

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

23 November 2015

Annual Audit Letter 2014/15

1. Purpose of the Report

- 1.1 To inform Members of the conclusion of the External Audit in relation to the 2014/15 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 for the year ended 2014/15 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 2014/15 Audit process.

3. External Audit Documentation

- 3.1 The **Appendix** 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 2014/15. 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. Financial and Staffing Implications

- 4.1 The financial implications are described in the report.

5. Sustainability and Legal Implications

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

6. Recommendation

- 6.1 That Members comment on and accept the content of this report and **Appendix**.

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 to the Members of the Authority
for the year ended 31 March 2015

October 2015

the
Distinctive
audit

Contents

The big picture	2
Purpose and responsibilities	3
Financial reporting	4
Value for Money	5
Responsibility statement	6
Appendix 1: Independence and fees	7



The big picture

We are required to issue an annual audit letter to North York Moors National Park Authority (the “Authority”) following completion of our audit procedures for the year ended 31 March 2015. The letter is to be published on the Authority’s website.

Below are the conclusions we have formed on the significant areas of the audit process.

The Authority’s financial statements	We issued an unqualified opinion, issued on 30 September 2015, on the Authority’s financial statements for the year ended 31 March 2015.
Value for money conclusion	We issued an unmodified conclusion, issued on 30 September 2015, on the Authority’s arrangements for securing value for money for the year ended 31 March 2015.
Whole of Government Accounts return	We met the National Audit Office reporting deadline of 2 October 2015, reporting on 30 September 2015, that the return is below the reporting threshold.

1. Purpose and responsibilities

Purpose of this letter

The purpose of this Annual Audit Letter (“Letter”) is to summarise the key issues arising from the work that we have carried out during the year.

We have addressed this Letter to the members of the Authority as it is the responsibility of the members to ensure that proper arrangements are in place for the conduct of its business and that the Authority has relevant safeguards and properly accounts for public money.

The Letter will be published on the Public Sector Audit Appointments Limited website at www.psa.co.uk and should also be published on the Authority’s website.

Responsibilities of the appointed auditor and the Authority

Responsibilities of the appointed auditor

We were appointed as the Authority’s independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England, including local authorities in 2014/15.

As your appointed 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 review and report on:

- the Authority’s financial statements; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion) in respect of its authority functions.

We also provide a return to the National Audit Office on the Whole of Government Accounts confirming the Authority is below the required threshold.

Following a national contract tendering exercise, 2014/15 is the final year of our appointment as your external auditors.

Responsibilities of the Authority

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for.

As part of our procedures we have considered how the Authority has fulfilled these responsibilities.

2. Financial reporting

Key issues arising from the audit of the Authority's financial statements

We have issued a separate report to the Authority for the year ended 31 March 2015, which details the findings from our audit of the financial statements and the Authority's value for money arrangements.

In that report we explained how we focused our work on areas which involve more complex accounting judgements and estimation. A summary of the significant risks identified as part of our audit is included below:

Significant audit risk	Conclusion
Grant income recognition	Grant income is a significant audit risk due to the requirement for management to consider each type of grant individually to consider appropriate accounting treatment, and the associated judgement in relation to this. Our testing concluded that grant income recognition was appropriate.
Management override of controls	We did not identify any material weaknesses in controls or any evidence of management override. We did not identify any improper use of accounting estimates or judgements.

We did not identify any significant issues arising from these areas and we consider management's judgements to be reasonable.

Key issues arising from the work performed on the Whole of Government Accounts return

Whole of Government Accounts (WGA) are commercial-style accounts covering all the public sector and include some 1,700 separate bodies. Auditors appointed by the Audit Commission have a statutory duty under the Code of Audit Practice to review and report on the Authority's whole of government accounts return if they are above the audit threshold. Our report is used by the National Audit Office ("NAO") for the purposes of their audit of the Whole of Government Accounts.

We reported to the National Audit Office on the WGA ahead of the October deadline. We reported that the Authority's WGA is below the audit threshold.

3. Value for Money

Background

Under the Code of Audit Practice 2010 we are required to include in our audit report a conclusion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources - this conclusion is known as "the VFM conclusion".

Specified criteria for auditors' VFM conclusion

The organisation has proper arrangements in place for securing financial resilience.

The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

Audit work completed to address the significant risk

In 2014/15 as set out in the 2014/15 Work Programme and Scales of Fees: Local Government, the approach to local VFM audit work at the larger relevant bodies, including the Authority, is not based on criteria specified by the Commission. For 2014/15, the auditors of these bodies will continue to meet their VFM duty by:

- reviewing the Annual Governance Statement;
- reviewing the results of the work of the Commission and other relevant regulatory bodies or inspectorates, to consider whether there is any impact on the auditor's responsibilities at the audited body; and
- undertaking other local risk-based work as appropriate, or any work mandated by the Commission.

Audit work completed

We reviewed the Annual Governance Statement. We did not identify any work undertaken by other regulatory bodies or the need to undertake any local risk-based work, nor was there any additional work mandated by the Commission.

No issues impacting our VFM conclusion were identified and we issued an unqualified conclusion.

4. Purpose of our report and responsibility statement

What we report

Our report is designed to help the Authority discharge its governance duties and includes:

- Results of our work on key audit judgements and our observations on the quality of your Financial Statements.
- Our value for money conclusion, based on work undertaken in response to our risk assessment and guidance issued by the Audit Commission in October 2014.
- Results of any other work undertaken in relation to our responsibilities and duties in line with the Audit Commission Act 1998 and Code of Audit Practice 2010.
- Any conclusion, opinion or comments expressed herein are provided within the context of our opinion on the financial statements and our conclusion on value for money as a whole, which was expressed in our auditors' report.

What we don't report

- As you will be aware, our audit is not designed to identify all matters that may be relevant to the Authority.
- Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by Officers or by other specialist advisers.
- Finally, the views on internal controls and business risk assessment in our final report should not be taken as comprehensive or as an opinion on effectiveness since they will be based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

Other relevant communications

- 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 in this report is prepared on the basis of, and our audit work is carried out, in accordance with that statement.
- This report should be read alongside the supplementary "Briefing on audit matters" circulated to you previously.

We welcome the opportunity to discuss our report with you and receive your feedback.



Deloitte LLP

Chartered Accountants

Leeds

October 2015

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

Appendix 1: Independence and fees

Independence confirmation	We confirm that we comply with APB Revised Ethical Standards for Auditors and that, in our professional judgement, we are independent and our objectivity is not compromised.
Non-audit services	In our opinion there are no inconsistencies between APB Revised Ethical Standards for Auditors and the Authority's policy for the supply of non-audit services or any apparent breach of that policy. We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of engagement leads and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
Relationships	There are no other relationships with the Authority and its known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.

	Current year £'000	Prior year £'000
Fees payable in respect of our work under the Code of Audit Practice in respect of the Authority's annual accounts and the value of money conclusion	12	12
Total fees payable in respect of our role as Appointed Auditor	12	12

Deloitte.

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 for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

© 2015 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