The Audit Findings (ISA260) Report for North York Moors National Park Authority

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Year ended 31 March 2020

13 October 2020

Contents

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of North York Moors National Park Authority (‘the Authority’) and the preparation of the Authority's financial statements for the year ended 31 March 2020 for those charged with governance.

Covid-19

The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Authority .

Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.

We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an Audit Plan addendum on 30 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VFM approach. Further detail is set out on page 6.

Restrictions for non-essential travel has meant that both the Authority and audit teams have had to initiate remote working arrangements from home including the remote accessing of financial systems, the provision of working papers electronically by secure means, the use of video and telephone conferencing arrangements and using virtual technology to observe the download of data and other information to ensure its completeness and accuracy for testing.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Authority's financial statements:

- give a true and fair view of the financial position of the Authority and its income and expenditure for the year
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed remotely during specific times between July to October . Our findings are summarised in section two of this report.

To date we have not identified any adjustments to Authority’s Comprehensive Income and Expenditure Statement. A small number of presentational audit adjustments are detailed at Appendix C. We have also raised a small number of recommendations for management as a result of our audit work in the Action Plan at Appendix A. Our follow up of recommendations from the prior year’s audit are detailed at Appendix B.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- the assurance letter from the auditor of North Yorkshire Pension Fund to give assurance over the significant risk area of pensions
- completion of our work on the significant risk area of valuation of land and buildings, including receipt of certain supporting audit working papers from the valuer and management
- completion of our internal quality review process, including final reviews of the file by both the manager and Engagement Lead, specifically in respect of significant audit risks of PPE revaluations and the Pension Fund liability
- receipt of management representation letter (see separate agenda item)
- review of the final set of financial statements, narrative report and Annual Governance Statement.

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation.

Our anticipated audit report opinion will be unmodified, however will include an Emphasis of Matter paragraph, highlighting the valuation of land and buildings material uncertainty (as a result of Covid and in common with other authorities). Please see Appendix E.

Headlines

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based review of the Authority's value for money arrangements. We have concluded that the Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified 'clean' value for money conclusion, as detailed at Appendix E. Our findings are summarised in section three of this report.
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit.	We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

2. Financial statements - Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice (‘the Code’). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We did alter our Audit Plan, as communicated to you on 15 January 2020, to reflect our response to the Covid-19 pandemic. We produced an Audit Plan Addendum dated 30 April 2020.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Authority meeting on 2 November 2020. These outstanding items are set out in the headlines on page 3.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels are set out in the table below and remain the same as reported in our Audit Plan.

Materiality area	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	160k	Financial statement materiality was determined based on a proportion of the gross expenditure of the Authority for the financial year.
Trivial matters	8k	Set at 5% of materiality.
Materiality for senior officer remuneration	5k	Due to perceived public interest in these disclosures.

Significant audit risks

Risk identified in our Audit Plan Addendum (April 2020)	Auditor commentary
Covid– 19: The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to; - Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.	We: • worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 30 June 2020 • liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose • evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic • evaluated whether sufficient audit evidence could be obtained through remote technology • evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations • evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment • discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence. We completed our audit remotely and, while it took longer than normal as a result, we were able to utilise technology to corroborate information produced by the Authority. The Authority's finance team have generally been responsive to audit queries throughout the audit and we would like to express our appreciation for this. We did not identify any implications for our audit report resulting from Covid-19, however our report includes standard reference to the macroeconomic conditions arising from Brexit and Covid-19.

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
The revenue cycle includes fraudulent transactions Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. For North York Moors National Park Authority, we have concluded that the greatest risk of material misstatement relates to the occurrence of commercial income. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted for all revenue streams except commercial income, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at the Authority, mean that all forms of fraud are seen as unacceptable.	For all revenue streams except commercial income, as rebutted – there has been no change to our assessment reported in the Audit Plan. For commercial revenue streams as not rebutted: In responses to this risk we have: • updated our existing understanding of the system and controls and performed a walkthrough of the commercial income process • reviewed accounting estimates, judgements and the accruals accounting process. Our audit work has not identified any issues in respect of this risk.

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	In response to this risk we have: • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determine the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied and made by management and consider their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. Our audit work has not identified any issues in respect of this risk.

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
Valuation of pension fund net liability: The Authority's pension fund net liability, as reflected in its balance sheet as the pension liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£5.4m in the 2019-20 balance sheet) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.	In response to this risk we have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtained assurances from the auditor of the North Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. In a new area of focus for our 2019-20 audit we: • obtained assurances from the actuary regarding the material experience items. These are material pension related figures that relate to the impact of correcting the estimates made in the years between the triennial revaluations of the pension fund. Our audit work on the pension fund net liability is nearing completion. The Pension Fund and actuary have confirmed that the updated implications of McCloud judgement have been taken into account in the Authority's pension fund valuation and that the Goodwin judgement should not have a material impact of the authority's pension fund liability. We are following up this response with the Pension Fund and actuary and we will update Members on 2 November with outcome of those discussions. As a result of the pension fund balance being a significant audit risk, we need to be satisfied that we have sufficient and appropriate audit evidence over these material entries. As such we will need to closely consider the updated information that we receive from the actuary and Pension Fund. We also need to review the contents of the assurance from the auditors of the North Yorkshire Pension Fund audit. We are expecting to receive this from the Pension Fund auditors by the end of October.

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
Valuation of land and buildings: The Authority revalues its land and buildings on a rolling five-yearly basis. In 2018-19 a full valuation of all land and buildings was undertaken therefore resetting the five year valuation cycle. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£4.5m) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used. We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	**In response to this risk we have:** • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of the valuation expert • discussed with the valuer the basis on which the valuations were carried out • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, included checking that the floor areas used are consistent with other records • tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register. We had identified that there was no disclosure in the draft financial statements of the material uncertainty in the external valuer's report – management have agreed a disclosure to include to address this – see Appendix C. Revaluation of five assets (which made up 72% of the overall asset base on value) was undertaken by the valuer and a "overview" report was produced for the remaining 28% of land and building and heritage assets. The overview report explicitly states that it is not to be considered a formal revaluation report. However, the assets in the asset register were adjusted to reflect the proposed values in the overview report. We understand the rationale in adjusting the Authority's asset valuations on this basis, although this is not fully in line IAS16. However, the valuation change arising from this method is below materiality (at £32k) and therefore no further action is proposed. We will be including an emphasis of matter paragraph in our audit opinion in respect of the material uncertainty in the external valuer's report as a result of the Covid pandemic. This finding is in common with our audit work across other local authorities.

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings - £4.4m **Heritage Assets - £2.8m**	Other land and buildings comprises specialised assets such as public conveniences, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are either required to be valued at existing use in value (EUV) at year end or based on comparable , market value approach of income approach for the Cap Parks. The Authority has engaged Align Property Partners to complete the valuation of properties as at 31 March 2020 on a five yearly cyclical basis. Land and buildings were last fully revalued as at 31 March 2019. In the intervening years, a desktop valuation is undertaken. In 2019-20 a desktop valuation was undertaken for 72% of the value of the total brought forward assets. In line with RICS guidance, the Authority's valuer disclosed a material uncertainty in the valuation of the Authority's land and buildings at 31 March 2020 as a result of Covid-19. However, the Authority did not initially include this disclosure within the 2019-20 draft accounts The valuation of properties valued by the valuer has resulted in a net decrease of £0.4m. Management have considered the year end value of non-valued properties, by requesting an overview report by the valuer to determine whether there has been a material change in the total value of these properties. Management have then applied the percentage change from the overview report to the net book value of the assets to uplift to the value per the overview report and then subsequently calculated a year of deprecation. The total year end combined valuation of land and buildings and Heritage assets was £7.2m, a net decrease of £0.1m from 2018-19 (£7.3m).	We have: • Assessed the competence and expertise of management's expert • Reviewed the completeness and accuracy of the underlying information used to determine the estimate • Reviewed the assumptions used by the expert, including the floor areas • Ensured that there has been no changes to the method used to revalue the assets, and ensured that the method is suitable for the different classes of the assets • Reviewed the assumptions used by the expert, including the floor areas • Considered the adequacy of disclosure of the estimate and Covid related material uncertainty in the financial statements. • Considered the consistency of the Authority's estimate against relevant benchmark valuation indices. For both assets formally revalued and not formally revalued in year. All variances within materiality. At the time of drafting this report, our audit work in respect of valuation of land and buildings remains in progress. We have identified that there was no disclosure in the draft financial statements of the material uncertainty included within the external valuer's report. Management has agreed to include the disclosure in the revised accounts. There are no other significant issues arising to date and we will provide a verbal update to Members at the meeting on 2 November in respect of our work on valuations.	● **Green (after the material uncertainty is disclosed)**

Assessment

- ● We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated (red)
- ● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic (amber)
- ● We consider management's process is appropriate and key assumptions are neither optimistic or cautious (green)

Significant findings – key estimates and judgements

Accounting area | **Summary of management's policy** | **Auditor commentary** | **Assessment**

Net pension liability – £5.4m

The Authority's net pension liability at 31 March 2020 is £5.4m (PY £3.7m) comprising the North Yorkshire Local Government defined benefit pension scheme obligations. The Authority uses AoN to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.

The latest full actuarial valuation was completed in 31 March 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.

Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £1.1m net actuarial loss during 2019/20.

We have:

- Assessed management's expert
- Assessed the actuary's roll forward approach and deemed it reasonable
- Used PwC as our auditors expert to assess the actuary and assumptions made by actuary

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.30%	2.30%	● Green
Pension increase rate	1.90%	2.10% - 1.90%	● Green
Salary growth	3.15%	Value is in line with PWC report	● Green
Life expectancy – Males currently aged 45 / 65	23.5 21.8	22.5 – 24.7 20.8 – 23.0	● Green
Life expectancy – Females currently aged 45 / 65	25.7 23.9	25.0 – 27.2 23.5 – 25.5	● Green

- Confirmed the completeness and accuracy of the underlying information used to determine the estimate
- Confirmed the reasonableness of the Authority's share of LGPS pension assets.
- Confirmed the consistency of the pension fund assets and liability disclosures in notes to the financial statements with the actuarial report from the actuary

Our work in this area is still in progress, including the assurance from the Pension Fund auditor.

● **Green**

Significant findings – going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary	Auditor commentary
Management's assessment process: • Management’s assessment is based on the public sector interpretation of going concern as the continuation of the provision of services to support the preparation of the accounts on a going concern basis. • Management has considered the Authority’s medium term financial planning documents in considering that no material uncertainties need to be disclosed.	The going concern assessment was completed by the Chief Finance Officer. We consider that management’s arrangements for considering going concern are adequate. We concur with management’s assessment that the Authority is a going concern with no material uncertainties that would require disclosure.
Work performed: • We reviewed management’s assessment of going concern provided to us, in conjunction with our knowledge and understanding of the Authority. • We reviewed the Authority’s medium term financial planning documents, and considered the impact of Covid-19.	We considered management’s assessment and also considered the potential impact of Covid-19 on the Going Concern assumption. The Authority has not made any claims to DEFRA for support in respect of Covid-19. Whilst the Authority has furloughed some staff and is expected to receive c£61k from the Coronavirus Job Retention Scheme (CJRS) and received £70k of business grants related to Covid, these do not give rise to significant uncertainties regarding the Authority’s financial position. The Authority continues to have useable reserves of £2.6m and is currently £466k ahead of its revised budget after Q1 of 2020-21, although a significant proportion of this is due to timing of the S106 income, the ‘true’ underlying budget position at the end of Q1 is c£100k (mainly as a result of car park income exceeding the revised budget). The Authority currently projects to come in on budget by 31 March 2021 – a breakeven projection. The current projected financial gaps (as set out in the MTFS dated September 2019) in 2021-22 and 2022-23 of c£200k in both years, whilst challenging are not significant enough to warrant a material uncertainty in respect of the going concern assessment. We do note that the MTFS is currently subject to revision, with particular regard to risks around a DEFRA grant freeze. The updated MTFS is expected to be presented to the Authority meeting in December 2020. We did not identify any material uncertainties that would require additional disclosure.
Concluding comments: ● No issues identified.	We did not identify any issues with the Authority’s use of the going concern assumption. Our proposed audit opinion will be unmodified in respect of going concern.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Finance, Risk, Audit and Standards (FRAS) Committee. We have not been made aware of any significant incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is included in the Committee papers for the meeting on 2 November. We have made a specific representation in respect of the S106 Agreement to confirm that the S106 Agreement is continuing as planned, with no changes arising following the change of ownership of the Polyhalite mine earlier this year.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banks. This permission was granted and the requests were sent. These requests were returned with positive confirmation and no issues were noted.
Disclosures	Our review found no material omissions in the financial statements, with the exception of the disclosure relating to the material uncertainty regarding land and buildings valuation. We discussed this with management and they have included the disclosure in the revised accounts – see also comments at Appendix B. A small number of presentational amendments have been discussed and agreed with the Authority and these are also included at Appendix B.
Audit evidence and explanations / significant difficulties	All information and explanations requested from management were provided. There were some undoubted challenges arising from delivering the year-end audit in a wholly remote fashion, with both finance colleagues and members of our audit team all working from home. This remote working on both sides, combined with the increased level of audit testing performed and audit evidence required (particularly in respect of the significant risk areas of PPE and pensions) resulted in the audit fieldwork taking longer than planned. Given some element of remote/home working is likely to still be in place for 2020-21, we will be discussing with the finance team how we can continue to work together to mitigate these issues next year. We understand that the Authority has moved to a more electronic form of documentation since the lockdown, which should improve the efficiency of next year's audit.

Other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We identified a small number of minor suggested amendments to both the AGS and NR and these have been adequately rectified by management. We plan to issue an unmodified opinion in this respect – please see Appendix E.
Matters on which we report by exception	We are required to report on a number of matters by exception in a numbers of areas: • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Work is not required as the Authority does not exceed the threshold.
Certification of the closure of the audit	We intend to certify the closure of the 2019-20 audit of the Authority in the audit report, as detailed at Appendix E.

3. Value for Money

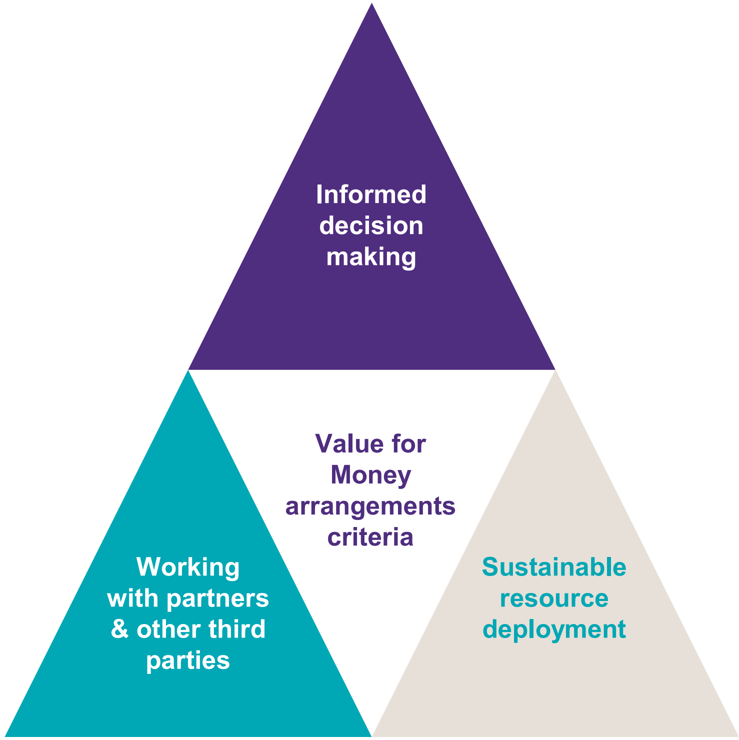
Background to our VFM approach

We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Authority. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



Informed decision making

Value for Money arrangements criteria

Working with partners & other third parties

Sustainable resource deployment

Risk assessment

We carried out an initial risk assessment in January 2020 and did not identify any significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated this to you in our Audit Plan dated January 2020.

However, following the two national issues of DEFRA's funding settlement for 2020-21 and the impact of the Covied-19 lockdown on the Authority's financial standing, we deemed it appropriate to revisit our VFM risk assessment from January 2020 and included a risk on financial resilience and sustainability. We reported this in our addendum to the Audit Plan dated April 2020.

We carried out further work only in respect of the significant risk we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Authority's arrangements. In arriving at our conclusion, our main considerations were:

- **Financial resilience and sustainability** as a result of the DEFRA’s funding settlement for 2020-21 and the impact of the Covid-19 lockdown on the Authority’s financial standing.

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on page 18.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Authority had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings: We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk as identified and disclosed in the Audit Plan Addendum (April 2020)	Findings and conclusion
Financial resilience and sustainability Back in January 2020, the Authority's future budgets in the medium term financial strategy assumed an increase in National Park Grant (NPG) per year of 1.7%, consistent with previous years. The Authority's draft budgets for 2020-21, 2021-22 and 2022-23 showed deficits of £28k, £90k and £89k respectively. The DEFRA settlement for 2020-21 resulted in a reduction in NPG, offset by one-off funding resulting in a flat cash position. Given the national financial settlement and the uncertainties posed by the Covid-19 lockdown in terms of the Authority's income budgets (for example on car parking and visitor centres), this has increased the financial risks associated with national park authorities. We are aware from our discussions with the Chief Financial Officer of the actions put in place by the Authority to mitigate the impact of these challenges. Nevertheless, we have added this risk and will be performing work on the financial resilience and sustainability. In response to this risk we will: - consider the updated medium term financial strategy and the progress on the delivery of this - consider the arrangements for securing and sustaining commercial income streams and managing the cost base - monitor the Authority's financial position during and post lockdown - continue to meet with key senior management to gain updates on the Authority's financial position - consider the impact of the Covid-19 lockdown on the Authority's income projections and wider budget for 2020-21 and it's medium term financial plans.	Throughout the lockdown period, we have held regular 'virtual' meetings with the Chief Financial Officer to consider the impact of both the pandemic and DEFRA funding announcements on the Authority's financial position. At the start of the lockdown, the Authority revised its 2020-21 budget, reducing expectations around the level of revenue it would generate from income sources such as car parking and planning. These assumptions were modelled on a six month lockdown to the end of September 2020. As we know, the Prime Minister lifted most aspects of the lockdown in early July and the Authority has witnessed an increase in visitors to the Park throughout the summer (due to a number of people deciding against foreign holidays this year). This has resulted in healthy revenues from car parking and the Authority's planning income does not appear to have been impacted in any negative way at this stage. The above scenarios culminated in the Q1 budget report which was presented to the FRAS Committee on 1 September. The report noted a £433k performance ahead of budget for the first quarter. Although it should be noted that a significant proportion of this is due to timing of the S106 income, the 'true' underlying budget position at the end of Q1 is c£100k. As a result of the Covid pandemic, DEFRA offered to effectively underwrite National Parks' revenue budgets in 2020-21, however, the Authority has not requested any additional financial support from DEFRA and has no current plans to do so. The Authority has made use of the Coronavirus Job Retention Scheme (CJRS) by furloughing some staff (for roles based on commercial income) at the beginning of the pandemic. The level of CJRS support is currently expected to be c£61k and the Authority has also received Covid related business grants of £70k during the pandemic. There is speculation about the risk of a second wave of Covid-19 in the winter, but visitor numbers to the Park in the winter are likely to be lower and this is not considered to be a significant risk to the Authority's income projections. The key concern for the Authority is the longer-term implications for their core National Park Grant (NPG) funding. The NPG for 2021-22 onwards has not been confirmed and the current Medium Term Financial Plan includes assumptions for increases in NPG in line with previous increases of 1.7%. At the time of producing this report, the Authority is in the process of updating its Medium Term Financial Strategy (MTFS). An updated version of the MTFS is expected to be presented to the FRAS Committee on 16 November 2020, alongside a draft 2021-22 budget. Therefore the current publicly available information on the Authority's medium term financial projections (included in the revised 2020-21 budget reported at the end of July) shows deficits for 2021-22 of £205k and 2022-23 of £206k. The Authority has relatively healthy useable reserves of £2.6m at 31 March 2020. Although £2.1m of these are earmarked for specific purposes and the Authority cannot solely rely on reserves to cover potential budget gaps going forward. We recommend the Authority should begin modelling for options for how it would deal with the potential budget gaps that may arise depending on the level of NPG awarded in future. **[Rec 1]** **On that basis we concluded that while the potential level of savings needed represent a significant challenge for the Authority, the risk was sufficiently mitigated and the Authority has proper arrangements in place for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.**

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority’s Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed at Appendix D.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority.

No non-audit services were identified.

Appendix A: Action Plan

We have identified the recommendation for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on this recommendations during the course of the 2020-21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● **Medium**	**1. Financial Sustainability:** The National Park Grant (NPG) for 2021-22 onwards has not been confirmed and the Authority's Medium Term Financial Strategy currently assumes increases in NPG higher than was received in 2020-21. The Authority should start modelling for worst case scenarios in future DEFRA funding.	We are aware the Authority is currently updating its MTFS. As part of the MTFS update, the Authority should model options for how it would deal with the potential budget gaps that may arise depending on the level of National Park Grant awarded in future. **Management response, implementation date and responsibility:** We are currently in the process of producing our Medium Term Financial Strategy which will go to the Financial, Risk, Audit and Standards Committee in November for onward transmission to Full Authority for approval in December. As would be expected, this strategy will address the risk factors in the medium term including risk to DEFRA grant with modelling and mitigation which look at best, mid and worst case scenarios reflecting increase, freeze and reduction in the grant. Responsibility : Chief Financial Officer Date : Sign off at December National Park Authority
● **Medium**	**2. Review of all assets with a £nil net book value:** Our work on Property Plant and Equipment has highlighted that there are a large quantity of vehicles, plant and equipment (with gross costs of at least £160k) which have been fully depreciated but are still held on the asset register. There is a risk that the asset register and the accounts are overstating the Gross Book Value and Accumulated Depreciation of assets. There is also a potential risk that estimates for useful economic lives (UELs) applied are not appropriate if these assets do in fact remain in use. We note that the Authority has removed assets to the value of £160k from the asset register and the PPE note to the accounts – see page 23 for disclosure changes.	We recommend the Authority undertakes a review to determine if all fully depreciated vehicles, plant and equipment assets are still in use. The Authority should also be satisfied, for those assets in use, that they are still operating at an appropriate level in terms of quality and reliability. We recommend that regular controls are put in place to discuss and monitor the condition and existence of assets with the estates team. In addition, the Authority should assess these assets to consider if UELs and depreciation rates are appropriate and whether there is a need to revise these rates. **Management response, implementation date and responsibility:** Management will take the following actions in 20/21 :- 1. Review the asset register to ensure that no assets that have been disposed of are included. 2. Deliver training on capital spend to budget holders which will include rolling out a new process to ensure that finance are notified when assets disposed of throughout the year. 3. Review the useful economic lives and ensure that they are appropriate for each type of assets. Responsibility: Chief Financial Officer Date: 31st January 2020

Appendix B: Follow up of prior year recommendations

We identified the following issues in the Authority's 2018-19 audit, which resulted in the following recommendations being reported in our 2018-19 Audit Findings (ISA260) Report.

We are pleased to report that management have implemented all of our recommendations or have provided sufficient responses, that we agree with their rationale why one recommendation has not been implemented.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Ownership of land and buildings:** We recommended: • the Authority performs a review land registry records for all Land and Buildings to ensure ownership is in the name of the Authority. • For any assets not registered with the Authority (such as 13 Bondgate) we recommend the Authority pursues other options to formalize its ownership rights over these assets.	**Management Response:** • A form has been lodged with the land registry to change the details for 13 Bondgate. This is still with Land Registry but all actions by the Authority have been carried out to effect this change. • All other properties have been changed and no further actions are required. **Auditor Conclusion:** We are satisfied that management have undertaken the necessary procedures in order to address this recommendation. No further follow up required.
X	**Authorization of journals** We recommended journals should be reviewed and approved by a second member of the finance team before being posted to the general ledger.	**Management Response:** The Authority is a small body with a small finance team. Authorisation of all journals is not practical or a good use of finance resource and time. It would also restrict the ability to operate in an agile and lean way, with reporting and accurate ledgers potentially being impacted by the availability of another member of the team. Journal access is restricted to finance staff only, and there are a number of controls including reconciliations and monthly reporting which would identify any material issues with journals and coding. Directors and budget holders have read only access to the ledgers and would flag if there were any material concerns with figures within their budget areas. Management is satisfied that these additional controls mitigate the requirement to have secondary journal approval. **Auditor Conclusion:** Although we believe it to be best practice to introduce some form of secondary approval process, we acknowledge the controls around journals are proportionate to the size and complexity of the Authority. We respect management's decision and therefore no further follow up required.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Section 106 funding:** We recommended the Authority continues to appropriately manage the Woodland Creation programme and identifies areas of the National Park where woodland creation can take place in order to mitigate future clawback of Section 106 monies.	**Management Response:** The Authority has a dedicated team in place to deliver the obligations of the s106 Core Policy D contributions. Annual target setting ensures that the Authority can monitor progress against the targets set in the agreement. Work is underway with landowners to secure land for tree planting in the future to ensure our annual targets can be met in the future. Core policy D work continues and a comprehensive monitoring spreadsheet process is in place to forecast the levels of tree planting to ensure that outcomes are achieved and deliver value for money. **Auditor Conclusion:** We are satisfied that management have undertaken the necessary procedures in order to address this recommendation. We will continue to monitor this area as part of our 2020-21 audit work.

Assessment

✓ Action completed

X Not yet addressed

Appendix C: Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

As at the date of this report, there are no adjusted misstatements.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure area	Detail	Adjusted?
PPE (note 5)	This amendments was done in order to remove all £nil net book value assets still held on the asset register which were previously disposed off. Following audit inquiry, management reviewed the asset register and identified 23 assets to remove from the asset register. All assets had a closing balance of £nil, however, there was accumulated depreciation of £160k related to these assets which was removed from the PPE note in the revised accounts. There is no net impact in the balance sheet arising from this adjustment.	✓
Audit Fee (note 21)	This disclosure change was to ensure the audit fees for both 2019-20 and 2018-19 were accurately reflected in note 21. The draft accounts initially disclosed a £15k fee for 2019-20 which included the £2k of additional fees from the 2018-19 audit. The revised accounts now correctly disclose the fees as £13k for 2019-20 and £11k for 2018-19.	✓
Leases (note 24)	The draft leases note originally included an incorrect split between current and non-current values. Whilst the finance lease disclosure was correct in total, there was an issue with the timing of the split between current and non-current classifications. There is no impact on the balance sheet arising from this change.	✓
Income and expenditure by nature (note 3)	A transposition error of £10k was identified on this note. Upon review of the Income and expenditure note, we identified a typography error in relation to employee benefits and total expenditure. Per the note the value for employee benefits was £3,977k, however, underlying evidence agreed to £3,967k. The figure for total expenditure was £8,478k but should have been £8,468k. This has been updated in the revised accounts and the primary statement (CIES) was correct.	✓
Material uncertainty on property valuations (note 1.21 and note 5d)	The draft financial statements did not include a disclosure of the material uncertainty relating to asset valuations that was included within the internal valuer’s report. We discussed and agreed an appropriate form of wording to be included in note 1.21 and this is reflected in the updated accounts. We will be drawing attention to this matter in our audit opinion (see Appendix E) – this is in common with the audit findings across all local authorities with material levels of property, plant and equipment.	✓

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure area	Detail	Adjusted?
Annual Governance Statement (AGS)	Following our review of the draft AGS, we highlighted a small number of areas where the document could be enhanced, including additional wording on the impact of COVID-19 and discussions with DEFRA, and the change in ownership but the continued nature of the S106 agreement. The revised AGS is due to be signed by the new Chief Executive following the Authority meeting on 2 November.	✓
Narrative Report (NR)	We proposed a small number of minor wording changes to enhance the content of the NR. These were discussed and agreed with management and are reflected in the updated NR in the revised accounts.	✓

Audit adjustments

Impact of unadjusted misstatements

As at the date of this report, there are no unadjusted misstatements.

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements in the 2018-19 financial statements.

Appendix D: Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee £	Final fee £
Authority Audit	9,252	9,252
Audit fee variations (as set out in our Audit Plan in January 2020)	3,750	3,750 *
Total audit fees (excluding VAT)	**13,002**	**13,002 ****

The fees reconcile to the financial statements (after adjustment made by management referred to at Appendix C).

* This fee variation has now been agreed by the Chief Financial Officer and approved by PSAA.

** We wish to note that there is the potential for further audit fees in relation to the additional work we have performed on pension and PPE balances, and as a result of the costs incurred due to the additional time taken to deliver the audit this year as a result of the Covid pandemic. We will provide a full breakdown of proposed fees on completion of our audit and this will be included in the Annual Audit Letter later this year.

No non-audit or audited related services have been undertaken for the Authority.

Appendix E: Audit opinion (proposed)

We anticipate we will provide the Authority with an unmodified 'clean' accounts and value for money opinion, with the inclusion of a 'emphasis of matter' regarding the valuation of property, plant and equipment.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of North York Moors National Park Authority (the 'Authority') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. 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 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority 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 we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements. Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings

We draw attention to *Note 1.21* of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings as at 31 March 2020. As, disclosed in *Note 1.21* to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in the Authority's property valuer's report. Our opinion is not modified in respect of this matter.

Audit opinion (proposed) continued

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- 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 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Chief Financial Officer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 14, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Financial Officer. The Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the 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 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Authority'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 there is an intention by government that the services provided by the Authority will no longer be provided.

The Finance, Risk, Audit and Standards Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in it

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Audit opinion (proposed) continued

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing 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 review of the Authority’s arrangements for securing 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 to be satisfied 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.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020. 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 be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the North York Moors National Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's 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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[signature to be added]

Gareth Mills, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Leeds

Date XXX

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