

Oxford County Council

Draft audit results report
Year ended 31 March 2025
November 2025



Audit and Governance Committee
County Hall
New Road
Oxford OX1 1ND

Dear Audit and Governance Committee Members

2024/25 Draft audit results report

We attach our draft audit results report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. We will update the Audit Committee at its meeting scheduled for 26 November 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

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

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

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

We welcome the opportunity to discuss the contents of this report with you at the Audit and Governance Committee meeting on 26 November 2026.

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


Yours faithfully

Simon Mathers

Partner, For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

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

This report is made solely to the Audit and Governance Committee and management of Oxfordshire County Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee and management of Oxfordshire County Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit and Governance Committee and management of Oxfordshire County Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary - Context for the audit

Context for the audit - Measures to address local audit delays

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

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

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

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

As reported in our 10/02/2025 Audit Results Report we issued a disclaimer of opinion on the Council's 2023/24 financial statements and 2022/23 financial statements under these arrangements to reset and recover local government audit. In 2024/25, we have continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances. As a result of the disclaimer of opinion on the 2023/24 financial statements, we do not have assurance over some brought forward balances from 2023/24 where we did not gain assurance (the opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. Taking into account the requirement to conclude our work by the 2024/25 backstop date, we will not be able to rebuild assurance over these balances as part of the 2024/25 audit. We are considering the form of our audit report, and whether we can issue a qualified 2024/25 audit opinion this year rather than a disclaimer. This is consistent with LARRIG01 and the illustrative timescale for progress to full assurance, which sets out that there is potential for qualified except for, but more likely to be disclaimed.

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

Executive Summary - Context for the audit

Scope update

In our Provisional Audit Planning Report dated 13 May 2025 and presented to the 4 June 2025 Audit and Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross revenue expenditure on services, we have updated our overall materiality assessment to £25m (Audit Planning Report – £23.7m). This results in updated performance materiality, at 75% of overall materiality, of £18.8m, and an updated threshold for reporting misstatements of £1.25m.

Status of the audit

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

- IFRS 16 Implementation and Disclosures.
- Final completion of our work to test year end journals.
- Review of updated Financial Statements including the agreement of final adjustments made.
- Going concern disclosure.
- Final review procedures on some areas of detailed testing
- Subsequent events.
- Management Representation Letter.

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

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

Value for Money

In our Provisional Audit Planning Report dated 13 May 2025, we reported that we had not completed our value for money (VFM) risk assessment. Our work in this area considers the adequacy of the Council's arrangements across three specified reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services

Having updated and completed our planning procedures across these areas we did not identify either a risk of significant weakness or actual significant weakness in the Council's VFM arrangements. See Section 03 of the report for further details.

Executive Summary (cont'd)

Audit differences

The following adjustments have been identified as part of the audit:

Known differences:

- An overstatement of PPE additions of £3.5m due to capitalisation of a payment made in advance where no capital works had actually been undertaken during the year of account.
- Understatement of Income and Expenditure of £8.3m as a result of an incorrect accounting treatment being adopted for gains on revaluation of peppercorn leases.
- Firefighter top up grant of £5.9m was reported in error as a credit (income) in the Consolidated Income and Expenditure Statement (CIES) in accounting entries made to post the Council's IAS 19 pensions liability. As a result, the reversal from the CIES to the pensions reserve was subsequently recorded in error as a debit. There is no impact on the IAS 19 liability or the pension reserve but the CIES was misstated by these amounts. Related to this a reclassification is required for the £5.9m firefighter top up grant which is reported in financing and investment income and not in net cost of services expenditure.

Judgemental differences:

- A projected overstatement of Property, Plant and Equipment of £4.1m due to the capitalisation of labour cost without supporting evidence
- A projected understatement of debtors of £2.3m due to debtors below £10k not being accrued for as per the Council's policy.

Disclosure misstatements

- Accounting Policy for leases not updated to reflect the requirements of IFRS 16.
- Disclosure misstatements in Note 23 in relation to disclosure of Right of Use Assets (ROU) as required by IFRS 16, including transitional adjustments.
- Disclosure misstatements in Note 57 in relation to cash flows in financing activities due to finance lease movements being disclosed as a cash movement. This was a result of the transition to IFRS 16.
- Disclosure misstatement in Note 56 in relation to cash flows in investing activities due to ROU adjustments being treated as a cash movement. This was a result of the transition to IFRS 16.
- There were a small number of other misstatements in disclosure across the accounts.

At the time of writing this report, no adjustments have been corrected by management but we have not yet received the final Statement of Accounts.

Other reporting issues

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

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

Executive Summary (cont'd)

Areas of audit focus

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

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

Risk	Status of our work
Significant Risk 1 - Presumptive risk of management override of controls	Our audit work to date has not identified any evidence of material misstatement due to fraud or error, including through management override of controls. We note that our additional work to test higher risk journals posted in the year is yet to be fully finalised.
Significant Risk 2 - Inappropriate Capitalisation of Revenue Expenditure	We have completed our work in relation to this risk and have noted the following errors: <ul style="list-style-type: none">• Management was unable to provide supporting evidence for labour costs capitalised. This has resulted in a judgemental overstatement of property, plant and equipment of £4.2m• An advance payment of £3.5m that was capitalised to additions instead of being recorded as a cash prepayment.
Significant Risk 3 - Implementation of IFRS 16	As at the date of this report, our work on IFRS 16 remains ongoing. The draft financial statements submitted for audit did not contain all the transitional adjustments and disclosures required for implementation of IFRS 16 and supporting working papers were not fully complete, including a consideration of the impact of IFRS 16 on the Council's PFI arrangements. We consider this weakness in internal control further in Section 06 of this report. As a result of our work to date we have identified a factual misstatement of £8.3 million related to the gain on revaluation of peppercorn leases prompted by the adoption of IFRS 16, which was recorded as a revaluation reserve movement rather than being accounted for in the net cost of services in the Consolidated Income and Expenditure Statement, as required by the CIPFA Code on Local Authority Accounting (the Code).
Risk of material misstatement 1 - Land and building valuation - Property, Plant & Equipment (PPE) and Investment Property (IP) valued at EUV/FV	Our work in this area is complete and there are no material errors or other material matters we wish to draw to your attention. We note that no EUV assets were revalued in the year as part of the Council's rolling programme of revaluations. Our testing of operational PPE therefore focused on assets carried at depreciated replacement cost.
Risk of material misstatement 2 - Pension Liability Valuation	Our work in this area is complete and there are no material errors or other material matters we wish to draw to your attention.

Executive Summary (cont'd)

Areas of audit focus (cont'd)

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

- There are no further considerations or matters that could impact these issues.
- You concur with the resolution of the issue, subject to the full completion of work on journals and IFRS 16.
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Audit and Governance Committee or Board of Directors.

Control observations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements, and which is unknown to you. However, we have identified some areas where controls could be strengthened. Specifically:

- The implementations of the new accounting standard (IFRS 16) was not appropriately documented and audit working papers to support the numbers in the Draft Statement of Accounts was not readily available, including a consideration of the impact of IFRS 16 on the Council's PFI arrangement. The draft financial statements submitted for audit did not contain all relevant transitional adjustments and disclosures required by the Code.
- Our testing of PPE additions in the period identified that:
 - capitalised labour costs could not be agreed to supporting timesheets or other evidence.
 - a payment in advance made at year end was incorrectly capitalised when no capitals works had been completed.
- We have identified some further control deficiencies from both our work and review of the control's assurance report on the Integrated Business Centre service organisation hosted by Hampshire County Council.

Please refer to section 06 for our full assessment of the control environment and related recommendations for improvement.

Independence

Please refer to Section 08 for our update on Independence.

Executive Summary (cont'd)

Factors impacting the execution of the audit (cont'd)

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Effective			The financial statements were published by the 30 th June 2025 deadline set out in the Accounts and Audit Regulations.	N/A
Quality and completeness of the draft financial statements	Effective			There were few non-material internal inconsistencies, typographical and arithmetic errors in the draft financial statements.	N/A
Delivery of working papers in accordance with agreed client assistance schedule	Requires improvement			<p>The draft financial statements submitted for audit did not contain all the transitional adjustments and disclosures required for implementation of IFRS 16 and supporting working papers were not fully complete, including a consideration of the impact of IFRS 16 on the Council's PFI arrangements. This caused delays in our ability to complete our procedures and our work in this area remains ongoing at the date of this report.</p> <p>Other than the IFRS 16 implementation working papers, working papers were submitted within the agreed timelines.</p>	This will likely result in a scale fee variation in respect of this. See Section 08 for further details.
Quality of working papers and supporting evidence	Effective			Working papers and supporting evidence were generally of a good standard.	N/A
Timeliness and quality of evidence supporting key accounting estimates	Effective			The timeliness and quality of evidence supporting key accounting estimates was generally satisfactory.	N/A
Access to finance team and personnel to support the audit in accordance with agreed project plan	Effective			There were no issues with access to the finance team and key personnel.	N/A
Volume and value of identified misstatements	Requires improvement			A moderate number of misstatements that were above performance materiality in aggregate were detected as a result of our work across both the main Financial Statements and Disclosures. These are yet to be adjusted for by management as we have not received the final Statement of Accounts.	See Section 05 for details of corrected misstatements.
Volume of misstatements in disclosure	Requires improvement			<p>A moderate number of misstatements in disclosures were detected in our work.</p> <p>A large proportion of these disclosure misstatements related to IFRS 16.</p>	N/A



02 Areas of Audit Focus

Areas of Audit Focus

Significant risk 1 - Presumptive risk of management override of controls

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

The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What are our conclusions?

We are yet to fully complete our audit work in relation to journal postings. Based on our work undertaken to date we have not identified any material weaknesses in controls or evidence of material management override, instances of inappropriate judgements being applied, or any other transactions during our audit which appear unusual or outside the Council's normal course of business.

Our response to the key areas of challenge and professional judgement

We carried out the following procedures:

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

What else did we do?

Having evaluated this risk, we have considered whether we need to perform other audit procedures not referred to above. We concluded that those procedures included under 'Inappropriate capitalisation of revenue expenditure' are required. See the following page for the results of our work in this area.

Areas of Audit Focus (cont'd)

Significant risk 2 - Inappropriate Capitalisation of Revenue Expenditure

What is the risk?

In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity. Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What are our conclusions?

We identified the following misstatements:

- One judgemental misstatement in relation to labour cost capitalised to additions without supporting evidence. This error for £124k was part of representative sample. This has resulted in a projected misstatement of £4.1m which is above our reporting threshold and therefore been reported in Section 05 of the report. This has not been adjusted for by management in the updated Statement of Accounts.
- One factual misstatement in relation to costs capitalised to Asset Under Construction additions where no work was undertaken during the year of account. This error totalled £3.5m and is above our reporting threshold and has therefore been reported in Section 05 of the report. This has not yet been adjusted for by management in the updated Statement of Accounts.

Our response to the key areas of challenge and professional judgement

We carried out the following procedures:

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

What else did we do and further relevant information

We selected a sample of PPE additions using lowered testing thresholds, to ensure that they were appropriately supported by documentary evidence, and that the expenditure incurred and capitalised was clearly capital in nature.

We used our data analytics tools to identify and understand the basis for any significant journals transferring expenditure from non-capital codes to PPE additions or from revenue to capital codes on the general ledger at the end of the year.

Areas of Audit Focus

Significant Risk 3 - Implementation of IFRS 16

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

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

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

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

What are our conclusions?

At the time of writing this report, we have not concluded on our work on this risk. The draft financial statements submitted for audit did not contain all the transitional adjustments and disclosures required for implementation of IFRS 16 and supporting working papers were not fully complete, including a consideration of the impact of IFRS 16 on the Council's PFI arrangements. We consider this further in Section 06 of this report.

Based on the testing completed we identified the following errors:

- A transitional adjustment of £8.3m to peppercorn leases was accounted for as a revaluation reserve movement rather than being accounted for in net cost of services in the Consolidated Income and Expenditure Statement, as required by the Code.
- Misstatement in the calculation of the lease liability of £200k which was below our testing threshold.

Our response to the key areas of challenge and professional judgement

We have performed the following procedures:

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

Areas of Audit Focus (cont'd)

Risk of Material Misstatement - Valuation of Investment Property (IP) under Fair Value (FV) and Property, Plant and Equipment (PPE) under Existing Use Value (EUV)

What is the risk?

The value of land & buildings in PPE under EUV and in IP under FV represent significant balances in the Council's accounts and are subject to valuation changes and impairment reviews.

Management are required to make a high degree of material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What are our conclusions?

There are no material errors or other material matters that we wish to draw to your attention.

Our response to the key areas of challenge and professional judgement

We performed the following procedures:

- Considered the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- Reviewed the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code. We also consider if there are any specific changes to assets that have occurred and that these have been communicated to the valuer.
- Considered the results of the valuers' work and check for any movements which are not in line with our expectations.
- Reviewed assets that are not subject to valuation in 2024/25 to confirm the remaining asset base is not materially misstated.
- Considered whether there is a need to instruct our own Property valuation team (EY Real Estates) to review sample of EUV and FV valuations performed by the Council's Valuer.
- For the sample of assets revalued in year:
 - Challenged the assumptions used by the Council's valuers by reference to external evidence;
 - Agreed inputs to the valuation to supporting evidence; and
 - Tested journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements.
 - We ensured all other valuation adjustments required by the valuation report are correctly reflected in the financial statements.

What else did we do and further relevant information

Our testing followed a fully substantive approach and considered the judgements and assumptions employed by the Council's valuer.

We understood the valuation methodology applied by the Council's valuer and considered whether we were required to employ an EY Specialist valuer to support our audit procedures. We did not determine that it was necessary to employ such a specialist.

Areas of Audit Focus (cont'd)

Risk of Material Misstatement – Pension Liability/Asset Valuation (IAS 19)

What is the risk?

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

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet.

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

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

What are our conclusions?

In response to the requirements of ISA540, the auditing standard on accounting estimates, we based our audit approach on procedures to evaluate management's process. The standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. Neither we, nor PWC as consulting actuaries commissioned by the NAO for all local public sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements. Therefore, we undertook further procedures to create an auditor's estimate, to gain assurance. We employed the services of an EY pensions specialist to review the Council's IAS 19 reports and run a parallel actuarial model which was compared to that produced by Hymans Robertson. No misstatements have been identified as a result of this work performed by our EY pensions specialist. The assurances received from the auditor of Oxfordshire Pension Fund over the accuracy of the data provided to the actuary to inform the IAS 19 assessment also highlighted no material issues.

A misstatement in the recording of the Firefighter's top-up grant was identified in the completion of our testing in this area. However, this error have no impact on the overall pension liability balance recorded on the Balance Sheet.

Our response to the key areas of challenge and professional judgement

In response to this risk, we undertook the following procedures:

- We liaised with the auditors of Oxfordshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Council
- We considered the work performed by LGPS actuary, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work
- We assessed the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considered any relevant reviews by the EY actuarial team
- We evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- We reviewed and tested the accounting entries and disclosures made within the financial statements in relation to IAS19.
- We have engagement with our EY Pensions team to perform a review of the asset ceiling calculation



03 Value for Money

Value for Money

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

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

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

Risk assessment and status of our work

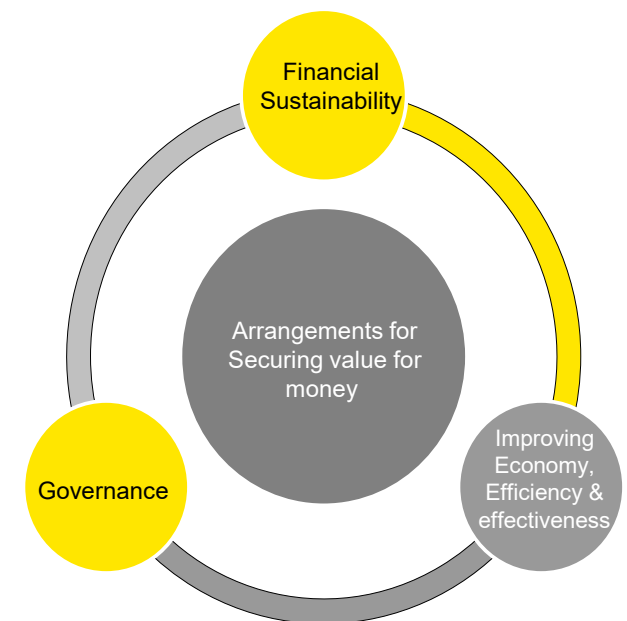
We are required to consider whether the Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

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

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

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We have completed our detailed VFM work and identified no risks of significant weaknesses in arrangements and therefore expect to have no matters to report by exception in our audit report.





04 Audit Report

Audit Report

Our opinion on the financial statements

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

In 2024/25, we have continued to audit the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances.

As a result of the disclaimer of opinion on the 2023/24 financial statements, we do not have assurance over some brought forward balances from 2023/24 where we did not gain assurance. This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements.

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

Taking into account the requirement to conclude our work by the 2024/25 backstop date, we will not be able to rebuild assurance over these balances as part of the 2024/25 audit. We are currently considering the form of our audit report, and whether we can issue a qualified 2024/25 audit opinion this year rather than a disclaimer as issued in the last two years.

Regardless of the form of the audit report, Oxfordshire County Council remains on track with the timescales envisaged for the illustrative timescale for the process of re-building assurance set out in the NAO's Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01.



05 Audit Differences

Audit Differences (cont'd)

Summary of unadjusted differences

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

	Effect on the current period		Net assets (Decrease)/Increase				Equity
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/(Credit)	Assets non-current Debit/(Credit)	Liabilities current Debit/(Credit)	Liabilities non-current Debit/(Credit)	Usable and Unusable Reserves Debit/(Credit)
Uncorrected misstatements 2024/25 (Currency'000)							
Errors							
Known differences:							
Overstatement of PPE additions due to capitalisation of a payment made in advance			3,549	(3,549)			
Understatement of Income and Expenditure due to the incorrect accounting treatment for gains on revaluation of peppercorn leases		I&E both understated by 8,300					Adjustment between the revaluation reserve and capital financing account of 8,300
Reclassification of Firefighter top up grant income from financing and investment income as part of the surplus in the provision of services in the Consolidated Income and Expenditure Statement to being accounted for as income in the net cost of services.		(5,932) 5,932					

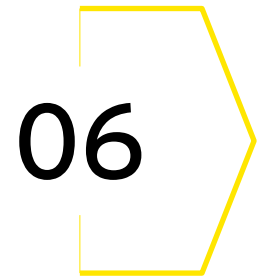
Audit Differences (cont'd)

Summary of unadjusted differences (cont'd)

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

Uncorrected misstatements 2024/25 (Currency'000)	Effect on the current period		Net assets (Decrease)/Increase				Equity
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)	Usable and Unusable Reserves Debit/ (Credit)
Errors							
Judgemental differences:							
Overstatement of Property, Plant and Equipment arising from the capitalisation of labour cost without supporting evidence		4,108		(4,108)			
Understatement of debtors due to debtors below £10k not being accrued for		(2,340)	2,340				
Cumulative effect of uncorrected misstatements before turnaround effect		10,068	5,889	(7,657)			8,300
Turnaround effect. See Note 1 below.							
Cumulative effect of uncorrected misstatements, after turnaround effect		10,068	5,889	(7,657)			8,300

Note 1: turnaround effect is the impact of uncorrected misstatements related to the prior period, on results of the current period. We note there were no uncorrected misstatements in 2023/24.



Assessment of Control Environment

Assessment of Control Environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control. We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware. However, we wish to draw the following matters to your attention.

In our Audit Planning Report presented at the 13 May 2025 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements where we indicated that we intended to take a substantive audit approach, although we identified the following key processes where we would seek to rely on controls, both manual and IT: Cash and Bank, Accounts Payable and Accounts Receivable.

As part of our audit procedures, we obtained the ISAE 3402 report for the services provided by the Integrated Business Centre (IBC) and performed the required test of control procedures. Based on the review of the report, it was noted that there were 4 control exceptions identified as listed below:

Control deficiencies identified in the Integrated Business Centre hosted by Hampshire County Council

- The review of the list of users (individuals - Care customers) authorised by each partner organisation's Section 151 Officer or delegated authority was not conducted during the audit period (HIOWC and HCC).
- The review of the list of users (individuals who are not sole traders, individuals / organisations who are in receipt of grants or one-time payments, pre-paid card vendors and invoicing plan vendors) authorised by each partner organisation's Section 151 Officer or delegated authority was not conducted during the audit period (HIOWC and HCC).
- For the period 01/04/2024 to 25/09/2024, the logs extracted for each iteration of the weekly review (performed on the last date of the week), were generated from the first date of the week being reviewed, rather than the last date of the previous week. This resulted in a gap in the completeness of the review, as any high-risk activity occurring after the generation of the logs on the day of the review was neither included in the previous week's review nor in the current week's review.
- For two out of five instances of production client openings during the audit period, pre-migration approvals were not obtained:
 - In one of the two instances, approval was obtained retrospectively on the same day the change was implemented;
 - In the other instance, no approval was obtained.

As part of the ISAE 3402 report management responses were obtained to recommendations raised in respect of the above, which we have then considered further as part of our work. Based on this we have concluded we have sufficient assurance over the internal controls established by the Council, and that overall, they are operating effectively for 2024/25. To further support this, we also engaged EY Technology Risk Consulting with regards to any mitigating controls present in the identified controls exceptions and was able to confirm that the controls are working effectively and are reliable.

Outside of this we also identified control deficiencies as part of our own work which we consider over the following pages, together with an assessment of their impact and associated recommendations for improvement.

Assessment of Control Environment (cont'd)

Summary of control observations and recommendations

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
During our walkthrough of the Financial Statement Close Process (FSCP), management was unable to demonstrate arrangements has been fully developed and implemented to adopt the requirements of IFRS 16 in the 2024/25 financial statements. The draft financial statements submitted for audit did not contain all the transitional adjustments and disclosures required for implementation of IFRS 16 and supporting working papers were not fully complete, including a consideration of the impact of IFRS 16 on the Council's PFI arrangements. As a result, some audit work in this area remains ongoing at the date of this report. Some amendments will also be required to both the primary statements of account and supporting disclosures.		M		When implementing new accounting standards likely to have a material impact, management should devise an appropriately resourced project plan to ensure transitional adjustments and related disclosures are complete and accurate in the financial statements submitted for audit. An accounting paper should be produced to address key management considerations related to recognition, measurement, and disclosure within the Statement of Accounts. Subsequently, detailed working papers should be prepared to ensure alignment between these accounting considerations and the transitional adjustments and disclosures presented in the financial statements submitted for audit.	Management acknowledges the observation regarding IFRS 16 implementation. This new and complex standard introduces significant changes to lease accounting, which has posed challenges during transition. To ensure compliance, an accounting paper is being finalised to address key considerations on recognition, measurement, and disclosure, including the impact on PFI arrangements. Supporting working papers will be completed and reviewed to ensure alignment with the financial statements. Processes will also be strengthened to monitor future accounting standards and secure timely adoption. All outstanding work will be completed promptly to ensure full compliance with IFRS 16
During the audit of PPE Additions, appropriate supporting evidence for labour costs capitalised was not obtained for one of the sample items selected. This resulted in a judgemental error.		M		Management should ensure that there is appropriate evidence to support capitalised labour costs.	We acknowledge the observation regarding missing evidence for capitalised labour costs on one PPE addition. This occurred prior to the implementation of recommendations from last year's audit report. Since then, we have introduced measures to ensure staff time is correctly capitalised and reviewed by management.

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

Assessment of Control Environment (cont'd)

Status of previous year's recommendations

Recommendation	Grading			Update
	H	M	L	
Ensure that revaluations are reflected in the fixed asset register and financial statements at the correct date.		M		There has been no related finding in the current year based on our work. We are therefore satisfied the recommendation has been addressed.
Review the mapping of general ledger codes included within the bank reconciliation to ensure that they all relate to realising the true cash balance as at 31 March 2024.		M		There has been no related finding in the current year based on our work. We are therefore satisfied the recommendation has been addressed.
Ensure proper review of pooled budget closedown journal postings for accuracy.		M		There has been no related finding in the current year based on our work. We are therefore satisfied the recommendation has been addressed.
Management should implement a process to ensure that all manual journals processed is reviewed before it is processed		M		There has been no related finding in the current year based on our work. We are therefore satisfied the recommendation has been addressed.
Management should ensure that there is evidence of appropriate review of timesheets to support the amount being capitalised. The time recording system should not allow users to amend timesheets or all subsequent changes to timesheets to be reviewed and approved.		M		We have continued to identify instances in our testing of capital additions where the Council is not able to fully support capitalized labour costs with timesheet or other evidence (see current year control observation on the previous page). We therefore do not consider the recommendation to be fully addressed.
Management should routinely review all open purchase orders supporting creditor balances in the accounts relating to prior years to determine whether they have actually been paid.		L		Although there has been a significant improvement in the number of open items at year-end, we still identified long outstanding open items, and we will continue to monitor progress in this area as part of our 2025/26 audit. Although progress has been made we do not consider the recommendation to be fully addressed.
Improve current processes in the debtor system to facilitate automated matching of receipts against the relevant open debt.		L		The number of open debit items on the receivable balance remains relatively high. We therefore do not consider the recommendation to be addressed. We will continue to monitor progress in this area as part of our 2025/26 audit.



07 Other Reporting Issues

Other Reporting Issues

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

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

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

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

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

Whole of Government Accounts

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

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

Other powers and duties

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

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



08 Independence

Independence

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

Relationships

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

Services provided by EY

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

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

Independence

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

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

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

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

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular, the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

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

	Current Year	Prior year
	£m	£m
Scale Fee - Code Work	318,043	291,895
Proposed scale fee variation	TBD Note 2	39,530 Note 1
Total fees	TBC	331,433

All fees exclude VAT

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

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report,
- Additional procedures to consider the Council's readiness for the implementation of IFRS 16 as originally set out in our Audit Planning report,
- Additional procedures performed to increase our level of assurance following the issue of the disclaimer in 2022/23
- Other scale fee elements including, involvement of valuations experts, additional procedures to address audit findings and delays in submission of audit evidence.

As at the date of this report that scale fee variation has now been determined at a total value of £39,530

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

- Additional procedures to assess the completeness and accuracy of transitional adjustments and disclosures, arising as a result of the implementation of IFRS 16 in 2024/25. PSAA have previously communicated that any additional work required as a result of the implementation of this new accounting standard has not been accounted for within the Scale Fee.
- Work performed by EY Pensions to review the assumptions used in the Pensions Liability calculation, including the asset ceiling calculation.
- Additional procedures required as a result of the modification to our audit report and to continue the process of building back assurance following the issue of the disclaimer in 2022/23.

Final scale fee variations remain subject to approval by PSAA.

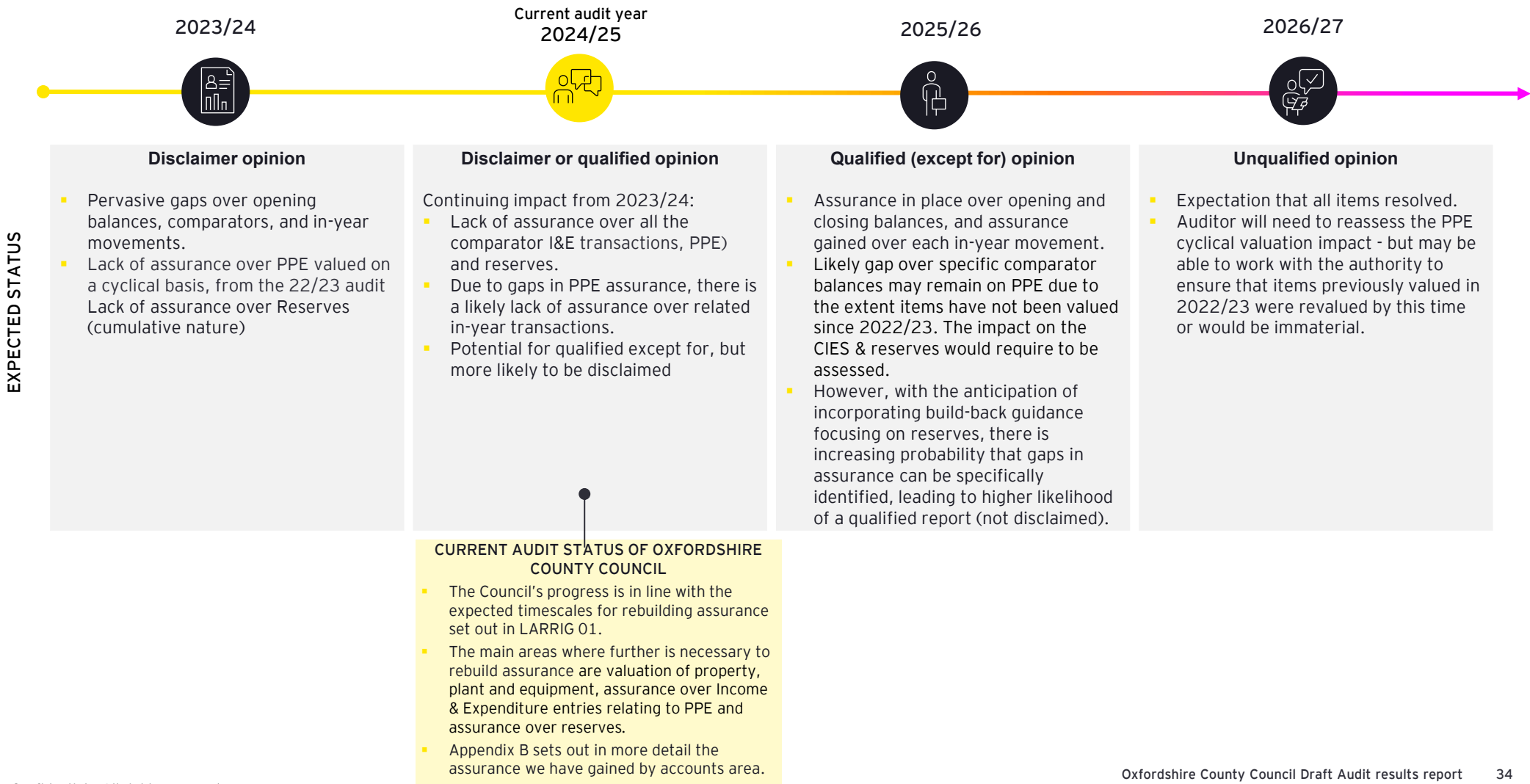


09 Appendices

Appendix A – Progress to full assurance

Progress to full assurance

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



Appendix B – Updated summary of assurances

Summary of Assurances

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

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Property, Plant and Equipment ('PPE')	Partial	Partial*	Our audit work on the completeness of ROU Assets has not been completed. We have completed testing of the 2023/24 and 2024/25 additions and disposals to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 and 2024/25 and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognise those assets; however, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2025.
Investment Property	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Intangible Assets	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Long Term Investments	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Long Term Debtors	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Short Term Investments	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Short Term Debtors	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Cash and Cash equivalents	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Creditors (short and long term)	Substantial	Substantial*	Our audit work on the completeness of the IFRS 16 lease liability has not been completed. We have completed all our other planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Borrowings (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Provisions (short and long term)	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.

* Assurance level is subject to completion of our planned audit procedures

Appendix B – Updated summary of assurances

Summary of Assurances (continued)			
Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Grants received in advance	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Local Government Pension Scheme Liability	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Reserves	None	None	We have completed our work on the movements in reserves in 2022/23 and 2023/24 but, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements. We were able to obtain substantial assurance on the Pension Reserve.
Disclosures - Senior Managers Remuneration and Exit Packages including Termination Benefits	Substantial	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the related disclosures.
NCOS Income and Expenditure Statement (excluding the Housing Revenue Account)	Partial	Partial	We completed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24 and 2024/25 but, as we do not have full assurance over income and expenditure entries relating to PPE, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Financing and Investment Income and Expenditure	Partial	Substantial	We have completed our planned procedures in this area and have obtained assurance over the in-year transactions for the 2024/25 financial year.
Taxation and Non-Specific Grant Income	Partial	Substantial	We have completed our planned procedures in this area and have obtained assurance over the in-year transactions for the 2024/25 financial year.
Cash flow Statement	Partial	Substantial	We have completed our planned procedures in this area and have obtained assurance over the in-year transactions for the 2024/25 financial year subject to the correction of the audit adjustments identified.

* Assurance level is subject to completion of our planned audit procedures

Appendix E – Required communications with those charged with governance

Required communications with those charged with governance

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

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

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

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements 	This Audit Results Report
Misstatements	<ul style="list-style-type: none"> ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management 	This Audit Results Report

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

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▪ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others where the fraud results in a material misstatement in the financial statements. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Audit Committee responsibility. 	This Audit Results Report
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity 	This Audit Results Report

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

		Our Reporting to you
Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p> <ul style="list-style-type: none"> ▪ Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided. <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▪ Relationships between EY, the company and senior management, its affiliates and its connected parties ▪ Services provided by EY that may reasonably bear on the auditors' integrity, objectivity and independence ▪ Related safeguards ▪ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▪ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	<p>Audit Planning Report - May 2025</p> <p>This Audit Results Report</p>

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

		Our Reporting to you
Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▪ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▪ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▪ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures. 	This Audit Results Report
Consideration of laws and regulations	<ul style="list-style-type: none"> ▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▪ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	This Audit Results Report
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▪ Significant deficiencies in internal controls identified during the audit. 	This Audit Results Report

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

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> An overview of the type of work to be performed on the financial information of the components An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit planning report - May 2025 This Audit Results Report
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	This Audit Results Report
System of quality management	<ul style="list-style-type: none"> How the system of quality management (SQM) supports the consistent performance of a quality audit 	This Audit Results Report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	This Audit Results Report
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	This Audit Results Report

Appendix F – Outstanding matters

Outstanding matters

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

Item	Actions to resolve	Responsibility
IFRS 16 Implementation and Disclosures	EY to complete the testing on the completeness of IFRS 16 leases EY Audit Team need to review the IFRS 16 disclosures in the Statement of Accounts.	Management to provide responses to queries EY to review the responses and finalise testing
Journals	EY need to perform a review of Journals posted throughout the year to ensure there is no evidence of management override	EY Management will need to respond to any queries being raised from our review
Final review procedures on some areas of detailed testing	EY to fully complete review and follow up any issues arising with the council as appropriate	EY
Receipt of Final Statement of Accounts	Management need to provide the updated Statement of Accounts which include all agreed adjustments	Management to provide these and EY to review
Going Concern	EY to complete work on going concern	Management to provide assessment of going concern EY to review management assessment
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management

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

Appendix G – Regulatory update

The English Devolution and Community Empowerment Bill – Audit Measures

Background

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

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

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

Part 4 of the Bill - Reforming local audit

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

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

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

Appendix G – Management representation letter

Management representation letter

Draft Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

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

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

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

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

A. Financial Statements and Financial Records

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

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

We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

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

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of the Council and committees of the Council and Audit & Governance Committee meeting held through the period to the most recent meeting at the date of this report.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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7. From 10 February 2025 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount
8. We have disclosed to you and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the financial statements, including disclosures.

D. Liabilities and Contingencies

7. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
8. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
9. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 58 to the financial statements all guarantees that we have given to third parties.
10. **The claim by [name of claimant] have been settled for the total sum of XXX which has been properly accrued in the financial statements. No other claims in connection with litigation have been or are expected to be received**

E. Going Concern

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

F. Subsequent Events

1. Other than major fire in Bicester as described in Note 59 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

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

H. Climate-related matters

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

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

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Draft Management Rep Letter

J. Reserves

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

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of Property, Plant and Equipment, Investment Property, IAS 19 Pension Liability and Financial Instruments and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

L. Estimates

Valuation of property, plant and equipment and investment property

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

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

Pension liability

1. We confirm that the significant judgments made in making the valuation of the pension liability have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of the pension liability.
3. We confirm that the significant assumptions used in making the valuation of the pension liability appropriately reflect our intent and ability to carry out these valuations on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of the pension liability.
6. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements

Service concession liability (PFI)

1. We confirm that the significant judgments made in making the valuation of the service concession liability have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of the service concession liability
3. We confirm that the significant assumptions used in making the valuation of the service concession liability appropriately reflect our intent and ability to carry out these valuations on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

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5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of the service concession liability.
6. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements.

Financial instruments

1. We confirm that the significant judgments made in making the fair value of financial instruments have taken into account all relevant information of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the fair value of financial instruments
3. We confirm that the significant assumptions used in making the fair value of financial instruments appropriately reflect our intent and ability to carry out these valuations on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
5. We confirm that appropriate specialized skills or expertise has been applied in making the fair value of financial instruments.
6. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements.

Yours faithfully,

Lorna Baxter - Executive Director of Resources and Section 151 Officer

Roz Smith - Chair of the Audit & Governance Committee

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