

# North Norfolk District Council

Auditor's Annual Report  
Year ended 31 March 2025  
**13 April 2026**



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Governance, Risk and Audit Committee  
North Norfolk District Council  
Council Offices  
Holt Road  
Cromer  
NR27 9EN

13 April 2026

Dear Governance, Risk and Audit Committee Members

### **2024/25 Auditor's Annual Report**

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for North Norfolk District Council. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2024/25.

This report is intended to draw to the attention of the North Norfolk District Council any relevant issues arising from our work up to the date of issuing the report. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Governance, Risk and Audit Committee meeting 2 June 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

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

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

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

This report is made solely to the Governance, Risk and Audit Committee and management of North Norfolk District Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance, Risk and Audit Committee and management of North Norfolk District Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance, Risk and Audit Committee and management of North Norfolk District Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary

# Executive Summary

## Purpose

The Auditor's Annual Report summarises the year's audit work, including value for money commentary and confirmation of the financial statement opinion. It also references any use by the auditor of their additional powers and duties under the Local Audit and Accountability Act 2014. In line with the NAO Code of Audit Practice 2024 ("the 2024 Code") and Auditor Guidance Note 03 (AGN 03), this report provides an overview to North Norfolk District Council and the public, detailing current recommendations and a review of prior years' actions, including our assessment of whether they have been satisfactorily implemented.

Auditors must issue their draft annual report to those charged with governance by 30 November each year, reflecting the audit position and value for money assessment at that time, even if the 2024/25 audit is ongoing. We issued a draft Auditor's Annual Report to the S151 officer and Governance, Risk and Audit Committee Chair on 26 November 2025 reflecting the audit position and value for money assessment at that time to meet this requirement. As our audit work is now complete, and the Audit Results Report has been issued, this is the final version for the Committee.

## Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work in accordance with the Audit Plan that we issued on 25 April 2025. We have complied with the 2024 Code, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- whether the financial statements give a true and fair view of the financial position of the Council and its expenditure and income for the year; and
- have been prepared properly in accordance with the relevant accounting and reporting framework.

Reporting by exception:

- if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the North Norfolk District Council;
- the use of additional powers and duties, for example making written recommendations under Section 24 and Schedule 7 of the Act or making a report in the public interest; and
- if we identify a significant weakness in the North Norfolk District Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

## Responsibilities of the Council

The Council is responsible for the preparation of the financial statement, including the narrative statement and governance statement, in accordance with the CIPFA Code and for having internal controls in place to ensure these financial statements are free from material error. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Executive Summary (cont'd)

## 2024/25 conclusions

<b>Financial statements</b>	<p>As reported in our 15 February 2025 Completion Report we issued a disclaimer of opinion on the North Norfolk District Council's 2021/22, 2022/23 and 2023/24 Statement of Accounts under the arrangements to reset and recover local government audit.</p> <p>In 2024/25, we commenced audit work on the closing balance sheet and in-year transactions. While the level of assurance obtained increased compared with prior years, we were unable to obtain sufficient appropriate audit evidence to provide reasonable assurance over all in-year movements and closing balances.</p> <p>As a result of the disclaimer of opinion on the 2023/24 Statement of Accounts, we do not have assurance over brought forward balances from 2023/24 where we did not gain assurance (the 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 Statement of Accounts. 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 Statement of Accounts are free from material and pervasive misstatement of the Statement of Accounts.</p> <p>Accordingly, we issued a disclaimer of opinion on the 2024/25 Statement of Accounts on 17 February 2026.</p>
<b>Going concern</b>	<p>Where a disclaimer of opinion is issued on the financial statements, we do not conclude on whether the use of the going concern basis of accounting is appropriate.</p>
<b>Consistency of the other information published with the financial statements</b>	<p>We were unable to complete our planned procedures to conclude on whether financial information in the narrative statement and published with the financial statements is consistent with the accounts as the Council was unable to provide satisfactory working papers during the allocated audit window.</p>
<b>Value for money (VFM)</b>	<p>We reported a VFM risk in our Audit Plan concerning the Council's financial reporting arrangements as this was reported as a significant weakness in 2023/24. This was identified as a significant weakness for 2024/25 within our audit report.</p> <p>We have not identified any additional VFM risks or matters to report by exception on the Council's VFM arrangements.</p>

# Executive Summary (cont'd)

## 2024/25 conclusions (cont'd)

<b>Consistency of the annual governance statement</b>	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.
<b>Additional powers and duties</b>	We had no reason to use our auditor powers.
<b>Whole of Government Accounts and Certificate</b>	We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.

# Executive Summary (cont'd)

## Value for money scope

Under the 2024 Code, we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

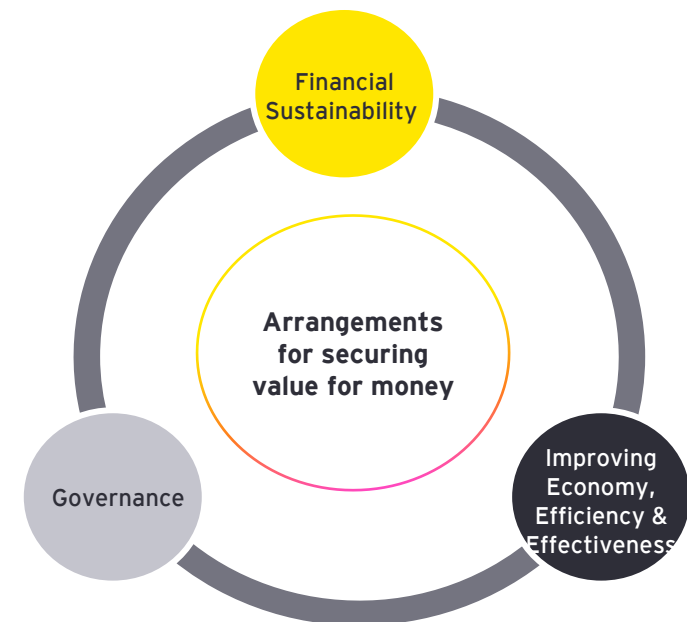
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's report on the financial statements.

The specified reporting criteria are:

- 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.
- 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.

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

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



# Executive Summary (cont'd)

## Reporting

Our commentary for 2024/25 is presented in Section 03. This section provides a summary of our understanding of the arrangements at the Council, as determined from our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25 and up to the date of issuing this Auditor's Annual Report, which must be issued by 30 November.

The recommendations we have agreed upon with the Council are included in Appendix A.

In compliance with the 2024 Code, we are required to provide commentary against the three specified reporting criteria. The table below outlines these criteria, indicates whether a significant risk of weakness was identified during our planning procedures, and details our current conclusions regarding any significant weaknesses within your arrangements.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
<b>Financial sustainability:</b> How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
<b>Governance:</b> How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to publish their unaudited accounts by the statutory deadline.
<b>Improving economy, efficiency and effectiveness:</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

# Executive Summary (cont'd)

## Independence

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

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

## EY Transparency Report 2025

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2025:

[EY UK 2025 Transparency Report | EY - UK](#)



# 02

# Audit of financial statements

# Audit of financial statements

## Key findings

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

On the 17 February 2026 we issued a disclaimer of opinion on the financial statements. We reported our detailed findings to Governance, Risk and Audit Committee. We outline below the key issues identified as part of our audit, reported against the significant risks we included in our audit plan.

Financial statement risks	
Risks	Conclusion
Fraud Risk - Misstatement due to fraud or error	We have not identified any material weaknesses in controls, evidence of management override, instances of inappropriate judgements being applied or significant unusual transactions.
Fraud Risk - Inappropriate capitalisation of revenue expenditure including Revenue Expenditure Funded from Capital Under Statute (REFCUS)	Our sample testing on PPE additions and REFCUS did not identify any significant unusual transactions or evidence of inappropriate capitalisation of revenue expenditure. Further, our data analytics procedures did not identify any movements from expenditure to capital outside of the normal course of business.

# Audit of financial statements

## Financial Statement reporting assessment

Management, and the Governance, Risk and 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.

Where 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.

In addition, 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 is set out on page 15. 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.

# Audit of financial statements

## Financial Statement reporting assessment

Area	Status			Explanation	Further detail
	R	A	G		
Timeliness of the draft financial statements	Requires improvement			The financial statements were not published by the 30th June 2025 deadline set out in the Accounts and Audit Regulations. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the Cipfa Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025.	N/A
Quality and completeness of the draft financial statements	Requires improvement			There are a number of non-material internal inconsistencies, typographical and arithmetic errors in the draft financial statements, that should have been detected through internal quality review prior to publication.	N/A
Delivery of working papers in accordance with agreed client assistance schedule	Requires improvement			Initial working papers were submitted in line with the agreed timetable; however, as the audit progressed, subsequent working papers and responses to follow-up queries were not consistently provided by the set deadlines. These delays impacted the audit team's ability to complete planned procedures within the expected audit window.	Regular discussions were held with the finance team to agree the additional supporting information required. This led to additional delays to the audit progress whilst the finance team prepared the working papers. We were unable to complete all planned procedures.
Quality of working papers and supporting evidence	Ineffective			Working papers did not consistently meet required standards, and complex accounting areas lacked reference to the CIPFA Code or relevant accounting standards. These issues hindered audit progress and contributed to areas where assurance could not be obtained.	We will work with the finance team to help improve the quality of working papers and supporting evidence for the 2025/26 audit.

# Audit of financial statements

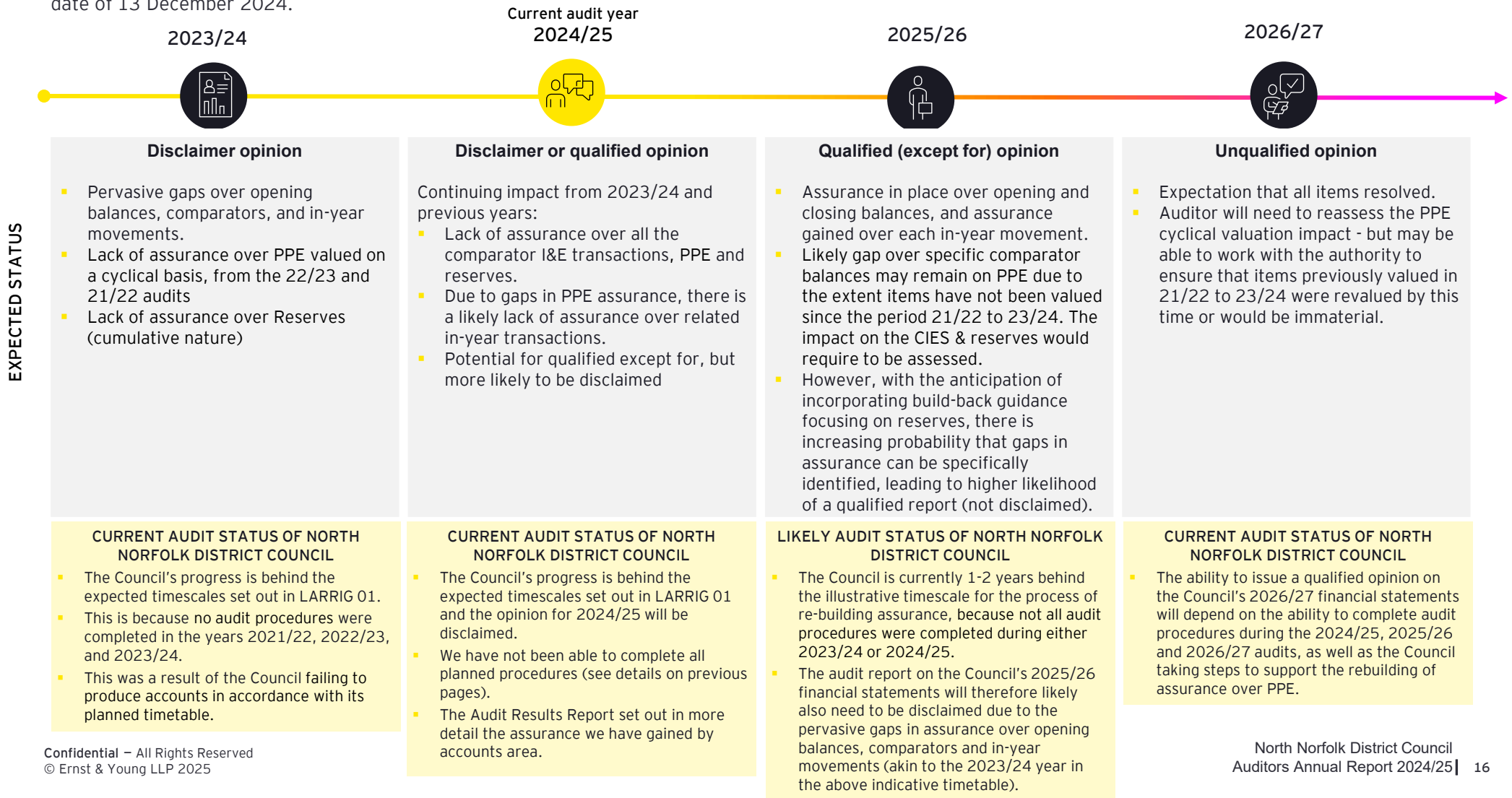
## Financial Statement reporting assessment

Area	Status			Explanation	
	R	A	G		
Timeliness and quality of evidence supporting key accounting estimates	Ineffective			We have experienced delays in the receipt of management specialist report for pensions. Initial working papers to support other estimates in the Statement of Accounts such as PPE Valuations and NDR Appeals Provision were provided as per our agreed project plan, however did not meet expected standard which resulted to follow-up queries, clarification and requests.	N/A
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			<p>The Council's section 151 Officer left the Council just after the 2023/24 audit finished. The Council engaged a new section 151 Officer just before the year-end audit was due to start.</p> <p>The officer responsible for the Collection Fund also left the Council.</p> <p>The loss of knowledge and finance team capacity contributed to delays during the audit.</p>	N/A
Volume and value of identified misstatements	Ineffective			A large number of material misstatements were detected as a result of our work which were be corrected by management.	N/A

# Audit of financial statements

## 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.





# 03

# Value for Money commentary

# Value for Money

## The Council's responsibilities for value for money

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 the financial statements, the Council is required to bring together commentary on the governance framework and how this has operated during the period in a governance statement. In preparing the governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements of the relevant accounting and reporting framework and having regard to any guidance issued in support of that framework. This includes a requirement to provide commentary on arrangements for securing value for money from the use of resources.

## Our responsibilities

Under the revised NAO Code we are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period. Our summary is below:

	Significant risk identified	Significant weakness identified
 <p><b>Financial sustainability</b> How the Council plans and manages its resources to ensure it can continue to deliver its services.</p>	<ul style="list-style-type: none"> <li>No significant risk identified.</li> </ul>	<ul style="list-style-type: none"> <li>No significant weakness identified to date.</li> </ul>
 <p><b>Governance</b> How the Council ensures that it makes informed decisions and properly manages its risks.</p>	<ul style="list-style-type: none"> <li>No significant risk identified.</li> </ul>	<ul style="list-style-type: none"> <li>We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to published their unaudited accounts by the statutory deadline. These are set out on pages 14 to 16, detailed findings and recommendations have been included in our Audit Results Report.</li> </ul>
 <p><b>Improving economy, efficiency and effectiveness</b> How the Council uses information about its costs and performance to improve the way it manages and delivers its services.</p>	<ul style="list-style-type: none"> <li>No significant risk identified.</li> </ul>	<ul style="list-style-type: none"> <li>No significant weakness identified to date.</li> </ul>



# VFM commentary: Financial Sustainability

## Financial sustainability: Our audit procedures

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

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

## Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for financial sustainability. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to financial sustainability are not significantly different in 2024/25.

## Overview of our conclusions

No significant weakness identified.



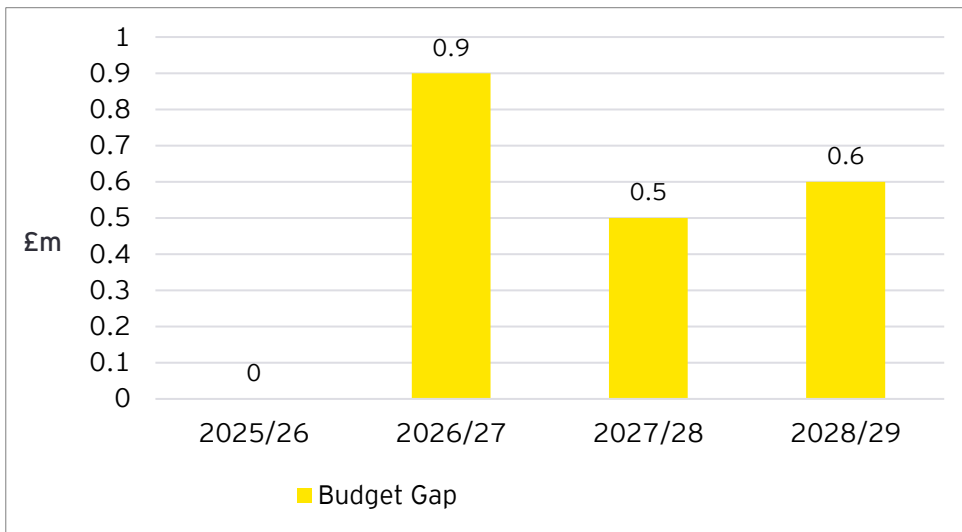
# Financial Sustainability considerations

## Medium Term Financial Strategy (MTFS)

In February 2025, North Norfolk District Council presented its updated Medium Term Financial Strategy for 2025/26 to 2028/29 to the Cabinet and Full Council. The Strategy highlights the continuing financial uncertainty across the local government sector and confirms that a significant pressure on residents and services persists due to the current economic challenges.

North Norfolk's planning identifies key challenges including inflationary pressures, funding cuts, demographic changes, and ongoing uncertainty around future government funding reforms expected in 2026/27. The budgets for 2025/26 are in a balanced position, there is a forecasted deficit for the following three years to 2028/29. The Council does hold sufficient reserves, based on their budget, to remain above the minimum level for the foreseeable future. As a result of the cost-of-living crisis and the potential impact it could have on the Council's resources, the budget has been revisited through Budget Monitoring Outturn reports. The Council continues to look for potential areas of savings as part of the budget-setting process, especially considering ongoing wider economic challenges.

## Exhibit A: The Council's MTFS outlines the budget gap to 2028/29





# Financial Sustainability considerations

## Budget Monitoring

The Council has established a structured timetable for its annual budget-setting process. This schedule includes regular briefings for the Corporate Leadership Team, formal meetings with elected Members, and engagement with key stakeholders such as local businesses, community organisations, and voluntary groups. Insights gathered during these stages feed into the Council's Medium-Term Financial Strategy, which forecasts financial performance over the next four years using cautious assumptions around inflation, funding risks, and income streams, including anticipated Government support. The Council uses this information to set a budget that is achievable and based on the most up to date information available.

These are reported to Cabinet and Full Council through the quarterly Budget Monitoring Reporting and to the Corporate Leadership Team, along with recommended action plans (if required) to ensure the overall budget can be met. The Council's net operating expenditure for the financial year 2024/25 was £20.64m, which was £4.12 million less than the revised budget, driven by lower employee-related costs, tight controls on supplies and services, and the generation of approximately £2 million in additional income from planning fees, car parking, and housing-related grants. Enhanced in-year forecasting allowed timely adjustments, reducing the planned drawdown from reserves from £4.49 million to £0.94 million, while maintaining service delivery.

## Exhibit B: Summary of the Council's 2024/25 Outturn

	Base Budget £m	Revised Budget £m	Outturn 2024/25 £m	(Underspend) /Overspend £m
Net Operating Expenditure	22.06	24.76	20.64	(4.12)
Income from Government Grant and Taxpayers	(20.27)	(20.27)	(20.32)	(0.05)
(Surplus)/Deficit	1.80	4.49	0.32	(4.17)
Contributions to/(from) Reserves	(1.80)	(4.49)	(0.94)	(3.55)
(Surplus)/Deficit Position	0.00	0.00	(0.62)	(0.62)



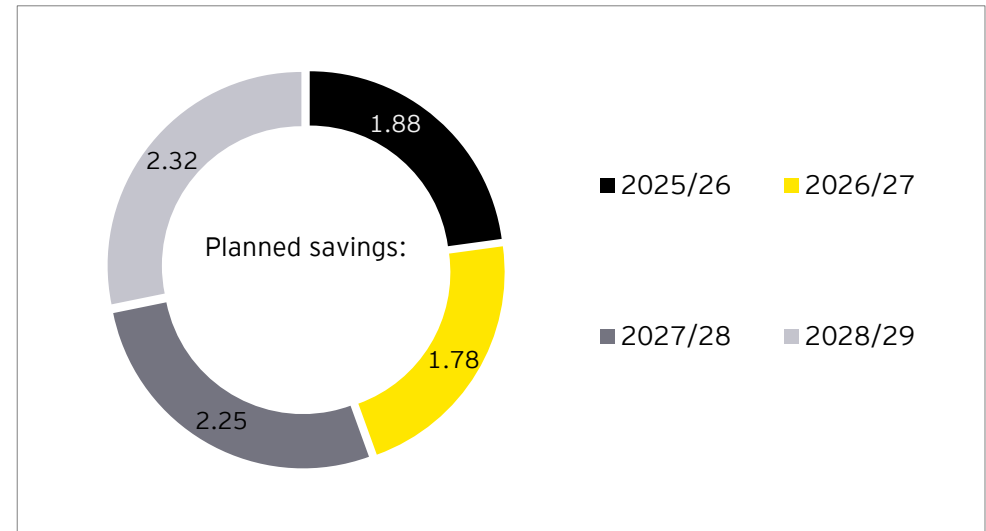
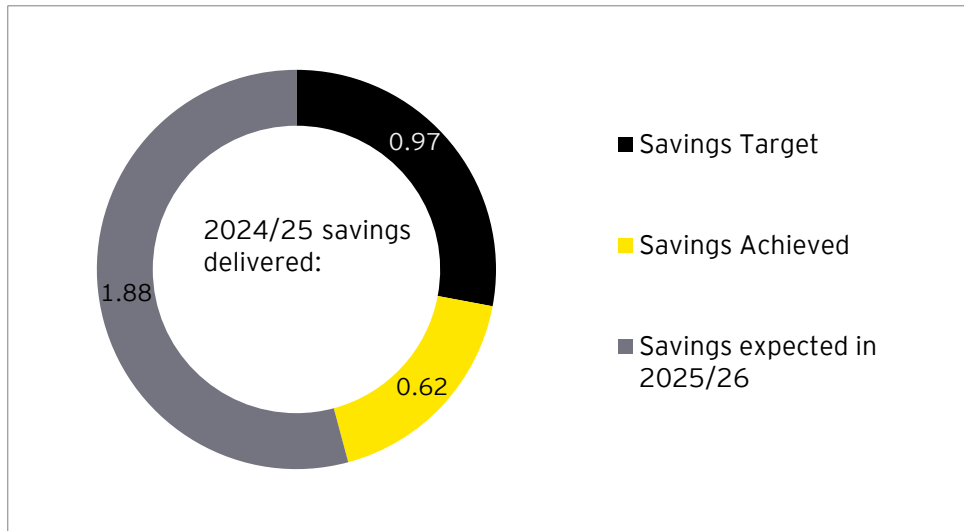
# Financial Sustainability considerations

## Savings plans

The Council faces a significant budget gap of £2.03 million over the next three years, as outlined in its MTFS. Internal factors include the Council's operational efficiency and the ability to innovate, while external factors range from economic conditions and government policy changes to unforeseen global, national or regional events. The Council's plan to close the budget gap includes service reviews and restructuring, efficiency improvements and automation, adjustments to service levels (including statutory and non-statutory services), shared services and collaboration, income generation (fees, charges, commercialisation) and careful use of reserves (short-term only).

The final outturn position for general fund income and expenditure for the 2024/25 financial year was an underspend of £0.62 million. The Council has budgeted a balanced budget in 2025/26, with the following years having a total budget gap of £2.03 million (2025/26 to 2028/29). The proposed savings plan presented to the Council in February 2025 suggests total savings of £8.23 million from 2025/26 until 2028/29, leaving net projected surplus of £6.21 million.

**Exhibit C: The Council delivered £0.62 million savings, 64% of planned savings for 2024/25. The Council also planned a cumulative total savings of £8.23 million for the years 25/26 to 25/29.**





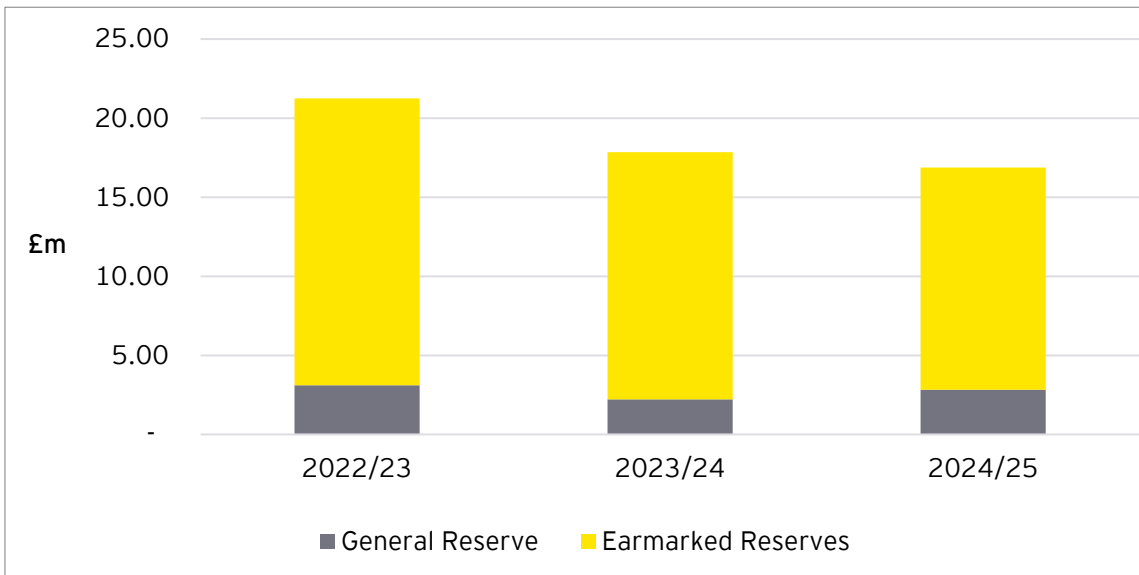
# Financial Sustainability considerations

## Reserves position

Reserves are regularly reviewed to determine if funds or reserve balances are still required and if the levels are still appropriate. When setting the budget each year the adequacy of all reserves is assessed along with the optimum level of general reserve that an authority should hold. The optimum level of the general reserve considers a risk assessment of the budget and the context within which it has been prepared. The council holds both 'useable' reserves for revenue and capital purposes, including the General Reserve and Earmarked reserve. The Council's reserves provide short-term flexibility and support for transformation projects, but the overall reserves position is expected to decline over the next four years as funds are used to address budget gaps and invest in savings initiatives.

The Council has a General Fund which is the statutory fund into which all the Council's receipts are required to be paid and out of which all Council's liabilities are to be met, except where there are statutory rules that must be applied. The General Fund balance is £2.8 million as at 31 March 2025, which is above the recommended minimum currently £2.1 million.

## Exhibit D: The Council's unallocated General Reserve has increased to £0.6 million in 2024/25





# VFM commentary: Governance

## Governance: Our audit procedures

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

- How the body monitors and assesses risk and how the body gains assurance over the effective operations of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/Governance, Risk and Audit Committee; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer and member behaviour (such as gifts and hospitality or declarations/conflicts of interests), and for example where it procures or commissions services.

## Significant risks identified during planning procedures

Within our Audit Planning Report, we identified a risk of significant weakness in the Council's governance arrangements 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, as the 2021/22 to 2023/24 draft statement of accounts were published after the statutory deadline. In prior years, we identified a significant weakness relating to the Council's ability to meet financial reporting duties.

## Overview of our conclusions

We have identified weaknesses in the Council's arrangements to effectively support an audit of its financial statements and the Council's ability to published their unaudited accounts by the statutory deadline. These are set out on pages 14 to 15, detailed findings and recommendations have been included in our Audit Results Report.



# Governance considerations

## Annual Governance Statement

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

A reasonable/limited opinion was given by the Head of Internal Audit (HIA) for 2024/25 concerning the framework of risk management, governance, and internal control. The split opinion given by the HIA reflects the potential direction of travel in the control environment at the Council based on the information reported by the HIA.

## Risk Management

North Norfolk District Council adopts a proactive approach to risk management, embedding it within its governance and decision-making processes. Risks are identified, assessed, and monitored through a structured framework aligned with CIPFA principles and the Council's Risk Management Policy. Strategic and operational risks are reviewed regularly by senior officers and reported to the Governance, Risk & Audit Committee, ensuring transparency and accountability. Mitigation plans are developed for high-priority risks, covering financial resilience, service delivery, and compliance obligations. The Council also integrates risk considerations into budget monitoring and project planning, enabling early intervention and informed resource allocation.

## Informed decision making and member challenge

The Council's Constitution sets out the decision-making framework, which includes specifying which decisions are reserved for the Full Council and which are for the executive or a committee of the Council. Some decisions within the Constitution are delegated to officers, and these delegations are outlined in the Constitution.

The Governance, Risk, and Audit Committee and the Overview and Scrutiny Committee play important roles in ensuring transparency and informed decision-making. The Governance, Risk, and Audit Committee provides oversight and monitors the governance, risk management, and internal control arrangements of the Council, assuring their effectiveness and efficiency. This is achieved through items received by the Committee, including but not limited to internal and external audit, key finance items, governance reviews, and strategic risk management reporting. The Overview and Scrutiny Committee is the Council's primary oversight committee that seeks to ensure the Cabinet is held to account, reliable services are provided, and value for money is achieved.



# Governance considerations

## Internal audit arrangements, including arrangements to prevent and detect fraud

The Council has an established internal audit function through Eastern Internal Audit Services. The Internal Audit plan is based on a risk-based approach, and the plan is approved by the Governance, Risk, and Audit Committee. Audit reports are presented to the Committee throughout the year, reporting on audit results and progress against recommendations.

On 26 March 2024, GRAC approved the 2024/25 Internal Audit Plan, allocating 177 days for 15 reviews across key governance, risk management, and control themes. On 3 June 2025, the Head of Internal Audit reported that 15 audits were completed in 2024/25 (up from 13 in 2023/24).

At year-end 2024/25, 19 audit recommendations remained outstanding, with none classified as urgent. Management has made notable progress in recent months, and revised due dates are in place for earlier items. This position has been considered in forming the overall annual opinion on governance and control effectiveness. The overall HIA opinion for 2024/25 was reasonable/limited, consistent with the previous year, indicating a mixed but stable control environment with potential areas for improvement.

The Council has a Counter Fraud, Corruption, and Bribery Policy, as well as a Whistleblowing Policy. The Council seeks to deter and prevent fraud, corruption, and theft to ensure that all risks in these areas are reduced to the lowest level possible.

The offence of failing to prevent fraud, as introduced by the Economic Crime and Corporate Transparency Act 2023, became effective on 1 September 2025. The Home Office has published statutory guidance (most recently updated in October 2025) which organisations must consider. This guidance outlines the core principles for establishing, reviewing, or enhancing anti-fraud procedures. We recommend that this should be prioritised to ensure compliance with the Act and to mitigate the risk of enforcement action.

## Local Government Reorganisation

Local Government Reorganisation is expected to pose challenges for local authorities. During this period of change, the Council must maintain essential services and fulfil statutory duties. According to the Ministry of Housing, Communities, and Local Government (MHCLG) guidance issued in July 2025, decisions made by the Council prior to reorganisation regarding ongoing service delivery and the medium-term financial strategy should focus on providing value for money for taxpayers and avoid limiting future decisions or sustainability of new councils.

The government has stated that it will issue directions under section 24 of the 2007 Act after Structural Changes Orders are made, specifying a person authorised to give consent on relevant matters and outlining how this authority should be exercised. MHCLG has noted these directions will follow previous precedents, requiring written consent from the successor council for land disposals and contracts exceeding a specified value.

To comply with MHCLG guidance and forthcoming directions, councillors and statutory officers need to be aware of their responsibilities and ensure that appropriate accounting and governance systems are maintained.



# Governance considerations

## Reporting Arrangements

We reported a significant weakness in our Completion Report for the financial years ended 31 March 2022, 31 March 2023, and 31 March 2024 as the Council was unable to publish its statement of accounts by the target dates required by the Accounts and Audit Regulations 2015. As reported to the Governance, Risk and Audit Committee, the delays were caused by staff shortages and the need to prioritise closing the budget gap. This, alongside Internal Audit findings concerning non-compliance with key financial controls, demonstrated the consequence of not having a fully resourced Finance Team to be able to provide services needed by the Council.

The Council have taken action to increase the capacity in the Finance team. For 2024/25, the Council was unable to published their unaudited accounts by the statutory deadline of 30 June 2025. They did however correctly publish a notice of delay explaining the reasons and expected publication date. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the Cipfa Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025.

Our value for money procedures are on going at the time of this report, we will provide our final conclusions as part of issuing the 2024/25 Audit Report.



# VFM commentary: Improving economy, efficiency and effectiveness

## Improving economy, efficiency and effectiveness: Our audit procedures

Our audit procedures include:

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

## Significant risks identified during planning procedures

Within our Audit Planning Report, we identified no risks of a significant weakness in the Council's arrangements for improving economy, efficiency and effectiveness. In prior years, no significant weaknesses were identified and there are no outstanding recommendations relating to prior years. The Council's underlying arrangements in relation to improving economy, efficiency and effectiveness are not significantly different in 2024/25.

## Overview of our conclusions

No significant weakness identified.



# Improving economy, efficiency and effectiveness considerations

## Financial and performance information

The Council's Performance Management Framework promotes the communication and understanding of performance management and provides guidance to those responsible for ensuring that performance management is applied effectively and consistently. It defines what performance management is, the key components, types of performance measures, the reporting framework, and roles and responsibilities. Performance management reports are presented to Cabinet on a quarterly basis and are reviewed by Overview and Scrutiny Committee.

Each department sets performance targets annually. Benchmarking information against similar councils in England, using CIPFA's Nearest Neighbours model, is provided to assess relative performance and identify high-achieving councils. This comparison aims to review service delivery and improve outcomes for our customers. As part of the Corporate Plan for 2023-2027, a Performance Portal has been established where the public can access the Council's key targets and metrics, and view performance information relative to these targets.

Financial performance data is regularly reported to committees through the budget monitoring reports.

## Procurement and contract management

The Council employs an officer as a procurement specialist who can provide knowledge and expertise to other officers, with assistance from the Council's in-house legal service when required. A Procurement Strategy, which is vital for securing best value, supports the Council's priorities and provides information about the Council's procurement values and principles. The Council's Constitution contains Contract Procedure Rules that set out the required procedures depending on the expected value of a contract and the situations in which an exemption from these rules can be granted. The Chief Financial Officer and the Monitoring Officer have oversight in such circumstances.



# Improving economy, efficiency and effectiveness considerations

## Partnership working

The Council has a Customer Service Strategy and a complaints procedure, which, along with other processes such as Freedom of Information requests, allow for internal reviews of decisions. Members of the public have the opportunity to attend and ask questions at Full Council meetings and participate in other committees. The Performance Portal provides further transparency into the achievement of targets. The Council also works closely with neighbouring authorities to ensure efficiencies where possible.

Decisions regarding Council representation in partnerships follow a set delegation scheme. The Cabinet approves delegations and plays a key role in forging partnerships with local organizations, provided there is no major policy change. While the Cabinet can delegate partnership-related functions, it remains accountable to the Full Council. The Monitoring Officer ensures high standards of conduct in financial dealings with partners and monitors the risk appraisal for contracts with external bodies. The Chief Financial Officer must confirm that satisfactory accounting arrangements will be adopted in relation to partnerships and joint ventures, including the verification of third-party identities. Directors must secure approvals prior to finalizing negotiations with external entities.



# 04 Appendices

# Appendix A – Recommendations from previous years

## Recommendations brought forward from previous years

The table below sets out the recommendations arising from the value for money work in the prior year, 2023/24, and progress made in the current year. All recommendations have been agreed by management.

Issue	Recommendation	Progress made in 2024/25
<p><b>Governance</b> The Council's ability to publish its Statement of Accounts by the target date required by the Accounts and Audit Regulations 2015 and its ability to effectively support an audit of its financial statements.</p>	<p>To assess the responsibilities and resource requirement of the finance function to ensure the Council has effective processes and systems to support its statutory financial reporting requirements and implement Internal Audit key financial control recommendations.</p>	<p>The Council have taken action to increase the capacity in the Finance team. For 2024/25, the Council was unable to published their unaudited accounts by the statutory deadline of 30 June 2025. They did however correctly publish a notice of delay explaining the reasons and expected publication date. The delay was due to staff changes in the finance team and the need for the Council to prioritise finalising the Council's outturn figures. In addition, the Council built in extra time to review the draft accounts for accuracy and compliance with the Cipfa Code of Practice. The required Notice of Delay was issued and the accounts were subsequently published on 18 July 2025.</p> <p>Working papers and supporting evidence were not provided in line with the agreed timetable and did not meet the expected quality requirements. This is due to ongoing resourcing difficulties faced by the Council, historic delays in the 2021/22, 2022/23 and 2023/24 financial statements which have impacted the timeliness and quality of its statement of accounts preparation. See pages 14 to 16 for further details.</p>

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