

A close-up photograph of a person's hands in a blue suit jacket. The right hand holds a white pen, pointing at a tablet. The tablet displays a bar chart with several bars of varying heights and colors (green, brown, red). The background is dark and out of focus.

Breckland District Council Auditor's Annual Report

Year ended 31 March 2024

25 April 2025



Breckland District Council
Elizabeth House
Walpole Loke
Dereham
Norfolk
NR19 1EE

25 April 2025

Dear Governance and Audit Committee Members

2023/24 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 Breckland District Council. This report and commentary 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 audit year 2023/24.

This report is intended to draw to the attention of the Council's any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Governance and Audit Committee meeting on 19 June 2025.

Yours faithfully

David Riglar

Partner

For and on behalf of Ernst & Young LLP

Encl

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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 ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). 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 Governance and Audit Committee and management of Breckland District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Governance and Audit Committee and management of Breckland District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Governance and Audit Committee and management of Breckland District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM



01 Executive Summary



Executive Summary

Purpose

The purpose of the Auditor's Annual Report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Council and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an Auditor's Annual Report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 17 May 2024. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- the 2023/24 financial statements;
- conclusions relation to going concern; and
- the consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- any significant matters or written recommendations that are in the public interest; and
- if we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Executive Summary (continued)

2023/24 Conclusions

Financial statements

Audit Opinion - Disclaimed

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required the Council's financial statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

As a result of the 2022/23 disclaimed audit report, we did not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we could not gain assurance over 2023/24 in-year movements and some closing balances. We also did not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. This meant that we were unable to conclude that the 2023/24 financial statements were free from material and pervasive misstatement of the financial statements.

Our planned audit work in the 2023/24 financial year therefore focused on transactions in the year and the year balance sheet at the 31 March 2024.

Due to delays in receiving elements of audit evidence in sufficient time before the backstop date for our planned procedures, we did not have the required resource available and were therefore unable to complete our audit procedures concerning Balance Sheet - Provisions.

Due to delays in receiving audited Financial Statements of the Council's subsidiary, we have been unable to complete our audit procedures in respect of the Group financial statements.

Taken together, this led us to issue a disclaimed audit opinion on 27 February 2025.

Executive Summary (continued)

2023/24 Conclusions

Going concern	As we are issuing a disclaimer of opinion, we do not provide a conclusion on whether the Assistant Director Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statements	Financial information within the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary on the key arrangements within 2023/24 in Section 03.
Consistency of the annual governance statement	We were satisfied that the Annual Governance Statement was consistent with our understanding of the Council.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of Government Accounts	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed, as of the date of this report, 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.
Audit Certificate	We will issue our audit certificate on completion of the above requirements in respect of Whole of Government Accounts.



Executive Summary (continued)

Value for Money

Scope

We are required to be satisfied that Breckland District Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an Annual Commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the S151 Officer Alison Chubbock;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

Executive Summary (continued)

Value for Money (continued)

Reporting

Our commentary for 2023/24 is set in Section 03. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, 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 the 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 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

Ernst & Young (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 year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



02

Audit of the financial statements

Audit of the financial statements

Key findings

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

On 27 February 2025, we issued a disclaimed audit opinion on the financial statements. This basis for this opinion is set out in the Executive Summary.

We reported our audit scope, risks identified and detailed findings to the 27 February 2025 Governance and Audit Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit in relation to the significant risk areas. We identified and reported one area for improvement in the Council's control environment in our Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error - Management override of controls	<p>Our audit procedures identified that the Council does not have any formal procedure in place for the authorisation of journals before they are posted to the General Ledger by Senior Management and the Senior Accountant. This represents a level of weakness in the Council's overall control environment and increases the risk of management override.</p> <p>We did not identify any instances of inappropriate judgements being applied, or of any management bias in accounting estimates.</p> <p>We did not identify any transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>Our journal entry testing did not identify any instances of inappropriate posting of journals.</p>
Misstatements due to fraud or error - capitalisation of revenue expenditure	<p>Our sample testing of additions to Property, Plant and Equipment found that they had been correctly classified as capital and included at the correct value.</p> <p>Our sample testing did not identify any revenue items that were incorrectly classified.</p> <p>Our data analytics procedures did not identify any movements from expenditure to capital outside of the normal course of business.</p>



03

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the Annual Governance Statement, rests with Management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. Our risk assessment did not identify any risk of significant weakness in arrangements to secure financial sustainability.

The final outturn on the General Fund for the 2023/24 year was a deficit of £0.409 million. There was a net overspend on services of £0.570 million, where a contribution from the General Fund reserve was made to cover the net pressures in year. The net overspend is spread across a number of individual services. This occurred for several reasons, such as decreased revenue from the Council's planning services due to a decline in the construction and housing markets, as well as challenges within Housing Benefit stemming from pressures related to temporary accommodation, the transition to Universal Credit, and the effects of temporary accommodation on the Housing budget. The Council have been able to mitigate the pressures and divert budgets to the areas in most need during the year.

The Council utilises the Evolve program which consists of a range of projects aimed at investing in future years to generate income or savings. These efforts will help bridge the budget gap faced by the authority due to reduced funding, rising costs and increased demand. Progress against these targets are reported regularly through the quarterly financial performance report to Cabinet and to Overview and Scrutiny Committee. During the year, the Council has continued to revisit and monitor the financial plan to ensure they have sufficient resources to deliver its services. The General Fund is being maintained at the minimum level of £2.5 million. The target for the Evolve program 2023/24 year was £0.248 million. Savings have been achieved in planned areas like housing, these savings have been surpassed by rising demand and costs. One-time mitigation measures have been implemented in 2023/24 to enhance efficiencies, helping to counterbalance overspending amounting to £0.409 million.

The latest published financial information shows a balanced budget for the 2024/25 financial year. This is subject to achieving efficiencies targets of £0.944 million cumulatively in 2025/26 - 2027/28. The Council have undertaken sensitivity analysis over key assumptions within the budget to remain aware of the risks to service delivery.

At the 31 March 2024, the Council held a General Fund Reserve balance of £2.5 million and had further Earmarked General Fund reserves of £16.9 million, which provides a level of resources, should future saving requirements not be achieved in each of the five financial years of the Medium Term Financial Strategy, to allow the Council to continue to deliver services.

However, the Council should not be complacent in the need to achieve annual efficiency savings targets. The Council should continue its scenario assessment of the savings requirement and continue to identify relevant schemes to achieve the annual savings requirements, to minimise the use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. In 2023/24, we did not identify a risk of significant weakness in arrangements in place to ensure sound governance.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan to address previously identified matters, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance.

The Head of Internal Audit concluded with the Reasonable Assurance in relation to the framework of risk management, governance, and internal control for the 2023/24 financial year.

The Council published their draft 2023/24 financial statements for audit on the 31 May 2024, in line with the Audit and Accounts regulations, and advertised and held an inspection period for members of the public, again in line with these regulations. This demonstrates the strength of the Council's closedown arrangements and preparation for financial reporting of the Council's position at the 31 March 2024.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with Management. In accordance with the NAO's Code the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2024. In 2023/24, we did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

The Council launched its new Corporate Plan which directs the vision, principles, and strategic objectives of the Council between 2024 to 2028. It builds on the achievements of the plan Council launched in 2021 and is intended to update the Council's priorities to reflect a new political leadership team and a changed set of local circumstances. This includes tackling the challenges of major cost of living pressures and constraints on public spending; whilst seeking to position the District to benefit from the opportunities of rapidly changing technology and the national economy. The Corporate plan sets out three key priorities:

- Inspiring Communities: Enabling everyone to lead happy, healthy and fulfilling lives,
- Thriving Places: Creating opportunities for skilled jobs and economic growth,
- Working Smarter 2035: Protecting the environment - now and for future generations; and putting customers first by delivering quality, value-for-money services that meet their needs.

Performance reporting is undertaken against these key criteria, with regular reporting on both performance and finances taken to the Overview and Scrutiny Committee, and to the Governance and Audit Committee throughout the year to continuously monitor and challenge the Council's performance. The Council also publishes a separate Annual Report which sets out the progress that has been made against the Corporate Plan objectives. This performance information is available to the public but also allows for key information to be considered as part of decision making on service delivery.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04 Appendices

Appendix A – Audit Fees

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

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

As set out in our Audit Plan 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.

	Actual Fee	Planned fee	Prior Year
	£'s	£'s	£'s
Total Fee - Scale Fee for Code Work	141,632	141,632	45,925
Scale Fee Variation	27,000 - 35,000 (Note 2)	-	Note 1
Central Disclaimer Consultations	TBC		
Total fees	TBC	141,632	TBC

All fees exclude VAT

Notes:

- 1) PSAA Ltd is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.
- 2) The scale fee may be impacted by a range of other factors which will result in additional work. The areas where additional audit procedures were performed are:
 - Revisions to ISA (UK) 315 = £9,000-£10,000
 - IFRS16 readiness = £1,500 - 2,000
 - Change in scope - new account = £1,500 - £2,500
 - Additional journals testing for postings by the Assistant Director of Finance = £1,500 - £2,500
 - IAS19 Pension Valuation - additional work = £3,000 - £4,000
 - Identified risks and/or issues in year = £10,000 - £13,000
 - Audit findings and adjustments = £7,000 - £9,000

Once we have been informed of the 2023/24 scale fee variation process from the PSAA, we will submit to PSAA to determine the scale fee variation. This will be discussed with Management and then submitted in line with the PSAA Ltd process. Any scale fee variation is determined by PSAA Ltd.

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