

New Forest National Park
Authority
Audit results report
Year ended 31 Month 2024
January 2025





New Forest National Park Authority
Lymington Town Hall,
Avenue Road,
Lymington,
SO41 9ZG

8th January 2025

Dear Authority Members

2023/24 Audit results report

We are pleased to attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Authority. We will update the Authority at its meeting scheduled for 23rd January 2025 on further progress to that date and explain the remaining steps to the issue of our final audit report.

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on New Forest National Park Authority's (the Authority's) accounting policies and judgements and material internal control findings.

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

The Authority members, as the (Authority's) body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Authority members in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

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

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

As reported in our 30/10/2024 Audit Completion Report, we issued a disclaimed audit report on Authority's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

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

Yours faithfully

Simon Mathers

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

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

This report is made solely to the Authority members and management of New Forest National Park Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Authority members and management of New Forest National Park 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 Authority members and management of New Forest National Park 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.



01 Executive Summary



Executive Summary – Context for the audit

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

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

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

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 30/10/2024 Audit Completion Report to the Authority, we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

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



Executive Summary

Scope update

In our Audit Planning Report presented at the 3rd June 2024 Resources, Audit and Performance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross expenditure on provision of services, we have updated our overall materiality assessment to £100k (Audit Planning Report – £116k). This results in updated performance materiality, at 75% of overall materiality, of £75k, and an updated threshold for reporting misstatements of £5k.

A summary of our approach to the audit of the balance sheet including any changes to that approach from the prior year audit is included in Appendix A.

Status of the audit

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

- Pensions valuation – the review of the IAS 19 liability by our pensions audit specialist has identified errors in some of the assumptions used by the fund actuary in determining the 2023/24 valuation. As a result of this, a new IAS 19 report has been requested from the fund actuary by the Authority. This report has been received, and as a result, the Authority has moved into a pension asset position. This will require adjustment to the 2023/24 financial statements. We are currently awaiting a review of these updated reports by our EY Pension Specialists, which includes consideration of the need to apply a pension asset ceiling in line with the requirements of IFRIC 14.

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

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

Value for Money

In our Audit Planning Report Update dated 9 April 2024, we reported that we had completed our value for money (VFM) risk assessment and that we had identified no risks of significant weaknesses in arrangements. Having updated our risk assessment at the execution phase of the audit we continued to identify no risks of significant weakness in the Authority's VFM Arrangements. See Section 03 of the report for further details.



Executive Summary (cont'd)

Audit differences

- ▶ Management have corrected misstatements amounting to £141k within income recorded in the Net Cost of Services. This related to two separate misstatements. The first totalled £61.5k and related to the inappropriate grossing up of income and expenditure included within the Net Cost of Services. The second totalled £79.5k and related to income previously recorded within the Comprehensive Income and Expenditure Statement and held within a reserve being incorrectly recorded within Net Cost of Services income once applied to expenditure, in effect acting to double count the income received. These adjustments have not impacted the overall reserves position of the Authority.
- ▶ A further misstatement has been identified in relation to the valuation of the Pension Liability. Further detail on this is included on page 13 of this report noting that our audit work is yet to be completed in this area.
- ▶ Uncorrected misstatements totalling £16k have been identified within Net Cost of Services income. This related to one transaction for £920 which was recorded in 2023/24 income but related to 2022/23. This has resulted in a projected misstatement of £16k.
- ▶ We have also, identified some casting errors within the Movement in Reserves Statement.
- ▶ Disclosure misstatements have been identified in various notes contained in the financial statements including, but not limited to, Capital Expenditure and Financing, Property, Plant and Equipment, Related Parties, Expenditure and Funding Analysis and Uncertainties relating to Assumptions and Estimates Used. Other typographical misstatements have also been identified within the financial statements and disclosure notes.

Other Reporting Issues

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

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



Executive Summary (cont'd)

Areas of audit focus

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

Significant and Fraud Risk: Misstatement due to fraud or error

- ▶ Our audit work to date has not identified any evidence of material misstatement due to fraud or error, including through management override of controls.

Significant and Fraud Risk: Inappropriate capitalisation of revenue expenditure

- ▶ We have completed our testing in this area and have not identified any misstatements or instances of inappropriate capitalisation of costs.

Inherent Risk: Pension Liability / Asset Valuation

- ▶ Our work in this area remains ongoing at the date of this report. On receiving an updated IAS 19 report, the Authority moved to a Pension Asset position. As such, a further review by our EY Pension Specialists is required and this remains outstanding.

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

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

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Authority or management.

Control observations

During the audit, we identified the following weaknesses in internal control which we do not consider to be significant deficiencies:

- ▶ Related Parties: Our testing showed that some member declaration forms were not completed during the annual declaration confirmation process.

Independence

Please refer to Section 07 for our update on Independence.

The background of the slide features a close-up photograph of a person's hand holding a silver pen, pointing at a bar chart displayed on a tablet. The chart has several bars of varying heights, colored in shades of green, yellow, and red. The person is wearing a blue patterned shirt and a dark tie.

02 Areas of Audit Focus

Areas of Audit Focus

Significant and Fraud Risk – Misstatement due to fraud or error

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

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

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

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

Our response to the key areas of challenge and professional judgement

We carried out the following procedures:

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

What are our conclusions?

Based on our work undertaken as at the date of this report, we have not identified any material weaknesses in controls or evidence of management override, instances of inappropriate judgements being applied, or any other transactions during our audit which appear unusual or outside the Authority's normal course of business.

However, our testing in respect of the key accounting estimate of the Pension Assets and Liabilities valuation is ongoing.

What else did we do?

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

Areas of Audit Focus (cont'd)

Significant and Fraud Risk – Inappropriate capitalisation of revenue expenditure

What is the risk?

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

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure. We focused on the Authority's judgements exercised in determining whether expenditure is capital in nature, and therefore, appropriate to be capitalised rather than charged to the Comprehensive Income and Expenditure Statement.

Our response to the key areas of challenge and professional judgement

We performed the following procedures:

- ▶ We tested Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ We assessed whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ We 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.
- ▶ We tested Revenue Expenditure Funded from Capital Under Statute (REFCUS), to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources.
- ▶ We identified and understood the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

What are our conclusions?

Our procedures to address this risk are complete.

Our testing of PPE additions has not identified any evidence of inappropriate capitalisation of revenue expenditure and our testing of REFCUS spend has not identified any instances of spend being inappropriately financed from ringfenced capital resources.

Our relevant journal testing did not identify any journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year that were indicative of the inappropriate capitalisation of revenue expenditure.

What else did we do and further relevant information

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 and capitalised was clearly capital in nature.

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

Areas of Audit Focus (cont'd)

Inherent Risk – Pension Liability / Asset Valuation

What is the risk?

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

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

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

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

Our response to the key areas of challenge and professional judgement

We performed the following procedures:

- ▶ We liaised with the auditors of Hampshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Authority
- ▶ We assessed the work of the pension fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team
- ▶ We evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- ▶ We reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

What else did we do and further relevant information

We considered outturn information available at the time we undertook our work after production of the Authority's draft financial statements, for example the year-end actual valuation of pension fund assets. We used this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

What are our conclusions?

In response to the requirements of ISA540, the auditing standard on accounting estimates, we based our audit approach on procedures to evaluate management's process. The standard requires auditors to test the method of measurement of accounting estimates to determine whether the model is appropriately designed, consistently applied and mathematically accurate, and that the integrity of the assumptions and the data has been maintained in applying the model. Neither we, nor PWC as consulting actuaries commissioned by the NAO for all local public sector audits, are able to access the detailed models of the actuaries in order to evidence these requirements. Therefore, we undertook further procedures to create an auditor's estimate, to gain assurance. We employed the services of an EY pensions specialist to review the Authority's IAS 19 reports and run a parallel actuarial model which was compared to that produced by Hymans Robertson.

This work has identified a misstatement in some of the assumptions adopted by the actuary and as a result, a further IAS 19 report has been requested by the Authority. This report was received by the Authority on the 13th December 2024 and as a result, the Authority moved to a Net Asset position. Where a pension asset is identified, under IFRIC 14, the asset ceiling is required to be considered to determine where a pension asset can be recognised. The Authority received an asset ceiling paper from the Actuary on 18th December 2025. Due to the identification of the pension asset, and the impact of the asset ceiling, we are required to engage with our EY Pension Specialists and this is pending at the time of writing this report.

As this work is ongoing, we are unable to conclude on the value of the adjustment. However, the pension liability previously recorded in the draft financial statements totalled £310k and the net asset valuation, prior to adjustment for the asset ceiling totalled £161k.



03 Value for Money

Value for Money

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

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

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

Risk assessment and status of our work

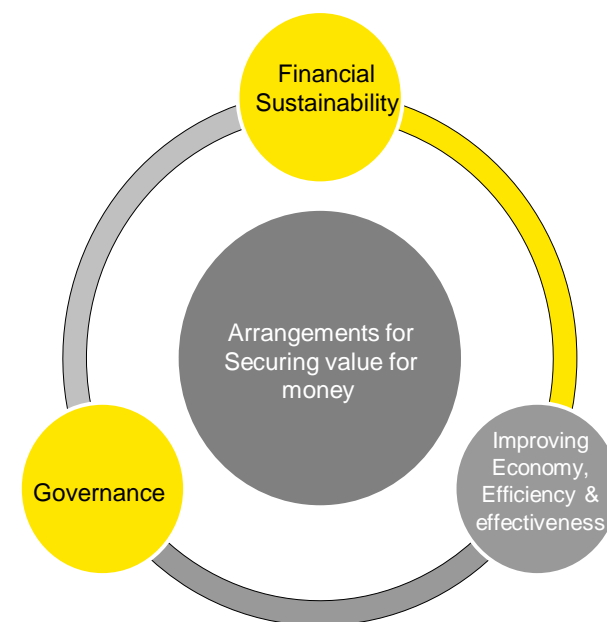
We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

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

We will provide a commentary on the Authority's arrangements against three reporting criteria:

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

We have completed our detailed VFM work and identified no risks of significant weaknesses in Authority's VFM arrangements.





04 Audit Differences



Audit Differences

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

Summary of adjusted differences

We highlight the following misstatements greater than £5k which have been corrected by management that were identified during the course of our audit:

- ▶ £61.5k related to the inappropriate grossing up of income and expenditure (overstating both income and expenditure) included within the Net Cost of Services.
- ▶ £79.5k related to an overstatement of income. This income had previously recorded within the Comprehensive Income and Expenditure Statement and held within a reserve and in 2023/24 was incorrectly recorded within Net Cost of Services income once applied to expenditure, in effect acting to double count the income received.

These adjustments have not impacted the overall reserves position of the Authority.

In addition to the above, as noted on page 13, a misstatement has been identified in relation to the valuation of the pension liability as at 31/03/2024. Our audit work remains ongoing in this area, although it is expected that this will be adjusted within the financial statements.

- ▶ We have also, identified some casting errors within the Movement in Reserves Statement.
- ▶ Disclosure misstatements have been identified in various notes contained in the financial statements including in relation to Capital Expenditure and Financing, Property, Plant and Equipment, Related Parties, Expenditure and Funding Analysis and Uncertainties relating to Assumptions and Estimates Used. Other typographical misstatements have also been identified within the financial statements and disclosure notes.

Audit Differences (cont'd)

Summary of unadjusted differences

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

Uncorrected misstatements 2023/24 (Currency'000)	Effect on the current period:		Net assets (Decrease)/Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors						
Cumulative effect of uncorrected misstatements before turnaround effect						
Turnaround effect. See Note 1 below.		16				
Cumulative effect of uncorrected misstatements, after turnaround effect		16				

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2024.

Note 1: turnaround effect is the post-tax impact of uncorrected misstatements related to the prior period, on results of the current period.



05

Assessment of Control Environment

Assessment of Control Environment

Financial controls

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

We have identified the following weakness in internal control, which we do not consider to be a significant deficiency, as well as continued scope for improvement in some areas based on our work undertaken to the date of this report.

Related Parties

As part of our work to on the identification and disclosure of related party transactions in the financial statements, we observed that a number of member declaration forms were not updated on a timely basis. This results in an increased risk of the inaccurate or incomplete disclosure of related party transactions in the Authority's accounts.

Recommendation 1:

Member declaration forms should be completed on a timely basis to ensure that related parties are sufficiently disclosed.



06

Other Reporting Issues

Other Reporting Issues

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

We must give an opinion on the consistency of the financial and non-financial information in the New Forest National Park Authority Statement of Accounts 2023/24 with the audited financial statements.

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

Financial information in the New Forest National Park Authority Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements.

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

Whole of Government Accounts

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

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We cannot issue our Audit Certificate until these procedures are complete.

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.

Other Reporting Issues (cont'd)

Other matters

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

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

Within our interim audit results report presented to the 17th October 2024 Authority meeting, we identified a recommendation in relation to the Authority's implementation of IFRS 16. Since this date we have received and reviewed the Authority's impact assessment and adjustments have been made to the disclosure in the financial statements, with the Authority disclosing the value of the anticipated impact of IFRS 16 at 1st April 2024. Under IFRS 16, the future lease payments should be discounted to a present value, based on the rate implicit in the lease or, if not practicable to determine, the Authority's incremental borrowing rate. The updated disclosure does not include the discounted value, instead, it discloses the contractual cash flows which is incorrect in accordance with the accounting standard. We have recalculated the estimated present value, using current PWLB borrowing rates as a proxy. This has generated a difference of £26k which is immaterial. As such, the previously identified recommendation has been removed from this report.

Other Reporting Issues (cont'd)

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

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

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

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

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

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

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

Audit Procedures	Audit findings and conclusions
<p>We performed the following procedures:</p> <ul style="list-style-type: none">▶ We enquired with management as to the relevant IT systems that would impact the statement of accounts for the audit.▶ We made subsequent enquiries to understand the key IT process for the relevant material IT systems. This included the manage access, manage change and manage operation processes for these IT systems.	<ul style="list-style-type: none">▶ We identified the Authority's general ledger system (Unit 4 Agresso) and payroll system (I-Trent) as relevant material IT systems.▶ Our understanding of the IT processes for the Authority's material IT systems did not result in any additional audit risks.



07

Independence

Independence

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

Confirmation

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 we have communicated with the Authority, information about the proposed non-audit service to enable them to make an informed assessment about the independence impact of the provision of the proposed services. There are no non-audit services in relation to the New Forest National Park Authority.

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 2024 and can be found here: [EY UK 2024 Transparency Report | EY - UK](#).

Relationships

There are no relationships from 1st April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1st April 2023 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 - Fees

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

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

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

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

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Authority; and
- ▶ The Authority has an effective control environment
- ▶ The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.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. Details of our proposed scale fee variations for the audit of the Authority are set out in the fee analysis on this page.

	2023/24	2022/23
	£	£
Total Fee – Scale Fee	40,100	14,829
Scale fee adjustment	TBC – Note 2	TBC – Note 1
Total audit fees	TBC	TBC

All fees exclude VAT

(1) Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

(2) The 2023/24 work has just been completed and a final fee will be determined shortly. For 2023/24 the planned fee represents the base fee, i.e. not including any extended testing. We expect to charge additional fees in the following areas:

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report.
- Additional procedures to consider the Authority's readiness for the implementation of IFRS 16 as originally set out in our in our Audit Planning Report.
- Additional sampling required within the substantive testing of income due to the identification of an error within our original representative sample selection.



08 Appendices

Appendix A – Summary of assurances

Summary of Assurances

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

Account area	Assurance rating	Summary of work performed
Property, Plant and Equipment ('PPE')	Substantial	<p>We have completed testing of the 2022/23 and 2023/24 additions and disposals to the fixed asset register and tested the 2022/23 and 2023/24 depreciation charges. We also performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Council's right to recognize those assets. This has provided assurance over all in-year movements across the two financial years. In addition, we have confirmed that those assets held at fair value by the Authority were revalued in 2021/22 and were not revalued in either 2022/23 or 2023/24. We have however, assessed the fair value at 31 March 2023 and 31 March 2024 to confirm that the value included in the financial statements is not materially different to the value were the asset to be revalued.</p> <p>We have therefore, completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.</p>
Short Term Investments	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short Term Debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Cash and Cash equivalents	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Creditors (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Local Government Pension Scheme Liability	Substantial	We are still in progress with regards to our planned audit procedures in this area. Subject to completion of these planned procedures, we expect to obtain assurance over the closing balance at 31 March 2024.
Reserves	None	We have completed our work on the movements in reserves in 2023/24 but, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 audit planning reports.
Comprehensive Income and Expenditure Statement (excluding Taxation and Non-Specific Grant Income)	Partial	We have completed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.

Appendix A – Summary of assurances

Summary of Assurances

Account area	Assurance rating	Summary of work performed
Taxation and Non-Specific Grant Income	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
All Other Disclosures	Partial	As we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Cash Flow Statement	Partial	As we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.

Appendix B - Required communications with the Authority

Required communications with the Authority

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

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Authority of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of: <ul style="list-style-type: none"> The planned scope and timing of the audit Any limitations on the planned work to be undertaken The planned use of internal audit The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	External audit update report – 21st March 2024 Audit planning report – 3rd June 2024
Significant findings from the audit	<ul style="list-style-type: none"> Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures Significant difficulties, if any, encountered during the audit Significant matters, if any, arising from the audit that were discussed with management Written representations that we are seeking Expected modifications to the audit report Other matters if any, significant to the oversight of the financial reporting process 	Interim Audit results report – 17 October 2024 Audit results report – 23 January 2025

Appendix B - Required communications with the Authority (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty related to going concern • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The appropriateness of related disclosures in the financial statements 	<p>Interim Audit results report – 17 October 2024</p> <p>Audit results report – 23 January 2025</p>
Misstatements	<ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Material misstatements corrected by management 	<p>Interim Audit results report – 17 October 2024</p> <p>Audit results report – 23 January 2025</p>
Fraud	<ul style="list-style-type: none"> • Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. • The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected • Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud • Any other matters related to fraud, relevant to Authority responsibility. 	<p>Interim Audit results report – 17 October 2024</p> <p>Audit results report – 23 January 2025</p>

Appendix B - Required communications with the Authority (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity 	<p>Interim Audit results report – 17 October 2024</p> <p>Audit results report – 23 January 2025</p>
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>External audit update report – 21st March 2024</p> <p>Audit planning report – 3rd June 2024</p> <p>Interim Audit results report – 17 October 2024</p> <p>Audit results report – 23 January 2025</p>
External confirmations	<ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures. 	<p>Interim Audit results report – 17 October 2024</p> <p>Audit results report – 23 January 2025</p>
Consideration of laws and regulations	<ul style="list-style-type: none"> • Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur • Enquiry of the Authority into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Authority may be aware of 	<p>Interim Audit results report – 17 October 2024</p> <p>Audit results report – 23 January 2025</p>

Appendix B - Required communications with the Authority (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> Significant deficiencies in internal controls identified during the audit. 	Interim Audit results report – 17 October 2024 Audit results report – 23 January 2025
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Interim Audit results report – 17 October 2024 Audit results report – 23 January 2025
System of quality management	<ul style="list-style-type: none"> How the system of quality management (SQM) supports the consistent performance of a quality audit 	Interim Audit results report – 17 October 2024 Audit results report – 23 January 2025
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Interim Audit results report – 17 October 2024 Audit results report – 23 January 2025
Auditors report	<ul style="list-style-type: none"> Key audit matters that we will include in our auditor's report Any circumstances identified that affect the form and content of our auditor's report 	Interim Audit results report – 17 October 2024 Audit results report – 23 January 2025

Appendix C – Outstanding matters

Outstanding matters

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

Item	Actions to resolve	Responsibility
Pension Liability / Asset Valuation	We have not yet received final output from our pensions audit specialist to gain assurance over the asset ceiling adjustment required to the financial statements.	EY and management
Annual Report and accounts	Management to share updated financial statements and EY to review changes made	EY and management
Management representation letter	Receipt of signed management representation letter	Management and those charged with governance
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management
Annual Report and accounts	Management to share updated financial statements and EY to review changes made	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on pension valuations remain to be finalised and audited.

Appendix D – Management representation letter

Management representation letter

Management Rep Letter

Ernst & Young
Grosvenor House,
Grosvenor Square,
Southampton,
SO15 2BE
United Kingdom

This letter of representations is provided in connection with your audit of the financial statements of New Forest National Park Authority ("the Authority") for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of New Forest National Park Authority as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with [the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022))], and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), that are free from material misstatement, whether due to fraud or error.

Appendix D – Management representation letter

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5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].
6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange.

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

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have 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
- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

Appendix D – Management representation letter

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3. We have made available to you all minutes of the meetings of the Authority and its committees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the 2023/24 financial year to the most recent meeting on the following date: [list date].
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the 2023/24 financial year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

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

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in Note 27 to the financial statements all guarantees that we have given to third parties.
4. No claims in connection with litigation have been or are expected to be received.

Appendix D – Management representation letter

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Management Rep Letter

E. Ownership of Assets

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

F. Use of the Work of a Specialist

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

G. Estimates

1. We confirm that the significant judgments made in making the pension liability valuation 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 pension liability valuation.
3. We confirm that the significant assumptions used in making the pension liability valuation appropriately reflect our intent and ability to carry out our purposes and duty on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate, including those describing estimation uncertainty, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the pension liability valuation.
6. We confirm that no adjustments are required to the accounting estimate and disclosures in the financial statements.

H. Reserves

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

Appendix D – Management representation letter

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Management Rep Letter

I. 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.

J. Contingent Liabilities

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

K. Going Concern

1. Note 30 to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

L. Subsequent Events

1. Other than those events described in Note 29 to the financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

M. Other information

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

N. Climate-related matters

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

Appendix D – Management representation letter

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2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

Yours faithfully,

(Chief Financial Officer)

(Chair of the Authority)

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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