New Forest National Park Authority

Auditor's Annual Report

Year ended 31 March 2026

November 2026

AM 751-26
Annex 2

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

11 November 2026

Dear Authority 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 New Forest National Park Authority ("the Authority"). The report explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. 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 Full Authority meeting on 27 November 2026.

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 as at 30 June 2026.

Yours faithfully

Simon Mathers

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 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 Full Authority 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 Full Authority 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 Full Authority 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.

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 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, elected members 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 D).

Key audit outcomes: Financial Statements

We summarise the outcomes of our audit of the financial statements in Section 2 of this report. The audit was conducted in line with the approach set out in our Audit Planning Report, which was presented to the Resources, Audit and Performance Committee on 1 June 2026.

Area of focus	2025/26 Conclusions
Financial Statements opinion: Unqualified	▪ We have substantially completed our audit of the Authority's financial statements for the year ended 31 March 2026. Subject to completion of remaining outstanding procedures, we expect to issue an unqualified opinion. ▪ 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 we outline our assessment of management's readiness for the 2025/26 audit of the financial statements. The Authority's overall performance remains effective and has improved in several areas compared with the prior year. Actions taken in response to previous audit findings have strengthened audit readiness and contributed to a more efficient audit process.
Rebuilding Assurance Trajectory	▪ Significant progress has been made in rebuilding assurance following the 2024/25 disclaimed opinion. Page 14 summarises that in 2025/26, we were able to complete all planned audit procedures and were able to provide assurance on the classification of opening and closing balances of Reserves. At this stage, it is anticipated that an unqualified opinion will be possible this year.

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Executive Summary: Audit of the Financial Statements continued

Progress to full assurance

Appendix B summarises the results of audit procedures undertaken and the assurance gained in 2025/26, as reported within the 2025/26 Audit Results Report. The Appendix highlights the continuing progress in gaining substantial assurance across the financial statements. There are no remaining gaps.

Going concern

Our Audit Results Report concludes that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The Code of Local Authority Accounting adopts a continued provision of services approach to going concern. 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 certificate once we have concluded our Whole of Government Accounts procedures. We cannot currently conclude on WGA work until the NAO confirms if they would like any additional procedures performed.

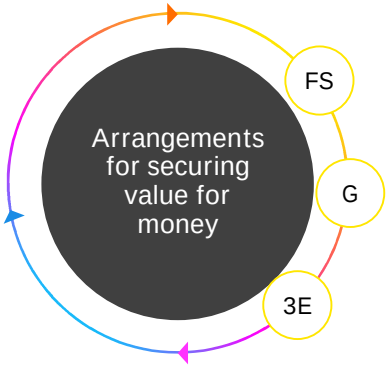
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Executive Summary: Value for Money Commentary

Key audit outcomes: Value for Money audit

Section 3 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. 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 weakness identified
Governance	▪ None	No significant weakness identified
Improving economy, efficiency and effectiveness	▪ None	No significant weakness identified

- Significant weakness identified, including statutory recommendation
- Significant weakness identified and reported within our audit opinion
- No significant weakness but areas for improvement identified
- No significant weakness identified and no or limited areas for improvement

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Executive Summary: Other reporting matters

Whole of Government Accounts

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission.
We cannot conclude the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO has not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.

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 Local Government Reorganisation (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.

At the point that MHCLG paused the process for the Hampshire area, the Authority had provided a consultation response to the proposals for a Mayoral Combined Authority for Hampshire. There are no Value for Money implications arising from the pause in the current timetable, with the Authority continuing to operate as usual with its long-term business plan and medium-term financial plan.

Financial reporting and internal control expectations

We use the appendices to this report to highlight one development that warrants specific attention from elected 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 C 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 will report our findings in our Audit Results Report to the November Full Authority meeting. We outline below the key issues identified as part of our audit. We reported one internal control recommendation and one area for improvement in the control environment in our Audit Results Report.

Financial statement risks	
Significant risk or area of focus	**Conclusion**
Misstatements due to fraud or error – 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.
Misstatements due to fraud or error – 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.
Valuation of pension assets and liabilities	Our work did not identify any material misstatements between the actuary's IAS 19 valuation and our auditor's estimate.

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Audit of financial statements

Financial Statement reporting assessment

Management, and the Full Authority, 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 over-page sets out our views on the effectiveness of the Authority's arrangements to support external financial reporting across a range of 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 Resources, Audit and Performance Committee within our Rebuilding Audit Assurance - Risk Assessment Update to the Audit Planning Report in September 2026. As a result, we developed a timetable for recovery that has been tailored to the current expectations for the Authority, and is set out on page 14.

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Audit of financial statements

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 a month in advance of the 30 June 2026 deadline set out in the Accounts and Audit Regulations.	⇔
Quality and completeness of the draft financial statements			Effective	Although some misstatements have been identified in the draft financial statements and accompanying disclosures, we did not identify a significant number of material internal inconsistencies or arithmetic errors in the draft accounts that should have been detected through internal quality review prior to publication.	⇔
Delivery of working papers in accordance with agreed client assistance schedule			Effective	Working papers were provided to the agreed timetable.	⇔
Quality of working papers and supporting evidence			Effective	Working papers and supporting evidence were generally of a good standard.	↑
Timeliness and quality of evidence supporting key accounting estimates			Effective	The quality of evidence and explanations to support key accounting estimates was generally of a good standard and was provided on a timely basis.	⇔
Access to the finance team and personnel to support the audit in accordance with the agreed project plan		Requires improvement		Management were generally available to support the audit. There were delays in relation to a number of audit requests during the audit, however management responded more quickly towards the end of the audit timetable to help us deliver in accordance with the agreed project plan. As a result of the earlier delays we required additional resourcing towards the end of the audit to adhere to the project plan.	⇔
Volume and value of identified misstatements			Effective	Very few material misstatements were detected as a result of our work which were corrected by management.	⇔
Volume of misstatements in disclosure		Requires improvement		A relatively large number of misstatements in disclosure were detected in our work.	↓

Our key:

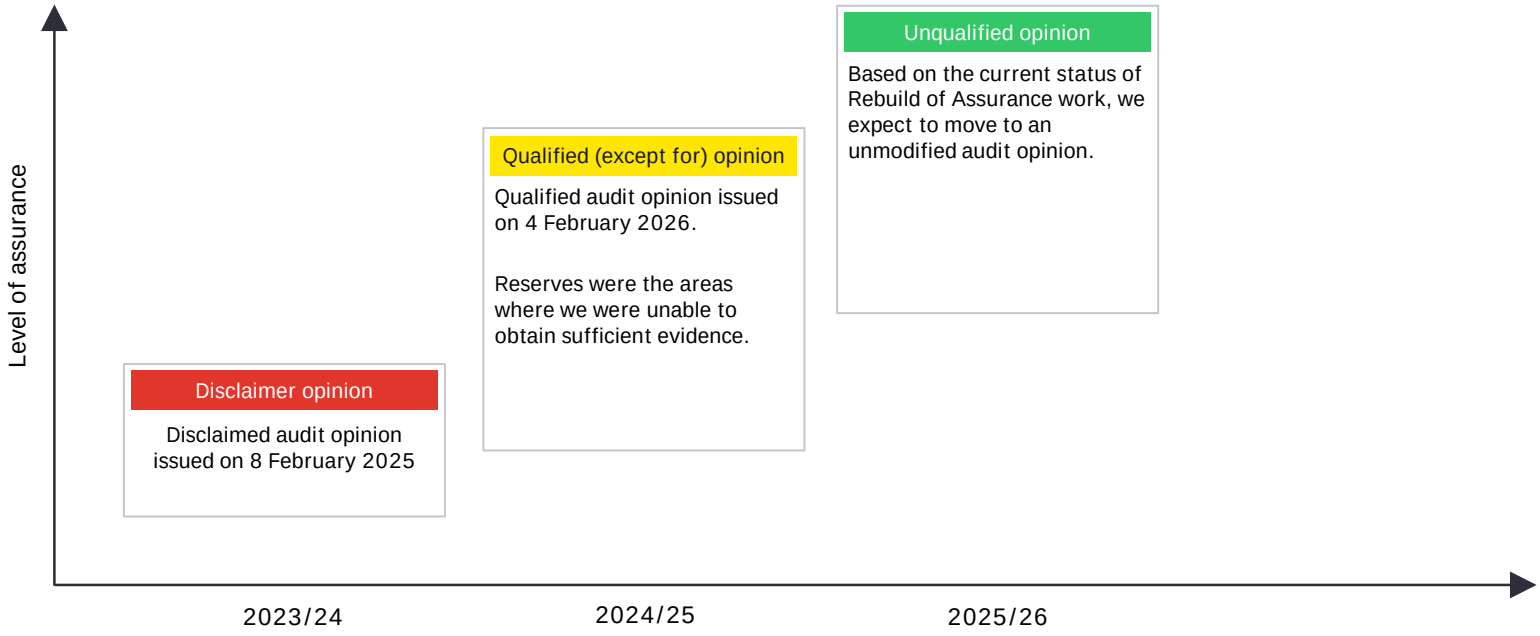
- Arrangements are effective
- Arrangements require improvement
- Arrangements are ineffective
- Improvements have been made since 2024/25
- Arrangements have declined since 2024/25
- Arrangements are in line with 2024/25

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Audit of financial statements

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 Resources, Audit and Performance Committee within our Rebuilding Audit Assurance - Risk Assessment Update to the Audit Planning Report in September 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 Reserves. As a result, we anticipate that for 2026/27:

- We will have full assurance over the opening balances; and
- Full assurance over the closing reserves balance.

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03 Value for Money commentary

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Value for Money

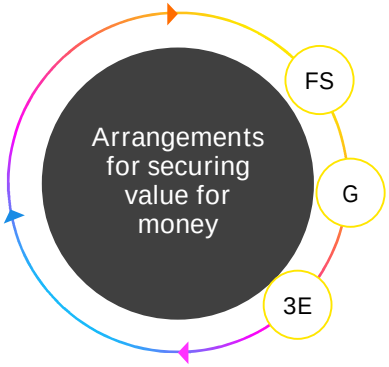
The Authority's responsibility for Value for Money (VFM)

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. 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 body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them.
- How the body plans to bridge its funding gaps and identifies achievable savings.
- How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities.
- How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.
- How the body 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.

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Financial Sustainability: Other considerations

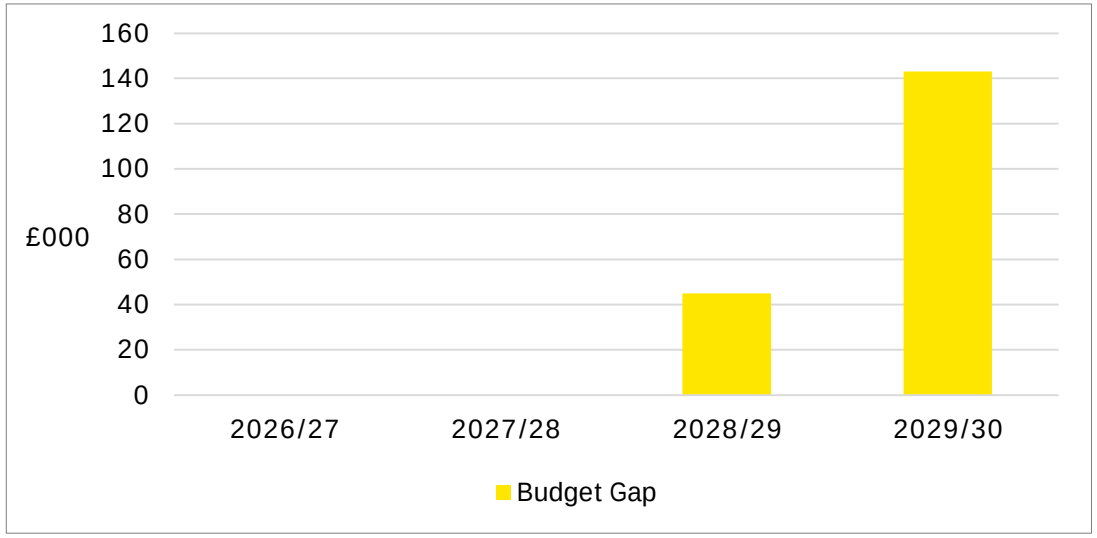
Medium Term Financial Plan (MTFP)

The Authority presented its latest Medium Term Financial Plan in March 2026. The MTFP highlights the continuing levels of financial uncertainty, particularly in relation to the level of grant funding being received from DEFRA. In addition to this, key risks and uncertainties outlined within the Authority's planning include:

- Planning Fee Income and Applications.
- Inflation.
- Salaries.
- Legal Costs.
- Listed Building Urgent Works.
- Externally-Funded Projects.
- Unknown Opportunities, Investments or New Costs.

The below exhibit shows the cumulative budget gap over the 4-year period, up to and including 2029/30. The Authority plans on balancing the budget gap in future financial years through income generation, partnership working, external funding, and, if required, cost cutting. New Forest National Park Authority does not have a formal savings programme, however, possible savings are considered as part of budget setting and quarterly reporting shows where savings have been made. The Authority has a good track of successful financial planning and living within its means and therefore has a good base to close the current forecast budget gaps.

Exhibit A: The Authority's MTFP outlines a cumulative gap of £188,000 by 2029/30



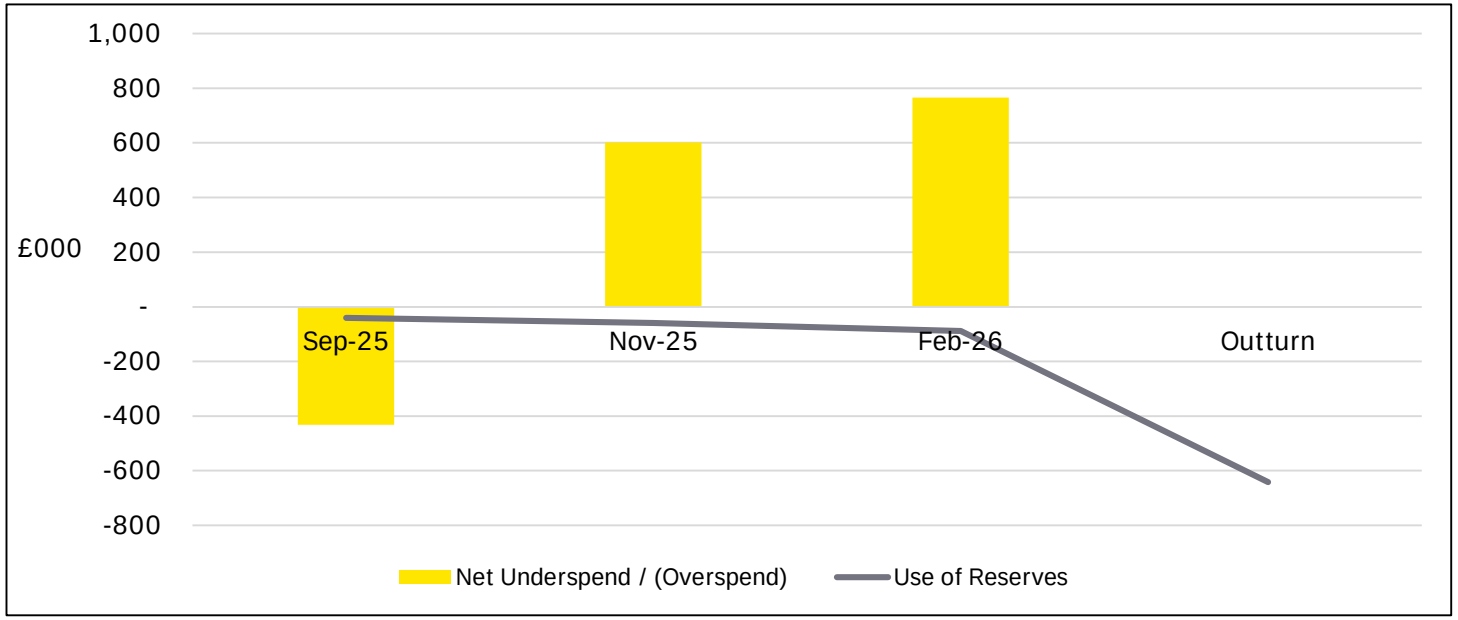
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Financial Sustainability: other considerations

Budget Monitoring

Budget monitoring reports are critical for members to make decisions about the prioritisation of resources. Exhibit B below highlights that forecasting for most of the year projected a growing overspend, and a resulting performance exceeding the budget. Key variances for expenditure, as per the outturn report, include a £202,000 negative variance due to significant additional costs related to the Vernon Dene case and for the Local Plan review evidence gathering.

Exhibit B: The Authority's budget monitoring reports outlined an increasing overspend



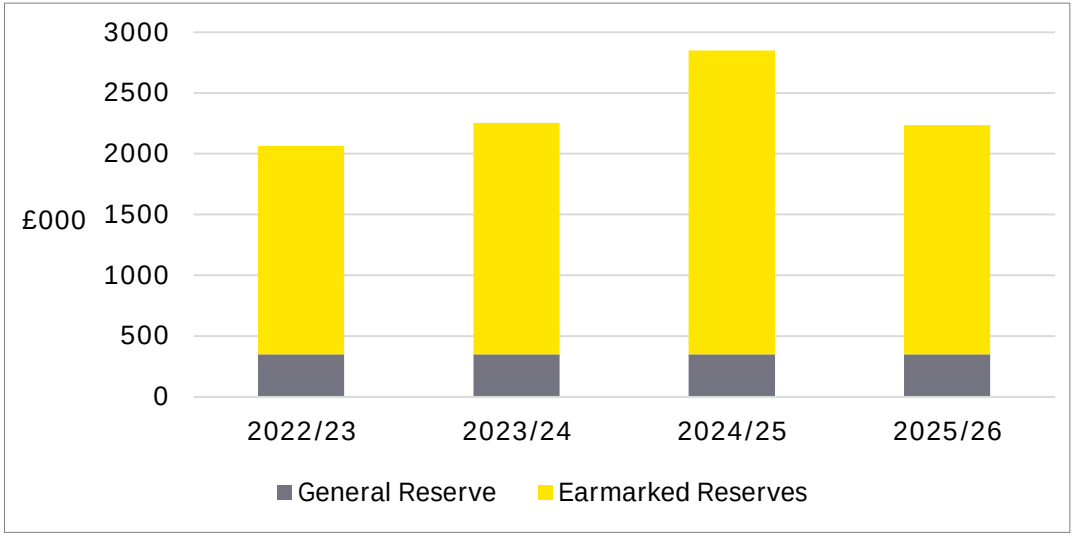
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Financial Sustainability: other considerations

Reserves position

The Authority approved the Reserves Budget in March 2026. The Authority's Reserves Budget outlines that the minimum reserves to be held as uncommitted general funds is £350,000, equating to 12% of the DEFRA National Park Grant. Despite an operational surplus in the year, transfers were made from the Authority's Earmarked Reserves. Overall, the Authority's Earmarked Reserves decreased by £614,000, to £1,886,000 during 2025/26. This balance, together with the General Reserve, is still sufficient to address the budget gap from the 2026/27 to 2029/30 Medium Term Financial Plan if required.

Exhibit C: The Authority's Earmarked Reserves fell by £614,000 in 2025/26



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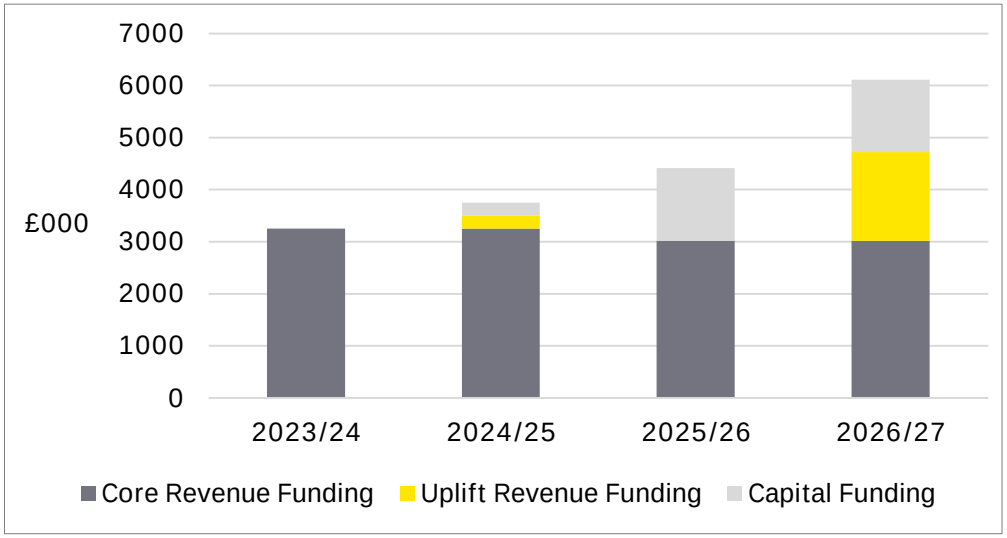
Financial Sustainability: other considerations

DEFRA National Park Grant

A key financial pressure for the Authority remains the uncertainty surrounding the Authority's main source of income being the Department for Environment, Food and Rural Affairs (DEFRA) grant allocation. In 2025/26, the core revenue funding award decreased from to £3,251,501 in the previous year to £3,018,524, with a capital uplift grant of £1,393,000 also being awarded. For 2026/27, the core revenue fund award and additional capital grant was confirmed as the same as 2025/26, however a one-off £1,700,000 revenue support / financial stability grant will also be provided.

As a result of the financial uncertainty over revenue and capital funding, the Authority has established the Resources and Facilities Task & Finish Group and has created a 'forward projection' to assess the future budgets in the longer term of up to 10 years. This financial pressure has also been reflected in the Authority's Risk Register as both a short-term and medium to long-term pressure.

Exhibit D: The Authority continues to face financial pressures as a result of the decreasing DEFRA Revenue Grant Funding

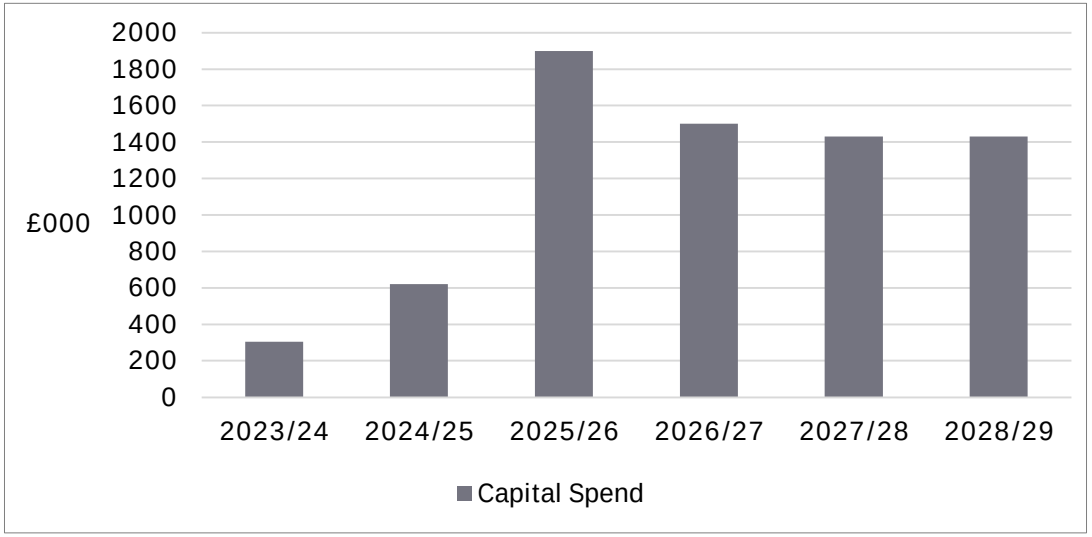


Whilst the revenue funding has seen a gradual decrease over recent years, there has been an increase in the capital funding provided to the Authority. The Authority has historically incurred capital spend only to the extent that it is funded by existing financing. As a result, lower capital expenditure has been incurred. However, the availability of increased capital funding has resulted in an increase in capital spend incurred and forecasted.

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Financial Sustainability: other considerations

Exhibit E: The Authority has incurred and forecast increased Capital Spend as a result of the increased Capital Financing



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Financial Sustainability: Our judgements

Our assessment

We found that the Authority had arrangements in place to identify significant financial pressures and monitor financial performance. The Authority has approved a Medium-Term Financial Plan to address the £188,000 funding gap identified in the period to 2029/30 and therefore manage its financial risks. However, uncertainty over the level of future funding from DEFRA continues to create some unpredictability in financial planning.

Auditor Judgement

Based on the work performed, we did not identify a significant weakness in the Authority's arrangements for financial sustainability.

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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 body monitors and assesses risk and how the body gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud.
- How the body approaches and carries out its annual budget setting process.
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships.
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee.
- How the body 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 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 governance arrangements. Following completion of our programme of procedures, our overall assessment is that no significant weaknesses were identified in the Authority's governance arrangements.

We have, however, raised one recommendation in relation to how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. See Appendix A.

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Governance: other considerations

Annual Governance Statement

New Forest National Park Authority has prepared an Annual Governance Statement which was presented to the Audit, Resources and Performance Committee in June 2026. The statement complies with the requirements of the Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy's framework; Delivering Good Governance in Local Government. The report therefore details the effectiveness and compliance with the governance framework at the end of each financial year. We noted that there were significant governance issues which the Authority has disclosed in relation to the following:

- The Authority's review of its Counter Fraud policies and procedures which was not progressed as expected in 2025/26 and therefore will be prioritised in 2026/27.
- The need to complete work on establishing best practice in records management to ensure compliance with data protection legislation and retention schedules.

From review of the AGS and other relevant documents, we are satisfied these issues are not indicative of significant weaknesses in the Authority's arrangements during 2025/26 but are recognised as governance areas that require improvement.

Informed decision making and member challenge

Regular meetings are held by the Authority and its committees, of which the meetings, agendas and minutes are open to the public. This gives New Forest National Park Authority an opportunity to discuss key issues, including with those charged with governance, based on decision making papers prepared by officers. The members can then debate and challenge the issues in their discussions.

For their specific role as supporting those charged with governance, the Resources, Audit and Performance Committee are informed by the Standing Orders. The internal audit function also provides an objective opinion on the Authority's performance. In-year Internal Audit performed reviews that resulted in an overall reasonable assurance opinion being issued.

A Court of Appeal judgement in April 2026 found that a former Executive Director Strategy and Planning at the Authority acted with bias, and vital records were lost or destroyed. The case was brough by Ocean One Hundred, owners of the unfurnished Vernon Dene caravan site in the New Forest National Park. A Certificate of Lawfulness of Existing Use or Development (CLEUD) was originally issued by the Authority in 2008 in respect of proposed development of the site but was subsequently revoked in 2023 following little development activity in the intervening period. The decision to revoke the CLEUD was challenged, firstly in the High Court and then the Court of Appeal. The final judgement of the Court of Appeal raised serious concerns about the conduct of the former Executive Director Strategy and Planning, and his role a long-running planning dispute with the caravan park owners. In addition to this finding of bias, the Court of Appeal case found that key planning documents connected to the 2008 application had gone missing or were destroyed, creating serious difficulties in determining the case.

Considering the findings of the Court of Appeal the Chief Financial Officer (CFO) and Monitoring Officer presented a paper to the 1 June 2026 meeting of the Resources Audit and Performance Committee (RAPC) to consider the need for change in the Authority's governance arrangements and culture within the planning function. Two risks have also been added to the corporate risk register relating to the Court of Appeal findings and the actions needed to mitigate them. We are therefore satisfied that the Authority took appropriate and timely steps to seek to address potential issues raised in the Court of Appeal judgement. Agreed actions from this review have, however, not yet been delivered and it remains important that a focus is maintained on ensuring that the agreed actions are delivered timely and in full. We have raised a related recommendation for improvement in Appendix A.

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Governance: other considerations

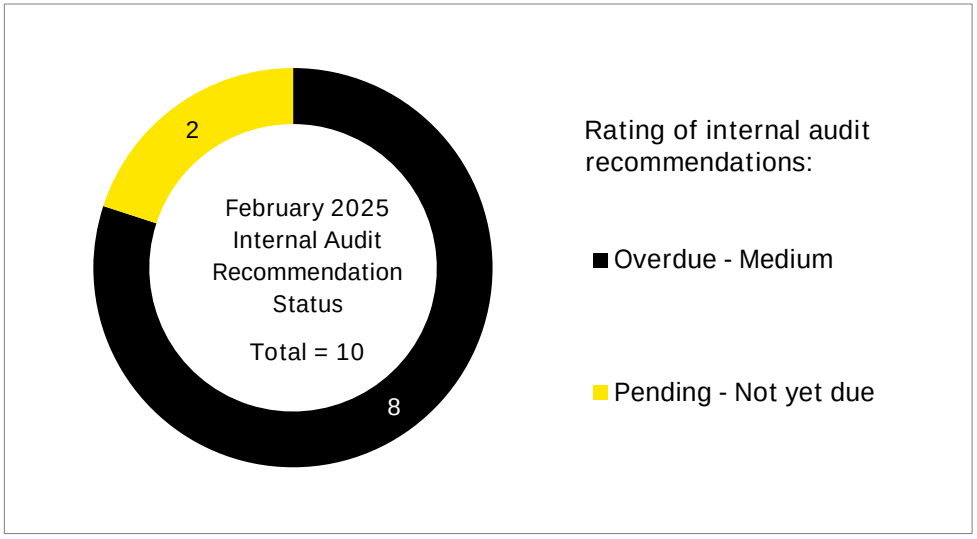
Internal audit arrangements

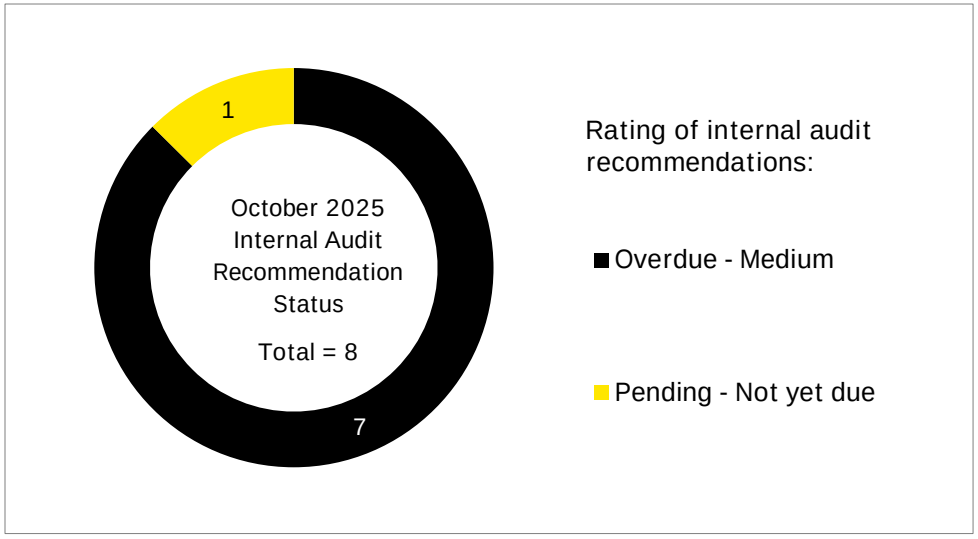
The Authority has an internal audit function provided by Southern Internal Audit Partnership (SIAP) who provide an Internal Audit Plan which is approved by the Resources, Audit and Performance Committee alongside the Internal Audit Charter. For 2025/26, the Internal Audit Plan focused on three key areas:

- Corporate Governance Framework
- General Ledger, Bank Reconciliations & User Access
- Procurement / Contract Management

The Authority achieved a reasonable assurance rating from Internal Audit in 2025/26 as part of the Head of Internal Audit Annual Opinion, consistent with 2024/25. There has been an overall decrease in the number of open Internal Audit recommendations as at October 2025 compared to February 2025.

Exhibit F: Internal audit's follow-up of recommendations noted that the number of open actions has reduced





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Governance: other considerations

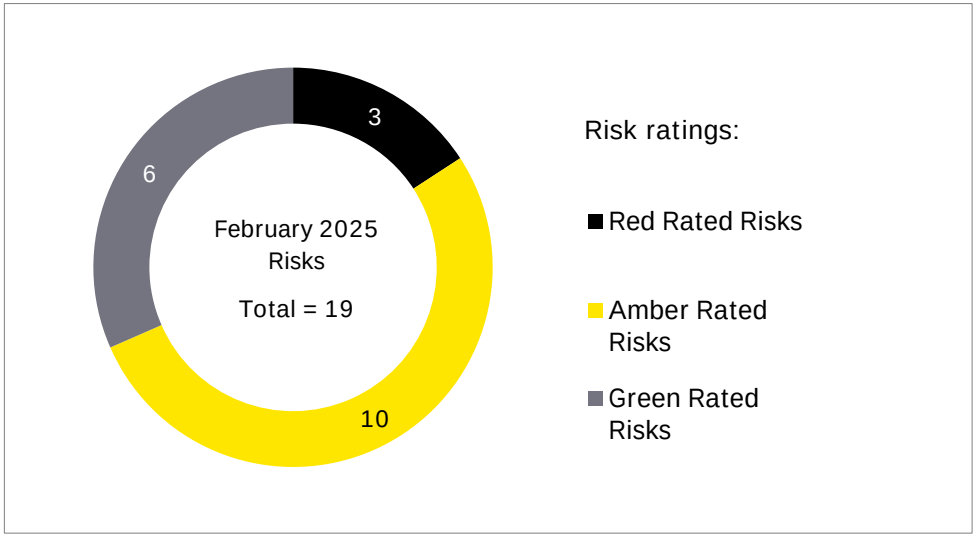
Risk Register

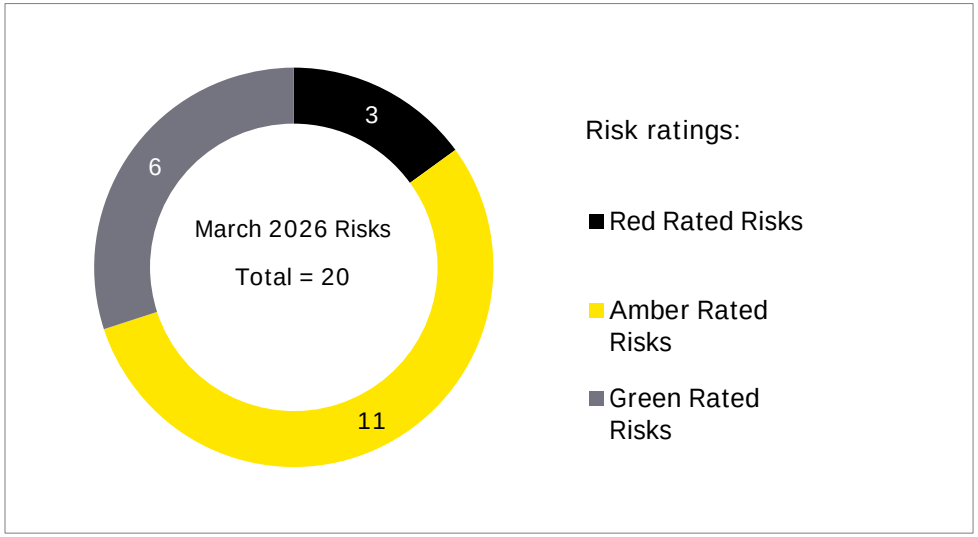
The New Forest National Park Authority has oversight of decision making and risk management, and provides regular updates to the Resources, Audit and Performance Committee (RAPC). The Authority's risk management includes updating and maintaining a risk register which includes strategic, financial, and operational risks, as well as identifying mitigations and countermeasures for each risk. Risk management reports are presented to RAPC twice a year. RAPC's role is to challenge the risks and countermeasures, providing assurance that all risks are included with appropriate mitigations.

Based on our review, the total number of amber rated risks present at the Authority increased between February 2025 and March 2026. The Red rated risks as at March 2026 remained the same as at the start of the year. The red risks were:

- Short-term core budget becomes insufficient due to cumulative reductions in DEFRA grant and/or in-year requirement for savings - exacerbated by the strain on government finances. Failure to achieve sufficient short-term external partnership funding.
- Medium/Long-term core budget becomes insufficient due to cash and/or real-terms reductions in DEFRA grant - exacerbated by the strain on government finances. Failure to achieve steady external partnership funding.
- The risk of further planning decisions being challenged through judicial review.

Exhibit G: The number of entries within New Forest National Park Authority's risk register has increased since February 2025





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Governance: Our judgements

Our assessment

Proper arrangements in place to make informed decisions and properly manage the Authority's risks.

Auditor Judgement

Based on the work performed, we did not identify a significant weakness in the Authority's governance arrangements.

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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 body evaluates the service it provides to assess performance and identify areas for improvement.
- How the body 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 body commissions or procures services, how it assesses whether it is realising the expected benefits.

Significant risks 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 improving economy, efficiency and effectiveness. Following completion of our programme of procedures, our overall assessment is that no significant weaknesses were identified in the Authority's arrangements for improving economy, efficiency and effectiveness.

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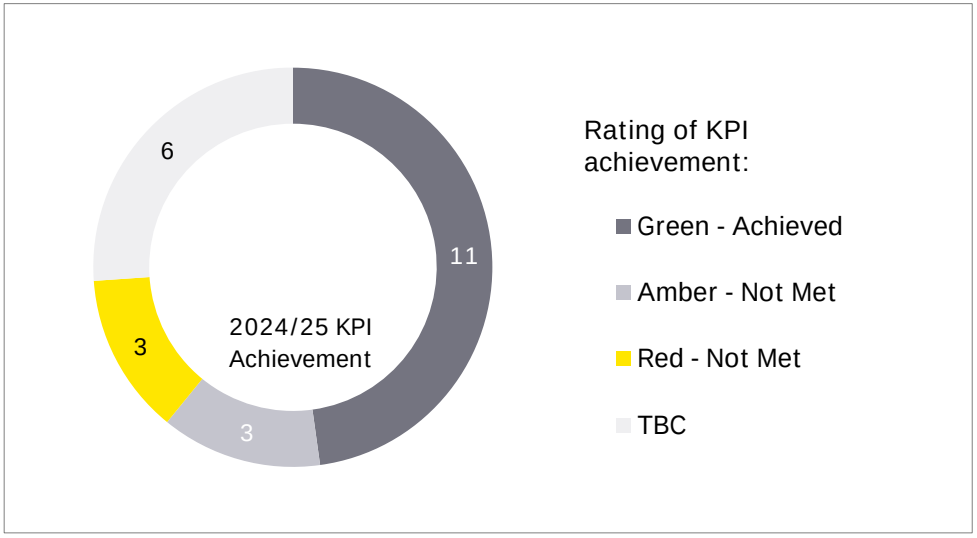
Improving economy, efficiency and effectiveness: other considerations

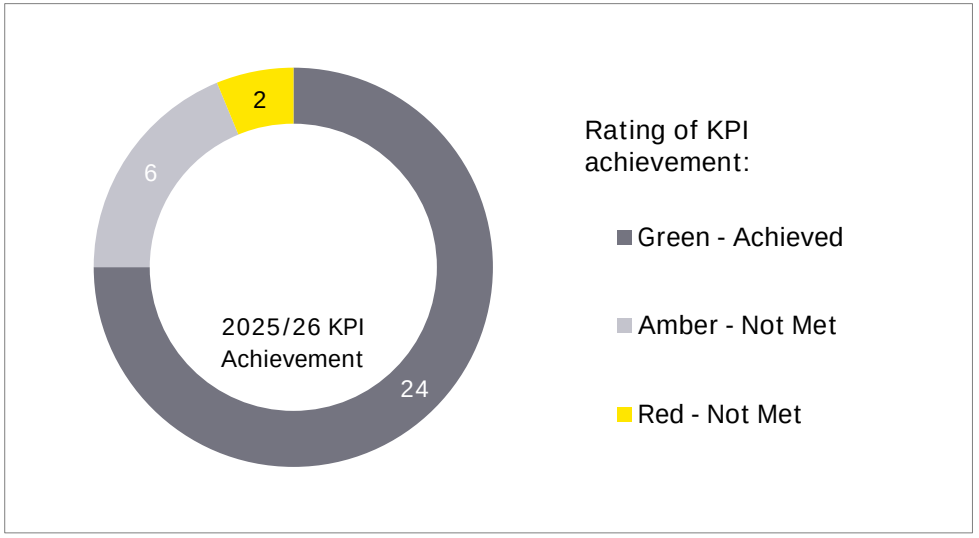
Financial and performance information

Quarterly reporting to the Resources, Audit and Performance Committee includes Budgetary Control Reports and Performance Progress Reports. The Performance Progress Reports include the performance against key performance indicators (KPIs) and whether they are being achieved. Where the indicators are not rated green during the financial year, the Authority appropriately identifies any mitigating reasons or actions which can be implemented to ensure that the targets are met by the end of the financial year.

During the year, there has been an increase in those KPIs not met. The two red rated KPIs in 2025/26 were:

- Development of a seed-funded project with Southampton University to gather carbon sequestration and storage estimates for coastal habitats within the National Park – still exploring options, possibly through National Parks Partnership.
- Securing of funding for build / renovation and occupation of NPA office facilities – specific site for main office space not yet identified but Town Hall still available until March 2030.





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Improving economy, efficiency and effectiveness: other considerations

Partnership working

The Park continues to adhere to the National Parks Partnership targets/standards, and we can see which of these that New Forest National Park Authority have aligned themselves with as the Partnership Plan is disclosed on the website within the meeting agendas.

To reduce budget gaps, the Authority looks for further sources of income, such as additional income generation either internally through the Fundraising Group or externally through the work of National Park Partnerships Ltd.

Procurement and commissioning of services

There are internal controls in place to ensure correct procurement, i.e. budget levels are set for certain employees; there are budget levels in capital purchases, if an item is above a set amount, a budget control officer must sign this off. Contracting and Procurement processes are set out in the Contract Standing orders, which are published on the Authority's website.

The Transparency section of the website publishes opportunities to provide goods and services, and links to the Procurement Strategy. Bids over £10,000 are published on the Authority's website where interested suppliers can bid for the services.

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Improving economy, efficiency and effectiveness: Our judgements

Our assessment

Proper arrangements in place in how it uses information about its costs and performance to improve the way it manages and delivers its services,

Auditor Judgement

Based on the work performed, we did not identify a significant weakness in the Authority's arrangements for improving economy, efficiency and effectiveness.

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04 Appendices

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Appendix A: Recommendations from current year

VFM Recommendations from 2025/26

The table below sets out the recommendations arising from the Value for Money audit assessment for the year 2025/26. All recommendations have been agreed by management.

Ref	Finding and/or risk	Grading	Recommendation	Management response / Implementation timeframe
FS1.1	Weakness in informed decision making and member challenge A recent Court of Appeal judgement found apparent bias in the actions of a senior planning officer preparing the report to Authority which the court determined unfairly impacted the impartiality of the decision making process.	M	Management has already determined the need to undertake a review of the Authority's planning governance documents and position to determine if there are any significant weaknesses relating to the issues raised in the Court of Appeal judgement and to address the findings. Management have outlined the scope of the governance review to the Resources, Audit and Performance Committee at 1 June 2026. The items in scope need to be actioned promptly, to avoid similar issues from arising in the future.	Management response: Management confirms it will fully undertake and action the stated reviews (Implementation date by Summer 2027). Responsible officer: Chief Finance Officer and Monitoring Officer Implementation period: 2026/27

- Statutory recommendation under Schedule 7, paragraph 2 of the Local Audit and Accountability Act 2014.
- Matters and/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 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 not immediate, action by management.
- Less significant issues and/or areas for improvement which we consider merit attention but do not require to be prioritised by management.

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B: Updated summary of assurances

Summary of Assurances

The table below summarises the audit work we have completed on the 2024/25 and 2025/26 financial statements to demonstrate the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Assurance rating 2025/26	Summary of work performed
Property, Plant and Equipment ('PPE') including Right of Use Assets	Substantial	Substantial	Substantial	We have completed testing of the 2023/24, 2024/25 and 2025/26 additions and disposals to the fixed asset register, and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Authority's right to recognize those assets. We have confirmed that those assets held at fair value by the Authority were revalued in 2021/22 and have not been subject to revaluation in the intervening period. We have assessed the fair value across this intervening period through to 2025/26 to confirm that the value included in the financial statements is not materially different to the value were the asset to be revalued. As a result, we have obtained assurance over the completeness and valuation of PPE at 31 March 2026.
Intangible Assets	N/A	N/A	Substantial	We note that intangible assets were not material in 2023/24 and 2024/25. As such, no audit procedures were required to obtain assurance over the closing balance at 31 March 2024 and 31 March 2025. We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Short Term Investments	Substantial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Short Term Debtors	Substantial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Cash and Cash Equivalents	Substantial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Short Term Creditors	Substantial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Lease Liability (Short and Long Term)	N/A	Substantial	Substantial	We note that this account was new in 2024/25 as a result of the implementation of IFRS 16 Leases. As such, no equivalent balances were presented in the 2023/24 financial statements. We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.

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Appendix B: Updated summary of assurances

Summary of Assurances (continued)

Account area	Assurance Rating 2023/24	Assurance rating 2024/25	Assurance rating 2025/26	Summary of work performed
Local Government Pension Scheme Liability	Substantial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Developer Contributions (held as a Long Term Liability)	N/A	Substantial	Substantial	We note that this balance was nil in 2023/24 and as such, no equivalent balances were presented in the 2023/24 financial statements. We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Reserves	None	None	Substantial	We have completed our work programme on the rebuilding of assurance over reserves following the disclaimed audit opinions. As a result, we have been able to obtain full assurance over the useable and unusable reserves reported in the financial statements.
Comprehensive Income and Expenditure Statement – Income and Expenditure recorded in the Net Cost of Services	Partial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Financing and Investment Income and Expenditure	Partial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Taxation and Non-Specific Grant Income	Substantial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balance at 31 March 2026.
Financial Statement Disclosures	Partial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balances at 31 March 2026.
Cash Flow Statement	Partial	Substantial	Substantial	We have completed our planned audit procedures and obtained assurance over the closing balances at 31 March 2026.

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Appendix C: 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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Appendix D: 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 151 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 151 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 Full 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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