

# North York Moors National Park Authority Finance, Risk, Audit and Standards Committee

24 November 2014

## Annual Audit Letter 2013/14

### 1. Purpose of the Report

- 1.1 To inform Members of the conclusion of the External Audit in relation to the 2013/14 financial year.

### 2. Background

- 2.1 The Authority is subject to an External Audit of the Statement of Accounts by an appointed Independent Auditor. The Authority's appointed external auditor is Deloitte. Each year the External Auditor prepares a series of documents in relation to the conducting of the Audit. The purpose of this report is to present to Members the Annual Audit Letter to conclude the 2013/14 Audit process.

### 3. External Audit Documentation

- 3.1 **Appendix 1** to this report is the Annual Audit Letter relating to the work undertaken in relation to the Final Accounts and Value for Money conclusion for 2013/14. The Authority received the Final Report in September and this letter confirms that there were no significant issues to report and that Deloitte issued an unqualified audit opinion.

### 4. Audit Fees and Future Audit Arrangements

- 4.1 The Authority has received a rebate payment of £1,235 from the Audit Commission which offsets the Audit Fee of £12,016 referred to in the Appendix, making the total payable in relation to 2013/14 £10,781.
- 4.2 Officers have previously informed Members that the 2014/15 Financial Year will be the final year which Deloitte will act as the Authority's appointed External Auditors. At the time of writing we have not received confirmation of who will be responsible for the audit of the 2015/16 accounts. It is anticipated that the confirmation will be received in December 2014.

### 5. Financial and Staffing Implications

- 5.1 The financial implications are described in the report.

### 6. Sustainability and Legal Implications

- 6.1 There are no sustainability or legal implications arising from this report.

### 7. Recommendation

- 7.1 That Members note the content of this report and appendices.

Contact Officer:  
Irene Brannon  
Director of Corporate Services  
01439 772700

**Background documents to this report**  
None

**File Ref**



North York Moors National Park Authority  
Annual Audit Letter on the 2013/14 Audit  
October 2014

Members of the North York Moors National Park Authority  
The Old Vicarage  
Bondgate  
Helmsley  
York  
YO62 5BP

21 October 2014

Dear Sirs

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the audit of the financial statements of North York Moors National Park Authority (“the Authority”) for the year ended 31 March 2014.

Although this letter is addressed to the members of the Authority, it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk) and also on the Authority’s website.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

This letter has been discussed and agreed with the Director of Corporate Services. A copy of the letter will be provided to all Members.

We would like to take this opportunity to express our appreciation for the assistance and co-operation provided during the course of the audit. Our aim is to deliver a high standard of audit which makes a positive and practical contribution that supports the Authority’s own agenda. We recognise the value of your co-operation and support.



**Christopher Powell FCA (Engagement Lead)**  
**For and on behalf of Deloitte LLP**  
Appointed auditor  
Leeds, United Kingdom

# Contents

1. Key messages

---

2. Responsibilities and scope

---

3. The audit of the Statement of Accounts

---

4. Value for Money

---

5. Other matters

---

6. Responsibility Statement

# 1. Key messages

## Statement of Accounts

---

**Unqualified opinion issued on 22 September 2014**

In 2013/14 the Authority was required to prepare its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 which resulted in a number of minor changes to accounting policies and disclosures.

The Statement of Accounts was prepared, audited and closed in accordance with the agreed timetable. The Authority achieved a good standard of financial reporting.

We issued an unqualified audit opinion on the Statement of Accounts on 22 September 2014.

## Value for Money conclusion

---

**Unqualified opinion issued on 22 September 2014**

We issued an unqualified Value for Money conclusion on 22 September 2014.

## Annual Governance Statement

---

**All relevant governance matters were adequately and appropriately disclosed**

We considered the contents of the Annual Governance Statement and confirmed that it adequately and appropriately disclosed all relevant governance matters arising in the year.

## Whole of Government accounts and audit certificate

---

**Confirmed no return required on 16 September 2014**

The Whole of Government Accounts return was presented for audit before the deadline set by HM Treasury. As the Authority falls below the audit threshold, we were required to confirm to the National Audit Office that no review of the return was necessary and report any inconsistencies between the Whole of Government Accounts return and the Statement of Accounts in relation to the 'Property, Plant and Equipment' and 'Pension Liabilities' disclosures. No inconsistencies were noted.

The certificate of completion of the audit was issued on 22 September 2014.

## Financial reporting systems

---

**No significant weaknesses noted**

We did not identify any significant weaknesses in the financial reporting systems and one minor control observation was noted in our report concerning debtor management. This was reported to the National Park Authority on 22 September 2014 as part of our report on significant matters arising from our audit.

The Authority needs to implement the actions noted in the management response to the control observation raised in our report to those charged with governance.

## 2. Responsibilities and scope

### Responsibilities of the Authority and Auditor

---

The Authority is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on International Financial Reporting Standards (“IFRS”) and other relevant legislation.

We are appointed as the Authority’s independent external auditor by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including National Park Authorities.

As the Authority’s appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the Audit Commission’s Code of Audit Practice (“the Code”). Under the Code, we have responsibilities in two main areas:

- the Authority’s Statement of Accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the Value for Money (“VFM”) conclusion).

### The scope of our work

---

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board (“APB”).

The audit opinion on the Statement of Accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14 based on IFRS and other relevant legislation.

We conducted our work on the VFM conclusion in line with guidance received from the Audit Commission in respect of other local government bodies for the financial year ended 31 March 2014.

### 3. The audit of the accounts

#### Key issues arising from the audit of the accounts

##### Statement of Accounts

---

**Unqualified opinion issued on 22 September 2014**

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the members of the National Park Authority on 22 September 2014 and there were no significant issues to report.

We issued an unqualified opinion on the Authority's 2013/14 Statement of Accounts on 22 September 2014, in advance of the deadline set for local government bodies of 30 September 2014.

Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority and its income and expenditure for the year.

##### Key issues from work performed on the Statement of Accounts

---

**There were no material misstatements noted that would impact net assets or the surplus on the provision of services**

We received a set of draft accounts in advance of the agreed deadline, which were supported by working papers.

The finance staff were helpful throughout the process and responded swiftly to all queries. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems.

There were no material misstatements noted that would impact net assets or the surplus on the provision of services.

One immaterial misstatement was noted in relation to debtors that were not valid at the year end. This was corrected by management prior to our opinion being issued.

##### Annual Governance Statement

---

**The Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements**

As appointed auditor, we review the Annual Governance Statement ("AGS") and comment on any inconsistencies noted between the AGS and our audit work, other work relating to the Code, and our understanding of the Authority's governance arrangements.

We have concluded that the AGS includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements and internal controls noted during our audit work.

### 3. The audit of the accounts (continued)

#### Key issues arising from the audit of the accounts

##### Whole of Government Accounts return

---

**Confirmed no return required on 16 September 2014**

For 2013/14 the National Audit Office set a deminimis of £350 million income, expenditure, asset or liabilities as the threshold for issuing an opinion on the Whole of Government Accounts return ("WGA").

We confirmed to the National Audit Office in advance of the 3 October 2014 deadline that the Authority fell below the audit threshold and therefore no opinion on the WGA was required.

We were, however, required to report any inconsistencies between the WGA return and the Statement of Accounts in relation to the 'Property, Plant and Equipment' and 'Pension Liabilities' disclosures. No inconsistencies were noted.

##### Audit Certificate

---

**Issued on 22 September 2014**

When our audit is complete we are required to certify the closure of the audit. The certificate was issued on 22 September 2014.

##### Local challenge work

---

**No local challenge work was undertaken in the year**

We undertook no local challenge work in the 2013/14 financial year.

## 4. Value for Money

### Background and approach

---

From 2010/11 the Audit Commission introduced new requirements for local VFM audit work at local authorities. This year, there have been no changes in the scope of our work and auditors are again required to give their statutory VFM conclusion based on the following two criteria:

- **proper arrangements for securing financial resilience:** work to focus on whether the Authority has robust systems and processes to manage risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- **proper arrangements for challenging how economy, efficiency and effectiveness are secured:** work to focus on whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

We have determined our local programme of work based on our risk assessment, which is informed by a series of risk factors determined by the Audit Commission.

### Financial resilience

---

We have considered the financial standing of the Authority as at 31 March 2014. We have assessed this based on current/ on-going expenditure demands, expected income levels and the current cash position of the Authority.

Following the Government's comprehensive spending review and major changes in Government policy, the Authority continues to face severe financial pressures over the next few years.

Significant savings are required by 2014/15 due to a reduction in the amount of the Defra grant allocated to National Park Authorities. The Authority prepares an annual budget, and at a more strategic level, a management plan. The Authority has identified cost savings by evaluating its priorities, reviewing its organisational structure and refreshing its short and long-term aims.

As at 31 March 2014 the Authority held approximately £1.1m in useable reserves.

Upon review of the corporate and management plans, we consider the response of the Authority to the financial pressures to be appropriate.

### The VFM conclusion

---

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified VFM conclusion for the 2013/14 financial year. This means that we are satisfied that, in the areas reviewed, the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources during the year.

## Other matters

### Reports issued

Reports issued during the course of the 2013/14 audit were:

- Fee letter;
- Audit plan;
- Report to the Authority on our audit findings; and
- Annual Audit Letter.

### Analysis of audit fees

	2013/14 £	2012/13 £
Total fees for the audit of the annual accounts, WGA and VFM conclusion (excluding VAT)	12,016	12,016
Fees payable for local challenge work	-	-
Fees payable for grant certification	-	-
<b>Total</b>	<b>12,016</b>	<b>12,016</b>

We have not performed any non-audit services in either the current or prior year. In addition there have been no additional VFM projects undertaken in the current or prior year.

### Grants

We have undertaken no work during the year on grant claims made by the Authority

### Independence and objectivity

In our professional judgement, our policies and safeguards in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

## 5. Responsibility Statement

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out, in accordance with that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our Value for Money conclusion as they are derived solely from the Audit Commission.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party since this report has not been prepared, and is not intended, for any other purpose.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

© 2014 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000 Fax: +44 (0) 20 7583 1198.

Member of Deloitte Touche Tohmatsu Limited.