the year to see if they are input correctly into the Authority's asset register; and
- evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Key observations

We note the following observations:

- management did not perform an assessment of assets not revalued (Council dwellings £337m, Other land and building £31m) during the year to satisfy itself that the carrying amounts were not materially different from current value at year-end. We recommend this assessment is done each year as part of your supporting records.
- council dwelling records currently do not provide sufficient property-level detail to support audit testing and recalculation. Although properties were grouped under the beacon methodology by your valuer, the underlying granular data was not available during the audit. This created challenges for key audit procedures, including undertaking physical verification of sampled properties within each beacon group and independently recalculating the valuation of beacon archetypes. We recommend management work with the valuer to ensure that:
 - comprehensive, property-level records for all dwellings within each beacon group are maintained to support physical verification and existence testing; and
 - future valuation exercises are supported by sufficiently detailed underlying data to enable independent recalculation of beacon valuations.

Significant risks

Risk identified

Valuation of investment property

The authority revalues its investment properties on an annual basis at fair value.

The valuation of investment properties represents a significant estimate by management in the financial statements due to the size of the numbers involved as at 31st March and the sensitivity of this estimate to changes in the key assumptions.

The Council has significant investment properties totalling £350.8m as at 31 March 2025.

Management will need to ensure that the carrying value in the Council's financial statements is not materially different from the fair value at the financial statements date.

We therefore identified the valuation of investment properties as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

We have:

- 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;
- written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met and discuss this basis where there are any departures from the Code;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the scope of the Council's valuer's work, the Council's Valuer's reports and the assumptions underpinning the valuations; and
- tested, on a sample basis, revaluations made during the year to see if they are input correctly into the Authority's asset register.

Key observations

Our work is complete.

Our work to date has not identified any issues to report.

Significant risks

Risk identified

Valuation of net pension liability

The Authority's pension fund net asset/liability, as reflected in its balance sheet as the net asset/liability on defined pension scheme, represents a significant estimate in the financial statements.

The Authority's pension fund net liability/asset, as reflected in its balance sheet as the net liability/asset on defined pension scheme, 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, and the sensitivity of the estimate to changes in key assumptions

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 liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management experts (the actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liabilities;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial reports from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of Surrey CC pension fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the Fund and the fund assets valuation in the Fund's financial statements.

Key observations

Our work on pension liabilities is complete.

We identified a difference of £1.01m between benefits paid per pension fund auditors and equivalent figures in your IAS 19 actuary report. We are following up this with both Council's officers and Surrey's pension fund auditors. This work is in progress at the time of writing.

Additionally, the Surrey Pension Fund auditors identified a £26.5m undervaluation of level 3 investments. The Council's share of this difference is approximately £610k. Management has decided not to post the adjustment as the net impact is immaterial. We have therefore included this in our unadjusted misstatement table.

Other than the matter described above, our work to date has not identified any material issue relating to Pension valuations.

Significant risks

Risk identified

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. We have considered all revenue streams of the Group/Council and we have rebutted this risk for all revenue streams.

For revenue streams that are derived from Council Tax, Business Rates and Grants we have rebutted this risk on the basis that they are income streams derived primarily from grants or formula-based income from central government and taxpayers and that opportunities to manipulate the recognition of these income streams are very limited.

For other revenue streams, we have identified from our experiences as your auditor and through our understanding of your business processes around revenue recognition that the risk of fraud arising from revenue recognition could be rebutted because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited;
- the cultural and ethical frameworks of local authorities, including Runnymede Borough Council, mean that all forms of fraud are seen as unacceptable.

Audit procedures performed

We have

- evaluated the Council's accounting policy for recognition of income from investment properties, Housing benefit subsidy, Interest income, Government Grants and fees and other charges for appropriateness;
- gained an understanding of the Council's system for accounting for income from commercial income, sales and other charges, and evaluate the design of the associated controls;
- agreed on a sample basis, amounts recognised as income from investment rents, fees and other charges and cost in the financial statements to supporting documents;
- tested the completeness of revenue within the 24/25 financial statements; and
- tested the associated trade receivables or debtors pertaining to investment rents and other sales and charges.

Key observations

Our review is complete. Our sample testing of fees charges and other service income did not identify any issue to report to those charged with governance.

As part of our review of completeness of income, we selected transactions either side of financial year end to ensure they were correctly accounted for in the right accounting period. Although we encountered some delays from both our team and yours in relation to sample provision and follow-up information, the evidence received enabled us to conclude that income had been appropriately recorded in the correct accounting period.

We set out on pages 28 and 29 our findings on grant income, other contributions and rent and leases.

Significant risks

Risk identified

The expenditure cycle includes fraudulent transactions

Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

We have identified and completed a risk assessment of all expenditure streams for the Group/Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is a significant risk. This is due to the low fraud risk in the revenue cycle, the high volume and nature of expenditure transactions, or immaterial nature of the expenditure streams both individually and collectively.

Audit procedures performed

We have

- evaluated the Council's accounting policy for recognition of expenditure on goods, services, and contracts for appropriateness;
- gained an understanding of the Council's system for accounting for expenditure, including purchase orders, invoices, and payment processes, and evaluated the design of the associated controls;
- agreed on a sample basis, amounts recognised as expenditure in the financial statements to supporting documents such as supplier invoices and contracts;
- tested the completeness of expenditure within the 24/25 financial statements; and
- tested the associated trade payables or creditors relating to goods, services, and contractual payments.

Key observations

Our review is complete.

As part of our review of completeness of expenditure, we selected transactions either side of financial year end to ensure they were correctly accounted for in the right accounting period. Although we encountered some delays from both our team and yours in relation to sample provision and follow-up information, the evidence received enabled us to conclude that expenditure had been appropriately recorded in the correct accounting period.

We set out on pages 28 and 29 our findings on employee benefit expenditure, housing benefit expenditure, other service expenditure and other support service recharges.

Other risks

Risk identified

First year Implementation of IFRS 16

Implementation of the new accounting standard in relation to leases leads to an increased risk of misstatement in the accounts as there is a risk that disclosures may not be compliant with the Code, or accounting assumptions/estimates made in the implementation of the standard could be unreasonable.

Audit procedures performed

We have

- carried out a detailed review of the Council's implementation of IFRS 16, including any assumptions and estimates made in implementation of the standard;
- reviewed the processes to ensure the completeness of information around leases;
- tested the accounting entries made for the implementation of the standard and reviewed the Council's disclosures for accuracy and completeness; and
- on a sample basis, tested management process of ensuring completeness of right-of-use assets and lease liabilities.

Key observations

Our review is complete. We selected a sample of 10 operating leases. We reperformed the recalculation and found variances in your analysis of lease payments of less than 1 year, 1 – 5 years and greater than 5 years some which were material.

We also experienced delays in receipt of some samples and follow up explanations, however, where we were able to complete majority our testing. 4 out of 10 samples were satisfactory though we also identified immaterial / trivial differences in your analysis of lease payments.

Many of these leases have been in place for a number of years and we recommend management carry out regular and periodic reviews of the lease calculation analysed between years for accuracy.

Other than the matter described above, our work to date has not identified any material issue relating to IFRS 16 leases.

5 Other findings

Other areas impacting the audit

Issue

Commentary

Internal Recharges included within transaction listings

Our approach to testing employee benefit expenditure, other service expenditure, and support service recharge balances requires selecting samples from the in-year transaction listings. Each of these areas includes material internal recharges. However, we noted that the current ledger system is unable to produce a detailed transaction listing for internal recharges due to system limitations.

We discussed this with management and, despite several attempts to generate the required report from an ageing ledger system, it became clear that the cost and effort required to test internal recharges would outweigh the incremental assurance obtained.

In addition, the absence of this functionality contributed to difficulties in reconciling the trial balance to the Comprehensive Income and Expenditure Statement. As a result, we were unable to complete our testing of the areas noted above.

Auditor view

We recommend that management ensures the new ledger system includes capability to generate detailed transaction listings, including internal recharges with supporting full audit trails. A modern system with improved reporting functionality would enhance the accuracy of financial reporting, facilitate more efficient audit processes, and reduce the operational burden associated with workarounds.

Management response

Management responses have been set out in detail from 47 to 53.

Rent and Lease Income

£20m as at 31 March 2025

Our approach to testing rent and lease transactions requires selecting samples from the in-year transaction listings. However, we noted that the listings provided showed residential rent as a single aggregated transaction. Individual residential rent transactions are generated from a live housing system, which does not retain historical versions and therefore lacks a complete audit trail. Although a report generated in November 2025 was provided, the system limitations meant it did not reflect the position as at 31 March 2025 from which to test from. As a result, the report did not reconcile to the figures disclosed in the financial statements and could not be relied upon for the purposes of our audit testing.

Auditor view

We recommend that management incorporate into the closedown timetable a routine process to extract and retain the residential and rent report as at 31 March, as this underpins the calculation of income for the year.

Management response

Management responses have been set out in detail from 47 to 53.

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</p> <p>£58.5 at 31 March 2025</p>	<p>The Council engaged Montagu Evans to complete full revaluation of properties as at 31 March 2025.</p> <p>The total year end valuation of other land and buildings was £58.5m, a net decrease of £7.8m from 2024.</p>	<p>We have:</p> <ul style="list-style-type: none"> • assessed management’s expert, Montagu Evans to be competent capable and objective; • reviewed the valuation report of management's expert. The valuer has correctly prepared the valuation using DRC on a modern equivalent asset basis for specialised properties and EUV for non-specialised properties; • agreed the valuation reports provided by management’s expert to the fixed asset register and to the financial statements; • reviewed the key assumptions and inputs driving the valuation change for Land and Buildings held by the Council as at 31st March 2025. We have also engaged auditor’s expert for detailed review of the assumptions to form the basis of our conclusion; • for the assets revalued in year that we reviewed, we note that the overall assumptions and inputs used by the valuer were reasonable, they relied on information produced by the entity. 	<p>No overall conclusion formed this year, as our opinion will be disclaimed</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Valuation of council dwellings £337m at 31 March 2025	The Authority owns 2,883 council dwellings as at 31 March 2025 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 Montagu Evans to complete the valuation of these properties. The Valuation performed in 2023/24 by your expert was not subject to audit.	We have not been able to conclude the testing in this area due to the reasons mentioned in significant risk section on 21.	No overall conclusion formed this year, as our opinion has been disclaimed

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Investment Properties £350.8m at 31 March 2025</p>	<p>The Council has a significant Investment and Property Portfolio relative to its size. The Council values all investment properties on a Fair Value basis every year. The Council’s valuer for Investment Properties is Montagu Evans. There was a small change (£0.8m) in fair value for investment properties from 2023/24.</p> <p>The valuer has based the revaluation movements for the Council’s investment portfolio on capitalising the rental income by an appropriate yield and any voids, which is referred to as the “investment method”. The rental income was provided to the Valuer and the yields adopted were based on comparable information and the valuer’s opinion of value in relation to the variety of investment assets.</p> <p>Management challenges the valuers on their valuations if any movements appear unusual, as part of an analytical review exercise on the draft valuations. These will then either be corroborated by the valuer or amendments made in the final valuation, if deemed necessary by the valuer.</p> <p>Under Investment Property Note 16, Investment properties have been valued using a combination of yield and comparative market prices. Hence under the requirements of IFRS 13 Fair Value Measurement, all are defined as Level 2 investments.</p>	<p>As part of the approach to rebuild assurance, we focused our review on the closing balance of Investment Properties. We have:</p> <ul style="list-style-type: none"> assessed the competences and skills of management’s expert, Montagu Evans to be competent capable and objective; agreed the valuation reports provided by management’s expert to the fixed asset register and to the financial statements. All properties have been revalued as at 31 March 2025. Additions in year are not subject to valuation; carried out testing of the completeness and accuracy of the underlying information provided to the valuer used to determine the estimate; reviewed the key assumptions and inputs driving the valuation change for investment properties held by the Council as at 31 March 2025. 	<p>No overall conclusion formed this year, as our opinion has been disclaimed</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</p> <p>£2.7m 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>(continued)</p>	<p>The Council’s IAS 19 Actuarial Valuation as at 31 March 2025 is £2.7m liability (PY £3.3m net asset) after the asset ceiling adjustment. The Council participates in the Local Government Pension Scheme (Surrey Pension Fund)</p> <p>Estimation of the net asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund assets. A firm of consulting actuaries is engaged to provide the fund managers with expert advice about the assumptions to be applied.</p> <p>The Council uses Hyman Robertson to provide actuarial valuations of the Council’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 March 2022. The next actuarial valuation currently in progress with results due early next year and effective from 1 April 2026.</p>	<p>We have:</p> <ul style="list-style-type: none"> completed an assessment of management’s expert with no issues noted. The actuary is independent and objective; completed an assessment of the approach taken by the actuary and concluded that an appropriate methodology is applied; engaged PwC as auditor’s expert to assess the actuary’s approach and assumptions made 	<p>No overall conclusion formed this year, as our opinion has been disclaimed</p>																								
<table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.80%</td> <td>5.80%-5.85%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.80%</td> <td>2.70%- 2.80%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.80%</td> <td>3.70%- 3.80%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>Current: 22.1 yrs Future: 22.6 yrs</td> <td>±8-10 years at extremities</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>Current: 24.6 yrs Future: 25.9 yrs</td> <td>±8-10 years at extremities</td> <td>●</td> </tr> </tbody> </table>				Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.80%-5.85%	●	Pension increase rate	2.80%	2.70%- 2.80%	●	Salary growth	3.80%	3.70%- 3.80%	●	Life expectancy – Males currently aged 45/65	Current: 22.1 yrs Future: 22.6 yrs	±8-10 years at extremities	●	Life expectancy – Females currently aged 45/65	Current: 24.6 yrs Future: 25.9 yrs	±8-10 years at extremities	●
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Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension liability continued	Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements.	<ul style="list-style-type: none">• reviewed the completeness and accuracy of the underlying information used to determine the estimate• completed a reasonableness of the Council's share of LPS pension assets.• completed a review of the reasonableness of increase/decrease in estimate• checked the adequacy of disclosure of estimate in the financial statements. <p>At the time of writing this report, our Pension liabilities work was on-going and is subject to completion of outstanding items set out on page 7.</p>	

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Minimum Revenue Provisions £5.1m</p>	<p>The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which capital expenditure provides benefits. The MRP guidance gives four ready made options for calculating MRP, but the authority can use any other reasonable basis that it can justify as prudent.</p> <p>For capital expenditure incurred and funded through borrowing the Council will calculate MRP using the asset life method as summarised in the table below. The MRP will be based on the estimated life of the assets purchased by the unsupported borrowing. The below are the types of assets and estimated useful economic lives:</p> <ul style="list-style-type: none"> • land and heritage assets - 50 years ELs • building and services – 50 years • investment property – 50 years • vehicle and plant - 10 years • IT equipment and software – 5 years • assets for regeneration and/or under construction: 0 years until development commences. 	<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>At the time of writing this report, our review of Minimum Revenue provision work was on-going and is subject to completion of item set out on page 7.</p>	<p>No overall conclusion formed this year, as our opinion has been disclaimed</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. In our indicative audit plan, we included Zellis Resource as scoped in for our ITGC assessment however, following completion of our risk assessment, we determined that this is not a relevant IT application, therefore, no ITGC control assessment is required.

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	
Total Finance	<ul style="list-style-type: none"> ITGC assessment (design and Implementation effectiveness) for Council hosted controls Understanding IT General Controls IT environment IT General Controls Segregation of Duties Analysis Cyber Security Workplan 	●	●	●	●	There is a risk of material misstatement due to potential management override of controls, particularly in relation to journal entries, management estimates, and transactions outside the normal course of business.

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

Other findings – Information Technology continued

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	
NEC	ITGC assessment (design and Implementation effectiveness)	●	●	●	●	None identified
CIPFA Asset Manager	ITGC assessment (design and Implementation effectiveness)	●	●	●	●	None identified
Civica Pay	ITGC assessment (design and Implementation effectiveness)	●	●	●	●	None identified

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

6 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	<ul style="list-style-type: none">• 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">• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any incidences from our audit work.
Confirmation requests from third parties	<ul style="list-style-type: none">• We requested from management permission to send confirmation requests to the Council's banking and investment counterparties. This permission was granted and the requests were sent. We are currently awaiting response from 3 external parties for investments at the time of writing.
Disclosures	<ul style="list-style-type: none">• Our work to date has identified few disclosures misstatements, however, we will be disclaiming the financial statements for 24/25.
Written representations	<ul style="list-style-type: none">• We will seek a group letter of representation from management before issuing an audit opinion.

Other communication requirements

Issue	Commentary
Audit evidence and explanations	<ul style="list-style-type: none">• The Council is on a journey of rebuilding and regaining assurance after its predecessor auditor disclaimed the accounting periods from 2019/20 to 2022/23. As your incumbent auditors, in 2023/24 we commenced the audit of the Council’s accounts in line with the backstop arrangements and the Local Audit Reset and Recovery Implementation Guidance issued by the NAO, focusing on in-year transactions and closing balances.• In our 2023/24 Audit Findings Report, we reported that we were unable to conclude our work and propose to issue a disclaimer of audit opinion, as we could not perform all the necessary procedures to reach a conclusion. In 2024/25, our scope of work was more substantive, and we have been able to complete more areas of the accounts. However, given the significant gap in external audit scrutiny since your last full audit, regaining assurance was always going to be challenging for both external audit and council staff.• We have encountered a number of challenges that curtailed the scope of our work. These are detailed on 28 to 29, and the associated recommendations have been set out on Pages 47 to 53.
Significant difficulties	<ul style="list-style-type: none">• The main difficulties identified in performing the 24/25, relates to the limitations in the scope audit work, given the lack of assurance on opening balances, as these will be disclaimed, however, these balances in turn impact a number of in-year transactions and balances.

Other responsibilities

Issue Commentary

Going concern 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:

- 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.

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:

- 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.

While performing work on Going concern assessment, we found that management has not prepared a formal group-level going concern assessment as required by ISA 570 (UK), which is a compliance gap. However, we reviewed the draft financial statements and auditor reports for RBC Investments (Surrey) Ltd, RBC Services (Addlestone One) Ltd, and RBC Heat Company Ltd, and in each case, we have concluded that the managements’ use of the going concern basis is appropriate, with no material uncertainties identified. We have raised a recommendation in our action plan.

However, as this year’s audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:

- a material uncertainty related to going concern has not been identified
- 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>Due to the disclaimer of opinion on the financial statements, we are unable to issue an unmodified opinion on the other information. However, nothing has come to our attention that would indicate material inconsistencies or misstatements 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/es. <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 Council does not exceed the required threshold.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2024/25 audit of Runnymede Borough Council in the audit report due to:</p> <ul style="list-style-type: none">• we have yet to issue opinion and certify the closure of the 2023/24 audit, as your predecessor auditor has yet to issue the opinions for 2019/20 to 2022/23 audits; and• until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect WGA for the year ended 31 March 2025.

7 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 till date. We will provide an update to management and the Standards and Audit Committee should any issues be identified from the remaining testing.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p>Understatement of Short-term Debtors and Short-term Creditors</p> <p>During reconciliation of aged debtor listings to the trial balance, we found a £32k difference. This amount was incorrectly recorded as a debtor instead of a creditor, understating creditors and reducing debtors. The correction increases both creditors and debtors by £32k with no impact on net assets or reserves.</p>	N/a – no impact on CIES	Dr Debtors - 32 Cr Creditors – (32)	N/a – no impact on net expenditure	N/a – no impact on general fund
<p>Reclassification within Short-term Debtors</p> <p>While reconciling the short-term debtors note to the trial balance, we found Trade receivables understated by £160k and Other receivables overstated by £160k. This is a reclassification within short-term debtors with no impact on total assets.</p>	N/a – no impact on CIES	Dr. Trade Receivables – 160 Cr. Other receivable – (160)	N/a – no impact on net expenditure	N/a – no impact on general fund
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 18.2 Financial Instruments	The improvement loans should disclose the average length of time the loans are outstanding	✓
Notes 36, 37, 38, Notes to the HRA	These disclosures should disclose prior year comparison	✓
Throughout	A number of typographical and casting errors were identified throughout the financial statements as part of our review of accounts.	✓

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 Standards and 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
<p>Overstatement on the Pension fund Liability</p> <p>The Surrey Pension Fund auditors identified a £26.542m undervaluation of level 3 investments. The Council's share of this difference is approximately £610k. Management did not adjust the accounts as the amount is immaterial.</p>	Cr. Remeasurement of net pension liability (OCI) – (610)	Dr. Pension fund Liability - 610	(610) – decrease in total net expenditures	N/a – Impacts Unusable Pension reserves
Overall impact of current year unadjusted misstatements	(610)	610	(610)	0

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

● **High** **Internal Recharges**

Our approach to testing employee benefit expenditure, other service expenditure, and support service recharge balances requires selecting samples from the in-year transaction listings. Each of these areas includes material internal recharges. However, we noted that the current ledger system is unable to produce a detailed transaction listing for internal recharges due to system limitations. There is a risk over the accuracy and completeness of the transaction listings associated with the balances.

We recommend that management ensures the new ledger system includes capability to generate detailed transaction listings, including internal recharges, and supporting full audit trails. A modern system with improved reporting functionality would enhance the accuracy of financial reporting, facilitate more efficient audit processes, and reduce the operational burden associated with workarounds.

Management response

Management recognises the limitations of the Council's current financial management system (FMS) which is unable to produce the data in the format requested by the auditor. The Council is in the process of implementing a new system which is due to go live shortly. Given the timing of this recommendation, and that there will be migration of 2025/26 data from the old to the new ledger, it will not be possible to fully resolve this issue for the 2025/26 audit process. Officers will continue to work with the auditor to consider the best way to present this data to enable the audit of the 2025/26 Accounts.

● **High** **Segregation of duties - Journals**

During our journal review, we identified a lack of authorisation and approval controls over journal entries. Journals can be posted by anyone without prior approval, creating a risk of unauthorized or inaccurate postings. This increases the potential for financial misstatements, fraud, or other irregularities.

We recommend the segregation of duties between authorisation, posting and approval of journals be included as part of the journal process and manual journals have a unique identifier.

Management response

This is a limitation of our current FMS. The new FMS system is being developed to ensure segregation of journal entry and approval. However, this will not be available in time for the 2025/26 accounts close as set out in the previous response.

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

Action plan

Assessment	Issue and risk	Recommendations
<p>● High</p>	<p>Properties not revalued including council dwellings</p> <p>Management did not perform an assessment of assets not revalued (Council dwellings £337m, Other land and building £31m) during the year to satisfy itself that the carrying amounts were not materially different from current value at year-end. This is contrary to the requirements of the CIPFA Code of Practice on Local Authority Accounting. The absence of such an assessment increases the risk that the financial statements may not reflect the true value of these assets.</p>	<p>We recommend this assessment is done each year as part of your supporting records to comply with CIPFA Code requirements.</p> <p>Management response</p> <p>Investment properties are valued externally every year. Where the external valuer's year end market review report indicates a material change in any market, these will be used to amend valuations - an example of this is where HRA assets are amended by the relevant % every year due to their materiality. The remaining assets are revalued over a 3-year cycle and are grouped so that similar assets are revalued at the same time. In addition to this, any valuations undertaken during the year for other purposes are also considered, providing the most accurate year end valuation for those assets.</p> <p>Moving forward, the Council will document its assessment and will have regard to the changes implemented in the 2025/26 CIPFA/LASAAC accounting Code of Practice (which has introduced substantial and significant accounting change due to CIPFA/LASAAC having regard to HM Treasury's Thematic Review on Non-investment Assets) and the guidance produced by the Better Reporting Group advice on selecting indices, accounting treatments, disclosures, and audit expectations.</p> <p>This will enable the Council to make informed, proportionate decisions to meet the Code's requirements while ensuring audit readiness.</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

Action plan

Assessment	Issue and risk	Recommendations
● Medium	Group accounts Our review of the consolidated working papers highlighted some reconciling issues between the component, consolidated balances and intercompany balances eliminated. In some instances, the entries in the supporting schedules lacked cell referencing rather than links to supporting entries which resulted in additional time and created follow up queries.	We recommend as part of your 2025/26 closedown arrangements you engage with component auditor early to ensure the audit is concluded timely and your supporting consolidated working papers have links to supporting entries Management response Agreed. Links will be provided where possible.
● Medium	Rent and Lease Income - Live reports During the audit of rent and lease transactions, we noted that the listings provided showed residential rent as a single aggregated transaction. Individual residential rent transactions are generated from a live housing system, which does not retain historical versions and therefore lacks a complete audit trail. Although a report generated in November 2025 was provided, the system limitations meant it did not reflect the position as at 31 March 2025. As a result, the report did not reconcile to the figures disclosed in the financial statements and could not be relied upon for the purposes of our audit procedures. There is a risk over the accuracy of the transaction listings.	We recommend that management incorporate into the closedown timetable a routine process to extract and retain the residential rent report as at 31 March, as this underpins the calculation of income for the year. Management response Agreed. Now that this requirement has been identified, officers will ensure the timetable includes the task to run these reports at the specified time to ensure a complete audit trail is available.

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

Action plan

Assessment Issue and risk

●
Medium

Lack of detailed breakdown of properties within beacon valuation groups

Council dwelling records currently do not provide sufficient property-level detail to support audit testing and recalculation. Although properties were grouped under the beacon methodology by your valuer, the underlying granular data was not available during the audit. This created challenges for key audit procedures, including undertaking physical verification of sampled properties within each beacon group and independently recalculating the valuation of beacon archetypes.

●
Medium

Manual adjustments

As part of our reconciliation of depreciation per the Fixed Asset Register to Note 8 in the draft accounts, we identified a £1.176m variance representing impairment adjustments, corporate adjustments, and a notional HRA interest charge, all posted manually. At the time of writing, we are yet to receive the breakdown or supporting evidence.

Recommendations

We recommend that management work with the valuer to ensure that:

- comprehensive, property-level records for all dwellings within each beacon group are maintained to support physical verification and existence testing; and
- future valuation exercises are supported by sufficiently detailed underlying data to enable independent recalculation of beacon valuations.

Management response

The Council's Asset Manager system does not record all housing assets individually, instead these are grouped into Beacons. The last full HRA revaluation based on all properties is spreadsheet based and will be brought up to date to show the current valuation once prior year valuations, property enhancements, and impairments as well as additions and sales have been accounted for. This will then map back to the Asset Manager system as per the audit request.

We recommend that management routinely prepare and retain supporting analysis for all manual adjustments.

Management response

There are currently controls over adjustments posted to the ledger. This recommendation is again in part due to the limitation of the current FMS system which is unable to meet modern audit requirements. To assemble the detailed information from various other sources in the format required was not practicable given the timing of the request and competing demands on resources. Whilst some improvements are anticipated for the 2025/26 accounts production, due to the timing of the audit conclusion and resourcing issues while the Council implements the new FMS system, it may not be possible to provide a full system-generated solution in time for the 2025/26 audit. Officers will provide manual working papers where necessary.

Action plan

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p>Audit delays in receipt of supporting working papers and audit queries</p> <p>We encountered delays in receiving supporting evidence and transaction listings within the agreed timeframe, which restricted our ability to perform certain substantive testing. This affected areas such as grant income and other contributions, officers’ remuneration, credit loss adjustments, related parties, housing benefit expenditure, and the collection fund. While some of the required evidence was subsequently provided, we were unable to complete the testing due to time constraints.</p>	<p>We recommend that as part of the 2025/26 closedown process, management should build on the achievement of producing timely accounts by ensuring that detailed supporting records are prepared and reviewed for accuracy by senior officers. Both the draft accounts and all supporting evidence should be available no later than 30 June 2026.</p> <p>Management response</p> <p>Officers have requested a “lessons learnt” session with the auditor and greater communication as to the format, timing and specific requirements of working papers, transaction listings and supporting evidence. Delays became inevitable in the 2024/25 process where specific requirements were not communicated in advance of the audit process, and on occasion, not until extremely late in the process. Opportunities to clarify the requests at regular liaison meetings were not utilised in a timely manner. Some elements are also connected to the issues already covered due to the shortcomings of the outgoing FMS system. Now that officers have a greater understanding of the requirements, the 2025/26 audit process should be smoother, notwithstanding the system issues already covered.</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

Action plan

Assessment	Issue and risk	Recommendations
● Medium	Operating lease disclosures (Lessor) We selected a sample of 10 operating leases and reperformed the calculation and found variances in your analysis of lease payments of less than 1 year, 1 – 5 years and greater than 5 years some which were material. Many of these leases have been in place for a number of years. There is a risk over the accuracy of the amounts disclosed in the notes.	We recommend that management carry out regular and periodic reviews of the lease calculation analysed between years for accuracy. Management response Noted
● Medium	Ledger system limitations for Creditors During our audit of creditor balances, we note your present ledger system was unable to produce a year end creditor transaction listing. The ledger system report provides a report which sets out opening balances, movements in-year and closing balance.	We recommend management ensures the new ledger system for 2025/26 has the report capability to produce your year end creditor balance at transaction level. Management response This is a system issue. Whilst there was no issue identified with the in-year movements, a detailed breakdown of the closing balance cannot be provided in the way that the auditors require. Officers will endeavour to ensure that the new FMS provides better data, however, due to the pressures of implementation of the new FMS alongside the annual closedown process and preparation for the audit, it is unlikely that a fully system-generated report will be built in time for commencement of the 2025/26 audit. This will be mitigated by the production of manual working papers.

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

Action plan

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p>Going Concern</p> <p>Management’s going concern assessment were provided for each key component. The going concern assessment could be improved further with a combined group assessment as good practice.</p>	<p>We recommend management prepare a group-level assessment, including group cash flow forecasts and sensitivity analysis.</p> <p>Management response</p> <p>Officers will review the updated Code of Practice for 2025/26 and consider what changes would be reasonable to make.</p>
<p>● Low</p>	<p>Journal users and Journal Type</p> <p>During our journal review, we noted that imported journals do not show user IDs and are recorded as manual entries, making it difficult to identify who imported them and segregation between imported and manual journals. This lack of transparency increases the risk of unauthorized or inaccurate postings and limits audit traceability.</p>	<p>We recommend that the new ledger system display user IDs for imported journals and include functionality to distinguish imported journals from manual entries.</p> <p>Management response</p> <p>Again, this is a system issue relating to the current FMS and will not be fully resolved for the 2025/26 audit due to the migration of data from the existing system. Officers will consider how this could be addressed as we move forward with the new FMS</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

8 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 30 November each year from 2024-25. Our draft AAR was reported to you on 27 November 2025 in Standards and Audit Committee meeting.

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.

9 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you.

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 or group 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 group or investments in the group 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 or group 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 or group.
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 and group, 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 current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

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 Runnymede Borough Council. There are no non-audit services have been provided to the Council by the Grant Thornton.

Audit fees	£
Core audit fees	£216,293
Additional work related to IFRS 16**	£5,500
Total	£221,793

The above fees are exclusive of VAT and out of pocket expenses. The core fees agree to the financial statements (Note 26 External audit fees).

**Additional fees are subject to PSAA approval

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	●	
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	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
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 (Contd.)

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

Ade Oyerinde

Engagement Lead/
Key Audit Partner

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

Usman Rasheed

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Ruchika Raheja

Audit In-charge

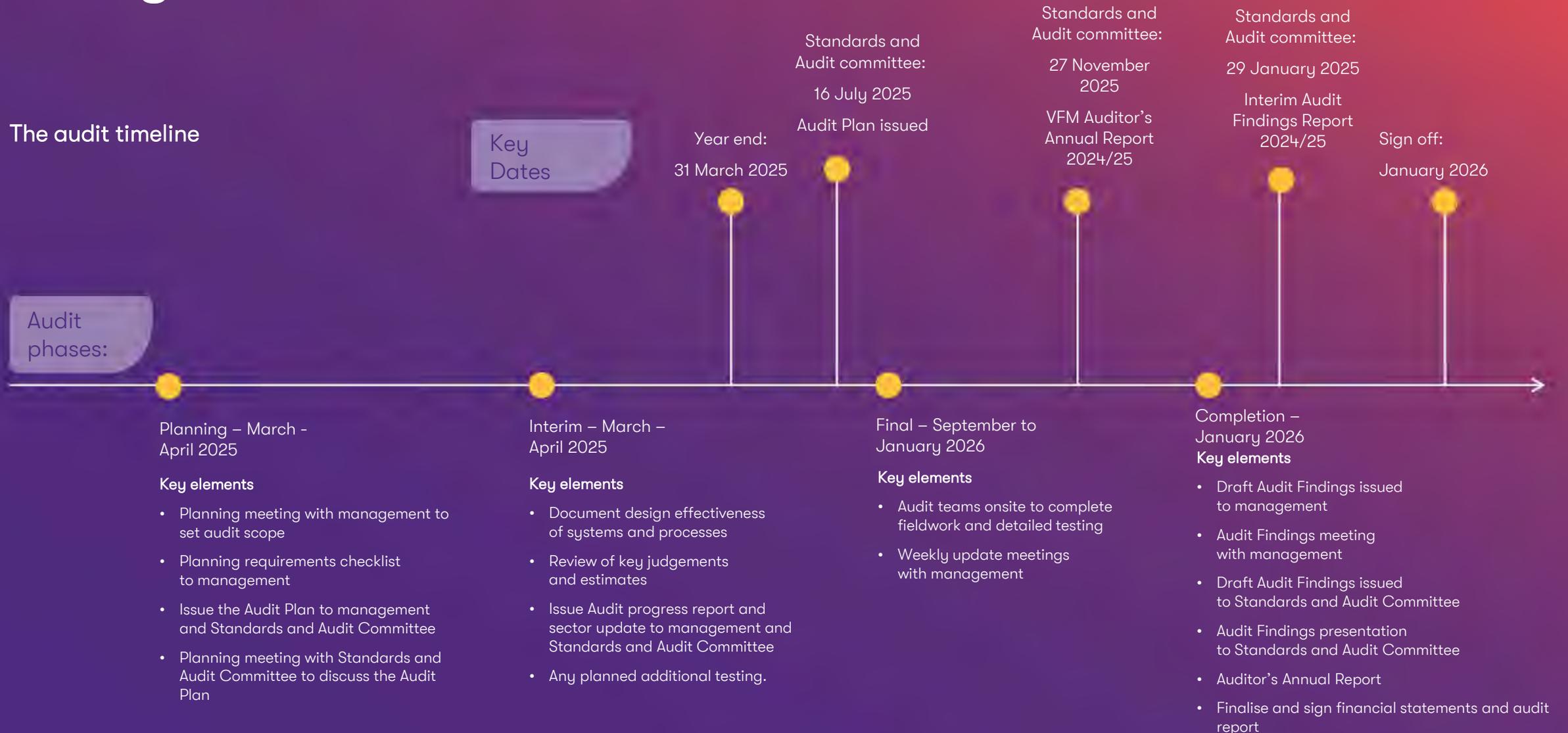
- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	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 • Audit Progress and Sector Update Reports • The Audit Findings • Auditor's Annual Report 	<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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