

Risk, Audit and Governance Committee

11 February 2025

Agenda item number 5

Annual Audit Results 2023/24

Report by Director of Finance

Summary

This report appends the Audit Results report for 2023/24 prepared by the External Auditors, Ernst & Young LLP (EY).

Recommendation

- i. To note the Annual Audit Results 2023/24; and
 - ii. That the letter of representation in connection with the Audit of the Financial Statements for 2023/24 be signed by the Director of Finance and the Chair of the Audit and Risk Committee.
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1. Introduction

- 1.1. At the last meeting of this committee the first phase in resetting the audit backlog was to conclude audits up until 2022/23 by 13 December 2024 which was completed. The next date under the legislation is that 2023/24 needs to be approved by 28 February 2025.

2. Annual Audit Results 2023/24

- 2.1. The external audit for the Broads Authority's 2023/24 Statement of Accounts was undertaken between June 2024 and January 2025 and the Audit Results by EY for 2023/24 is at Appendix 1 to this report.
- 2.2. David Riglar, Partner from EY will be in attendance to present this item and ask any questions.
- 2.3. Appendix 2 to this report is the draft Letter of Representation in connection with the audit of the Financial Statements for 2023/24. It is presented for consideration and approval by the Committee in order to be signed and sent to the External Auditors.

3. Financial Implications

- 3.1. Appendix 1 page 32 sets out the fees due for 2023/24 and the impact of the reset may have on the fees.

Author: Emma Krelle

Date of report: 27 January 2025

Background papers: Statement of Accounts 2023/24

[Broads Plan](#) strategic objectives: All

Appendix 1 – [Broads Authority Audit Results 2023/24](#)

Appendix 2 – [Letter of Representation 2023/24](#)

Broads Authority Audit Results Report

Year ended 31 March 2024

24 January 2025





Risk, Audit and Governance Committee
Broads Authority
Yare House 62-64 Thorpe Road
Norwich
NR1 1RY

24 January 2025

Dear Risk, Audit and Governance Committee Members,

2023/24 Audit Results Report

We are pleased to attach our Audit Results Report, summarising the status of our audit for the forthcoming meeting of the Risk, Audit and Governance Committee. We will update the Risk, Audit and Governance Committee at its meeting scheduled for 11 February 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 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Broads Authority's accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Risk, Audit and Governance Committee, as the Broads Authority'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 Authority's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Risk, Audit and Governance Committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

As reported in our 6 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under the arrangements to reset and recover local government audit.

Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, as set out within this report we have not been able to complete our planned programme of work to obtain sufficient evidence to have reasonable assurance over all closing balances.

As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the 2023/24 opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and some closing balances (particularly reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements.

Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

Taken together alongside the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

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

Yours faithfully

David Riglar

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.psa.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 Risk, Audit and Governance Committee and management of Broads Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Risk, Audit and Governance Committee and management of Broads Authority 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 Risk, Audit and Governance Committee and management of Broads Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM



01 Executive Summary



Executive Summary – Context for the audit

Context for the audit – Ministry of Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our 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
- ▶ Lack of capacity within audit firms with public sector experience
- ▶ Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly Department for Levelling-up, Housing and Communities) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). 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.
- ▶ 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 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 6 November 2024 Audit Completion Report to the Risk, Audit and Governance Committee we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the 2023/24 opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

A summary of the assurances we have gained from our 2023/24 audit procedures is set out at Appendix A.



Executive Summary (continued)

Expected modification to the audit report

As reported in our 6 November 2024 Audit Completion Report to Those Charged with Governance, we issued a disclaimed audit report on the Authority's 2022/23 financial statements under the Government's legislative arrangements to reset and recover local government audit (Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance). The reasons for the 2022/23 disclaimed audit report were set out in the aforementioned 2022/23 Audit Completion Report.

As set out within Appendix A of this report we have been able to complete our planned programme of work, obtaining the planned assurances over closing balances and in-year transactions.

However, as a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we also do not have assurance over a number of 2023/24 in-year movements that depend on those opening balances, and therefore some closing balances (particularly Reserves). We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. We did not plan to rebuild this assurance in our 2023/24 audit.


Appendix A of this report sets out the level of assurance we have been able to gain from the procedures that we have completed.

Taken together, and alongside the requirement to conclude the 2023/24 audit by the legislative back stop date of the 28 February 2025, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

This is in line with the Government's legislative arrangements set out above and specifically the 'Recovery phase' of those arrangements and with guidance issued by the Financial Reporting Council (FRC) within their 'Accessible Guide' which sets out a minimum 3-year timeline to re-build audit assurances to gain full assurance over opening, closing balances and in year movements.

We will reflect on the impact of the areas where we did not gain our planned assurances in 2023/24, through our 2024/25 audit planning and set out our timeline for re-building audit assurance within our Audit Plan.



Executive Summary (continued)

Scope update

In our Audit Plan presented at the 12 March 2024 Risk, 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 exception:

- ▶ Changes in materiality: In our Audit Plan, we communicated that our audit procedures would be performed using a materiality of £0.214 million. We updated our planning materiality assessment using the draft statement of accounts. Based on our materiality measure of gross expenditure, we have updated our overall materiality assessment to £0.189 million (Audit Plan – £0.214 million). This results in updated performance materiality, at 75% of overall materiality, of £0.142 million (Audit Plan - £0.160 million), and an updated threshold for reporting misstatements of £0.009 million.

Status of the audit

Our audit work in respect of the Broads Authority opinion is nearing completion. We have met with Management to discuss the importance of facilitating remaining requests to achieve the backstop date, and have set out our Summary of Assurances in Appendix A. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Payroll expenditure testing
- Inventory testing
- Creditors testing
- Journal entry testing
- Pension liability testing
- Income testing

Closing Procedures:

- Review of the final version of the financial statements;
- Completion of subsequent events review;
- Receipt of the signed management representation letter; and
- Final Manager and Engagement Partner reviews.

Until work is complete, further amendments may arise. We expect to issue the audit certificate with the audit opinion, as the Authority is deemed a minor body and is therefore not required to make a Whole of Government Accounts (WGA) submission.



Executive Summary (continued)

Value for Money

In our Audit Plan dated 27 February 2024, we reported that we had not completed our value for money (VFM) risk assessment. Having updated and completed the planned procedures in these areas we have not identified any areas of risk of a significant weakness. See Section 03 of the report for further details.

Audit differences

We have identified the following through the course of our audit to date:

- ▶ **Accruals:** The Authority identified an issue with the system generated reports used for calculating their year-end 2023/24 creditor accruals, resulting in an overstatement of expenditure by approximately £87k.


For further information on the audit differences please see Section 05 of this report.

Disclosure Differences

We have identified several disclosure differences which the Authority is planning to correct in the final statement of accounts. For further information on these audit differences please see Section 05 of this report.

Other findings

We identified other findings concerning the accounting for transactions in the correct financial period for Other Income, Property, Plant and Equipment, and Inventories. The details from these findings are set out in Section 05 of this report.



Executive Summary (continued)

Areas of audit focus

In our Audit Plan we identified a number of key areas of focus for our audit of the financial report of Broads Authority. 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.

Management Override: Misstatements due to fraud or error

- ▶ We completed our work on this area and have not identified any evidence that Management has overridden controls in order to prepare fraudulent financial statement balances or postings within the financial statements.

Management Override: Inappropriate capitalisation of revenue expenditure

- ▶ We have completed our work on this area and have one matter to report. We note that the Mutford Lock donated asset of £84k has been recorded for the first time in 2023/24 but our audit procedures identified that the asset transferred to the Authority in 2021. We also identified a Property, Plant and Equipment addition of £47k in 2023/24 that related to Mutford Lock which was recorded in 2023/24 but was purchased in 2021. These two transactions should have been recognised in an earlier period. Given the value of £131k is not material we have deemed that no prior period adjustment is required.

Inherent risk: Pensions valuation

- ▶ At the date of issuing this report, our work on this area is outstanding. We will update the Risk, Audit and Governance Committee on our findings once the work is finalised.

Inherent risk: Valuation of land and buildings

- ▶ We have completed our work on this area and do not have any issues to report.

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

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

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



Executive Summary (continued)

Other Reporting Issues

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

We expect to issue the audit certificate with the audit opinion, as the Authority is deemed a minor body and is therefore not required to make a Whole of Government Accounts (WGA) submission.

Control observations

We have adopted a fully substantive audit approach, so have not tested the operation of controls.

However, we have identified some control findings which we would like to bring to your attention, please see Section 06 of this report for further information.

Independence

Please refer to Section 08 for our update on Independence.



02

Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error

What is the risk?

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

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

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

What are our conclusions?

We have not identified any material weaknesses in controls or evidence of material management override.

We have not identified any instances of inappropriate judgements being applied.

We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

Our journal entry testing has not identified any instances of inappropriate posting of journals.

Our response to the key areas of challenge and professional judgement

We undertook the following standard procedures to address the fraud risk, which included:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiring of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discussing 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).
- ▶ Considering the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determining an appropriate strategy to address those identified risks of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including:
 - Testing of journal entries and other adjustments in the preparation of the financial statements;
 - Reviewing accounting estimates for evidence of management bias; and
 - Evaluating the business rationale for significant unusual transactions.
- ▶ We utilised our data analytics capabilities to assist with our work, including journal entry testing. We also assessed journal entries for evidence of management bias and evaluated the business rationale.

 Significant Risk

Areas of Audit Focus

Inappropriate capitalisation of revenue expenditure

What is the risk?

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

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

What are our conclusions?

We have completed our work on this area and have one matter to report. We note that the Mutford Lock donated asset of £84k has been recorded for the first time in 2023/24 but our audit procedures identified that the asset transferred to the Authority in 2021. We also identified a Property, Plant and Equipment addition of £47k in 2023/24 that related to Mutford Lock which was recorded in 2023/24 but was purchased in 2021. These two transactions should have been recognised in an earlier period. Given the value of £131k is not material we have deemed that no prior period adjustment is required.

Our testing of year-end journals did not identify any movements from expenditure to capital outside of the normal course of business.

Our response to the key areas of challenge and professional judgement

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

- ▶ Obtained an analysis of capital additions in the year and reconciled this to the Fixed Asset Register
- ▶ For significant capital additions, we examined invoices, capital expenditure authorisations, leases and other data that support these additions. We reviewed the sample selected against the definition of capital expenditure in IAS 16.
- ▶ We extended our testing of items capitalised in the year by lowering our testing threshold. We also reviewed a larger random sample of capital additions below our testing threshold.
- ▶ We used our testing of journals to identify high risk transactions, such as items originally recorded as revenue expenditure and subsequently capitalised.

 Significant Risk

Areas of Audit Focus

Other Areas of Audit Focus

What is the risk/area of focus?

Pension Valuation (Inherent Risk)

The Local Authority Accounting Code of Practice and IAS 19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the Authority.

The Authority's pension valuation is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2024 the Net Liability was £0.249 million.

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 did we do and what is our conclusion?

In response to this risk, we:

- ▶ Liaised with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Broads Authority;
- ▶ Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary, PwC, commissioned by the National Audit Office for all local government sector auditors, and considered the review of this undertaken by the EY actuarial team;
- ▶ Used our internal EY pensions team to calculate an estimate of the Authority's pension liability by running their own 'actuarial model' and comparing this to that produced by the Authority's actuary; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS 19.
- ▶ Reviewed the calculation and accounting treatment for the pension asset ceiling.

We have not completed our work in this area. We will update the Risk, Audit and Governance Committee on our findings once the work is finalised

Areas of Audit Focus

Other Areas of Audit Focus

What is the risk/area of focus?

Valuation of Land and Buildings (Inherent Risk)

The fair value of Property, Plant and Equipment (PPE) land and buildings represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

We note that not all of the Authority's PPE is subject to revaluation with vehicles, plant, furniture & equipment, infrastructure assets and assets under construction all valued at cost under the CIPFA Code of Practice on Local Authority Accounting. The Authority's PPE is valued on a rolling programme over 5 years. The valuation basis is different depending on the type of property being revalued, with assets carried at Depreciated Replacement Cost, Existing Use Value or Fair Value. Each valuation basis is reliant on different inputs, estimation processes and assumptions.

What did we do and what is our conclusion?

In response to this risk, we:

- ▶ Considered the work performed by the valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Performed testing of key assumptions and methodologies on a sample of assets and considered the reasonableness of the estimation techniques employed;
- ▶ Sample tested key asset information used by the valuer in performing their valuation, and agreeing this to what has been recorded in the fixed asset register and general ledger;
- ▶ Considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5-year rolling programme as required by the Code;
- ▶ Reviewed assets not subject to valuation in 2023/24 to confirm that the remaining asset base is not materially misstated;
- ▶ Tested accounting entries have been correctly processed in the financial statements; and
- ▶ Reviewed the disclosures to ensure this is adequate in relation to estimation uncertainty.

Our conclusions are:

- ▶ We did not identify any issues from our review of the work performed by the valuer over the Authority's assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- ▶ Our sample testing of key assumptions and methodologies did not identify any material issues concerning the reasonableness of the estimation techniques employed.
- ▶ We did not identify any specific changes to assets that had occurred that required communication to the valuer.
- ▶ We did not identify any issues in relation to the useful economic lives as a result of the most recent valuation.
- ▶ All assets had been appropriately revalued within the Authority's 5-year rolling programme.
- ▶ Testing of accounting entries confirmed they had been correctly processed in the financial statements.



03 Value for Money

Value for Money

The Authority's responsibilities for value for money (VFM)

The Authority 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 Authority 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

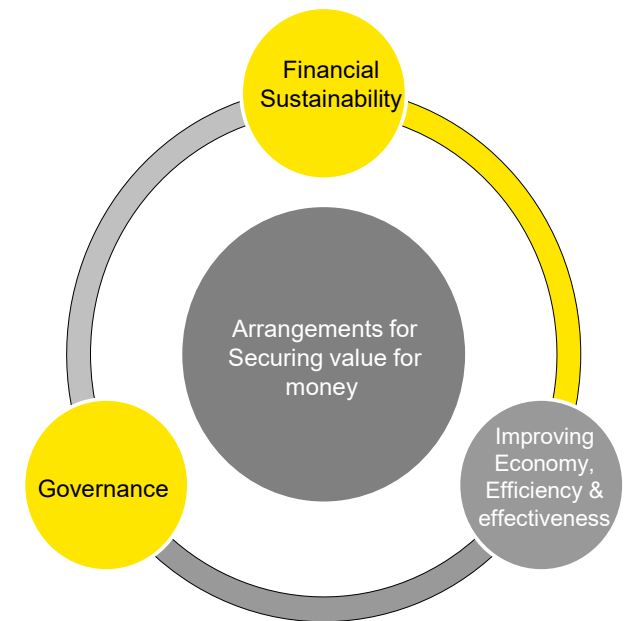
We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

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 Authority'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 Authority arrangements against three reporting criteria:

- ▶ Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- ▶ Governance - How the Authority ensures that it makes informed decisions and properly manages its risks; and
- ▶ Improving economy, efficiency and effectiveness - How the Authority 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. We will report our commentary on the Authority's arrangements in our Auditor's Annual Report. Summary of arrangements over the period is included in Appendix B.





04 Audit Report

Audit Report Section of ARR

Expected modification to the audit report

As reported in our 2022/23 Audit Completion Report dated 6 November 2024, we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under the arrangements to reset and recover Local Government audit.

We anticipate completing our planned programme of work for 2023/24, but because of the gaps in assurance from 2022/23 we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. We did not plan to rebuild this assurance in our 2023/24 audit.

Taken together with the requirement to conclude our work by the 2023/24 backstop date set by legislation, the lack of evidence over these movements and balances mean we are unable to conclude that the Authority's 2023/24 financial statements are free from material and pervasive misstatements.

We therefore anticipate issuing a disclaimed 2023/24 audit opinion. The form and content of the Audit Report will be shared with the Section 17 officer to enable you to formally authorise the 2023/24 financial statements for issue.



05 Audit Differences

Audit Differences

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

Summary of adjusted differences

- ▶ **Accruals:** The Authority identified an issue with the system generated reports used for calculating their year-end 2023/24 creditor accruals. This resulted in the Authority over accruing expenditure by approximately £87k. The Authority are planning to amend for this misstatement and this will increase the usable reserves of the Authority by £87k. Additional audit procedures did not identify any similar errors that would be material in aggregate.

Summary of adjusted disclosure differences

- ▶ **Note 13 - Property, Plant and Equipment:** The Assets Under Construction and Infrastructure Assets should be recorded under historical cost. We would also recommend that the Authority measure Vehicles, Plant and Equipment at historical cost going forward.
- ▶ **Note 17 - Creditors:** The Creditors note did not agree to the creditors figure in the Balance Sheet with a difference of £70k.
- ▶ **Note 21 - Cash Flow Statement - Operating Activities:** The disclosure note does not reconcile to the Cash Flow Statement as additional disclosures are required.
- ▶ **Note 22 - Cash Flow Statement - Investing Activities:** The total line in this note (£8,545k) should be in brackets to reconcile with the Cash Flow Statement.
- ▶ **Note 25 - Officers' Remuneration:** We noted that for the remuneration banding £50,000 - £54,999 the disclosure needed to be increased from 0 to 1.
- ▶ **Note 27 - Grant Income:** The Grants Credited to Services is understated by £204k.
- ▶ **Note 28 - Related Parties:** Our audit procedures identified that two related parties had been omitted from the disclosure.
- ▶ **Note 34 - Financial Instruments:** The Fair Value of PWLB Liabilities at 31 March 2024 was overstated by £27k.
- ▶ **Other Long-Term Liabilities in the Balance Sheet** which represents the Authority's pension valuation was in an asset position in 2022/23 and therefore should be disclosed as an Asset in the Balance Sheet comparative figures.

The Authority is planning to correct all these disclosure differences in the final statement of accounts.

Audit Differences (continued)

Summary of other findings

- ▶ **Other Income:** Our other income testing identified one transaction which was incorrectly recorded in 2023/24 and should have been recorded in 2022/23. This is in relation to the recharging of utility costs to third parties, which the Authority has explained is required due to the timing delay in receiving the utility bills each year. We have carried out additional work to provide assurance this departure from the accruals accounting policy is not material.
- ▶ **Property, Plant and Equipment:** We note that the Mutford Lock donated asset of £84k has been recorded for the first time in 2023/24 but our audit procedures identified that the asset transferred to the Authority in 2021. We also identified a Property, Plant and Equipment addition of £47k in 2023/24 that related to Mutford Lock which was recorded in 2023/24 but was purchased in 2021. These two transactions should have been recognised in an earlier period. Given the value of £131k is not material we have deemed that no prior period adjustment is required. Additional audit procedures did not identify any similar errors that would be material in aggregate.
- ▶ **Inventories:** The inventory balance became material in 2023/24. This was due to inventory additions recorded during the year. Our audit procedures identified that for one invoice totalling £18k the goods were delivered on 29 March 2022. This evidence indicates the inventory should have been recorded in 2021/22 but has only been recorded in 2023/24. Given the value is not material we have deemed that no prior period adjustment is required. Additional audit procedures did not identify any similar errors that would be material in aggregate.



06

Assessment of Control Environment



Assessment of Control Environment

Financial controls

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

It is the responsibility of the Authority 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 Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

At the date of this report, we have identified the following observations that we would like to bring to the attention of the Risk, Audit and Governance Committee:

- The Director of Finance (S17 Officer) posted journals directly to the general ledger in 2022/23 (14 journals) and 2023/24 (17 journals). We extended our testing to include the 17 journals and have not identified any accounting issues arising. We would not normally expect the Director of Finance to post journals in the system. We note that these journals were approved by a member of staff more junior to the Director of Finance. Given the relatively small size of the Authority we understand that sometimes this may have been required. However, we would recommend that in the future the Director of Finance does not post journals directly to the general ledger.
- The Authority made several manual adjustments to the Statement of Accounts following the closure of the General Ledger. This resulted in differences between the data we were utilising in the audit and the statement of accounts. We recommend that the Authority ensure all general ledger postings are finalised before the publication of the draft Statement of Accounts in future periods.



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 Broads Authority Statement of Accounts 2023/24 with the audited financial statements.

Non-financial information in the Broads Authority Statement of Accounts 2023/24 and published with the financial statements was consistent 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.

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 on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We expect to issue the audit certificate with the audit opinion, as the Authority is deemed a minor body and is therefore not required to make a Whole of Government Accounts (WGA) submission.

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 Authority 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 have not identified any issues which require us to issue a report in the public interest or require us to issue statutory recommendations under Schedule 7.

Other Reporting Issues (continued)

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern; and
- ▶ Consideration of laws and regulations.

We have no other matters to report.

Other Reporting Issues (continued)

ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
 - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
 - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

Audit Procedures	Audit findings and conclusions
<p>We obtained an understanding of the IT processes related to the IT applications of the Authority. The Authority has two relevant IT applications (Access Dimensions and Tolls Management System) for the purposes of our ISA 315 risk assessment. We performed procedures to determine if there are typical controls missing or control deficiencies identified. After determining which process is applicable to each relevant IT application, we reviewed the applicable processes for each IT application.</p> <p>When we have identified controls relevant to the audit that are application controls or IT-dependent manual controls where we do not gain assurance substantively, we performed additional procedures.</p> <p>We reviewed the following processes for the relevant IT applications:</p> <ul style="list-style-type: none">• Manage vendor supplied changes• Manage security settings• Manage user access	<p>Our procedures identified employee passwords for the Access Dimensions and Tolls Management systems do not have expiry dates. This is in line with guidance issued by National Cyber Security Centre.</p> <p>No significant issues were identified in our review of the processes, including the design and implementation effectiveness of relevant controls around the financial statement close process. We have not tested the operation of any controls through this review.</p>



08 Independence



Relationships, services and related threats and safeguards

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 2023 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 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Independence - Fees

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.

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 Authority; and
- ▶ The Authority has an effective control environment
- ▶ The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.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 Authority 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. Details of our proposed scale fee variations for the audit of the Authority are set out in the fee analysis on this page.

	Actual Fee	Planned fee	Prior Year
	£'s	£'s	£'s
Total Fee - Scale Fee for Code Work	67,107	67,107	22,736
Scale Fee Variation	Note 2	-	Note 1
Total fees	TBC	67,107	TBC

All fees exclude VAT

Notes:

- 1) PSAA Ltd is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.
- 2) The scale fee may be impacted by a range of other factors which will result in additional work. The areas where additional audit procedures have been performed are:
 - Revisions to ISA (UK) 315
 - New accounting standards, for example preparedness and additional disclosures in respect of IFRS 16.
 - Identified risks and/or issues in year (i.e., IAS 19 asset ceiling calculation and additional work performed linked to identified audit adjustments)

Once we conclude the 2023/24 audit, we will determine the scale fee variations required. This will be discussed with Management and then submitted in line with the PSAA Ltd process. Any scale fee variation is determined by PSAA Ltd.



09

Appendices

Appendix A – Summary of assurances

Summary of Assurances

As we have set out in Section 5 and the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2022/23 financial statements, we do not have assurance over the comparative figures disclosed in the 2023/24 financial statements, the opening balance position on 1 April 2023, the closing Reserves balances on 31 March 2024 or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the Risk, Audit and Governance Committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Cash	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short Term Debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Inventories	Partial	We have not yet concluded our testing in respect of Inventories, we currently have no assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Property, Plant and Equipment ('PPE')	Partial	We have completed our planned 2023/24 audit procedures in this area. 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 2024 and therefore we plan to issue partial assurance on this balance.
Short Term Creditors	Partial	We have not yet concluded our testing in respect of Short Term Creditors, we currently have partial assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Pension Scheme Liability	Partial	We have not yet concluded our testing in respect of the pension scheme liability, we currently have partial assurance over the closing balance at 31 March 2024. We anticipate gaining substantial assurance if we are able to complete our planned audit procedures in advance of the backstop date. If we are not able to conclude those procedures, we will not have any assurance.
Short Term Investments	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Reserves	Partial	Our work on the Movements in Reserves in 2023/24 remains in progress 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 Authority reported in the financial statements. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 Audit Plan.

Appendix A – Summary of assurances (continued)

Account area	Assurance rating	Summary of work performed
Cash Flow Statement	Partial	We have completed our planned audit procedures in this area. However, until we are able to rebuild assurance over the opening balance sheet position, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024 and therefore we plan to issue partial assurance on this statement.
Grant Income	Partial	We have completed our planned testing on the Grant Income in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Tolls Income	Partial	We have completed our planned testing on the Tolls Income in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Other Income	Partial	We have completed our planned testing on the Other Income in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Other Expenditure	Partial	We have completed our planned testing on the Other Expenditure in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Payroll Expenditure	Partial	We have completed our planned testing on the Payroll Expenditure in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the Comprehensive Income and Expenditure Statement are accurate.
Disclosures	Partial	We have completed our planned testing on the other disclosures in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the disclosures are accurate.
Other Comprehensive Income and Expenditure Statement	Partial	We have completed our planned testing on the Other Comprehensive Income and Expenditure Statement items in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.

Appendix B – VFM Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Authority produces an annual budget and an update to the financial strategy at the start of each financial year. Significant financial pressures to the Authority, based on the nature of income and expenditure, are salary increases and the number of boats within the system that will require a toll. The Authority include an element of prudence within the estimates in the annual budget setting for salary increases, and monitor boat numbers through discussion with boat yards and review of annual toll payments.
How the body plans to bridge its funding gaps and identifies achievable savings	Funding gaps are considered as part of the budget setting process. In the short term funding gaps are balanced through the use of reserves, whilst appropriate savings plans and further external funding opportunities are investigated as a more long term solution. The budgeted savings are baked into the annual budget, and the tracking of delivery is reviewed against the budget monitoring reports. Management have no significant concerns over the savings plan. We note the medium term financial plan does include ongoing receipt of DEFRA grant income at a flat rate, which is still subject to some uncertainty whilst the outcome of a new settlement is awaited. A reserves policy has been put in place to ensure that minimum levels are adequate to manage future uncertainty until the end of 2026/27.
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The budget is monitored with respect to minimum levels of reserves as set by the Chief Finance Officer, which is based on net expenditure totals. This ensures that delivery of services can be maintained into the future. The annual budget is produced on a zero base to ensure it is line with strategic priorities, assuming no rollover of previous budgets. Spending is split between essential and desirable expenditure in line with key priorities of the Authority.

Appendix B – VFM Summary of arrangements (continued)

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting Sub-Criteria

Findings

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

Workforce planning is considered by the Directors as part of the budget setting process. Capital expenditure is funded via revenue or the earmarked reserves, dependent on the capital programme strategy. This is considered at the same time as looking at the forecast future year replacements to consider the adequacy of earmarked reserves levels and contributions. The financial plan is taken to the Broads Authority at the same time as a strategic direction update which sets priorities for the financial year. The outturn position for 2023/24 was a deficit of £0.081 million (£0.055 million surplus National Park and £0.136 million deficit Navigation). As at 31st March 2024, the authority has a total of £3.503 million in the consolidated earmarked reserves (£2.047 million National Park and £1.456 million Navigation). In addition, The General Account Fund balance was £0.744 million, and the Navigation Account Fund Balance was £0.477 million. This was adequate to absorb the adverse variance in 2023/24.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Income and expenditure is monitored on a monthly basis with budget holders providing updates on any variances. Tolls income is carefully monitored against profile so that drops in demand can be quickly identified and expenditure plans can be reprioritised. Financial position updates are taken to each Risk, Audit and Governance Committee and Broads Authority Committee which provides members with the latest financial information to inform decision making. Risk management is imbedded within the Authority's financial planning arrangements. The Medium Term Financial Strategy includes prudent assumptions regarding cost inflation, future funding uncertainties and service demand pressures. These assumptions are reviewed by the management team and subsequently approved by Members. Regular budget monitoring reports are then taken to the Risk, Audit and Governance Committee throughout the year. Any unplanned budget issues identified are discussed and appropriate action is taken to address the issue. A reserves policy is also in place to ensure that the minimum agreed reserve levels are adequate to manage future uncertainty until the end of 2026/27. This supports financial resilience for the Authority over the medium term.

Appendix B – VFM Summary of arrangements (continued)

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	Risks are monitored through the Corporate and Directorate registers. The Corporate Risk Register is reviewed by the Management Team, following a review of the Directorate Risk Registers prior to each Risk, Audit and Governance Committee with the Corporate Risk Register being reported to each Risk, Audit and Governance Committee meeting. Internal Audit's plan is carried out through a risk-based approach to help determine which service areas should be reviewed. Key controls and corporate governance are always reviewed annually, with IT audits on specific areas every two years, in line with the Internal Audit strategy. The Head of Internal Audit provides an annual opinion on the effectiveness of controls and highlights if any areas require improvement. For 2023/24, a 'reasonable assurance' opinion was issued by Internal Audit.
How the body approaches and carries out its annual budget setting process	The Authority produces an annual budget alongside an update to the financial strategy at the start of each financial year. The budget is produced by the Chief Finance Officer based on information from relevant budget holders. The budget is prepared on a zero-budget basis which does not roll over any assumptions from the previous years' budgets. The Medium Term Financial Strategy includes prudent assumptions regarding cost inflation, future funding uncertainties and service demand pressures. These assumptions are reviewed by the management team and recommendations around the level of charges required are formed. The reports are then taken to the full Authority meeting for approval.
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	Monthly monitoring of income and expenditure is performed, with explanations for variances obtained from relevant budget holders. These are followed up at monthly meetings with the Chief Finance Officer to ensure corrective action has been taken where required, or where savings can be re-distributed elsewhere within the Authority to relieve financial pressures. Budget monitoring is lead through the finance system, and Internal Audit include Budgetary Control within their scope of work for the year. This is included within the internal audit report of 'Key Controls and Assurance Framework' which resulted in a reasonable assurance for 2023/24. The Chief Finance Officer was responsible for the preparation of the Statement of Accounts. The accounts and its disclosures were produced in accordance with the CIPFA code and published in compliance with the relevant legislation. The Risk, Audit and Governance Committee then approved the Statement of Accounts.

Appendix B – VFM Summary of arrangements (continued)

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting Sub-Criteria	Findings
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	Decisions are made in line with the delegated powers, budgetary provision, strategic priorities and the wider Broads Plan. Decisions made by the membership are supported by Committee reports and openly debated at Committee. Planning delegated decisions are published and expenditure is disclosed for transparency regulations. Risk, Audit and Governance Committee terms and reference are guided by CIPFA's guidelines. All members are provided annual training in relation to their responsibilities with the Statement of Accounts.
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>The 'Code of Conduct for Employees' and the 'Code of Conduct for Members and Complaints Procedure' sets out regulatory requirements and behaviour expectations. This also provides guidance on accepting gifts and hospitality.</p> <p>There are terms of reference for each Committee setting out responsibilities. Members interests are recorded and maintained within a formal register and any conflicts of interest must be declared at the start of each meeting so that the member does not participate in decision making for any item for which they have a conflict of interest. The Monitoring Officer is available to provide advice to members on meeting the appropriate requirements.</p>

Appendix B – VFM Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting Sub-Criteria

Findings

How financial and performance information has been used to assess performance to identify areas for improvement

Financial outturn is compared against budget to identify areas of improvement and potential saving or service improvement. Directors are responsible for raising improvement areas where they are then investigated and discussed with the Chief Finance Officer. Performance is assessed against progress made towards the Broads Plan, Strategic Priorities and the Budget with regular updates being provided to the Authority. Any areas tracking below target will be investigated further to identify improvements. The Authority also uses various other sources of information to identify areas for improvement, including internal and external audit findings and recommendations.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The 'Broads Plan' is the overarching management plan for the Broads executive area as a whole, produced by the Broads Authority as a partnership plan. Strategic priorities are aligned to the plan, and this is reinforced through the Business Plan. The strategies developed reinforce the day-to-day delivery and these are reviewed on a regular basis by the Board and improvements identified.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Authority maintains a partnership register which is reviewed annually to ensure it remains appropriate and up to date. The most significant partnerships are those in respect of external funding where partnership agreements are in place. Performance for these agreements is assessed against agreed expectations and modified where required.

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

The Authority has 'Financial Regulations', 'Standing Orders Relating to Contracts' and a 'Procurement Strategy' that follow the relevant legislation and are updated regularly. All tenders are reviewed by the Chief Finance Officer to ensure the procurement meets the required standard. Contract templates build in monitoring throughout the contract against key performance indicators to ensure the contract is delivering as expected.

Appendix C - Required communications with the Audit Committee

Required communications with the Risk, Audit and Governance Committee

There are certain communications that we must provide to the Audit Committees of UK entities. 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 Plan - 27 February 2024
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 	Audit Plan - 27 February 2024
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 24 January 2025

Appendix C - Required communications with the Audit Committee (continued)

Our Reporting to you

Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit Results Report - 24 January 2025
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit Results Report - 24 January 2025
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Risk, Audit and Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. 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 Risk, Audit and Governance Committee responsibility. 	Audit Results Report - 24 January 2025
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - 24 January 2025

Appendix C - Required communications with the Audit Committee (continued)

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>	<p>Audit Plan - 27 February 2024</p> <p>Audit Results Report - 24 January 2025</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - 24 January 2025
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 Risk, Audit and Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Risk, Audit and Governance Committee may be aware of 	Audit Results Report - 24 January 2025
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 24 January 2025

Appendix C - Required communications with the Audit Committee (continued)

Our Reporting to you

Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - 24 January 2025
System of quality management	<ul style="list-style-type: none"> ▶ How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit Results Report - 24 January 2025
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 24 January 2025
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - 24 January 2025

Appendix D – Management representation letter

DRAFT Management representation letter

Management Rep Letter

David Riglar
Ernst & Young
One Cambridge Square
Cambridge
CB4 0AE

This letter of representations is provided in connection with your audit of the financial statements of Broads Authority (“the Authority”) for the year ended 31 March 2024. 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 Authority financial position of Broads Authority as of 31 March 2024 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

2. We acknowledge, as members of management of the Authority, 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 Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), 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 Authority does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible to determine that the Authority’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.

Appendix D – Management representation letter (continued)

DRAFT Management representation letter

Management Rep Letter

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with law and regulations, including fraud, known to us that may have affected the Authority (regardless of the source or form and including, without limitation, 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 Authority’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 Authority’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 Authority and committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 2023/24 to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority’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 year 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Authority 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.

Appendix D – Management representation letter (continued)

DRAFT Management representation letter

Management Rep Letter

7. From the date of our last management representation letter 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.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 50 to the financial statements all guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

E. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note 51 to the financial statements. All assets to which the Authority 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.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in the financial statements, we have no other line of credit arrangements.

F. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 Pension disclosures, Property, Plant and Equipment and Investment Property valuations and Long-Term Debtor and Inventory valuations 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.

G. Estimates

1. We confirm that the significant judgments made in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations 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 Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations.

Appendix D – Management representation letter (continued)

DRAFT Management representation letter

Management Rep Letter

3. We confirm that the significant assumptions used in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 Pension Valuations and Minimum Revenue Provision valuations appropriately reflect our intent and ability to carry out the assessments and valuations, and any specific courses of action 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the Property, Plant and Equipment and Investment Property valuations, Long Term Debtor valuations, Inventory valuations, Expected Credit Loss assessments, IAS 19 pension valuations and Minimum Revenue Provision valuations.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements.

H. Retirement benefits

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

I. Reserves

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

J. Contingent Liabilities

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:
 - Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities) none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.

K. Going Concern

1. Note 37 to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than the events described in Note 6 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.

Appendix D – Management representation letter (continued)

DRAFT Management representation letter

Management Rep Letter

M. Other information

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

N. 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 Authority 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 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

(Director of Finance)

(Chair of the Risk, Audit and Governance Committee)

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David Riglar
Partner
Ernst & Young
One Cambridge Square
Cambridge
CB4 0AW

Date 11 February 2025

Dear David

Broads Authority Letter of Representation

This letter of representations is provided in connection with your audit of the financial statements of Broads Authority (“the Authority”) for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or ‘present fairly, in all material respects,’) the authority financial position of Broads Authority as of 31 March 2024 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the Authority 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 Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the authority financial statements are appropriately described in the authority's financial statements.
4. As members of management of the authority, we believe that the authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.
6. We confirm the authority does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible to determine that the authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

3. We have disclosed to you the results of our assessment of the risk that the Authority financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by “whistleblowers”), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the Authority financial statements
 - Related to laws or regulations that have an indirect effect on amounts and disclosures in the Authority financial statements, but compliance with which may be fundamental to the operations of the authority’s business, its ability to continue in business, or to avoid material penalties
 - Involving management, or employees who have significant roles in internal control, or others; 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 Authority financial statements.
3. We have made available to you all minutes of the meetings of the Authority and its committees (Broads Authority and Risk, Audit and Governance) (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the period to the most recent meeting on the following date: 11 February 2025.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the authority’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 31 March 2024 period end. These transactions have been appropriately accounted for and disclosed in the Authority financial statements.

5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.
6. We have disclosed to you, and the authority has complied with, all aspects of contractual agreements that could have a material effect on the Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorised access to our information technology systems that either occurred or is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorised access to our information technology systems is reasonably likely to have a material effect on the Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 33 to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

E. Going Concern

4. Note 37 to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority'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

5. Other than the events described in Note 6 to the Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Other information

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

H. Climate-related matters

8. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the authority have reflected these in the financial statements.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority 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.
3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.
4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no other line of credit arrangements.

J. Use of the Work of a Specialist

- a. We agree with the findings of the specialists that we engaged to evaluate the current value of the land and buildings, 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.

K. Estimates

1. 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 property, plant and equipment and pension liability accounting estimates.
2. We confirm that appropriate specialized skills or expertise has been applied in making the property, plant and equipment and pensions liability accounting estimates.
3. 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 2023/24.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

L. Retirement benefits

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

M. Reserves

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

N. Contingent liabilities

We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).

We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, except as follows:

1. Matters of routine, normal, recurring nature (e.g., examinations by bank and insurance examiners, examinations by taxing authorities, none of which involves any allegations of noncompliance with laws or regulations that should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
2. Matters referred to in the letters dated 10May 2024 issued to you by the Authority's Monitoring Officer.

Yours sincerely

(Director of Finance)

(Chair of Risk, Audit and Governance)