

Borough Council of Kings Lynn & West Norfolk

Audit results report

Year ended 31 March 2025

6 February 2026



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Audit Committee
Borough Council of King's Lynn & West Norfolk
Kings Court, Chapel Street
King's Lynn
Norfolk
PE30 1EX

6 February 2026

Dear Audit Committee Members

2024/25 Audit results report

We attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Audit Committee. We will update the Audit Committee at its meeting scheduled for 17 February 2025 on further progress to that date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Borough Council of King's Lynn & West Norfolk accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The Audit Committee, as the Council'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 Council's wider arrangements to support the delivery of a timely and efficient audit.

We consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements; and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Audit Committee members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

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

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 17 February 2026.

The [EY UK 2025 Transparency Report | EY - UK](#) provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 30 June 2025.

Yours faithfully

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

Enc

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

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

This report is made solely to the Audit Committee and management of Borough Council of King’s Lynn & West Norfolk in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Borough Council of King’s Lynn & West Norfolk 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 Audit Committee and management of Borough Council of King’s Lynn & West Norfolk 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 - Measures to address local audit delays

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

MHCLG has worked collaboratively with the FRC and other system partners, to develop and implement measures to clear the backlog. 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. This has now been delivered.
- 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 2024/25 financial statements is 27 February 2026. This process of rebuilding assurance will take several years to achieve. The NAO, supported by the MHCLG and the FRC, are responsible for issuing guidance and have been liaising with audit firms to understand the complexities involved and to seek to ensure a more consistent approach for restoring assurance for disclaimed periods. The NAO has now published its Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06 setting out considerations for rebuilding assurance following the issue of disclaimed audit opinions under the backstop arrangements. The guidance predominantly focuses on the rebuilding of assurance over reserves, where it is more difficult to obtain assurance because of the way in which they accumulate over successive years. It also continues to recognise that the approach needed to rebuild assurance will differ authority to authority and will need to be considered in the context of both inherent risk factors which all authorities subject to recently disclaimed opinions will share, and factors specific to each individual authority's system of internal control and financial reporting. We will continue to consider the impact of this on our audit approach. In 2024/25 we have continued to audit the closing balance sheet and in-year transactions, which allows the build back of assurances over a large number of balances within the financial statements where audit procedures can be completed for successive years.
- Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 11 February 2025 Audit Completion Report we issued a disclaimer of opinion on the Council's 2023/24 financial statements under these agreements to reset and recover local government audit. We also issued a disclaimer of opinion on the 2020/21, 2021/22 and 2022/23 financial statements. In 2024/25, we have focussed on auditing the closing balance sheet and in-year transactions. Although the level of assurance gained has increased, we have not yet obtained sufficient evidence to have reasonable assurance over all in-year movements and closing balances.

As a result of the disclaimer of opinions on the 2020/21, 2021/22, 2022/23 and 2023/24 financial statements, we do not have assurance over some brought forward balances from 2023/24 where we did not gain assurance (the 2023/24 closing balances becoming 2024/25 opening balances). This means we do not have assurance over all 2024/25 in-year movements and the comparative prior year movements. We also do not have assurance over all the 2023/24 comparative balances disclosed in the 2024/25 financial statements. Taken together with the requirement to conclude our work by the 2024/25 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2024/25 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2024/25 audit opinion.

Appendix A sets out the current position of Borough Council of King's Lynn & West Norfolk in returning to a position of full assurance on its financial statements as compared with the timeline envisaged by the NAO's LARRIG 01. This is informed by the summary of the assurances we have gained from our 2023/24 and 2024/25 audit procedures, set out at Appendix B.

Executive Summary – Context for the audit

Status of the audit

In our Audit Planning Report presented at the 3 July 2025 Audit 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 results and have also reconsidered our risk assessment. Based on our materiality measure of gross revenue expenditure on services, we have updated our overall materiality assessment for the group and the Council:

- Group: Planning materiality increased to £2.26 million (Audit Planning Report – £2.09 million). This results in updated performance materiality, at 50% of overall materiality, of £1.13 million, and an updated threshold for reporting misstatements of £0.113 million.
- Council: Planning materiality increased to £2.07million (Audit Planning Report – £1.92 million). This results in updated performance materiality, at 50% of overall materiality, of £1.04 million, and an updated threshold for reporting misstatements of £0.103 million.

Scope update

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

Item	Actions to resolve	Responsibility
Going Concern	We have received an updated going concern disclosure but require evidence to support the disclosures including a cashflow forecast for one year post expected opinion date.	Management
Capital Additions and REFCUS	We have received evidence to support our sample of capital additions and are currently concluding our testing in this area.	EY
Collection Fund	We have received responses from management relating to the Collection fund and it's reconciliation to the Council's General Ledger and we are concluding our work in this area.	EY
Income and Expenditure	We have received additional evidence to support our sample of income and expenditure and are currently concluding our testing in this area	EY
Journals	We have received evidence to support our sample of Journals and are currently concluding our testing in this area.	EY
Valuation of Land and Buildings	We have received evidence to support our sample of Land and Building valuations and are currently concluding our testing in this area.	EY

Executive Summary – Context for the audit

Scope update (continued)

Closing Procedures outstanding at the date of this report

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

We will continue to challenge the remaining evidence provided and the final disclosures in the Statement of Accounts which could influence our final audit opinion, a current draft of which is included in Section 04.

Value for Money

In our Audit Planning Report dated 29 April 2025, we reported that we had not fully completed our Value for Money (VFM) risk assessment. Having updated and completed the planned procedures we identified a significant weakness relating to the Council's arrangements for producing reliable and timely financial reporting that supports the delivery of strategic priorities and the Council's ability to fully support an audit of its Financial Statements. See Section 03 of the report for further details.

Audit differences

Corrected Differences

At the date of this report we have identified the following misstatements which we expect Management to correct:

1. Pensions: Overstatement of £30.165m over the loss on Actuarial Gain/Loss on Pension Assets and Liabilities and understatement of £1.463m over Financing and Investment Income and Expenditure as a result of the effect of the asset ceiling for the year.
2. Prepayments: Understatement of £1.810m over Prepaid assets as a result of non-recognition of pension prepayments made on the advance pension prepayments in 2023/24.
3. Non-current asset classification: £4.8 million of Housing assets incorrectly classified as Investment Properties which should be classified as Property, Plant and Equipment.
4. Disclosure misstatements: We have identified a number of disclosure misstatements.

See Section 05 for further details.

Executive Summary (cont'd)

Audit differences (continued)

Uncorrected Differences

At the date of this report we have identified the following misstatement which Management is not correcting for:

1. In the 2023/24 and 2022/23 financial statements management recorded a Pension asset on the balance sheet. Our work over pensions in 2024/25 identified that these Pension asset balances are misstated as Management had not applied the required asset ceiling calculation under IFRC 14. To correct for this a prior period adjustment is required in the 2024/25 financial statements.

See Section 05 for further details.

Other reporting issues

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

As the Council falls below the £2 billion threshold for review as per the NAO's group instructions, we are not required to undertake detailed procedures on your consolidation schedule. We will submit the required Assurance Statement to the NAO confirming this at the same time as the audit opinion. However, we cannot issue our Audit Certificate until the NAO has confirmed no further procedure are required of any auditor.

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 the Council. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Risk	Status of our work
Council and Group statement of Accounts: Misstatement due to fraud or error	Our work on journals testing is still in progress.
Council Statement of Accounts Inappropriate capitalisation of revenue expenditure	Our work on additions and REFCUS testing is still in progress.
Group Statement of Accounts: Revenue Recognition	We have been unable to conclude our planned procedures in relation to Group's Revenue Recognition, see Section 02 of this report for further details.
Council Statement of Accounts: Capital accounting entries	We have been unable to conclude our planned procedures in relation to Capital Accounting Entries, see Section 02 of this report for further details.
Council Statement of Accounts: Valuation of Land and Buildings	Our work on the valuation of Land and Buildings is still in progress.
Council and Group Statement of Accounts: Valuation of Investment Properties	We have been unable to conclude our planned procedures in relation to Council and Group's Valuation of Investment Properties, see Section 02 of this report for further details.

Executive Summary (cont'd)

Areas of audit focus

Risk	Status of our work
Council Statement of Accounts: Pension Assets and Liabilities Valuation	<p>We have completed our work in this area.</p> <p>We identified the following misstatements:</p> <ul style="list-style-type: none">• Misstatements relating to the recognition of the asset ceiling under IFRIC 14 totalling £31.6 million.• Misstatement relating to prepayment of contributions of £1.8 million.• Disclosure misstatements as the Pension note did not reflect the requirements of the CIPFA code of practice.• We identified that the prior period balances are misstated as no asset ceiling had been applied to the pension asset in prior periods. <p>See Section 02 of this report for further details.</p>
Council Statement of Accounts: Implementation of IFRS 16 Leases	<p>We have been unable to conclude our planned procedures in relation to IFRS 16 Implementation, see Section 02 of this report for further details.</p>
Group Statement of Accounts: Group Accounts	<p>We have been unable to conclude our planned procedures in relation to Group Accounts, see Section 02 of this report for further details.</p>

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 Audit Committee.

Executive Summary (cont'd)

Control observations

We have adopted a fully substantive audit approach, so have not tested the operation of controls at the Council. We have however identified a number of control observations and improvement recommendations in relation to Management's financial processes and controls. Please refer to Section 06 for details.

Independence

Please refer to Section 08 for our update on Independence.

Factors impacting the execution of the audit

Management, and the Audit Committee, as the Council'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 Council's arrangements to support external financial across a range of relevant measures.

We have been unable to undertake all planned procedures this is likely to extend the timetable to recover assurance on the Council's financial statements. See Appendices A and B for further details.

Executive Summary (cont'd)

Factors impacting the execution of the audit (cont'd)					
Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Requires improvement			The financial statements were not published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations. This was due to incomplete accounting entries relating to the valuation of Property, Plant & Equipment and Pensions. The required Notice of Delay was issued and the Statement of Accounts were subsequently published on 14 July 2025.	We have considered the impact of these findings on our VFM work, see Section 03.
Quality and completeness of the draft financial statements	Requires improvement			On initial review we identified a number of non-material internal inconsistencies, disclosure, typographical and arithmetic errors in the draft Financial Statements and have identified areas where they financial statements do not reflect the disclosure requirements of the CIPFA code of practice.	See Section 05 for details of misstatements.
Delivery of working papers in accordance with agreed client assistance schedule	Ineffective			<p>Approximately 40% of working papers were not provided to the agreed timetable. The most significant of these were working papers relating to Debtors, Creditors, Grants, Leases, PPE and Investment Properties.</p> <p>As a result of delays in receiving working papers, we were not able to undertake planned early quality checks across all working papers and we were also required to reallocate work and consequently the audit has not progressed in line with the project plan.</p> <p>This has impacted our ability to complete all planned audit procedures, see appendix A and B for further details of procedures not completed.</p>	We have considered the impact of these findings on our VFM work, see Section 03.
Quality of working papers and supporting evidence	Ineffective			<p>Our review of the working papers, identified a number of issues which required us to raise additional requests to officers for clarification and additional supporting documentation. For example, Debtors and Creditors working papers did not meet the requirements set out in our working paper request as included significant opening balances and gross balances and therefore did not provide a list of year end outstanding debtors and creditors.</p> <p>We experienced delays in the provision of additional supporting evidence from the Council and in a number of areas the quality of evidence provided to support accounting balances and transactions has either not been readily available or has not been to the quality required to allow us to conclude work first time, resulting in a significant number of requests for clarification and further evidence.</p> <p>This has impacted our ability to complete all planned audit procedures, see appendix A and B for further details of procedures not completed.</p>	We have considered the impact of these findings on our VFM work, see Section 03.

Executive Summary (cont'd)

Factors impacting the execution of the audit (cont'd)					
Area	Status			Explanation	Further detail
	R	A	G		
Timeliness and quality of evidence supporting key accounting estimates	Requires improvement			We experienced delays in the provision of supporting evidence relating to the valuation of Property, Plant and Equipment and Investment Property assets, this resulted in delays to the audit process.	We have considered the impact of these findings on our VFM work, see Section 03.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			Overall, we did not encounter significant issues with access to the finance team, but the overall capacity of the finance team to support the audit has resulted in delays to the audit process. We did encounter some issues accessing and receiving responses/supporting evidence from officers outside of the finance team which again resulted in delays to the audit process.	We have considered the impact of these findings on our VFM work, see Section 03.
Volume and value of identified misstatements	Requires improvement			We have identified a number of audit misstatements through our audit procedures.	See section 05 for details of audit differences identified.
Volume of misstatements in disclosure	Requires improvement			We identified a number of disclosure misstatements through our audit procedures.	See section 05 for details of audit differences identified.



02 Areas of Audit Focus

Areas of Audit Focus

Council and Group Statement of Accounts: Misstatements due to fraud or error

△ Fraud Risk

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.

What are our conclusions?

Work over this risk is not yet finalised as our work on journals testing is still in progress.

However, subject to the completion of outstanding procedures, as listed in Section 01:

- ▶ We have not to the date of this report identified any material weaknesses in internal controls or evidence of management override.
- ▶ No instances of inappropriate judgments were identified during our audit procedures.
- ▶ Our audit procedures did not identify any transactions that appeared unusual or outside the Council's normal course of business.

Our response to the key areas of challenge and professional judgement

- ▶ Identified fraud risks during the planning stages;
- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks;
- ▶ Obtained an understanding of the oversight given by those charged with governance of management's processes over fraud;
- ▶ 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);
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determined an appropriate strategy to address those identified risks of fraud;
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements;
- ▶ Undertook procedures to identify significant unusual transactions; and
- ▶ Considered whether management bias was present in the key accounting estimates and judgments in the financial statements.

Areas of Audit Focus

Council Statement of Accounts: Inappropriate capitalisation of revenue expenditure

△ Fraud Risk

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

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

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

What are our conclusions?

Work over this risk is not yet finalised as our sample testing of capital additions and REFCUS is not complete.

Our response to the key areas of challenge and professional judgement

- ▶ Tested Property, Plant and Equipment (PPE) / Investment Property (IP) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature;
- ▶ Assessed whether the capitalised spend clearly enhanced or extended the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred;
- ▶ Considered whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use;
- ▶ Tested REFCUS to ensure that it was appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources; and
- ▶ Identified and understood the basis for significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Areas of Audit Focus

Group Statement of Accounts: Revenue recognition

△ Fraud Risk

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

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 considered the key areas where management has the material opportunity and incentive to override controls in the Group Statement of Accounts. We have identified the main area of risk being in income balances consolidated from the group's corporate subsidiaries.

What are our conclusions?

We have not been able to complete our procedures over revenue recognition in the Group.

Our planned audit procedures relied upon obtaining assurances and reviewing the work of the group's subsidiary auditors over income balances consolidated from the group's corporate subsidiaries.

We prepared and discussed our group audit instructions with the auditors of the group corporate subsidiaries, but due to delays in their audits of the subsidiaries we have been unable to gain the required assurance from them over income balances.

Our planned response to the key areas of challenge and professional judgement

- ▶ Obtain an understanding of revenue streams and the controls in place within financial systems relating to revenue;
- ▶ Undertake walkthrough testing to confirm our understanding of revenue streams;
- ▶ Undertake substantive analytical review procedures to test the reasonableness of the movements in revenue;
- ▶ Perform sample testing of revenue to orders, the order system, the invoice and to postings within the underlying accounting system;
- ▶ Perform sample testing on occurrence of revenue;
- ▶ Perform testing of cut off for all material revenue streams; and
- ▶ Perform testing of sales credit notes in the year and those issued post year end.

Areas of Audit Focus

Council Statement of Accounts: Capital accounting entries

△ Significant Risk

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

Capital transactions in the financial statements are material and in 2019/20 we identified misstatements relating to capital accounting entries in the financial statements.

The fixed assets register was not updated until 2023/24 following closure of the 2019/20 audit.

There is increased risk of material misstatement of capital accounting entries in 2024/25 given the history of misstatements identified in prior years and as the fixed asset register was not updated between 2019/20 and 2023/24 resulting in significant amount of work required for the Council to bring the register up to date for 2023/24 and for the 2024/25 financial statements.

What are our conclusions?

We have not been able to complete our procedures over capital accounting entries.

We commenced our audit procedures over capital accounting entries and identified a significant number of audit queries relating to the agreement of the balances in the draft financial statements to the Council's general ledger and other capital entries in the draft financial statements, these include:

- A £0.8 million unreconciled difference between the total in the fixed asset register and the Council's general ledger.
- An £11.0 million classification difference between the categories of assets in the financial statements and the Council's fixed asset register.
- The financial statements show a £3.6 million of impairment within Assets Under Construction (AUC). AUC is held at cost and therefore there should be no impairments applicable to this category of assets.

Officers have been unable to adequately respond to our audit queries and have not provided support for the differences we identified, and we have therefore been unable to complete our procedures over this risk.

Our planned response to the key areas of challenge and professional judgement

- ▶ Test the consistency between the fixed asset register, draft 2024/25 Statement of Accounts, and trial balance;
- ▶ Perform detailed testing of the in-year movements within the 2024/25 fixed asset register, this will include testing the accuracy of calculations and formula used in the fixed asset register; and
- ▶ Test that the movements have been correctly classified and accounted for in the financial statements inline with the requirements of the CIPFA Code of Practice.

Areas of Audit Focus

Council Statement of Accounts: Valuation of Land and Buildings



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

The valuation of land and buildings represent significant balances in the financial statements and are subject to valuation changes, impairment reviews and depreciation charges.

The Council in previous years has employed internal valuation specialists to provide land and building valuations for financial years up to 2023/24. For 2024/25 the Council has employed a new external valuation specialist to value its land and building assets.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. There is an increased risk over the valuation of these assets due to the change in management's expert who may apply different assumptions and methodologies to their valuations.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What are our conclusions?

Work over this risk is not yet finalised as our work on Land and Buildings valuations is still in progress.

Our response to the key areas of challenge and professional judgement

- ▶ Considered the work performed by the Group valuer over the Council and the Group land and building assets, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Engaged our own EY valuers, to review a sample of land and building assets and test the assumptions and methodologies employed by Group valuer;
- ▶ Performed testing of key assumptions and methodologies on a further sample of land and building assets and consider the reasonableness of the estimation techniques employed;
- ▶ Sample tested key asset information used by the Group valuer in performing their valuation, agreeing this to what has been recorded in the fixed asset register and general ledger;
- ▶ Considered if there are any specific changes to assets that have occurred and that these have been communicated to the Group valuer;
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code;
- ▶ Reviewed assets not subject to valuation in 2024/25 to confirm that the remaining asset base is not materially misstated;
- ▶ Tested that accounting entries have been correctly processed in the financial statements; and
- ▶ Reviewed Financial Statement disclosures to ensure that adequate disclosures have been made in relation to estimation uncertainty.

Areas of Audit Focus

Council and Group Statement of Accounts: Valuation of Investment Properties

△ Significant Risk

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

The valuation of investment properties represent significant balances in the financial statements and are subject to valuation changes and impairment reviews.

The Council in previous years has employed internal valuation specialists to provide investment property valuations for financial years up to 2023/24. For 2024/25 the Council has employed a new external valuation specialist to value it's investment property assets.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. There is an increased risk over the valuation of these assets due to the change in managements expert who may apply different assumptions and methodologies to their valuations.

ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Our planned response to the key areas of challenge and professional judgement

- ▶ Consider the work performed by the Groups valuer over the Council and the Groups investment properties, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Engage our own EY valuers, to review a sample of investment properties and test the assumptions and methodologies employed by Groups valuer;
- ▶ Perform testing of key assumptions and methodologies on a further sample of investment properties and consider the reasonableness of the estimation techniques employed;
- ▶ Sample test key asset information used by the Groups valuer in performing their valuation, agreeing this to what has been recorded in the fixed asset register and general ledger;
- ▶ Consider if there are any specific changes to assets that have occurred and that these have been communicated to the Group valuer;
- ▶ Test that accounting entries have been correctly processed in the financial statements; and
- ▶ Review Financial Statement disclosures to ensure that adequate disclosures have been made in relation to estimation uncertainty.

Areas of Audit Focus

Council and Group Statement of Accounts: Valuation of Investment Properties (continued)

What are our conclusions?

We have not been able to complete our procedures over Investment Property valuations.

We commenced our audit procedures over the valuation of Investment Property Assets.

The 2024/25 financial statements discloses £68.4 million of Investment Property assets on the Balance Sheet. We commenced our audit procedures over the valuation of Investment Property Assets.

We identified that £29.4 million of the Investment Property balance relates to industrial properties which are grouped together in the Council's fixed asset register. Upon review of these industrial assets we noted some potential duplication of the assets being valued and we requested a breakdown of the industrial assets to enable us to select and test individual assets, but officers have been unable to provide this breakdown and therefore we have been unable to undertake our audit procedures over these assets.

We did select and commence testing of a sample from the remaining non-industrial Investment Property assets from remaining population of £39.0 million.

For the non-industrial assets we did sample we engaged our internal specialists to review two of the asset with the remaining sample being tested by the audit team.

The sample of assets tested by the audit team were retail assets and we commenced testing on these assets, requesting leases to support the assets valuations. Officers have been unable to provide these leases and therefore we have been unable to conclude our work on these assets.

Our Internal Valuers completed their review and identified that one asset fell outside of a reasonable valuation range. Church Street car park is recorded in the financial statements at £3.2 million. Our internal valuers have determined that the yield applied to this asset's valuation is too optimistic when compared to comparable investment transactions. This results in an overstatement in the valuation of the asset by a minimum of £0.4 million as at 31 March 2025 (being the difference of the Council's valuation to the top of our reasonable range). As the difference not materially outside of our reasonable range we can conclude that the estimate is materially correct and therefore no adjustment to the financial statements is required.

Our Internal Valuers identified one observation regarding the valuation methodology employed by the Council's valuer.

In the UK market, yields used for valuing Investment Properties at fair value are typically quoted on a net basis. Net yields include purchaser costs such as stamp duty and agency fees and are generally around 6.8%. Therefore, an adjustment is normally required to remove these purchaser costs to derive an asset's fair value.

Our internal valuers noted that the Council's valuers do not make any adjustment for purchaser costs. They state that they use gross yields, which already incorporates this adjustment. This approach differs from the majority of the market, which uses net yields. As a result, comparing the Council's valuers yields directly to published market yields is not possible because they are calculated on a different basis, adding complexity to the valuation process which then requires additional audit procedures for us to gain comfort over the valuations.

Areas of Audit Focus

Council Statement of Accounts: Pension Assets and Liabilities Valuation

△ Significant Risk

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

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is an admitted body.

The Council's pension fund is a material and sensitive item and the Code requires that this liability be disclosed on the Council's balance sheet. Accounting for this scheme involves significant estimation and judgement and management engages an actuary to undertake the calculations on their behalf. The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the administering body.

Accounting for these pension schemes involves significant estimation and judgement and management engages an actuary to undertake the calculations on their behalf.

ISAs (UK and Ireland) 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

- ▶ Liaised with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Norfolk County Council;
- ▶ Assessed the conclusions drawn on the work of the actuary by the Consulting Actuary, PwC, commissioned by the National Audit Office for all local government sector auditors, and considering relevant reviews by the EY actuarial team;
- ▶ Undertook procedures to determine whether an asset ceiling, as required by IFRIC 14, had been appropriately applied to the pension asset;
- ▶ Used our internal EY pensions team to calculate an estimate of the Council's pension liability/asset by running their own 'actuarial model' and comparing this to that produced by the Council's actuary; and
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19.

Areas of Audit Focus

Council Statement of Accounts: Pension Valuation (continued)

What are our conclusions?

We have completed our work on this risk.

We obtained assurance from Norfolk Pension Fund auditor regarding the information supplied to the actuary.

We have reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and identified no issues noted with the assumptions and methodologies applied by the Actuary.

We have agreed the Council's pension disclosures to the actuaries' report and ensured these are fairly stated in the accounts.

Our EY Pensions team reviewed the actuary report, and found that the estimate was appropriate, and the balance calculated by the actuary fell within a reasonable range.

Our audit procedures identified the following misstatements

- The Council's pension note does not reflect the disclosures required by the CIPFA Code of practice and is not complete.
- The Council's financial statements have not included all transactions required when accounting for the pension asset and asset ceiling resulting in a misstatement of £31.6 million to the pension reserve and to the Comprehensive Income and Expenditure Statement.
- Pension interest was understated by £1.8 million in the Balance Sheet and the Comprehensive Income and Expenditure Statement relating to the prepayment of contributions made by the Council.

See Section 05 of this report for further details.

In the 2023/24 and 2022/23 financial statements management recorded a Pension asset on the balance sheet as reported to management in the Actuaries IAS19 report. We fully disclaimed 2022/23 and 2023/24 audits and did not undertake any audit procedures on these balances in prior years.

For 2022/23 and 2023/24 the Actuary also provided reports relating to the application of an asset ceiling under IFRIC 14 as the Council's pension balance was in an asset position. For management to determine the impact of the asset ceiling on these prior year pension asset balances they would have needed to commission additional combined IAS19 and IFRIC 14 reports from their Actuary. These combined reports were not commissioned, and management therefore recorded the full asset position in prior year financial statements as follows:

2022/23 - Pension Asset £8.3 million

2023/24 - Pension Asset £28.2 million

The Council obtained the required combined report for 2024/25 which shows that the pension asset in 2024/25 required adjustment for the asset ceiling by £23.1 million bringing the balance into a liability position of £1.6 million. This combined report also includes the balances for 2023/24 which shows that the pension asset should be reduced to a liability of £1.9 million, therefore indicating a material misstatement in 2023/24 and 2022/23 which would require a prior period adjustment in 2024/25 to correct for.

Management have not put through a prior period adjustment in the 2024/25 financial statements and therefore this misstatement remains uncorrected.

Areas of Audit Focus

Council Statement of Accounts: Implementation of IFRS 16 Leases

△ Inherent Risk

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

IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/25 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Council's 2024/25 accounts.

IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Council is lessee, these will now be recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.

Successful transition will depend on the Council having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Council will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.

Based on our assessment in 2023/24, we concluded that the Council had not yet been able to show it has reasonable arrangements in place to support the adoption of IFRS 16 in 2024/25. We will assess the impact of the new standards to determine whether they have been appropriately implemented by the Council.

Our planned response to the key areas of challenge and professional judgement

- Gain an understanding of the processes and controls developed by the Council relevant to the implementation of IFRS 16. We will pay particular attention to the Council's arrangements to ensure lease and lease-type arrangements considered are complete.
- Review the discount rate that is used to calculate the right of use asset and assess its reasonableness.
- Review management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components.
- Gain assurance over the right of use asset included in the 2024/25 financial statements
- Sample test leases to ensure that transition arrangements have been correctly applied.
- Consider the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.

What are our conclusions?

We have not been able to complete our procedures over IFRS 16 leases.

We performed procedures to gain an understanding of the Council's implementation of IFRS 16, including its processes, controls, and related policies.

We commenced review and testing of the Council's lease working papers and identified that:

- several working papers and supporting calculations were incomplete.
- the Council had not included its finance leases (as lessee) in the IFRS 16 workings and financial statement disclosures,
- posting to reflect right of use assets in the Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP) had not been made.

Officers could not provide updated working papers and financial statement corrections in a timely manner to allow completion of this audit work, and we have therefore been unable to complete our procedures over this risk.

A recommendation addressing these matters is included in Section 06.

Areas of Audit Focus

Group Statement of Accounts: Group Accounts

△ Inherent Risk

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

The Council has a number of subsidiaries: Alive Management Ltd., Alive West Norfolk, West Norfolk Housing Company and West Norfolk Property.

As in previous years the Council will need to consider the need to consolidate these subsidiaries into the Council's group accounts. In prior years we identified a number of audit differences in relation to the group accounts, and the consolidation working papers provided were not of an appropriate standard. There is a risk that the consolidation of any subsidiaries within the Group Boundary is not undertaken in line with the relevant accounting standards and in line with the code of practice.

Our planned response to the key areas of challenge and professional judgement

- ▶ Review the Council's group boundary assessment, to confirm that all relevant subsidiaries have been consolidated into the group accounts;
- ▶ Test that the accounting framework and accounting policies of consolidated subsidiaries are aligned to the Borough Council of King's Lynn & West Norfolk Council group;
- ▶ Scope the audit requirements for the subsidiaries based on their significance to the group accounts;
- ▶ Liaise with the external auditor of the subsidiaries and issue group instructions that detail the required audit procedures they are to undertake in order to provide us with assurance for the opinion we will issue on the group accounts;
- ▶ Review the outcome of the component auditor's work;
- ▶ Perform detailed testing of intercompany transactions between Borough Council of King's Lynn & West Norfolk and the subsidiaries and between subsidiaries; and
- ▶ Ensure that appropriate consolidation procedures are applied when consolidating relevant entities into the group accounts.

What are our conclusions?

We have not been able to complete our procedures over the Group Accounts.

Our planned audit procedures relied upon obtaining assurances and reviewing the work of the group's subsidiary auditors.

We prepared and discussed our group audit instructions with the auditors of the group's corporate subsidiaries, but due to delays in their audits of the subsidiaries we have been unable to gain the required assurance from them over consolidated subsidiary balances.

We have included these findings in Section 06 of this report.



03 Value for Money

Value for Money

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

The Council 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 Council has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

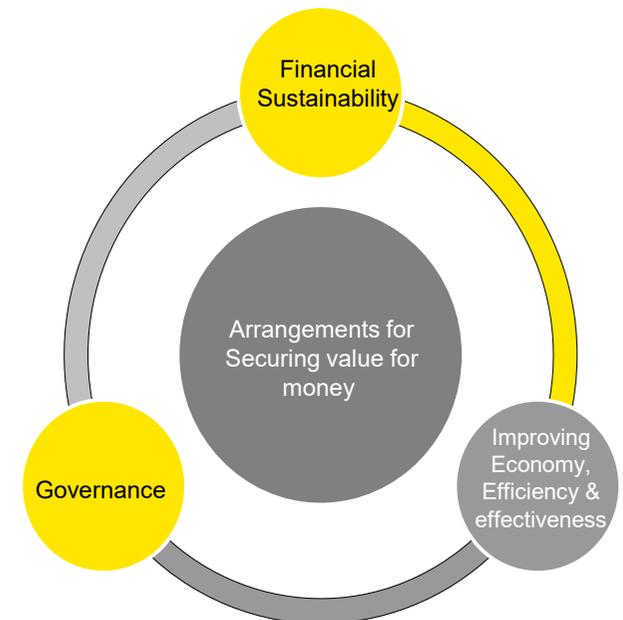
Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Council's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on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

We will provide a commentary on the Council arrangements against three reporting criteria:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- 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.

Our VFM procedures are complete subject to final Manager and Partner review.

In our Audit Planning Report dated 29 April 2025, we reported that we had not completed our Value for Money (VFM) risk assessment. Having updated and completed the planned procedures we identified a significant weakness in arrangement which is set out on the following page.



Corporate Governance (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?

The Council's ability to meet financial reporting duties for publishing draft accounts, specifically the Council's arrangements for producing reliable and timely financial reporting that supports the delivery of strategic priorities, and the Council's capability and capacity to support an audit of the financial statements.

What arrangements did this impact?

Governance:

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

What did we do?

Our approach focused on:

- Determine date of accounts publication.
- Where the financial statements were not published on time, identify and consider the actions taken by the Council and the reason's why the statutory publication date could not be made.
- Consider the Council's ability to support an audit of their financial statements.

Findings

The Council has faced ongoing operational and resourcing difficulties over several years impacting the timeliness of accounts preparation and the audit of historic financial statements with the 2019/20 accounts being concluded in January 2024. This has had a significant knock-on impact for subsequent years financial statements. These delays have impacted on the ability of the Council to publish its 2024/25 Statement of accounts by the deadlines outlined in the Accounts and Audit Regulations 2015. They were published on 14 July 2025, deadline 30 June 2025. The main reasons for delay in publication was due to the Council not being assured that balances relating to Property, Plant and Equipment, Investment Properties and Pensions were materially correct, they therefore made the decision not to publish a set of accounts that were potentially materially misstated by the deadline. The Council correctly published a notice stating that it had not been able to publish its accountability statements by the deadline, its reasons for this, and that it acknowledged that it must publish its accountability statements as soon as reasonably practicable.

Through the course of our audit of the 2024/25 financial statements we have identified a significant number of areas where we are not able to complete audit procedures due to working papers and supporting evidence not being provided in line with the agreed timetables and not meeting the expected quality requirements (see Appendix A and B of this report for further details on areas of the financial statements where we have been unable to complete our audit procedures).

The findings above are evidence of weaknesses in proper arrangements for supporting its statutory reporting requirements, it's ability to support an audit, and effective processes and systems for accurate and timely management and financial information - Governance '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.'

We issued our VFM narrative commentary in our 2024/25 Draft Auditor's Annual Report, which was shared with S151 Officer and the Chair of Audit Committee on 24 November 2025. We will issue the final version of the 2024/25 Auditor's Annual Report once the remaining audit work is complete and the audit opinion has been issued.



04 Audit Report

Audit Report

Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOROUGH COUNCIL KING'S LYNN AND WEST NORFOLK

Disclaimer of Opinion

We were engaged to audit the financial statements of Borough Council King's Lynn and West Norfolk ('the Council') and its subsidiaries (the 'Group') for the year ended 31 March 2025. The financial statements comprise the:

- ▶ Council and Group Movement in Reserves Statement,
- ▶ Council and Group Comprehensive Income and Expenditure Statement,
- ▶ Council and Group Balance Sheet,
- ▶ Council and Group Cash Flow Statement,
- ▶ the related notes 1 to 41 to the Council financial statements and the related notes G1 to G3 to the Group financial statements including material accounting policy information,
- ▶ Collection Fund and the related notes C1 to C2

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date').

Our planned audit work in the current year was focused on transactions in the year and the current year balance sheet.

Due to the disclaimers of opinion on the financial statements in the prior years, delays in receiving associated audit evidence and inability to support the audit in advance of the backstop date, we have not been able to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the Council's financial statements for the year ended 31 March 2025.

Therefore, we are disclaiming our opinion on the financial statements.

The audits of the financial statements for the years ended 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 for Borough Council King's Lynn and West Norfolk were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 4 December 2024 and 14 February 2025 respectively.

In addition, the Council has not booked a prior period adjustment for the required application of an asset ceiling to the prior year pension asset balance.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Group and the Council.

We report to you if:

- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

We have nothing to report in these respects.

Audit Report (cont'd)

Draft audit report

In respect of the following, we have matters to report by exception

Report on the Group and the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Group and the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weaknesses in relation to the specified reporting criteria of the Group and the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2025.

Significant weaknesses in arrangements

In relation to governance

Our judgement on the nature of the weaknesses identified:

Ongoing operational and resource challenges, along with past audit delays and late financial statement preparation from 2018/19 to 2023/24, have affected the timeliness and quality of the Council's accounts.

Although there was progress in 2024/25, the Council also failed to publish its statement of accounts by the 30 June 2025 deadline under the Accounts and Audit Regulations 2015, with unaudited statements published on 14 July 2025. Supporting working papers and audit evidence were not provided to the agreed timetable and did not consistently meet quality standards.

The evidence on which our view is based:

- ▶ Publication dates for the draft Statements of Accounts for the years 2018/19 to 2024/25
- ▶ Our audit procedures performed in relation to the draft 2024/25 Statement of Accounts

The impact on the Council:

Failure to improve the Council's processes to report good quality financial information will impact its ability to meet statutory financial reporting deadlines and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024.

The action the body needs to take to address the weakness:

The Council should strengthen its approach to preparing financial statements and supporting the audit process. The Finance Team should:

- ▶ ensure a thorough understanding of the requirements of the Local Government accounting framework and the CIPFA Code of Practice,
- ▶ maintain knowledge of the Council's financial operations to support accurate reporting,
- ▶ maintain sufficient capacity of skilled finance professionals with the necessary skills and training to produce high-quality financial statements together high-quality supporting audit working papers; and
- ▶ provide timely and effective support throughout the audit cycle.

The issue above is evidence of weaknesses in proper arrangements for governance, including ensuring the Council has effective processes and systems in place to support its statutory financial reporting requirements.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Chief Finance Officer Responsibilities set out on page 2, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Group and Council financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Audit Report (cont'd)

Draft audit report

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Group and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and the Council either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group and the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group and the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Borough Council King's Lynn and West Norfolk had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Borough Council King's Lynn and West Norfolk put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether Borough Council King's Lynn and West Norfolk had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

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

Certificate

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office, as group auditor, has confirmed that no further assurances will be required from us as component auditor of the Council.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

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

David Riglar (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Cambridge

Date: XX February 2026



05 Audit Differences

Audit Differences

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

Summary of adjusted differences

We highlight the following misstatements greater than £0.103 million which we expect to be corrected for by management that were identified during the course of our audit:

1. Known difference: Pensions - Our testing of pensions identified misstatements relating to the accounting treatment and recognition of the asset ceiling under IFRIC 14 resulting in a misstatement of £31.6 million to the pension reserve and to the Comprehensive Income and Expenditure Statement.

This has the following impact:

Dr CIES - Actuarial Gain/Loss on Pension Assets and Liabilities	£30.2 million
Dr CIES - Financing and Investment Income and Expenditure - Pension Interest	£1.4 million
Cr Balance Sheet - Unusable Reserves - Pension Reserves	£31.6 million

2. Known difference: Pensions - Our testing of pensions identified an understatement of £1.8 million pension interest costs in 2024/25 relating to the prepayment of contributions made by the Council in 2023/24.

This has the following impact:

Dr Balance Sheet - Short term debtors - Prepaid Pension	£1.8 million
Cr CIES - Financing and Investment Income and Expenditure	£1.8 million

3. Known difference: Non-current asset classification: Our testing of Investment properties identified £4.8 million of Housing assets had been incorrectly classified as Investment Properties. These assets did not meet the definition of an Investment Property as they are not being held by the Council solely for capital appreciation or rental income as they support the Council's wider housing agenda and therefore should be classified as Property, Plant and Equipment.

This has the following impact:

Dr Balance Sheet - Property, Plant and Equipment	£4.8 million
Cr Balance Sheet - Investment Property	£4.8 million

Audit Differences

Summary of adjusted differences (continued)

4. During the audit, we identified a number of non-material internal inconsistencies, disclosure, typographical and arithmetic errors in the draft financial statements.

We also identified disclosure misstatements which we expect to be corrected for by management, the most significant of these being:

- Note 20 - Defined Benefit Pension Schemes: The Council's pension note does not reflect the disclosures required by the CIPFA Code of practice and is not complete and therefore does not reflect all balances contained within the combined IAS19/IFRIC 14 Actuarial report for 2024/25.
- Note 21 - External Audit Costs: Adjustments were required as the Council disclosed the amount for the accrued external audit costs.
- Note 26 - Heritage Assets: The accounting policy for Civic Regalia and Art Collection did not clearly reflect the valuation scope applied in practice, specifically that Public Art is excluded from the Bonhams valuation. This resulted in an inconsistency between the accounting policy wording and the treatment applied in the financial statements.
- Accounting Policies: We have identified a number of Accounting Policies that requiring updating to align with the Code requirement.

Summary of unadjusted differences

In addition, we highlight the following misstatement greater than £0.103 million to the financial statements and/or disclosures which are not being corrected by management. We ask that the Audit Committee 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 Audit Committee and provided within the Letter of Representation:

1. Pensions - As detailed in section 02, in the 2023/24 and 2022/23 financial statements management recorded a Pension asset on the balance sheet. Our work over pensions in 2024/25 identified that these Pension asset balances are misstated as Management had not applied the required asset ceiling calculation under IFRC 14. To correct for this a prior period adjustment is required in the 2024/25 financial statements. Management has not posted a prior period adjustment in it's 2024/25 financial statements and therefore this misstatement remains uncorrected. Management did not obtain the required combined IAS19/IFRIC 14 reports from the actuary for 2023/24 or 2022/23 and we are therefore unable to confirm the full value of the misstatement. Whilst we are unable to confirm the full value of adjustment required, the impact is likely to be material as the adjustment for 2024/25 is a reduction in the pension asset of £23.1 million.



06

Assessment of Control Environment

Assessment of Control Environment

Financial controls

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

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

The table below provides an overview of the 'high' 'moderate' and 'low' rated observations we have from the 2024-25 audit (including IT controls).

	High	Moderate	Low	Total
Open at 1 April 2024	1	0	0	1
Closed during FY2024-25	0	0	0	0
New points raised in FY2024-25	3	0	0	3
Total open points as at 31 March 2025	4	0	0	4

Key:

-  A weakness which does not seriously detract from the internal control framework. If required, action should be taken within 6-12 months.
-  Matters and/or issues are considered to be of major importance to maintenance of internal control, good corporate governance or best practice for processes. Action should be taken within six months.
-  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 either immediately or within three months.

The matters reported on the next slide are limited to those that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.

Assessment of Control Environment (cont'd)

Summary of control observations and recommendations

Control observation and impact	Grading			Recommendation	Management Response
	H	M	L		
Property, Plant and Equipment - Our audit procedures over Property, Plant and Equipment and Investment properties identified a lack of coordination between the Finance and Property team.	x			Management should establish a more structured and consistent coordination process to ensure the completeness and accuracy of the fixed asset register. This should include regular reviews of asset listings, timely sharing of supporting documentation and implementing a formal reconciliation process between valuation data, property records and fixed asset register to help prevent duplication, improve data integrity and support a more efficient audit process.	
Leases - As reported in Section 02, our testing of leases and the implementation of IFRS 16 identified that the Council had not accounted for finance leases (lessee), and the associated adjustments to the Capital Financing Requirement (CFR) and Minimum Revenue Provision (MRP) did not appropriately reflect the right-of-use assets.	x			Management should establish robust framework for identifying, recognising and accounting for a leases including finance lease as lessee and establish clear procedures for updating CFR and MRP to appropriately reflect the underlying right-of-use asset.	
Group Accounts - As reported in Section 02, we have been unable to obtain assurances from the Council's corporate subsidiary auditors due to the timing of their audit and subsequent reporting.	x			Management should strengthen its year-end financial reporting processes, particularly focusing on ensuring completeness and accuracy of the supporting consolidation and improving coordination with component auditors. Management should work with subsidiary management and subsidiary auditors to determine a timeline for the subsidiary audits that allows for adequate reporting to the group auditor being mindful of the changes to governmental back stop dates.	

Assessment of Control Environment (cont'd)

Status of previous year's recommendations

Recommendation	Grading			Update
	H	M	L	
The Council needs to assess roles, responsibilities and resource requirements for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives.	x			<p>As detailed in section 03 of this report we will again report a significant weakness in arrangements under VFM related to the Council's ability to meet financial reporting duties for publishing draft accounts, specifically the Council's arrangements for producing reliable and timely financial reporting that supports the delivery of strategic priorities, and the Council's capability and capacity to support an audit of the financial statements.</p> <p>This recommendation therefore remains open, see pages 40 and 41 of this report for further details</p>

Assessment of Control Environment

Preparation of robust draft financial statements, provision of quality working papers and support during the audit

As reported in the Executive Summary, Management, and the Audit Committee, 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 evidence, access to the finance team and management's responsiveness to issues identified during the audit.

We do however recognise that the last full audit was of the Council's 2019/20 financial statements. Therefore, to support the audit process, we worked with the Council to provide the following areas of support:

- Planning calls with the Chief Finance Officer.
- Project plan agreed with Management in advance of the audit start date setting out the timing of each audit task.
- Agreement with Management for a 3-day turnaround time for audit queries and 5-day turnaround time for sample evidences.
- Provision of audit evidence matrix for samples to enable evidence is provided right first time.
- Weekly audit priority queries communications and regular calls between audit senior and finance team.

Despite the additional support we have encountered the following during our audit:

- Approximately 40% of working papers were not provided to the agreed timetable. The most significant of these were working papers relating to Debtors, Creditors, Grants, Leases, PPE and Investment Property. As a result of delays in receiving working papers, we were required to reallocate work and consequently the audit did not progress inline with the agreed project plan.
- We have experienced delays in the provision of supporting evidence from the Council and in a number of areas the quality of evidence provided to support accounting balances and transactions has not been to the quality required to allow us to conclude work first time, resulting in a significant number of requests for clarification and further evidence.

These issues caused slippage to the agreed project plan and inefficient use of the planned audit resources. This resulted in areas of the audit that we were unable to conclude and therefore we are unable to provide assurance over numerous areas of the financial statements which have contributed to our consideration of disclaiming the audit opinion in 2024/25, the level of assurance obtained for 2024/25 is further detailed in Appendix B.

Assessment of Control Environment (continued)

Preparation of robust draft financial statements, provision of quality working papers and support during the audit (Continued)

Recommendation: The Council should continue to enhance its approach for supporting the audit process in the following areas:

Build Capacity and Expertise for Audit Support

- Ensure sufficient capacity of skilled finance professionals with the necessary technical knowledge and experience to support the audit.

Improve Quality of Audit Working Papers

- Continue to implement robust processes to produce high-quality financial statements supported by complete, accurate, and well-referenced working papers.
- Ensure all responses to audit queries are timely, address the questions raised and include appropriate supporting evidence.

Enhance Responsiveness and Communication

- Adhere to agreed turnaround times for audit queries (3 days) and sample evidence (5 days).
- Establish clear escalation protocols for delays or unresolved issues.
- Continue regular communication between audit leads and the Finance Team to monitor progress and resolve issues promptly.



07

Other Reporting Issues

Other Reporting Issues

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

We must give an opinion on the consistency of the financial and non-financial information in the Borough Council of King's Lynn & West Norfolk Statement of Accounts 2024/25 with the audited financial statements.

Financial information in the Borough Council of King's Lynn & West Norfolk Statement of Accounts 2024/25 and published with the financial statements was consistent with the audited financial statements.

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

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

Whole of Government Accounts

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

The Council falls below the £2 billion threshold for audit procedures within the NAO group instructions. We will confirm this position within the Assurance Statement to the NAO at the point of issuing our Audit Report. However, we cannot issue our Audit Certificate until the NAO has confirmed no further procedure are required.

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 Council to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State.

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



08

Independence

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Relationships

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

There are no services provided by EY from 1 April 2024 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.

EY Transparency Report

The [2025 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 of 31 October 2025.

Independence

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 Council and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular, the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. A narrative summary of the areas where we expect to raise scale fee variations for the audit of the Council are set out in the fee analysis on this page.

	Current Year	Prior Year
	£	£
Scale Fee - Code Work	170,200	147,494
Proposed scale fee variation	Note 2	72,072 Note 1
Total audit	TBC	219,566

All fees exclude VAT

(1) PSAA Ltd has used its fee variation process to determine the final fee the Council for the 2020/21, 2021/22, 2022/23 and 2023/24 audits. These have now been determined and were determined to be less than the published scale fee, due to the Government's Reset agenda and disclaimed audit opinions. The 2020/21, 2021/22 and 2022/23 scale fees were by PSAA set at £39,494 per annum, PSAA determined a final for these years as: 2020/21 £33,484, 2021/22 £35,987 and 2022/23 £40,167. The 2023/24 final fee is shown in the table above.

(2) The 2024/25 is not yet complete and is subject to outstanding matters outlined on page 6. Following completion of the audit we will determine any proposed scale fee variation and submit this to PSAA for determination. The scale fee may be impacted by a range of factors which will result in additional work, which include but are not limited to:

- VFM additional Risks - Additional audit work undertaken to address the VFM risk identified in 2024/25.
- Reduced Materiality - In 2024/25 we have been required to lower our Performance Materiality to 50% (from 75%) resulting in increased audit testing.
- Disclaimer Planning and Reporting - additional time required to consult in respect of our opinion wording for our disclaimed opinion.
- Additional audit work required to address significant and other risks identified in 2024/25, including
 - Significant Risk Capital accounting entries
 - Significant Risk Valuation of Property, Plant and Equipment - including use of our internal valuation experts.
 - Significant Risk Valuation of Investment Properties - including use of our internal valuation experts.
 - Significant Risk Pension Assets and Liabilities Valuation of Investment Properties

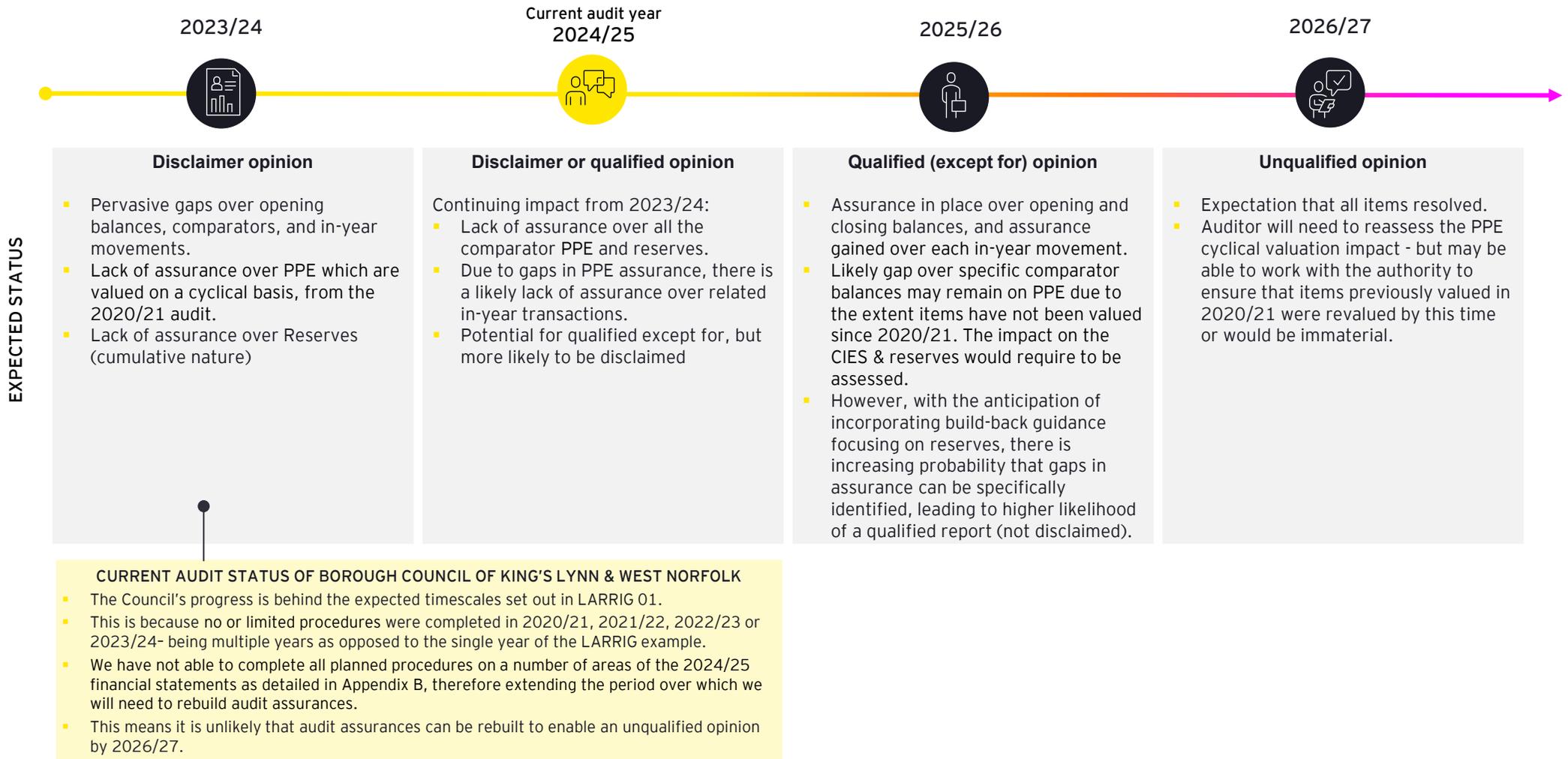


09 Appendices

Appendix A – Progress to full assurance

Progress to full assurance

Set out below is the illustrative timescale for the process of re-building assurance set out in the NAO’s Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01, together with our view of the Council’s actual progress against that timescale, the reasons for that and what still needs to be done to successfully rebuild assurance. The timetable set out in LARRIG 01 assumes that disclaimers for 2022/23 and all prior open audit years were issued by the statutory backstop date of 13 December 2024.



Appendix B – Updated summary of assurances

Summary of Assurances

The table below summarises the audit work we have completed on the 2023/24 and 2024/25 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 2023/24	Assurance rating 2024/25	Summary of work performed
Property, Plant and Equipment ('PPE')	None	None	We have not been able to complete our planned audit procedures in this area as detailed in section 02 of this report and therefore have not obtained assurance over the closing balance at 31 March 2025.
Investment Property	None	None	We have not been able to complete our planned audit procedures in this area as detailed in section 02 of this report and therefore have not obtained assurance over the closing balance at 31 March 2025.
Heritage	None	Partial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025, however, until we are able to rebuild assurance over the completeness and accuracy of the asset base through testing of additions and disposals during prior disclaimed years 2020/21 to 2023/24, we are unable to obtain full assurance over the completeness and valuation of heritage assets at 31 March 2025.
Long Term Debtors	None	None	We have not been able to complete our planned audit procedures in this area as management were unable to provide the required listings at an individual debtor level for audit and therefore have not obtained assurance over the closing balance at 31 March 2025.
Short Term Investments	None	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Short Term Debtors	None	None	We have not been able to complete our planned audit procedures in this area as management were unable to provide the required listings at an individual debtor level for audit and therefore have not obtained assurance over the closing balance at 31 March 2025.
Cash and Cash equivalents	None	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.

Appendix B – Updated summary of assurances

Summary of Assurances (continued)

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Creditors (short and long term)	None	None	We have not been able to complete our planned audit procedures in this area as management were unable to provide the required listings at an individual creditor level for audit and therefore have not obtained assurance over the closing balance at 31 March 2025.
Borrowings (short and long term)	None	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Provisions (short and long term)	None	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2025.
Grants received in advance	None	None	We have not been able to complete our planned audit procedures in this area as management were unable to provide appropriate listings to support grant balances for audit and therefore have not obtained assurance over the closing balance at 31 March 2025.
Local Government Pension Scheme Liability	None	Partial	We have completed our planned audit procedures in this area and have obtained partial assurance over the closing balance at 31 March 2025. We only have partial assurance as we have not performed audit procedures in relation to the 2022/23 Pension Fund triennial review.
Collection Fund	None	Partial	Subject to clearance of the outstanding work detailed on page 6 we should have completed our planned testing on the Collection Fund in 2024/25 but, as we do not have assurance over the opening balance position at 1 April 2024, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Comprehensive Income and Expenditure Statement	None	Partial	Subject to clearance of the outstanding work detailed on page 6 we will have completed our planned testing over the following areas of the Comprehensive Income and Expenditure Statement: Other Income; Other Expenditure; Employee costs; Housing Benefits; Precepts and Levies. We have not been able to complete our planned procedures on Taxation and Non-specific grant income and Grants credited to services as management were unable to provide appropriate listings to support the grant balances for audit. In addition, we do not have assurance over the opening balance position at 1 April 2024, we are therefore unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.
Reserves	None	None	We have not been able to complete our planned audit procedures in this area as management were unable to provide responses to our queries over reserve movements and therefore have not obtained assurance over the closing balance at 31 March 2025. In addition, until we have completed work to rebuild assurance following the disclaimed audit opinions in 2021/22, 2021/22, 2022/23, and 2023/24 we are unable to obtain assurance over the useable and unusable reserves of the Council reported in the financial statements.

Appendix B – Updated summary of assurances

Summary of Assurances (continued)

Account area	Assurance rating 2023/24	Assurance rating 2024/25	Summary of work performed
Leases	None	None	We have not been able to complete our planned audit procedures in this area as detailed in section 02 of this report and therefore have not obtained assurance over the closing balance at 31 March 2025.
Group Accounts	None	None	We have not been able to complete our planned audit procedures in this area as detailed in section 02 of this report and therefore have not obtained assurance over the closing balance at 31 March 2025.

Appendix C – Required communications with those charged with governance

Required communications with those charged with governance

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

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. Audit Plan - 29 April 2025 - Audit Committee
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.	Audit Plan - 29 April 2025 - Audit Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Significant matters, if any, arising from the audit that were discussed with management ▪ Written representations that we are seeking ▪ Expected modifications to the audit report ▪ Other matters if any, significant to the oversight of the financial reporting process 	Audit Results Report - 17 February 2026 - Audit Committee

Appendix C – Required communications with those charged with governance (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 	Audit Results Report - 17 February 2026 - Audit Committee
Misstatements	<ul style="list-style-type: none"> ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management 	Audit Results Report - 17 February 2026 - Audit Committee
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"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others where the fraud results in a material misstatement in the financial statements. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - 17 February 2026 - Audit Committee
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - 17 February 2026 - Audit Committee

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Plan - 29 April 2025 - Audit Committee</p> <p>Audit Results Report - 17 February 2026 - Audit Committee</p>

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"> ▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - 17 February 2026 - Audit Committee
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 audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Results Report - 17 February 2026 - Audit Committee
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▪ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - 17 February 2026 - Audit Committee
Group Audits	<ul style="list-style-type: none"> ▪ An overview of the type of work to be performed on the financial information of the components ▪ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▪ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▪ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▪ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit Results Report - 17 February 2026 - Audit Committee

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - 17 February 2026 - Audit Committee
System of quality management	<ul style="list-style-type: none"> How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit Results Report - 17 February 2026 - Audit Committee
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - 17 February 2026 - Audit Committee
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 	Audit Results Report - 17 February 2026 - Audit Committee

Appendix D – Regulatory update

The English Devolution and Community Empowerment Bill – Audit Measures

Background

On 16 December 2024, the Government published the English Devolution White Paper. The White Paper outlines how England is one of the most centralised countries in the world and contends that over-centralisation is holding back the prosperity of the regions. As a result, there is an intention from Government to widen and deepen devolution to local areas across England. The English Devolution and Community Empowerment Bill (the Bill) is intended to provide the legislative framework to do this by setting out a standardised framework of devolved powers, duties and functions. The bill is in six parts:

- Part 1 introduces the new devolution architecture for England, centred around the new category of “strategic authorities” (SAs). These are organisations designated by Government to have responsibility for strategy development and programme delivery over larger functional economic areas.
- Part 2 outlines the powers and duties which existing and future SAs will have, and the new process by which new powers and duties can be conferred on SAs by Government in the future.
- Part 3 is focused on measures designed to strengthen local government and communities.
- Part 4 is intended to strengthen the accountability of the local government sector by reforming the local audit system, including the establishment of the Local Audit Office (LAO) as the body responsible for overseeing local audit.
- Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.
- Part 6 contains the technical sections related to the Bill, including on regulations, commencement and extent.

The draft legislation can be found in full at [English Devolution and Community Empowerment Bill](#).

Part 4 of the Bill - Reforming local audit

The Bill is intended to overhaul the local audit system as is part of the wider measures to address the backlog in local government audit previously considered by this report. Specifically:

- The LAO will be established with the aim of radically simplifying the current audit system and bringing functions together under a single organisation with a clear remit. The LAO will be responsible for coordinating the system, standard setting, contracting, quality oversight and reporting. It will also support and enable wider measures to address pressing challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- The LAO will be responsible for audit quality and the regulation of audit providers. Regulatory powers can be delegated.
- The LAO will be responsible for auditor appointment to all local audits other than for NHS bodies, will set indicative fees, publish those fees and make final determinations on the fees to be paid. The ability of local authorities to appoint their own auditors is removed.
- Audit firms will be required to nominate ‘lead individuals’ and have pre-approval of their own eligibility criteria.
- The responsibility for production of the Code of Audit Practice passes from the NAO to LAO. The LAO is also able to determine technical standards that auditors must follow.
- Statutory guidance for Audit Committees will be developed by LAO in conjunction with the Local Government Association, CIPFA and other relevant bodies.

We will continue to keep you updated as these arrangements develop.

Appendix E – DRAFT Management representation letter

Draft Management representation letter

[To be prepared on the entity's letterhead]

[Date]

David Riglar

Ernst & Young

One Cambridge Square

Cambridge

CB4 0AE

This letter of representations is provided in connection with your audit of the consolidated and parent Authority financial statements of Borough Council of King's Lynn and West Norfolk ("the Group and Authority") for the year ended 31 March 2025. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the consolidated and parent Authority financial statements give a true and fair view of (or 'present fairly, in all material respects,') the Group and Authority financial position of Borough Council of King's Lynn and West Norfolk as of 31 March 2025 and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the Group and the Council, the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

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

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

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with, for the Group and the parent Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

2. We acknowledge, as members of management of the Group and Authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the consolidated and parent Authority financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Group and parent Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and are free of material misstatements, including omissions. We have approved the financial statements.

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

4. As members of management of the Group and Authority, we believe that the Group and Authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 for the Group and for the Authority that are free from material misstatement, whether due to fraud or error.

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule Appendix 1, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because [specify reasons for not correcting misstatement].

6. We confirm the Group and Authority does not have securities (debt or equity) listed on a recognized exchange.

Appendix E – DRAFT Management representation letter (continued)

Draft Management representation letter (continued)

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

1. We acknowledge that we are responsible to determine that the Group and Authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the consolidated and parent Authority financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud, that may have affected the Group or Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - ▶ Involving financial improprieties
 - ▶ Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the consolidated and parent Authority financial statements
 - ▶ Related to laws or regulations that have an indirect effect on amounts and disclosures in the consolidated and parent Authority financial statements, but compliance with which may be fundamental to the operations of the Group and Authority's business, its ability to continue in business, or to avoid material penalties
 - ▶ Involving management, or employees who have significant roles in internal control, or others
 - ▶ In relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - ▶ Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ▶ Additional information that you have requested from us for the purpose of the audit; and
 - ▶ Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect on the consolidated and parent Authority financial statement.
3. All material transactions have been recorded in the accounting records and are reflected in the consolidated and parent Authority financial statements
4. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the date of this letter.
5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Group and Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the consolidated and parent Authority financial statements.
6. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Appendix E – DRAFT Management representation letter (continued)

Draft Management representation letter (continued)

7. We have disclosed to you, and the Group and Authority has complied with, all aspects of contractual agreements that could have a material effect on the consolidated and parent Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. From the date of our last management representation 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 is reasonably likely to have occurred, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material effect on the consolidated and parent Authority financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

9. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the consolidated and parent Authority financial statements, including disclosures.

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 consolidated and parent Authority 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 41 to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

4. No other claims in connection with litigation have been or are expected to be received.

E. Going Concern

1. Note 38 to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than described in Note 4 to the consolidated and parent Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Group audits

1. There are no significant restrictions on our ability to distribute the retained profits of the Group because of statutory, contractual, exchange control or other restrictions other than those indicated in the Group financial statements.

2. Necessary adjustments have been made to eliminate all material intra-group unrealised profits on transactions amongst parent Authority, subsidiary undertakings and associated undertakings.

H. Other information

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

2. We confirm that the Annual Governance Statement for 2024/25 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2024/25 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

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

I. 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 consolidated and parent financial statements.

Appendix E – DRAFT Management representation letter (continued)

Draft Management representation letter (continued)

J. Ownership of Assets

1. Except for assets recognised as right-of use assets in accordance with IFRS 16 Leases, the Group and Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Group and Authority's assets, nor has any asset been pledged as collateral. All assets to which the Group and Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the consolidated and parent Authority 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.

K. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the value of the Group and Authority's share of the pension fund assets and liabilities and the value of Authority and Group's land and buildings and investment properties and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the consolidated and parent Authority 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.

L. Estimates

- ▶ Pension Asset/Liability
 - ▶ Property, Plant and Equipment and Investment Properties - valuations, impairments and depreciation
 - ▶ Provision for Non Domestic Rates
 - ▶ Leases
1. We confirm that the significant judgments made in making the fair value of Pension Asset/Liability, Property, Plant and Equipment, Investment Properties, Non-Domestic Rates provisions and Leases have taken into account all relevant information of which we are aware.
 2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the above estimates.
 3. We confirm that the significant assumptions used in making the above estimates appropriately reflect our intent and ability to carry out our statutory services on behalf of the entity.
 4. We confirm that the disclosures made in the consolidated and parent Authority financial statements with respect to the accounting estimates, including those describing estimation uncertainty are complete and are reasonable in the context of CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.
 5. We confirm that appropriate specialized skills or expertise has been applied in making the above accounting estimates.
 6. We confirm that no adjustments are required to the accounting estimates and disclosures in the consolidated and parent Authority financial statements.

Yours faithfully,

(Chief Finance Officer)

(Chairman of the Audit Committee)

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