Risk, Audit and Governance Committee

23 November 2026
Agenda item number 7

Audit Annual Report and Results 2025/26

Report by Director of Resources

Summary

This report appends Ernst & Young LLP (EY) Auditors Annual report and Audit Results report for the year ended 31 March 2026.

Recommendation

To note:

i. The Auditor's Annual Report for 2025/26;

ii. The Audit Results Report for 2025/26; and

iii. That the letter of representation in connection with the Audit of the Financial Statements for 2025/26 be signed by the Director of Resources and the Chair of the Audit and Risk Committee.

1. Introduction

1.1. This report covers two items; the auditor's Annual Report for 2025/26 and the Audit Results report for 2025/26

1.2. David Riglar, Partner from EY will be in attendance to present this item and answer any questions.

2. Auditors Annual Report for 2025/26

2.1. EY are required to issue their Annual Report by 30 November of each year, and this can be found in appendix 1. The report covers audit progress and its assessment of the Authority's value for money arrangements (VFM). No risks of significant weakness have been identified around the Authority's VFM arrangements.

2.2. Although the report provides a summary of the audit in section two further details can be found in appendix 2.

2.3. The assessment on value for money is in section three and is split into three sections; financial sustainability, governance and improving economy, efficiency and effectiveness. Details of this can be found on pages 16 to 24 in appendix 1.

3. Audit Results Report for 2025/26

3.1. The external audit for the Broads Authority 2025/26 Statement of Accounts was undertaken between July and October 2026 and the Audit Results by EY for 2025/26 is at Appendix 2 to this report.

3.2. Section 2 (pages 12 to 15) provides an update on the areas of key risks identified in the audit plan received by this committee in July.

3.3. Section 4 (pages 21 to 22) sets out the progress on rebuilding assurance with further details in appendices B and C (pages 34-35). At the time of writing EY are considering the form of audit opinion to be issued. Members will recall that the 2024/25 Statement of Accounts were issued with a qualified except for opinion. Subject to the outstanding procedures and consultation it is hoped an unqualified opinion can be issued.

3.4. Section 5 (pages 26 to 27) provides details of audit differences identified. These have been amended in the Statement of accounts included in these papers.

3.5. Appendix 3 to this report is the draft Letter of Representation in connection with the audit of the Financial Statements for 2025/26. It is presented for consideration and approval by the Committee to be signed and sent to the External Auditors.

4. Financial Implications

4.1. Appendix 2 page 30 sets out the fees due for 2025/26. Note 2 provides an explanation around the additional scale fee EY proposes to submit.

Author: Emma Krelle

Date of report: 9 November 2026

Background papers: Statement of Accounts 2025/26

Broads Plan strategic objectives: All

Appendix 1 – Auditor's Annual Report 2025/26

Appendix 2 – Audit Results Report 2025/26

Appendix 3 – Letter of Representation 2025/26

Broads Authority

Auditor's Annual Report

Year ended 31 March 2026

5 November 2026

The better the question. The better the answer. The better the world works.

Shape the future with confidence



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

5 November 2026

Dear Risk, Audit and Governance Committee Members,

2025/26 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Broads Authority ("the Authority"). The report explains the work we have undertaken during the year. The commentary covers our findings for the audit year 2025/26.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 23 November 2026.

The EY UK 2026 Transparency Report | EY – UK for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as at 30 June 2026.

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.psaa.co.uk/managing-audit-quality/contract-monitoring-2023-24-to-2027-28/terms-of-appointment-from-2023-24/terms-of-appointment-and-further-guidance-from-1-october-2025/). 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 October 2025)" 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.

Management agree that they remain solely responsible for management decisions relating to the audited body and that we do not, and cannot, act in a managerial capacity nor can we make business decisions for management or the audited body in connection with the services or otherwise, nor advise or recommend that any accounting policy, treatment or reporting is suitable for any particular purpose or specific facts, and management agrees that they will not rely on us as having done so.

If you wish to discuss how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may raise the matter with the Key Audit Partner responsible for services provided under our appointment by PSAA Ltd. Alternatively, you may contact Stephen Reid, UK Head of Government and Public Sector Audit, at 1 More London Place, London SE1 2AF. We will consider any concerns carefully and promptly and will make every effort to explain our position clearly. If your concerns remain unresolved, you may escalate the matter to Anna Anthony, UK&I Regional Managing Partner, at 1 More London Place, London SE1 2AF. If you remain dissatisfied, you may refer the matter to PSAA Ltd or raise it with our professional institute; further details are available on request.

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01 Executive Summary

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Executive Summary: Audit of the Financial Statements

Purpose of this report

The Auditor's Annual Report is a key mechanism through which the appointed auditor reports the results of their work to the Authority, and the public. It brings together the conclusions from the audit of the financial statements, the auditor's commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources, and details of any exercise of the auditor's statutory powers and responsibilities under the Local Audit and Accountability Act 2014 (refer to respective responsibilities of the Authority and Auditor in Appendix A).

Key audit outcomes: Financial Statements

We summarise the outcomes of our audit of the financial statements in Section 02 of this report. The audit was conducted in line with the approach set out in our Audit Planning Report, which was presented to the Risk, Audit and Governance Committee on 11 May 2026.

Area of focus	2025/26 Conclusions
Financial Statements Opinion: Unqualified (TBC)	▪ We have substantially completed our audit of the Authority's financial statements for the year ended 31 March 2026. Subject to completion of the remaining outstanding procedures outlined in this report, we plan to issue an unqualified opinion. Note that we are currently consulting on the form of the opinion, and whether an unqualified opinion can be issued. ▪ We reviewed the Annual Governance Statement for consistency with our audit findings and consideration of governance arrangements. Based on the work performed, we have no matters to report. ▪ On Page 13 of this report, we outline our assessment of management's readiness for the 2025/26 audit of the financial statements. The Authority's arrangements remain effective across almost all assessed areas, with improvements in the quality of working papers and supporting evidence identified when compared with the prior year. However, the relatively high number of disclosure misstatements remains an area requiring improvement.
Rebuilding Assurance Trajectory	▪ Significant progress has been made in rebuilding audit assurance following the disclaimer of opinion in 2023/24 and the qualified opinion in 2024/25. During 2025/26, additional assurance was obtained over the property, plant and equipment and reserve balances that were subject to qualification in 2024/25. As outlined on Page 12, this progress supports our expectation that an unqualified opinion will be issued for 2025/26, subject to completion of the remaining audit procedures and our consultation over the opinion type.

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Executive Summary: Audit of the Financial Statements (cont'd)

Going concern

Our Audit Results Report concludes that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We identified nothing to indicate that the Authority's services will not continue to be delivered for the foreseeable future and therefore concluded that the going concern basis of accounting is appropriate.

Audit Certificate

We will issue our audit certificate once all outstanding procedures necessary to conclude the audit have been completed.

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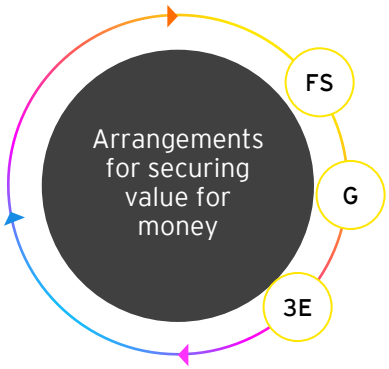
Executive Summary: Value for Money Commentary

Key audit outcomes: Value for Money audit

Section 03 sets out our 2025/26 Value for Money (VFM) commentary, where we consider the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our work was based on our risk assessment and the evidence obtained during the audit. We did not identify any significant weaknesses in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We did not exercise any of our additional statutory reporting powers. We also did not identify any recommendations for the Authority through our VFM work.

Key matters arising against each of the reporting criteria are set out below:



Reporting criterion	Risk of significant weakness identified	Our 2025/26 assessment
Financial Sustainability	▪ None	**No significant weaknesses identified.** The Authority has arrangements in place to monitor its financial position and address forecast funding pressures through its annual budget and medium-term financial strategy. Reserve balances provide sufficient cover for the projected funding shortfalls over the medium term.
Governance	▪ None	**No significant weaknesses identified.** The Authority has arrangements in place for risk management, internal control and informed decision-making, supported by regular management and Committee oversight and internal audit review.
Improving economy, efficiency and effectiveness	▪ None	**No significant weaknesses identified.** The Authority monitors financial and operational performance and uses this information to identify improvements. Procurement, contract management and partnership arrangements support the delivery of its strategic objectives and effective use of resources.

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Executive Summary: Other reporting matters

Whole of Government Accounts (WGA)

The Authority qualifies for the minor body exemption for Whole of Government Accounts (WGA). We are therefore not required to perform WGA procedures.

Auditor independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members 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.

There are no relationships from 1 April 2025 to the date of this report which we consider may reasonably be thought to bear on our independence and objectivity.

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Executive Summary: Looking ahead

Impact of Local Government Reorganisation (LGR)

As part of the English Devolution White Paper published in December 2024, the Government proposed the replacement of all remaining two-tier county and district council structures with unitary authorities aligned to new strategic authorities and mayoral arrangements. Councils were required to work collaboratively across the county areas to develop proposals for new unitary boundaries and governance arrangements for submission to the Ministry of Housing, Communities and Local Government (MHCLG). MHCLG requested a single interim submission from each county area, although alternative options could be put forward where local agreement could not be reached. Final submissions were expected to include preferred boundary proposals, financial and implementation plans, governance arrangements, stakeholder engagement outcomes and evidence demonstrating compliance with MHCLG's assessment criteria.

On 7 September 2026, MHCLG announced a formal review of the LGR programme following legal challenges in four county areas. The Government withdrew previously approved decisions in four areas, paused decisions in a further 14 areas and deferred decisions in two areas where outcomes remained outstanding. It also confirmed that local elections due in May 2027 would proceed under existing council structures and boundaries.

The Authority should keep developments in Norfolk and Suffolk under review and consider any implications for its governance arrangements, partnership working and relationships with constituent local authorities. Any resulting financial or operational implications should be reflected in its risk management and medium term financial planning.

Financial reporting and internal control expectations

We use the appendices to this report to highlight developments that warrant specific attention from management and Authority members:

1. **Future of local government financial reporting**: Significant reforms are being considered to make local authority accounts simpler, clearer and more focused on elected members as their primary users. Appendix B sets out what could change and, importantly, the questions members should be asking now about whether the Authority is prepared and whether its financial reporting provides the clarity needed for effective scrutiny and challenge.

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02 Audit of financial statements

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Audit of financial statements

Key findings

The Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

Our audit of the 2025/26 financial statements is substantially complete. We report our findings in detail within our Audit Results Report.

Financial statement risks

Significant risk	Conclusion
Fraud risk – Presumptive risk of management override of controls	We have not identified any instances of inappropriate judgements or estimates being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.
Fraud risk – Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Our work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.
Inherent risk – Valuation of Property, Plant and Equipment	Our audit procedures did not identify any material issues in relation to the valuation or accounting treatment of Property, Plant and Equipment. We were satisfied that the assumptions, methodologies and data used by management and its valuation specialists were reasonable, and accounting entries were appropriately recorded.
Inherent risk – Valuation of pension liability	Our audit procedures did not identify any material issues in relation to the valuation or accounting treatment of the Authority's pension liability. We were satisfied that the assumptions, methodologies and data used by the actuary and the Norfolk Pension Fund auditor were reasonable, and accounting entries were appropriately recorded.

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Audit of financial statements (cont'd)

Financial Statement reporting assessment

Management and the Risk, Audit and Governance Committee, as the Authority's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit depends on the timely formulation of appropriately supported accounting judgements, the provision of accurate and relevant supporting evidence, access to the finance team and management's responses to issues identified during the audit. The table on the next page sets out our assessment of the Authority's arrangements to support external financial reporting across a range of audit readiness measures.

During 2025/26, we performed a specific risk assessment of reserves and other cumulative balances that may contain the effects of transactions from periods where full audit assurance was not available. We reported the results of this work to MHCLG and to the Risk, Audit and Governance Committee in our Rebuilding Audit Assurance – Risk Assessment Update to the Audit Planning Report dated 5 August 2026. This work supported the development of a recovery timetable tailored to the Authority's circumstances and assurance rebuild trajectory.

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Audit of financial statements (cont'd)

Financial Statement reporting assessment

Area	Status			Explanation	Direction of travel
	R	A	G		
Timeliness of the draft financial statements			Effective	The financial statements were published by the 30 June 2026 deadline set out in the Accounts and Audit Regulations.	⇔
Quality and completeness of the draft financial statements			Effective	Whilst there were multiple disclosure errors, no significant issues with the overall quality of the accounts were identified.	⇔
Delivery of working papers in accordance with agreed client assistance schedule			Effective	Working papers were usually provided to the agreed timetable.	⇔
Quality of working papers and supporting evidence			Effective	Working papers and supporting evidence were of a good standard. There were still some issues around reconciliation of workpapers back to the accounts, however these were not significant.	↑
Timeliness and quality of evidence supporting key accounting estimates			Effective	Evidence provided around the key accounting estimates was generally of a good standard.	⇔
Access to the finance team and personnel to support the audit in accordance with the agreed project plan			Effective	The Director of Resources and Senior Accountant were accessible throughout the audit and for the most part responded to queries in a timely manner.	⇔
Volume and value of identified misstatements			Effective	The value of misstatements identified and corrected was below performance materiality.	⇔
Volume of misstatements in disclosure		Requires improvement		A relatively high number of disclosure misstatements were noted throughout the financial statements.	⇔

Key:

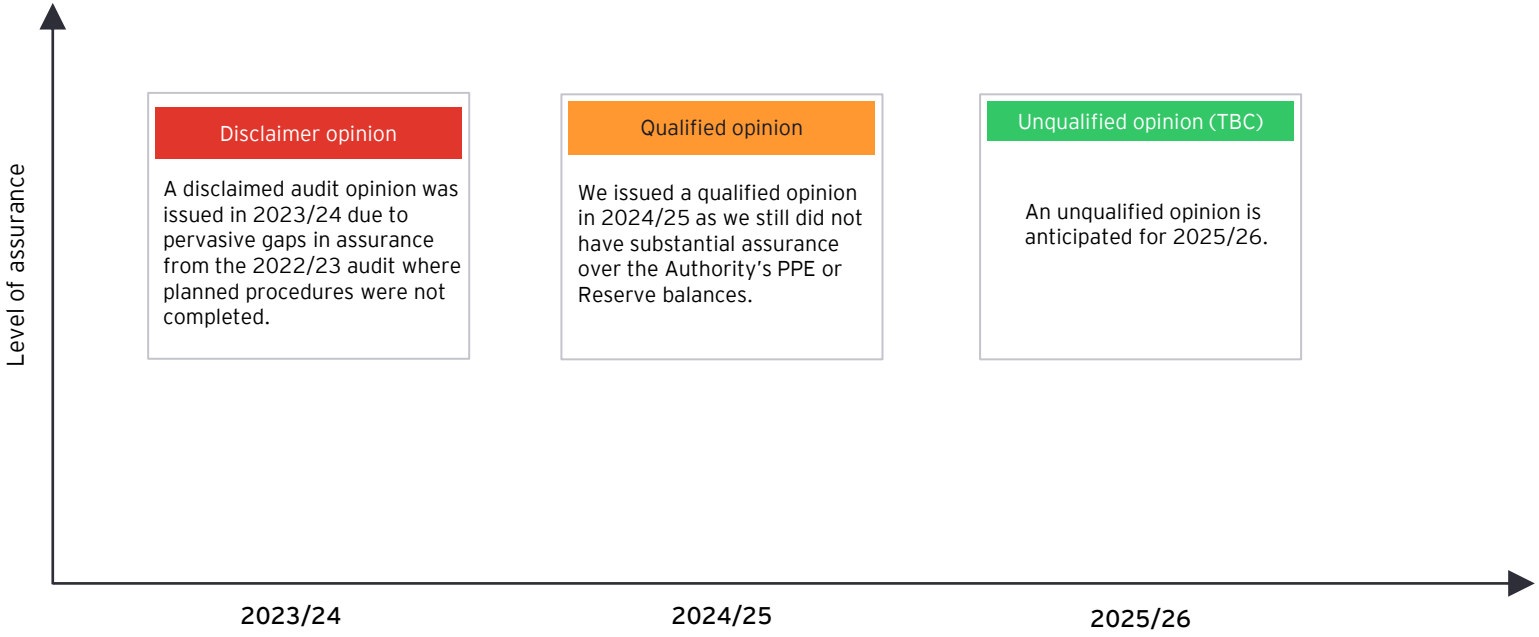
- Arrangements are effective
- Arrangements require improvement
- Arrangements are ineffective
- Improvements have been made since 2024/25
- Arrangements have declined since 2024/25
- Arrangements are in line with 2024/25

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Audit of financial statements (cont'd)

Progress to full assurance

The 2025/26 audit represents an important stage in this second phase of the recovery programme. In accordance with NAO guidance, during 2025/26 we performed a specific risk assessment of reserves and other cumulative balances that may contain the effects of transactions from periods where full audit assurance was not available. We reported the results of this work to MHCLG, and to the Risk, Audit and Governance Committee within our Rebuilding Audit Assurance - Risk Assessment Update to the Audit Planning Report dated 5 August 2026. This process supported the development of a timetable for recovery that has been tailored to current expectations for the Authority.



In 2025/26, additional assurance was achieved in relation to those PPE and Reserve balances that were qualified in 2024/25. As a result, we plan that for 2025/26 we will issue an unqualified opinion, pending the outcome of our consultation on the opinion.

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03 Value for Money commentary

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Value for Money

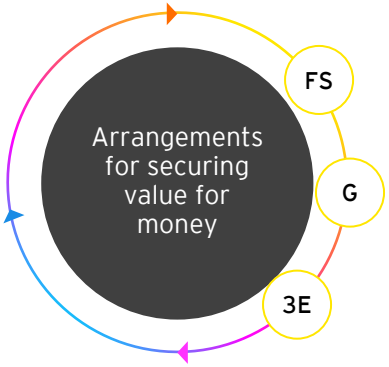
The Authority's responsibility for Value for Money (VFM)

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.

Alongside its annual financial statements, the Authority publishes an Annual Governance Statement (AGS). This explains how the Authority is directed and controlled, how decisions are made, and how it has operated during the year. The statement is tailored to reflect the Authority's own circumstances and is required to include information on how it seeks to achieve value for money by making effective, efficient and economical use of its resources.

Risk assessment and audit response

We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness in the use of its resources. Within this section of the report, we provide commentary on the Authority's arrangements against three reporting criteria:



FS	Financial sustainability	How the Authority plans and manages its resources to ensure it can continue to deliver its services.
G	Governance	How the Authority ensures that it makes informed decisions and properly manages its risks.
3E	Economy, Efficiency & Effectiveness	How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We reported within our Audit Planning Report that our detailed work on the Authority's arrangements to secure value for money had been completed and that we had identified no risks of significant weaknesses in arrangements. Our work is designed to gather sufficient evidence to assess those arrangements. No additional matters have come to our attention since that report was issued, and we have no matters to report by exception in relation to value for money arrangements.

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VFM: Financial Sustainability

Financial sustainability: Our audit procedures

Our audit procedures obtained assurance over the arrangements for the Financial Sustainability sub-criteria set out in AGN03:

- How the Authority ensures that it identifies all the significant financial pressures that are relevant to its short and medium term plans and builds these into them.
- How the Authority plans to bridge its funding gaps and identifies achievable savings.
- How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.
- How the Authority 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.
- How the Authority identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Significant weaknesses identified and our judgements

In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years.

Within our Audit Planning Report, we identified no risks of significant weakness in the Authority's arrangements for financial sustainability. Following completion of our programme of procedures, our overall assessment is that no significant weaknesses were identified in the Authority's arrangements for financial sustainability.

Overview of our conclusions

Based on the work performed, the Authority had proper arrangements in place in 2025/26 to plan and manage its resources to ensure it can continue to deliver its services.

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Financial Sustainability: Other considerations

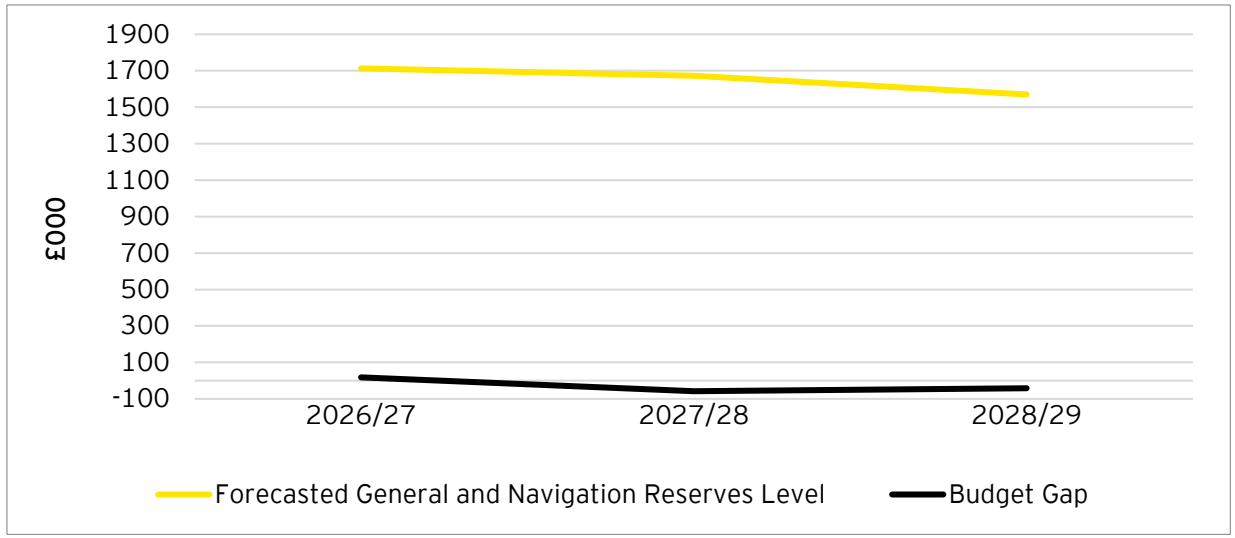
Medium Term Financial Strategy & Budget Forecast

The Authority prepares an annual budget and updates its financial strategy at the start of each financial year. Key financial pressures include salary increases and changes in the number of boats subject to navigation tolls. The Authority incorporates an element of prudence into its salary assumptions and monitors boat numbers through discussions with boatyards and reviews of annual toll payments.

Funding gaps are considered as part of the budget-setting process. In the short term, reserves are used to balance funding shortfalls, while appropriate savings plans and opportunities for additional external funding are explored as longer-term solutions. Budgeted savings are incorporated into the annual budget, with delivery reviewed through regular budget monitoring reports.

The Authority maintains sufficient reserves to address the forecasted funding shortfalls. The combined balance of the General Fund and Navigation Fund as at 31 March 2026 was £1,853k. Exhibit A below shows the estimated budget gaps and forecast General Fund and Navigation Fund reserve levels for 2026/27 to 2028/29, demonstrating that the Authority maintains adequate reserves to cover the projected shortfalls over the medium term. This does not itself resolve an underlying recurring funding gap, however.

Exhibit A: The Authority's MTFP outlines a budget gap from 2027/28 to 2028/29



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Financial Sustainability: Other considerations (cont'd)

Budget Monitoring

Income and expenditure are monitored on a monthly basis, with budget holders providing updates on any variances. Toll income is carefully monitored 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 which provides members with the latest financial information to inform decision making. Risk management is embedded 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 management and are 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.

Savings plans

The Authority performs scenario assessments of the savings requirement and identifies relevant schemes to achieve the annual savings requirements. The savings are built directly into the budgets and as such are monitored via the Authority's budget monitoring processes. We noted that the medium-term financial plan does include ongoing receipt of DEFRA grant income at a flat rate. Management has confirmed that within the 2026/27 settlement there has been indication of a flat rate up until 2028/29, so the Authority does have an understanding of what to expect from future levels of funding.

A reserves policy has been put in place to ensure that minimum levels are adequate to manage any funding until the end of 2028/29.

Outturn position

The outturn position for 2025/26 was a surplus of £233k (made up of a surplus of £149k in relation to National Park and £84k in relation to Navigation).

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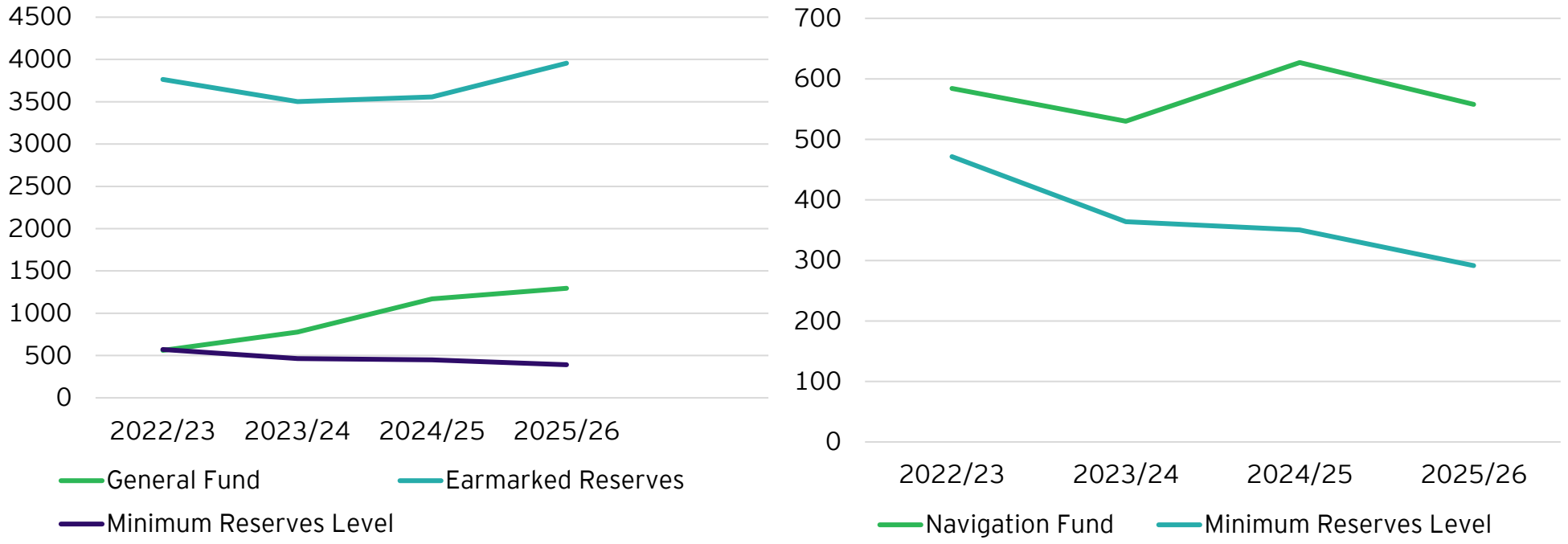
Financial Sustainability: Other considerations (cont'd)

Reserves position

As of 31 March 2026, the Authority held consolidated earmarked reserves of £3,956k, comprising £2,270k in relation to National Park and £1,686k in relation to Navigation. In addition, the combined General Fund and Navigation Fund balance was £1,853k.

The Authority has minimum reserve levels set at £100k plus 10% for General Fund, and 10% of net expenditure for Navigation Fund. Exhibit B below compares reserve balances from 2022/23 to 2025/26 against these benchmarks. The graph demonstrates that the Authority has maintained sufficient reserve levels, with the combined General Fund and Navigation Fund balance consistently remaining above this benchmark. Therefore, the Authority maintains adequate reserves to address the funding shortfalls identified in its medium term financial strategy.

Exhibit B: Reserve position from 2022/23 to 2025/26



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VFM: Governance

Governance: Our audit procedures

Our audit procedures obtained assurance over the arrangements in place for the Governance sub-criteria set out in AGN03:

- How the Authority monitors and assesses risk and how the Authority gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud.
- How the Authority approaches and carries out its annual budget setting process.
- How the Authority 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, including in relation to significant partnerships.
- How the Authority 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.
- How the Authority monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

Significant weaknesses identified and our judgements

In prior years, no significant weaknesses were identified in the Authority's governance arrangements, and there are no outstanding external audit recommendations relating to prior years.

Within our Audit Planning Report, we identified no risks of significant weakness in the Authority's governance arrangements. Following completion of our programme of procedures for 2025/26, our overall assessment is that no significant weaknesses were identified in the Authority's governance arrangements.

Overview of our conclusions

Based on the work performed, the Authority had proper arrangements in place in 2025/26 to make informed decisions and properly manage its risks.

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Governance: Other considerations

Annual Governance Statement (AGS)

We reviewed the framework for the preparation of the AGS. The process, as designed, is adequate to enable the Authority to report on the design and operation of arrangements that ensure sound governance, effective resource and risk management, and robust internal controls.

Risk Management

Risks are monitored through the Corporate Risk Register and two Directorate Risk Registers, supported by the Authority's Risk Management Policy. The registers are reviewed every four months by management and at every Risk, Audit and Governance Committee meeting. Directorate risks assessed as high risk after mitigation are referred to the Corporate Risk Register for monitoring. These registers also form part of the annual governance internal audit review.

Internal audit arrangements

The Head of Internal Audit provides an annual opinion on the effectiveness of the Authority's governance, risk management and internal controls and identifies areas requiring improvement. For 2025/26, Internal Audit issued an overall opinion of 'reasonable' assurance. Internal audit covered three areas during the year, with one receiving a substantial assurance opinion and two receiving reasonable assurance opinions. No urgent recommendations were raised; four important and three routine recommendations were identified, with one recommendation outstanding at the year end.

Informed decision making and member challenge

Budget monitoring reports are presented to the Broads Authority Committee on a quarterly basis. These reports cover both revenue and capital outturns and are reviewed in the presence of the Chief Executive Officer, the Director of Resources, and other senior officers. In addition to financial updates, the Committee also receives key strategic papers, including those related to strategic priorities, the capital programme, and the treasury management strategy.

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VFM: Improving economy, efficiency and effectiveness

Improving economy, efficiency and effectiveness: Our audit procedures

Our audit procedures include:

- How financial and performance information has been used to assess performance to identify areas for improvement.
- How the Authority evaluates the service it provides to assess performance and identify areas for improvement.
- How the Authority ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess where it is meeting its objectives.
- Where the Authority commissions or procures services, how it assesses whether it is realising the expected benefits.

Significant weaknesses identified and our judgements

In prior years, no significant weaknesses were identified in the Authority's arrangements for improving economy, efficiency and effectiveness, and there are no outstanding external audit recommendations relating to prior years.

Within our Audit Planning Report, we identified no risks of significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness. Following completion of our programme of procedures for 2025/26, our overall assessment is that no significant weaknesses were identified in these arrangements.

Overview of our conclusions

Based on the work performed, the Authority had proper arrangements in place in 2025/26 in relation to how it uses information about its costs and performance to improve the way it manages and delivers its services.

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Improving economy, efficiency and effectiveness: Other considerations

Financial and performance information

Financial outturn is compared against the budget to identify areas of potential saving or service improvement. Performance is assessed against progress towards the Broads Plan, strategic priorities and the budget, with regular updates provided to the Broads Authority Committee. Areas performing below target are investigated to identify possible improvements. The Authority also uses other sources of information, including internal and external audit findings and recommendations, to identify areas for improvement.

Financial reports and budgets are considered monthly by management, with performance reports and updates on strategic priorities provided at each Authority meeting.

Procurement and contract management

The Authority has financial regulations, standing orders relating to contracts, and a procurement strategy in place, which are reviewed regularly. The standing orders relating to contracts were updated in March 2026.

All tenders are reviewed by the Director of Resources to ensure that procurement meets the required standard. Contract templates incorporate monitoring against key performance indicators throughout the contract period to ensure that contracts deliver as expected.

Partnership working

The Authority maintains a contract and partnership register, which is reviewed annually to ensure that it remains appropriate and up to date. The most significant partnerships relate to externally funded projects where partnership agreements are in place. Performance against these agreements is assessed against agreed expectations, with arrangements modified where required.

Information on major partnerships is presented to the Authority annually, supported by regular officer-level liaison with partner organisations and project boards for large partnership projects.

Procurement and commissioning of services

The Broads Plan is the overarching management plan for the Broads Authority and provides the strategic framework for the Authority's delivery of services. Six strategic priorities are aligned with the plan and support day-to-day service delivery. Progress against these priorities is reviewed regularly by management, with measures to support achievement of the objectives discussed.

The current Broads Plan covers 2022–2027. The Annual Business Plan links the strategy to directorate work plans, and progress against strategic priorities is reported at each Authority meeting.

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04 Appendices

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Appendix A: Statement of responsibilities

Respective responsibilities of the Audited Body and the Auditor

The Authority and the appointed auditor have different responsibilities in relation to financial reporting and the use of public resources. The main responsibilities are summarised below. Full details are set out in the PSAA Statement of Responsibilities of Auditors and Audited Bodies.

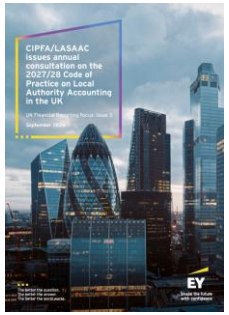
	Responsibilities of the Authority	Responsibilities of the Auditor
Financial Statements	The Authority is responsible for the proper stewardship of public funds and for putting in place effective arrangements to secure economy, efficiency and effectiveness in its use of resources. This includes complying with relevant legislation, maintaining effective governance, risk management and internal control arrangements, and taking appropriate action to prevent and detect fraud and irregularity. The Authority is also responsible for preparing and publishing annual financial statements and related reports in accordance with the relevant accounting and reporting requirements. It must maintain proper accounting records and ensure that the financial statements give a true and fair view of its financial position and financial performance. The Section 17 Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Section 17 Officer is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided. Those charged with governance (deemed as the Risk, Audit and Governance Committee at the Authority) are responsible for overseeing these arrangements and holding management to account for their effectiveness.	The Auditor is responsible for obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether caused by fraud or error, and for issuing an independent auditor's report expressing an opinion on whether the financial statements give a true and fair view and have been prepared in accordance with the National Audit Office (NAO) Code of Audit Practice 2024 ("the Code"), other guidance issued by the NAO and International Standards on Auditing (UK). As auditors we are responsible for expressing an opinion on whether the financial statements: ▪ give a true and fair view of the financial position of the Authority as at 31 March 2026 and of its expenditure and income for the year then ended; ▪ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26; and ▪ have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014. We are also required to report by exception: ▪ if the Annual Governance Statement does not comply with relevant guidance or is not consistent with our understanding of the Authority; ▪ where we have made use of additional powers and duties, for example making written recommendations under Section 24 and Schedule 7 of the Act or making a report in the public interest.
Value for Money arrangements	The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This includes ensuring that public money is used appropriately, maintaining effective governance, financial management, risk management and internal control arrangements, and planning for both short and long-term financial sustainability. The Authority is also responsible for monitoring performance, managing resources effectively and taking action to address identified weaknesses and risks.	The Auditor is required to consider whether the Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. This includes considering arrangements for financial sustainability, governance, decision-making and improving services. The Auditor reports their findings in this Annual Report and highlights any significant weaknesses identified, together with recommendations for improvement.

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Appendix B: Future of Local Government Financial Reporting

The local authority financial reporting framework is entering a period of potentially significant reform, aimed at making accounts clearer and more useful.

We highlighted within our recent Financial Reporting Update that CIPFA/LASAAC is progressing a programme of reform intended to improve how local authority accounts communicate financial performance and position to users. The proposals seek to create simpler, more understandable and user-focused local authority reporting, with a clearer distinction between IFRS accounting performance and the funding position used to manage local authority finances.



Key proposals

Proposal	What is proposed?	Why it matters	Status
Focus accounts on a single primary user	Define elected members as the primary users of local authority financial statements, reflecting their governance and oversight responsibilities.	Gives future reporting reform a clearer focus on the information needed for scrutiny and accountability.	■
New accountability report	Introduce a new report setting out financial performance on a funding basis, covering budget versus actual, usable reserves and General Fund/HRA outturn.	Provides a clearer link between budgetary performance, available reserves and IFRS accounting performance.	■
Simplify financial statements and disclosures	Revise the primary statements and remove certain disclosures, including the EFA and adjustments between the accounting and funding bases.	Intended to improve the understandability and usability of local authority financial statements.	■
Rethink pensions reporting	Consider changes ranging from targeted IAS 19 improvements to more fundamental changes in recognition and measurement, including possible disclosure-only solutions.	Responds to concerns that current pensions reporting is complex, resource-intensive and difficult for users to understand.	■
Develop sustainability reporting	Develop the approach to sustainability reporting, including the framework, implementation, location of disclosures and when reporting should become mandatory.	Responds to growing expectations that authorities explain how climate-related risks and opportunities are identified, managed and incorporated into decision-making.	■

■ Proposed as part of the 2027/28 Code changes. ■ Longer term options being explored within the consultation.

Questions for the Committee

1. **Are we ready?**
   What assurance do we need that the Authority is prepared for the changes and can manage the transition effectively?
2. **Will reporting be clearer?**
   Which changes would help us, and the public, better understand the Authority's financial performance, position and use of resources?
3. **Are the foundations in place?**
   Do our systems, processes and governance arrangements support the proposed reporting changes, and where is further action needed?
4. **Are we focusing on what matters?**
   Are the most significant financial messages already clear, or are they being obscured by the complexity of the accounts? Are we getting the information we need to provide effective scrutiny, challenge and oversight?

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Broads Authority

Audit Results Report

Year ended 31 March 2026

5 November 2026

The better the question. The better the answer. The better the world works.

Shape the future with confidence



Private and Confidential

5 November 2026

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

Dear Risk, Audit and Governance Committee Members

2025/26 Audit Results Report

We are pleased to attach our audit results report for the forthcoming meeting of the Risk, Audit and Governance Committee of Broads Authority (the Authority).

The audit is designed to express an opinion on the 2025/26 Statement of Accounts in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2024 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards, and other professional requirements. This report contains our findings related to the areas of audit focus and our views on the Authority's accounting policies and judgements.

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. We welcome the opportunity to discuss this report with you on 23 November 2026 as well as understand whether there are other matters which you consider may influence our audit.

System of Quality Management

The Transparency Report for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion. The most recent version of the Report is dated 30 June 2026 and can be found here EY UK 2026 Transparency Report | EY – UK.

Yours faithfully

David Riglar
Partner
For and on behalf of Ernst & Young LLP

Enc

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (https://www.psaa.co.uk/managing-audit-quality/contract-monitoring-2023-24-to-2027-28/terms-of-appointment-from-2023-24/terms-of-appointment-and-further-guidance-from-1-october-2025/)

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.

Management agree that they remain solely responsible for management decisions relating to the audited body and that we do not, and cannot, act in a managerial capacity nor can we make business decisions for management/the audited body in connection with the services or otherwise, nor advise or recommend that any accounting policy, treatment or reporting is suitable for any particular purpose or specific facts, and management agrees that they will not rely on us as having done so.

If you wish to discuss how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may raise the matter with the Key Audit Partner responsible for services provided under our appointment by PSAA Ltd. Alternatively, you may contact Stephen Reid, UK Head of Government and Public Sector Audit, at 1 More London Place, London SE1 2AF. We will consider any concerns carefully and promptly and will make every effort to explain our position clearly. If your concerns remain unresolved, you may escalate the matter to Anna Anthony, UK&I Regional Managing Partner, at 1 More London Place, London SE1 2AF. If you remain dissatisfied, you may refer the matter to PSAA Ltd or raise it with our professional institute; further details are available upon request.

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01 Executive Summary

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Executive Summary

Introduction

This report summarises the findings from the 2025/26 annual audit of the Authority. The scope of the audit was set out in our Audit Planning Report, which was presented to the 21 July 2026 meeting of the Risk, Audit and Governance Committee. The report summarises:

- Our conclusions arising from the audit of the 2025/26 financial statements; and
- A summary of the progress in rebuilding assurance, in line with the Ministry of Housing, Communities and Local Government's (MHCLG) audit recovery programme.

Financial Statement Conclusions

We have completed our audit of the Authority's financial statements for the year ended 31 March 2026. Subject to completion of the remaining outstanding procedures outlined in this report, we plan to issue an unqualified opinion. Note that we are currently consulting on the form of the opinion, and whether an unqualified opinion can be issued. Our provisional audit opinion is included within Appendix A to this report.

- Our work in relation to the Authority's Value for Money arrangements is complete. We can confirm we are not expecting to report by exception on any matters relating to significant weaknesses in financial sustainability, governance or economy, efficiency and effectiveness.
- We reviewed the Annual Governance Statement (AGS) for consistency with our audit findings and consideration of governance arrangements. Based on the work performed, we have no matters to report other than minor disclosure amendments made to the AGS.

Rebuilding Assurance Trajectory

Significant progress has been made in rebuilding assurance following the 2022/23 disclaimed opinion. Appendix B sets out the current expectations for the Authority's recovery trajectory. In 2025/26, we were able to complete all planned audit procedures and were able to provide assurance on the rebuild of Property, Plant and Equipment and Reserves. At this stage, we plan to issue an unqualified opinion, however we are currently consulting on the form of the opinion and whether an unqualified opinion can be issued.

Financial Year	Opinion	Assurance	Direction of Travel
2023/24	Disclaimed	Widespread gaps in assurance were noted due to the 2022/23 audit, where no accounts procedures were performed. We did however complete all planned procedures in year.	↑
2024/25	Qualified	As all planned procedures had been completed in 2023/24 and 2024/25, a qualified opinion was given. The qualification related to gaps in assurance on 2022/23 movement in reserves, property, plant and equipment additions held at cost, and land and buildings not revalued since 2022/23.	↑
2025/26	Unqualified	At this stage, we plan to issue an unqualified opinion, however we are currently consulting on the form of the opinion and whether an unqualified opinion can be issued.	↑

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Executive Summary (cont'd)

Scope update

In our Audit Planning Report, presented to the 21 July 2026 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, except for the change in materiality detailed below.

Updated materiality

In our Audit Planning Report, we communicated that our audit procedures would be performed using a planning materiality of £200k, being 2% of gross revenue expenditure on services. We updated our assessment of materiality to reflect expenditure reported within the draft financial statements. As a result, we have updated our overall materiality assessment as outlined below.

Planning Materiality £188k

Planning materiality has been set at £188k, which represents 2% of gross revenue expenditure in 2025/26.

Performance materiality £141k

Performance materiality is £141k, which represents 75% of materiality.

Audit differences £9.4k

The threshold for reporting misstatements that have an effect on the primary statements is £9.4k.

As is standard practice, we also consider areas of the financial statements where we should apply a lower area of materiality due to the nature of disclosures, As a result we anticipated there also being a number of disclosures that we audit to a lower materiality given the sensitive and public interest nature. Key examples would include exit payments paid in the period and disclosed within the staff notes and related party transactions.

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Executive Summary (cont'd)

Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial statements. 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.

Risk	Status of our work
Fraud risk – Presumptive risk of management override of controls	Work has been completed with no matters arising. Further detail is provided in Section 02.
Fraud risk – Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	Work has been completed with no matters arising. Further detail is provided in Section 02.
Inherent risk – Valuation of Property, Plant and Equipment	Work has been completed with no matters arising. Further detail is provided in Section 02.
Inherent risk – Valuation of pension liability	Work has been completed with no matters arising. Further detail is provided in Section 02.

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; and
- 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.

Control observations

During the audit, we did not identify any deficiencies in internal control. Our deficiencies reported in the prior year have been satisfactorily actioned. These were around the Authority implementing a formal Minimum Revenue Provision policy and segregation of duties concerning the Director of Resources preparing journal entries.

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Executive Summary (cont'd)

Value for Money

In our Audit Planning Report dated 17 April 2026, we reported that we had completed our Value for Money (VFM) risk assessment and we had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify any significant weakness in arrangements. See Section 03 of the report for further details.

Audit differences

- We identified a corrected misstatement decreasing the general fund by £32k and increasing the capital adjustment account by the same amount.
- No other corrected or uncorrected misstatements have been noted.
- A number of disclosure misstatements have been noted throughout the accounts.

Other reporting matters

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.

Independence

There are no independence matters to report. Please refer to Section 06 for our update on Independence.

Executive Summary (cont'd)

Factors impacting the execution of the audit

Management, and the Risk, Audit and Governance Committee, as the Authority's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. The table below sets out our views on the effectiveness of the Authority's arrangements to support external financial reporting across a range of relevant measures. Where we have been unable to undertake all planned procedures this is likely to extend the timetable to recover assurance on the Authority's financial statements. See Appendices B and C for further details.

Area	Status			Explanation	Direction of travel
	R	A	G		
Timeliness of the draft financial statements			Effective	The financial statements were published by the 30 June 2026 deadline set out in the Accounts and Audit Regulations.	⇔
Quality and completeness of the draft financial statements			Effective	Whilst there were multiple disclosure errors, no significant issues in the quality of accounts were noted.	⇔
Delivery of working papers in accordance with agreed client assistance schedule			Effective	Working papers were usually provided to the agreed timetable.	⇔
Quality of working papers and supporting evidence			Effective	Working papers and supporting evidence were of a good standard. There were still some issues around reconciliation of working papers back to the accounts, however these were not significant.	↑
Timeliness and quality of evidence supporting key accounting estimates			Effective	Evidence provided around the key accounting estimates was generally of a good standard.	⇔
Access to the finance team and personnel to support the audit in accordance with the agreed project plan			Effective	The Director of Resources and Senior Accountant were accessible throughout the audit and for the most part responded to queries in a timely manner.	⇔
Volume and value of identified misstatements			Effective	The value of misstatements identified and corrected was below performance materiality.	⇔
Volume of misstatements in disclosure			Requires improvement	A relatively high number of disclosure misstatements were noted throughout the financial statements. See section 05.	⇔

Our Key: Arrangements are ineffective | Arrangements require improvement | Arrangements are effective

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Executive Summary (cont'd)

Status of the audit

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

- Finalising our creditors cut off testing;
- Receipt of finalised financial statements;
- Completion of subsequent events procedures to the date of signing the audit report;
- Consultation on the opinion type;
- Confirmation of the work performed by EY as the auditor of Norfolk Pension Fund; and
- Conclusion procedures including receipt of the Letter of Representation.

Actions required to resolve and responsibility is included in Appendix G.

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02 Areas of Audit Focus

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Our response to significant risks

In this section, we set out our response to significant risks (including fraud risks denoted by*) identified for the audit of the 2025/26 financial statements.

Presumptive risk of management override of controls*

What is the risk, and the key judgements and estimates?	Our response to the key areas of challenge and professional judgement	Our conclusions
In accordance with ISA 240, the presumptive risk of management override of controls is present at every entity and we design the appropriate procedures to consider such risk. ▪ Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud. ▪ Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. We identify and respond to this fraud risk on every audit engagement.	In order to address the risks outlined we completed a range of procedures including: ▪ The identification of fraud risks during the planning stages of the audit; ▪ Inquiry 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); ▪ Consideration of the fraud risk factors associated with related party relationships and transactions; ▪ Consideration of the effectiveness of management's controls designed to address the risk of fraud; ▪ Performance of mandatory procedures, including testing of journal entries and other adjustments in the preparation of the financial statements; ▪ Procedures to identify significant unusual transactions; and ▪ Consideration of whether management bias was present in the key accounting estimates and judgements in the financial statements. In addition, we concluded that additional procedures included under 'Inappropriate capitalisation of revenue expenditure' were required to respond to this risk.	We have not identified any material issues, inappropriate judgements, or unusual transactions that would indicate deliberate misreporting of the Authority's financial position or management override of controls. Our journal entry testing is complete. The work performed has not resulted in any amendments to the financial statements, nor has it identified any indication of fraud. Our work on estimates is complete. We did not identify any indicators of management bias.

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Our response to significant risks (cont'd)

Inappropriate capitalisation of revenue expenditure*

What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement	Our conclusions
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. The relevant balances in the financial statements that we have tested under this risk are: ▪ Property, Plant and Equipment (PPE) additions - £1,270k ▪ Revenue Expenditure Funded from Capital Under Statute (REFCUS) - £340k	In order to address the risks outlined we have: ▪ Tested PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature; ▪ Assessed whether the capitalised spend clearly enhances or extends the useful life of an asset rather than simply repairing or maintaining the asset on which it is incurred; ▪ Considered whether any development or other related costs that have been capitalised are reasonable to capitalise, i.e., the costs incurred are directly attributable to bringing the asset into operational use; ▪ Tested REFCUS to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources; and ▪ Identified and understood the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year. We also completed procedures over 2022/23 PPE additions as part of our rebuild of assurance.	We selected a sample of PPE additions and REFCUS spend using lowered testing thresholds, to ensure that they were appropriately supported by documentary evidence, and that the expenditure incurred was capital in nature. We have no matters to report.

Other areas of audit focus

Our Audit Planning Report identified other areas of the audit that have not been classified as significant risks but are still important when considering the risks of material misstatement to the financial statements and disclosures.

Financial statement impact	What is the risk, and the key judgements and estimates?	Our response: Key areas of challenge and professional judgement	Our conclusions
Valuation of Property, Plant and Equipment			
The relevant 2025/26 account balances in the audited financial statements are: ▪ Property, plant and equipment: £8,200k ▪ Relating to land and buildings: £5,400k	In the 2025/26 financial statements the Authority was required to apply CIPFA Bulletin 22 which reassessed the current regime of valuation for non-investment assets across the public sector. The guidance mandates a quinquennial revaluation or a five-year rolling programme for formal valuations, supported by annual indexation in the intervening years.	In response to the risk, we have: ▪ Considered management's response to CIPFA Bulletin 22, including the appropriateness of indices applied to assets not revalued during intervening years and triggers for revaluation; ▪ Reviewed and appraised the work performed by the Authority's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; ▪ Sample tested key asset information used by the valuers in performing their valuation; ▪ Assessed changes to useful economic lives against the most recent valuer assessment; ▪ Tested whether accounting entries have been correctly processed in the financial statements; ▪ Reviewed assets not subject to valuation in 2025/26 to confirm that the remaining asset base is not materially misstated or requires impairment; and ▪ Ensured that the revaluation reserve had been appropriately adjusted for the individual assets that had been revalued in 2025/26. We also completed procedures over those land and buildings not revalued since 2022/23 as part of our rebuild of assurance.	Our audit procedures did not identify any material issues in relation to the valuation or accounting treatment of property, plant and equipment. We were satisfied that the assumptions, methodologies and data used by management and its valuation specialists were reasonable, and accounting entries were appropriately recorded.

Other areas of audit focus (cont'd)

What is the risk, and the key judgements and estimates?	Our response to the key areas of challenge and professional judgement	Our conclusions
Valuation of Pension Assets and Liabilities		
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. The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the balance sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary. Accounting for this scheme involves significant estimation and judgement and therefore management engaged an actuary (Hymans Robertson) 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. The Authority's net pension liability is measured as the sum of the long-term payments due to members as they retire against the Authority's share of the Norfolk Pension Fund investments. At 31 March 2026 the Authority's net liability totalled £0 after being limited to nil in line with the accounting requirements of IFRIC 14. An unfunded liability of £182k was also recorded on the Authority's balance sheet and a material pension liability was thus considered in full.	In response to the risk, we have: ▪ Liaised with the auditor of Norfolk Pension Fund (EY) to obtain assurance over the information supplied to the actuary and for the 2025 triennial valuation. We also confirmed joint assurances in respect of employer and employee contributions; ▪ Engaged our actuarial specialists to assess the work of the actuary. This involved consideration of the net liability and the calculation of the asset ceiling in accordance with IFRIC 14; ▪ Assessed the work of PwC, appointed to consider actuarial assumptions used at the year end for all local government sector bodies; ▪ Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS 19; and ▪ Considered the valuation and disclosure of unfunded liabilities, for which there are no plan assets to meet the pension liabilities.	In accordance with ISA 540, Auditing Accounting Estimates and Related Disclosures, our audit approach included evaluating the processes and controls applied by management in developing significant accounting estimates. The standard requires auditors to assess whether estimation methodologies are appropriately designed and consistently applied, and whether the underlying assumptions and data are reliable and complete. As neither EY nor PwC, acting as consulting actuaries for the NAO across local public sector audits, are granted access to the detailed actuarial models used by the reporting actuary, it is not possible to directly test all aspects of the model's design and operation. To obtain additional audit assurance, we engaged an EY pensions specialist to independently review the Authority's IAS 19 valuation report and develop an auditor's estimate using a parallel actuarial model. The results of this work were compared to the valuation produced by Hymans Robertson, and no significant differences were identified.

Areas of Audit Focus

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;
- Significant difficulties, if any, encountered during the audit;
- Significant matters, if any, arising from the audit that were discussed with management;
- Matters regarding management's process for identifying and responding to the risks of fraud in the entity;
- Disagreements with management, if any arising during the audit;
- Other matters if any, significant to the oversight of the financial reporting process, including the strengths and weaknesses of the finance function and the quality of the financial statement preparation process;
- Written representations that we are seeking;
- Expected modifications to the audit report;
- Related parties;
- Going concern;
- External confirmations;
- Consideration of laws and regulations, including any significant matters involving actual or suspected non-compliance with laws and regulations or articles of association which were identified in the course of the audit, in so far as they are considered to be relevant in order to enable the Risk, Audit and Governance Committee to fulfil its tasks; and
- Use of auditor's external specialists.

We have nothing to report in respect of these matters.

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Areas of Audit Focus (cont'd)

Going concern

For the Authority, the applicable financial reporting framework is based on the continuation of services principle. In applying Practice Note 10 and our going concern interpretation guidance, the focus of the going concern assessment is therefore whether the Authority's statutory services will continue to be delivered within the public sector, rather than whether the Authority continues in its current organisational form.

Management is required to make a proportionate assessment of the appropriateness of preparing the Authority's financial statements on a going concern basis. Our audit procedures included evaluating that assessment, considering the requirements of the CIPFA Code and the wider public sector framework, and assessing whether any law, regulation, policy announcement, or other evidence indicated that the services provided by the Authority would not continue to be delivered.

Based on the work performed to date, we have not identified any events or conditions that may cast significant doubt on the Authority's ability to continue to prepare its financial statements on a going concern basis. In reaching this conclusion, we have considered whether there is evidence that the continuation of services principle would not apply, whether management's assessment is consistent with the applicable financial reporting framework, and whether any contradictory audit evidence has been identified.

Where matters relevant to the Authority's financial sustainability have been identified, these do not of themselves indicate a material uncertainty related to going concern where they do not affect the continued delivery of statutory services. Such matters are considered, where relevant, through our wider audit work, including our value for money arrangements responsibilities.

We will continue to update our assessment up to the date of approval of the financial statements, including consideration of any further information provided by management or identified through our audit procedures. We will also evaluate whether the going concern disclosure in the Authority's financial statements is proportionate, accurately reflects management's assessment, and covers the appropriate assessment period. We do not currently expect our auditor's report to include any reference to a material uncertainty related to going concern.

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03 Value for Money

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Value for Money

The Authority's responsibility 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.

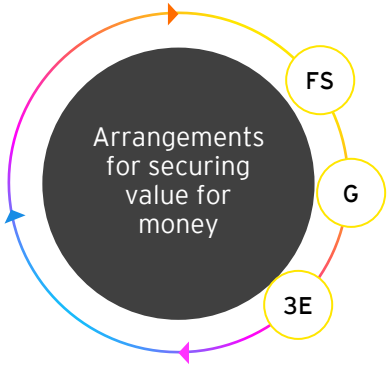
As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect 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 the 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 in the use of its resources.

Our VFM 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 provide commentary on the Authority's arrangements against three reporting criteria:



FS	Financial Sustainability	How the Authority plans and manages its resources to ensure it can continue to deliver its services.
G	Governance	How the Authority ensures that it makes informed decisions and properly manages its risks.
3E	Economy, Efficiency & 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 and therefore expect to have no matters to report by exception in our audit opinion.

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04 Other Reporting Matters

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Rebuilding Assurance

Progress in 2025/26

The local audit system is currently operating under the Ministry of Housing, Communities and Local Government's (MHCLG) audit recovery programme, which was established to address the significant backlog of local authority audits across England. Under this programme, most authorities received disclaimer opinions where statutory backstop dates were reached before auditors were able to complete all planned procedures.

The National Audit Office (NAO) subsequently issued a series of Local Audit Reset and Recovery Implementation Guidance (LARRIG) documents which set out how auditors and local authorities should work together to rebuild audit assurance over a number of years and ultimately return to unqualified audit opinions. The recovery programme is designed to operate in two broad phases:

1. The first phase focused on restoring assurance through the completion of current-year audits and establishing a consistent pattern of timely financial reporting and audit delivery. This is often referred to as the "natural rebuild" of assurance, as auditors progressively obtain evidence over successive years' transactions and balances.
2. The second phase involves targeted work to address areas where historic assurance gaps remain, particularly where balances may have been affected by transactions that occurred during years subject to disclaimer opinions. The objective is to ensure that historic risks are assessed and, where necessary, additional audit work is undertaken so that assurance can be rebuilt in a proportionate and risk-based manner.

The 2025/26 audit represents an important stage in this second phase of the recovery programme. In accordance with NAO guidance in LARRIG 06, we performed a specific risk assessment of reserves and other cumulative balances that may contain the effects of transactions from periods where full audit assurance was not available. We reported the results of this work to MHCLG, and to the Risk, Audit and Governance Committee within our Rebuilding Audit Assurance - Risk Assessment Update to the Audit Planning Report dated 5 August 2026. The purpose of this work is not to re-audit all prior years. Instead, it is to identify those areas where the risk of material misstatement remains highest and where further assurance-building procedures are required. The findings reported in this Audit Results Report therefore explain the outcome of our procedures following that risk assessment and the extent to which audit assurance has been rebuilt. Our approach recognises that recovery depends heavily on the Authority's own capacity and preparedness and that audit effort must be targeted where it can deliver meaningful assurance. As the body charged with governance, the Risk, Audit and Governance Committee plays a crucial role in ensuring assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support a timely and efficient audit. Failure to achieve this will significantly increase the level of resources required to fulfil our respective responsibilities. We draw members' and officers' attention to the Public Sector Audit Appointments Limited Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

The risk assessment process identified that the risk of material misstatement is not uniform across reserves. Certain reserves were assessed as presenting a higher risk of material misstatement, reflecting factors including:

- the size of balances and the extent of movements during periods subject to disclaimed opinions;
- the degree of judgement required in determining the appropriate accounting treatment; and
- reliance on complex statutory and capital accounting arrangements.

Other reserves were assessed as lower risk, with characteristics that may support a more targeted and proportionate rebuilding of assurance, without undermining audit quality, subject to the availability of sufficient appropriate audit evidence. This assessment underpins the differentiation in audit response which will be adopted across reserves and is intended to promote a consistent and proportionate approach.

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Rebuilding Assurance (cont'd)

Progress in 2025/26 (cont'd)

Our risk assessment process found that the pre-2023/24 gaps in assurance - particularly those relating to reserves and other cumulative balances – were able to be sufficiently addressed as part of the 2025/26 audit, supporting progression towards an unqualified audit opinion.

To rebuild assurance over the historic position, we needed to audit certain transactions and movements from 2022/23. In Appendix C, we set out the outcomes of the work to rebuild assurance in 2025/26. We were able to complete the procedures outlined within our risk assessment in full.

Appendix A sets out our audit opinion for 2025/26. Subject to completion of the remaining outstanding procedures outlined in this report, including consultation on the opinion type, we plan to issue an unqualified opinion.

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Our Assessment of the Control Environment

Internal and Financial Controls

In line with our established audit approach set out to the Committee in previous years, we adopted a fully substantive approach to the audit. We consider the design and implementation of key controls most relevant to the financial processes which materially impact the financial statements through the course of our audit, including in response to revised auditing standards around understanding systems that impact the financial statements. As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed.

As part of our planning procedures, we perform walkthroughs of the relevant controls to ensure that financial information feeding into the financial statements is materially accurate. These considerations are limited to controls we believe are likely to directly and materially impact the financial statements should they fail. In addition, wherever possible, we use our data analysers to identify inconsistencies in key processes, in particular in relation to income and expenditure and payroll transactions. The matters reported are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you. We identified no significant deficiencies in internal control.

The table below provides an overview of the 'high' 'moderate' and 'low' rated observations we made or that were sufficiently addressed by management within the 2025/26 audit.

	High	Moderate	Low	Total
Open at 11 November 2025	0	3	0	**3**
Closed during 2025/26	0	3	0	**3**
New matters reported in 2025/26	0	0	0	**0**
Total open matters	**0**	**0**	**0**	**0**

Our Key:

- Matters or issues are considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken either immediately or within three months.
- Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.
- Less significant issues or areas for improvement which we consider merit attention but do not require to be prioritised by management.

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Other Reporting Issues

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

Under our responsibilities, we must give an opinion on the consistency of the financial and non-financial information in the Authority's Statement of Accounts 2025/26 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.

Throughout the course of the audit, we were satisfied that the financial information in the Authority's Statement of Accounts 2025/26 was consistent with the audited financial statements. We have also 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.

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

Other matters

It is recommended that the Authority revisits their approach towards current value methodology and determines whether cost can be used as a proxy.

We have undertaken an exercise where we have assessed the value of these assets based on depreciated historical cost. The difference between our recalculation and the current net book value is £79,000 and thus, below performance materiality of £141k. While no adjustment is required, the Authority should review their accounting policy going forward.

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05 Audit Differences

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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

We highlight the following misstatements which have been corrected by management that were identified during the course of our audit:

Corrected misstatements 31 March 2026	Effect on the current period		Net assets (Decrease)/Increase			
	Equity Debit/(Credit) £	Income statement Debit/(Credit) £	Assets current Debit/ (Credit) £	Assets non-current Debit/ (Credit) £	Liabilities current Debit/ (Credit) £	Liabilities non-current Debit/ (Credit) £
Errors						
Capital Grants Unapplied	£32k					
Grant Receipts in Advance					-£32k	

There were no uncorrected misstatements.

Audit Differences

Summary of disclosure changes

Auditing standards require us to evaluate the overall presentation, structure and content of the financial statements, including disclosures, and to consider whether they provide a fair presentation of the Authority's underlying transactions and events. We also read the other information accompanying the financial statements to assess whether it is materially consistent with our understanding obtained during the audit.

As part of this process, we identified a number of disclosure matters and opportunities to enhance compliance with the Code of Practice on Local Authority Accounting and improve the clarity of financial reporting. Where management elected not to amend the financial statements, we were satisfied that the uncorrected items were not material to the financial statements as a whole.

Out of 37 notes to the accounts, 13 required amending during the audit, as well as some changes to the narrative report. We have assessed that the following disclosure misstatements are significant and merit the attention of the Risk, Audit and Governance Committee due to their quantitative or qualitative significance:

No.	Description
1	**Disclosure of Pension Reserve** Pension Reserve: The reversal of asset ceiling line is to be removed and the 24/25 remeasurements of net defined liability line is to be amended to -£9k from £10,840k. This will give the same total and agree to the IAS 19 report. This has no impact on the closing balance of the Pension Reserve and therefore relates only to disclosures within Note 20 of the financial statements.
2	**Disclosure of Pension Liability** The pension liability note (Note 32) is to be split out to show gross assets and the effect of the asset ceiling (-£10,849k in 24/25 & -£12,526k in 25/26). The fair value of assets and the total will remain the same however this adjustment is necessary to highlight the effect of the asset ceiling.
3	**Cash Flow Statement** There are two amounts within the investing and financing activities reconciliation that have been presented incorrectly as a positive or negative figure. Proceeds from short-term investments of £5,500k have been presented as +£5,500k rather than -£5,500k, and proceeds from the sale of property, plant and equipment of £58k have been presented as -£58k rather than +£58k. The underlying totals are correct and therefore this misstatement relates to the presentation of Note 21 only.

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06 Independence

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Independence

Confirmation

At the Risk, Audit and Governance Committee meeting we highlighted the communications that we are required to make at the planning stage and at the conclusion of the audit, as well as during the course of the audit.

In this report, we provide disclosure of the relationships (including the provision of non-audit services) which bear on our integrity, objectivity and independence, the related threats and safeguards, as well as details of our fees and the other required confirmations. We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that the Risk, Audit and Governance Committee consider the facts of which you are aware and come to a view.

If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming Committee meeting.

We are not aware of any inconsistencies between the Authority's policy for the supply of non-audit services and FRC Ethical Standard. We are not aware of any apparent breach of that policy. We confirm that, in our professional judgment, EY is independent, our integrity and objectivity is not compromised and we have complied with the FRC Ethical Standard.

We confirm that your engagement team (Partner, Manager, and all others involved with the audit) and others within the firm, the firm and network firms have complied with relevant ethical requirements regarding independence.

We confirm that the independence threats created by the level of the audit fees are at an acceptable level.

We have re-affirmed the general policy/process for pre-concurrence with those charged with governance and obtained specific pre-concurrence for services not covered by the general policy. We re-affirm this annually.

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the period ended 30 June 2026 and can be found here EY UK 2026 Transparency Report | EY – UK.

Relationships, services and related threats

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, its directors and senior management and its affiliates, including all services provided by us and our network to the Authority, 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 2025 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 2025 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

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

Independence (cont'd)

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

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

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

The agreed scale fee presented was based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statement opinion and Value for Money conclusion being unqualified;
- Appropriate quality of documentation being provided by the Authority; and
- The Authority having an effective control environment.

The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/. In particular, the 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. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Authority are set out in the fee analysis on this page.

	Current Year £	Prior Year £
Scale Fee – Code Work	76,338	74,259
Proposed scale fee variation	TBD Note 2	17,430 Note 1
Project cost fee variation arising from the local audit backlog solution (prior year only)	0	5,198 Note 3
Total Fees	**TBD**	**96,887**

All fees exclude VAT

1. As set out in our 2024/25 Audit Results Report a scale fee variation was submitted to PSAA covering the following areas:

- The implementation of IFRS 16;
- Identified risk concerning the change in management's expert for valuation of Property, Plant and Equipment;
- Director of Resources Journal Entry Testing;
- Consultation on qualified opinion wording.

That scale fee variation has now been determined at a total value of £17,430.

2. We propose to submit a scale fee variation to PSAA for additional 2025/26 work covering the following areas:

- Provisions and REFCUS Testing as these are new significant accounts for 2025/26;
- Exit Packages testing due to multiple redundancies being tested;
- Rebuild work performed over 2022/23 PPE additions, valuations and depreciation;
- Rebuild risk assessment and work performed over 2022/23 movement in reserves;
- Our reporting to the Committee and MHCLG on our risk assessment results; and
- Consultation on the proposed unqualified opinion and removing any modifications from our audit opinion.

3. In September 2026 PSAA determined, following consultation, that a one-off fee variation of 7% in respect of costs for additional work to rebuild assurance would be applied to the 2024/25 scale fee. This is following MHCLG's restated decision to incorporate the project change costs into its review of the grant allocation formula, so that the project cost charges to bodies are reflected in future build-back grant payments.

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07 Appendices

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Appendix A: Provisional Audit Opinion

Our opinion on the financial statements

This is a provisional audit opinion. The wording is incomplete as our consultation over the opinion type is still pending, as set out in Appendix G.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BROADS AUTHORITY

Opinion

We have audited the financial statements of the Broads Authority ('the Authority') for the year ended 31 March 2026. The financial statements comprise the:

Authority Movement in Reserves Statement,
Authority Comprehensive Income and Expenditure Statement,
Authority Balance Sheet,
Authority Cash Flow Statement
The related notes 1 to 37 including material accounting policy information and including the Expenditure and Funding Analysis.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the financial position of the Broads Authority as at 31 March 2026 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

WORDING IS TBC PENDING CONSULTATION

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the **Authority**'s ability to continue as a going concern for a period up until 31 January 2028.

Our responsibilities and the responsibilities of the Director of Resources with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2025/26, other than the financial statements and our auditor's report thereon. The Director of Resources is responsible for the other information contained within the Statement of Accounts 2025/26.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Authority.
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026.

We have nothing to report in these respects.

Responsibility of the Director of Resources

As explained more fully in the Statement of the Director of Resources' Responsibilities set out on page 13 of the statement of accounts 2025/26, the Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, for being satisfied that they give a true and fair view and for such internal control as the Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters

Appendix A: Provisional Audit Opinion (cont'd)

Our opinion on the financial statements (cont'd)

related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- Local Government Act 1972,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- The Broads Authority Act 2009,
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment legislation, tax legislation, general power of competence, procurement and health & safety.

We understood how the Broads Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit, those charged with governance, monitoring officer and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified the risk of management override of controls and inappropriate capitalisation of revenue expenditure to be our fraud risks.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in March 2026, as to whether the Broads Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Broads Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026.

We planned our work in accordance with the Code of Audit Practice 2024. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether the Broads Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of the Broads Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

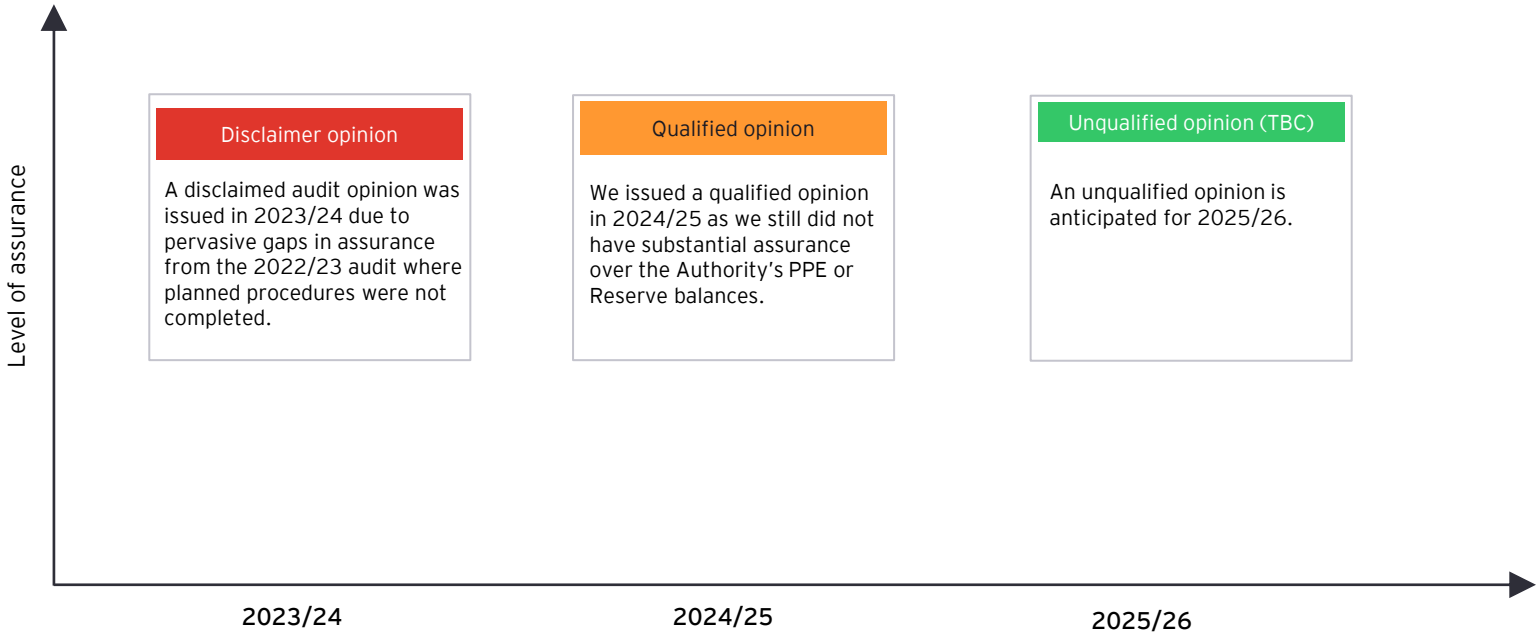
This report is made solely to the members of the Broads Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Riglar (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

Appendix B: Progress to full assurance

Progress to full assurance

The 2025/26 audit represents an important stage in this second phase of the recovery programme. In accordance with NAO guidance, during 2025/26 we performed a specific risk assessment of reserves and other cumulative balances that may contain the effects of transactions from periods where full audit assurance was not available. We reported the results of this work to MHCLG, and to the Risk, Audit and Governance Committee within our Rebuilding Audit Assurance - Risk Assessment Update to the Audit Planning Report dated 5 August 2026. This process supported the development of a timetable for recovery that has been tailored to current expectations for the Authority.



In 2025/26, additional assurance was achieved in relation to those PPE and Reserve balances that were qualified in 2024/25. As a result, we plan that for 2025/26 we will issue an unqualified opinion, pending the outcome of our consultation on the opinion.

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Appendix C: Rebuilding audit assurance progress

Results of work to rebuild assurance over reserves

We presented our risk assessment for the rebuilding process to the Committee within our Rebuilding Audit Assurance - Risk Assessment Update Report. The table below presents an update on the dashboard summarising the outcome of audit procedures and the implications for the Authority's timeline to full assurance.

Reserve	Risk Assessment	Results	Assurance obtained
Usable Reserves:			
General Fund & Navigation Fund	Higher Inherent Risk	All planned procedures performed and substantial assurance obtained.	Substantial
Earmarked Reserves	Lower Inherent Risk	All planned procedures performed and substantial assurance obtained.	Substantial
Capital Receipts Reserve	Lower Inherent Risk	All planned procedures performed and substantial assurance obtained.	Substantial
Capital Grants Unapplied Account	Higher Inherent Risk	All planned procedures performed and substantial assurance obtained.	Substantial
Unusable Reserves:			
Revaluation Reserve	Higher Inherent Risk	All planned procedures performed and substantial assurance obtained.	Substantial
Capital Adjustment Account	Higher Inherent Risk	All planned procedures performed and substantial assurance obtained.	Substantial
Pensions Reserve	N/A	We had brought forward substantial assurance over this balance already.	Substantial
Accumulated Absences Account	N/A	We had brought forward substantial assurance over this balance already.	Substantial

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Appendix D: Audit Action Plan

Follow up of prior year recommendations

We set out below the recommendations that were made in 2024/25 together with our assessment of progress.

Control observation and impact	Grading	Recommendation	Assessment of Progress
	H / M / L		
Journal Posting by S17 Officer – In 2024/25, the S17 Officer posted 316 journals directly to the general ledger (2023/24: 17). We extended our testing to include the material journals and have not identified any accounting issues arising. However, as a Senior Officer, the S17 Officer should refrain from posting journals to ensure proper segregation of duties and maintain robust internal controls.	Moderate	We recommended that the S17 Officer does not post journals and instead reviews them where their input is required.	This has been resolved appropriately. In 2025/26, the S17 Officer (Director of Resources) posted zero journals to the general ledger.
Journal Review by Lower Seniority Staff - The journals posted by the S17 Officer are reviewed by the Senior Accountant or Financial Accountant, both of whom are lower seniority. This arrangement compromises the effectiveness of the review process and does not align with best practices for oversight and accountability.	Moderate	As above, we recommended that the S17 Officer does not post journals and instead reviews them where their input is required.	As above, in 2025/26 this has been resolved appropriately.
No formal Minimum Revenue Provision (MRP) policy in place - Based on statutory guidance (Capital finance: guidance on minimum revenue provision (5th edition)), all local authorities need to prepare an MRP policy statement ahead of each financial year. There is currently no policy prepared by the Authority. MRP for the Authority was £98k for 2025/26.	Moderate	We recommended that the Authority put in place a formal MRP policy statement for 2025/26 that can then be adhered to going forward.	This has been resolved appropriately. The Authority has included a formal MRP policy for 2025/26.

Grade Key: H Matters or issues considered to be fundamental to the mitigation of material risk, maintenance of internal control or good corporate governance. Action should be taken within three months.

M Risks or potential weaknesses which impact on objectives and compliance, or impact the operation of a single process, and so require prompt but less urgent immediate action by management.

L Less significant issues or areas for improvement which we consider merit attention but do not require to be prioritised by management.

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Appendix E: Required communications with those charged with governance

Required communications with those charged with governance

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

		Our Reporting to you
Required communications	**What is reported?**	**When and where?**
Terms of engagement	Confirmation by the Risk, Audit and Governance Committee of acceptance of terms of engagement.	The statement of responsibilities serves as the formal terms of engagement between PSAA appointed auditors and audited bodies.
Planning and audit approach	Communication of: ▪ The planned scope and timing of the audit; ▪ Any limitations on the planned work to be undertaken; ▪ The planned use of internal audit; and ▪ The significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report – 21 July 2026 – Risk, Audit and Governance Committee
Significant findings from the audit	▪ 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 – 23 November 2026 – Risk, Audit and Governance Committee

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

		Our Reporting to you
Required communications	**What is reported?**	**When and where?**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▪ 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 – 23 November 2026 – Risk, Audit and Governance Committee
Misstatements	▪ 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 – 23 November 2026 – Risk, Audit and Governance Committee

Fraud	▪ 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:
	  ▪ Management;
	  ▪ Employees who have significant roles in internal control; or
	  ▪ Others where the fraud results in a material misstatement in the financial statements.
	▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected
	▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud
	▪ Any other matters related to fraud, relevant to the Risk, Audit and Governance Committee responsibility.
		Audit results report – 23 November 2026 – Risk, Audit and Governance Committee

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

		Our Reporting to you
Required communications	**What is reported?**	**When and where?**
Independence	Relevant ethical requirements, including those related to independence, that we apply for the audit engagement, including any independence requirements specific to audits of financial statements of the entity. All significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▪ 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; and ▪ Breaches of the IESBA Code of Ethics, local independence regulations or professional standards. Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.	Audit planning report – 21 July 2026 – Risk, Audit and Governance Committee Audit results report – 23 November 2026 – Risk, Audit and Governance Committee
External confirmations	▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures	Audit results report – 23 November 2026 – Risk, Audit and Governance Committee
Consideration of laws and regulations	▪ 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 – 23 November 2026 – Risk, Audit and Governance Committee
Significant deficiencies in internal controls identified during the audit	▪ Significant deficiencies in internal controls identified during the audit	Audit results report – 23 November 2026 – Risk, Audit and Governance Committee

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

		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	▪ Written representations we are requesting from management and/or those charged with governance	Audit results report – 23 November 2026 – Risk, Audit and Governance Committee
System of quality management	▪ How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results report – 23 November 2026 – Risk, Audit and Governance Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▪ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – 23 November 2026 – Risk, Audit and Governance Committee
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▪ Non-disclosure by management; ▪ Inappropriate authorisation and approval of transactions; ▪ Disagreement over disclosures; ▪ Non-compliance with laws and regulations; or ▪ Difficulty in identifying the party that ultimately controls the entity.	Audit results report – 23 November 2026 – Risk, Audit and Governance Committee
Auditor's report	▪ Any circumstances identified that affect the form and content of our auditor's report	Audit results report – 23 November 2026 – Risk, Audit and Governance Committee

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Appendix F: Management representation letter

Management representation letter

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 2026. 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 *the Broads Authority* as of *31 March 2026* 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 2025/26.

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 2025/26.[5]

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 2025/26, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The material accounting policy information adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the 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 2025/26, that are free from material misstatement, whether due to fraud or error. [6]

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 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.

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.[7]

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.[8]

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 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

Appendix F: Management representation letter (cont'd)

Management representation letter (cont'd)

- 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.[9]

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.[10]
2. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect on the financial statements.
3. All material transactions have been recorded in the accounting records and are reflected in the financial statements.[11]
4. We have made available to you all minutes of the meetings of the Authority and relevant committees held through the period of 1 April 2025 to the most recent meeting on 23 November 2026.
5. 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 period end. These transactions have been appropriately accounted for and disclosed in the financial statements.[12]
6. 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 2025/26.[13]
7. 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.
8. 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.[14]
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 financial statements all guarantees that we have given to third parties.[15]

E. Going Concern[16]

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.

F. Subsequent Events

1. Other than those described in Note 6 to the financial statements, there have been no events subsequent to 31 March 2026 which require adjustment of or disclosure in the financial statements or notes thereto.[17]

Appendix F: Management representation letter (cont'd)

Management representation letter (cont'd)

G. Other information[14]

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Report and the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered 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 2025/26, aligned with the statements we have made in the other information or other public communications made by us.

I. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of 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.

J. Estimates (Valuation of Pension Liability, and Property, Plant and Equipment)[15]

1. We confirm that the significant judgments made in making the above estimates 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 above estimates.

3. We confirm that the significant assumptions used in making the above estimates appropriately reflect our intent and ability to carry out this valuation.

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 2025/26.

5. We confirm that appropriate specialised skills or expertise has been applied in making the above accounting estimates.

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

K. 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 the notes 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 notes to the financial statements, we have no other line of credit arrangements.

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.

Yours faithfully,

_____

Director of Resources

_____

Chair of the Risk, Audit and Governance Committee

Appendix G: Outstanding matters

Outstanding matters

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

Item	Actions to resolve	Responsibility
Finalising our creditors cut off testing	Actioning review notes on the cut off testing. Management to respond to our queries.	EY and management
Receipt of finalised financial statements	EY central review process and finalisation of disclosures and opinion wording. Management to provide with all amendments required.	EY and management
Completion of subsequent events procedures to the date of signing the audit report	Completion of subsequent events procedures to the date of signing the audit report. Management to confirm no material subsequent events.	EY and management
Consultation on the opinion type	The consultation on whether we can issue an unqualified opinion is in progress.	EY
Confirmation of the work performed by EY as the auditor of Norfolk Pension Fund	We are awaiting response from EY in relation to the results of the Norfolk Pension Fund audit.	EY
Conclusion procedures including receipt of the Letter of Representation	Receipt of signed management representation letter.	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge. We will continue to engage with management to identify any matters that may require disclosure and that could impact the related disclosures within the financial statements. Any material matters identified prior to approval will be reported to the Committee.

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Appendix H: Accounting and regulatory update

Looking Ahead: Proposed Changes to Local Authority Financial Reporting

In July 2026, CIPFA/LASAAC issued a consultation on the 2027/28 Code of Practice on Local Authority Accounting, setting out the continuation of a programme of reform designed to improve the clarity, accessibility and usefulness of local authority financial reporting. The proposals are intended to simplify financial statements, reduce complexity arising from statutory accounting adjustments and ensure reporting better supports democratic accountability.

Key proposals include:

- **A clearer focus on elected members as the primary users of local authority financial statements**, with future reporting and disclosure requirements increasingly designed around supporting governance, scrutiny and decision-making responsibilities.
- The introduction of a **new Accountability Report**, potentially from 2028/29, which would explain financial performance on a funding and budgetary basis and provide a clearer link between statutory financial management and IFRS-based financial statements. This could replace several existing disclosures and significantly alter the presentation of local authority financial statements.
- **Simplification of financial statements and notes**, including revised terminology aligned more closely with IFRS, streamlined reserve disclosures and the proposed removal of the Expenditure and Funding Analysis.
- **Fundamental review of pension reporting**, with CIPFA/LASAAC indicating that a move towards a contribution-based approach for local government pension schemes could be explored to reduce complexity, volatility and management and audit burden over reporting.
- The introduction of **sustainability reporting requirements**, based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, potentially implemented on a phased basis from 2027/28 for larger authorities. This would bring climate-related governance, risk management and performance reporting more formally within annual reporting arrangements.

The consultation acknowledges ongoing pressures across the sector, including audit recovery and local government reorganisation. Consequently, several of the more substantial reforms, particularly the Accountability Report and associated changes to the financial statements, are proposed for implementation no earlier than 2028/29. The Committee will wish to monitor the outcome of the consultation and consider the potential implications for future financial reporting, governance oversight and audit arrangements.

Future accounting update

Since our last Audit Results Report, a new accounting standard, IFRS 18, has been issued. The following table provides a high level summary of the implications for the Authority.

Name	Summary of key measures	Impact
IFRS 18: Presentation and Disclosure in the Financial Statements	▪ IFRS 18 replaces IAS 1 and introduces a revised framework for presenting financial performance, including new categories and subtotals within the primary financial statements and enhanced disclosure requirements for management-defined performance measures. While the standard is not expected to significantly affect the underlying financial position of local authorities, it is likely to change the presentation of the Comprehensive Income and Expenditure Statement and the interaction between IFRS-based reporting and statutory funding measures. ▪ Under UK-adopted IFRS, IFRS 18 is effective for accounting periods beginning on or after 1 January 2027. However, CIPFA/LASAAC has proposed deferring implementation within the Local Authority Accounting Code until 2028/29, aligning it with the proposed introduction of an Accountability Report and avoiding multiple major presentation changes in successive years.	▪ CIPFA/LASAAC is currently consulting on proposals to align implementation with wider local authority reporting reforms, with adoption potentially deferred to 2028/29. ▪ The Authority should monitor developments and consider the implications for future financial reporting and member communication.

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

Date to be inserted upon signing

Dear David

Broads Authority Letter of Representation

This letter of representation is provided in connection with your audit of the financial statements of Broads Authority ("the Authority") for the year ended 31 March 2026.

We recognise that obtaining representation 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 Broads Authority as of 31 March 2026 and of its income and expenditure for the year then ended in accordance with, for the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

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 2025/26.

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 2025/26, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The material 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 2025/26 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 recognised 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 activities, 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. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect on the financial statements.
3. All material transactions have been recorded in the accounting records and are reflected in the Authority financial statements.
4. We have made available to you all minutes of the meetings of the Authority and its relevant committees (Broads Authority and Risk, Audit and Governance) held through the period of 1 April 2025 to the most recent meeting on 23 November 2026.
5. 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 2026 period end. These transactions have been appropriately accounted for and disclosed in the Authority financial statements.

6. 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 2025/26.

7. 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.

8. 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

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.

F. Subsequent Events

1. Other than the events described in Note 6 to the Authority financial statements, there have been no events subsequent to 31 March 2026 which require adjustment of or

disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the information contained within the Narrative Report and the Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and the Authority have reflected these 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 2025/26, aligned with the statements we have made in the other information or other public communications made by us.

I. Use of the Work of a Specialist

1. 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.

J. Estimates (Valuation of Pension Liability, and Property, Plant and Equipment)

1. We confirm that the significant judgments made in making the above estimates 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 above accounting estimates.

3. We confirm that significant assumptions used in making the above estimates appropriately reflect our intent and ability to carry out this valuation.

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 2025/26.

5. 5.We confirm that appropriate specialised skills or expertise has been applied in making the above accounting estimates.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

K. 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 the notes 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 notes to the financial statements, we have no other line of credit arrangements.

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.

Yours sincerely

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(Director of Resources)

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(Chair of the Risk, Audit and Governance Committee)