



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

Year ended 31 March 2019

15 July 2019

Draft for committee papers



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 2019 for those charged with governance.

Financial Statements	<p>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:</p> <ul style="list-style-type: none">• 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. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was largely completed on site during June. Our findings are summarised in this report. At the time of producing this report, we have not identified any adjustments that impact on the Authority's useable reserves balance. We have identified a small number of proposed adjustments which are mainly reclassifications and presentational in nature and these are detailed at Appendix C.</p> <p>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 the recommendation from the predecessor auditor's prior year audit is detailed at Appendix B.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our proposed audit opinion (as set out at Appendix E) or material changes to the primary financial statements, subject to the following outstanding matters:</p> <ul style="list-style-type: none">• finalisation of a small number of tests and review of the work done by the engagement lead and manager in the following sections;- valuation of land and buildings, substantive testing of expenditure cut-off, contingent liabilities, review of expected enhanced disclosures on related party transactions• review of the updated pension fund liability and related disclosures in light of the changes required following the McCloud judgement and Guaranteed Minimum Pension (GMP) requirements (we will review the updated accounting entries and disclosures upon receipt from the Authority's actuary)• completion of work on prior year comparators, clerical and numerical accuracy of the accounts• completion of our work on the Narrative Report• receipt of management's letter of representation (included as a separate item on the Scrutiny Committee's agenda for 29 July)• review of the final set of financial statements. <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited, subject to satisfactory resolution of our outstanding queries on the Narrative Report. Our anticipated audit report opinion will be unmodified.</p>
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Headlines - continued

VFM	<p>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').</p>	<p>We have completed our risk based review of the Authority's value for money arrangements.</p> <p>We have concluded that North York Moors National Park Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 13 to 15.</p>
Statutory duties	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none">• report to you if we have applied any of the additional powers and duties ascribed to us under the Act• to certify the closure of the audit.	<p>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.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

2. Summary

Overview of the scope of our audit

This Audit Findings (ISA260) 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 will be discussed with management and the Finance, Risk, Audit and Standards Committee.

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 have not had to alter or change our audit strategy, as communicated to you in our Audit Plan on 4 February 2019.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved (previously listed on page 3 of this report), we anticipate issuing an unqualified audit opinion following the Scrutiny Committee meeting on 29 July 2019, as detailed in the proposed audit opinion at Appendix E.

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 calculations remain the same as reported in our Audit Plan. We detail in the table below our determination of materiality for the Authority.

Materiality category	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	156,000	We have determined materiality at 2% of gross expenditure from the 2017-18 final accounts. This is in line with the industry standard and reflects the risks associated with the Authority's financial performance.
Performance materiality	101,400	This is 65% of materiality and reflects any significant findings from the work of the previous external auditor and that 2018-19 is the first year of audit for us as external auditors.
Trivial matters	8,000	A standard level of five per cent of materiality has been used. This is our reporting threshold for any errors identified.
Materiality for senior officer remuneration	5,000	The senior officer remuneration disclosure in Note 18 has been identified as an area requiring specific materiality of £5,000 based on the disclosure bandings, due to its sensitive nature.

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>1 The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>For North York Moors National Park Authority, we have concluded that the greatest risk of material misstatement relates to the occurrence of commercial income.</p>	<p>Auditor commentary</p> <p>Given the nature of the Authority’s commercial income streams, we considered it prudent to treat the improper recognition of commercial revenue as a presumed significant risk under ISA 240.</p> <p>We have:</p> <ul style="list-style-type: none"> • documented the system, identified controls and walked through the commercial income process; and • reviewed accounting estimates, judgements and the accruals accounting process. <p>Having considered the risk factors set out in ISA240 and the nature of the non-commercial income streams at the Authority, we determined that the risk of fraud arising from this type of revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • 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 the Authority, mean that all forms of fraud are seen as unacceptable. <p>Our audit work has not identified any issues in respect of this risk.</p>
<p>2 Management override of controls</p> <p>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 continues to face financial pressures and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>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.</p>	<p>Auditor commentary</p> <p>In response to this risk we have:</p> <ul style="list-style-type: none"> • 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 made by management and considered their reasonableness with regard to corroborative evidence. <p>Our audit work did not identify any significant issues in relation to management override of controls.</p> <p>However, our review did note that there is no formal review of journals prior to posting to the ledger. Whilst we acknowledge that the controls around journals posting are proportionate to the size and complexity of the Authority, the Authority should formally consider whether to introduce some form of approval process for journals. We have raised a recommendation in relation to this issue in the Action Plan at Appendix A.</p> <p>Our audit work has not identified any other issues in respect of this risk.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>3 Valuation of land and buildings</p> <p>The Authority revalues its land and buildings on a rolling five-yearly basis. For 2018-19 the valuer will carry out a full valuation of all land and buildings as at 1 April 2018. The valuation will include movements in values where required to 31 March 2019. This will reset the full five year valuation cycle.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (PY: £4.3m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>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.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> evaluating management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work evaluating the competence, capabilities and objectivity of the Authority's valuation expert discussing with the Authority's valuer the basis on which the valuations were carried out and challenging the key assumptions applied testing the information used by the valuer to ensure it is complete and consistent with our understanding testing, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register evaluating the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to fair value <p>Key observations</p> <p>A full valuation of Land and Buildings was carried out by the Authority's valuation expert as at 31 March 2019. The valuation was carried out in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting 2018-19 and IAS 16.</p> <p>We were satisfied that the revaluation was appropriately reflected in the Authority's asset register and accounts. One issue was identified in relation to additions of £324k to the Danby Moors Centre which were originally treated as additions to 'land and buildings and then impaired to nil. Following audit review, these have been reclassified as 'vehicles, plant and equipment' and valued at cost. This adjustment has increased the net book value of Property Plant and Equipment as at 31 March 2019 by £324k (to be confirmed on receipt of final version of accounts).</p>
<p>4 Occurrence of Section 106 compensation and mitigation income and expenditure</p> <p>The Authority's 2018-19 budget includes £1.3m of income and expenditure relating to Section 106 compensation and mitigation. This represents approximately 15% of the Authority's 2018-19 budget. Section 106 income and expenditure can only be recognised once certain conditions have been met.</p> <p>We have therefore identified the occurrence of Section 106 income and expenditure as a significant risk, which was one of the most significant assessed risks of material misstatement and a key audit matter.</p>	<p>In response to this risk we have:</p> <ul style="list-style-type: none"> evaluated the Authority's accounting policy for recognition of Section 106 income and expenditure agreed the accounting entries made in Comprehensive Income and Expenditure Statement and Balance Sheet relating to Section 106 income and expenditure gained an understanding of the Authority's system for accounting for Section 106 income and expenditure and evaluate the design of the associated controls agreed, on a sample basis, amounts recognised as Section 106 income and expenditure in the financial statements. <p>Our audit work has not identified any issues in respect of this risk.</p>

Significant findings – audit risks

Risks identified in our Audit Plan	Commentary
<p>5 Valuation of pension fund net liability</p> <p>The Authority's pension fund net liability represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (PY: £4.32m in the balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>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.</p>	<p>In addressing the valuation risk for the pension fund net liability we have:</p> <ul style="list-style-type: none"> • identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. • obtained assurance on the controls established by the North Yorkshire Pension Fund from the pension fund auditor • evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuation • undertook procedures to confirm the reasonableness of the actuarial assumptions made • reviewed assurances from the NAO appointed 'auditors expert' on the work of the actuary clarifying the appropriateness of this to the actuarial work and assumptions applied in the Authority's valuation • checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary. <p>Key observations</p> <p>Our audit work identified that the Authority used the figures for its pension fund net liability of £3.5m, issued by its actuary in April 2019. The figures provided by the actuary were based on asset valuations as at 31st December 2018 and an estimated return for the fund for the final 3 months of the year.</p> <p>We have reviewed this estimate and are satisfied that it is reasonable. Key assumptions have also been reviewed and agreed as reasonable. In the 'significant findings – other issues' on page 9 we set out the potential impact of the McCloud judgement on the pension fund net liability.</p>

Significant findings - other issues

Issue	Commentary	Auditor view
<p>Potential impact of the McCloud judgement</p> <p>The Court of Appeal has ruled that there was age discrimination in the judges and firefighters pension schemes where transitional protections were given to scheme members.</p> <p>The Government applied to the Supreme Court for permission to appeal this ruling, but this permission to appeal was unsuccessful. The case will now be remitted back to employment tribunal for remedy.</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications not just for pension funds but also for other pension schemes where they have implemented transitional arrangements on changing benefits.</p>	<p>Discussion is ongoing in the sector regarding the potential impact of the ruling on the financial statements of Local Government bodies.</p> <p>The Authority has requested an estimate from its actuary of the potential impact of the McCloud ruling and GMP. The actuary's estimate suggested a maximum impact of these issues would result in an increase of the Authority's £3.5m pension fund liability by c£400k.</p> <p>The Authority has requested that it's actuary carry out a detailed review of the impact of this issue and will update it's accounts on completion of the Actuary's work.</p> <p>We will review the updated actuary reports and resulting changes to the pension figures in the accounts once received. We will verbally update the Committee on 29 July with our findings on this issue. Management's view is that the impact of this change is material and therefore updating the accounts for this issue is appropriate.</p>	<p>We have reviewed the analysis performed by the actuary, and consider that the approach that has been taken to arrive at this estimate is reasonable.</p> <p>Given the change in liability resulting from the McCloud judgement, management has agreed to process the adjustment of c£400k on receipt of the updated IAS19 report. We consider this an appropriate adjustment to the Authority's financial statements.</p> <p>We have included this as an adjusted item at Appendix C.</p>

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

Management's assessment process:

Management have a range of procedures in place to provide assurance that the Authority remains a going concern, including:

- annual modelling of cash flow and regular review of cash flows and treasury management
- An embedded budget setting approval process, including provisional budgets for following two years to current budget
- appropriate approval, scrutiny and regular review of earmarked reserves
- appropriate challenge of robustness of savings proposals and approval of savings programme, with regular monitoring of the programme alongside budget reporting.

Auditor commentary: Management have undertaken a thorough review of the risks facing the Authority including reduction in government funding and pressures on budgets.

- Plans to address the risks are considered realistic and deliverable.
- A Medium Term Financial Strategy for 3 years has been completed and a balanced budget set for 2019-20. Levels of reserves are assessed as part of this exercise. A treasury strategy is set which includes cash flow and borrowing forecasts. No borrowing is expected and no cash flow issues are highlighted.
- Overall management processes are considered to be sufficiently robust to demonstrate a well informed view of going concern.

Work performed:

We have performed our review. This includes a review of the financial forecasts and commentary prepared by management, in particular:

- Forming an overview of the forecast
- Arithmetic checks
- Review of assumptions
- Reliability of the forecasting process.

Auditor commentary:

- Based on our review we have not identified any events or conditions existing that may cast significant doubt on the Authority's ability to remain as a going concern.

Concluding comments:

- We have reviewed management's assessment and are satisfied with management's assessment that the going concern basis is appropriate for the 2018-19 financial statements.

Other communication requirements

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	Commentary
1	Matters in relation to fraud	We have previously discussed the risk of fraud with the Finance, Risk, Audit and Standards Committee. We have not been made aware of any significant incidents in the period and no issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties	North York Moors National Park Trust, North Yorkshire County Council, Redcar and Cleveland Borough Council, Scarborough Borough Council and Hambleton District Council were not disclosed as related parties in the draft accounts. The Chief Executive of the Authority is the chair of the North York Moors National Park Trust and some authority members hold governance roles at both the Trust and other local authorities in the national park. Following our audit findings and discussions with management, the related party transaction note is to be updated to make reference to transactions with these bodies. We will consider the updated disclosures as part of our final audit completion review.
3	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. Include details of any identified or suspected non-compliance of laws and regulations and nature, timing and extent of related audit procedures performed.
4	Written representations	A letter of representation has been requested from the Authority, which is included as a separate agenda item in the Scrutiny Committee papers for 29 July.
5	Confirmation requests from third parties	We requested from management permission to send confirmation requests for the Authority's bank accounts. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.
6	Disclosures	Our review found no material omissions in the financial statements. A summary of our proposed presentational and disclosure changes are included at Appendix C.
7	Audit evidence and explanations/significant difficulties	All information and explanations requested from management were provided.

Other responsibilities under the Code

Issue	Commentary
<p>1 Other information</p>	<p>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.</p> <p>Our review of the AGS identified a small number of areas for enhanced disclosure. The Authority has accepted our findings on the AGS and a revised version is due to be presented to the Scrutiny Committee on 29 July.</p> <p>Our review of the Narrative Report also identified some areas for enhanced disclosure. The Authority has agreed to update its Narrative Report to take into account our comments.</p> <p>Subject to satisfactory receipt of revised AGS and Narrative Report which take into account our comments, we plan to issue an unmodified opinion in this respect – please see our proposed audit opinion at Appendix E.</p>
<p>2 Matters on which we report by exception</p>	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • 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. <p>We have nothing to report on these matters.</p>
<p>3 Specified procedures for Whole of Government Accounts</p>	<p>We are normally 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.</p> <p>Note that this work is not required as the Authority does not exceed the threshold.</p>
<p>4 Certification of the closure of the audit</p>	<p>We intend to certify the closure of the 2018-19 audit of the Authority in the audit opinion, as detailed at Appendix E.</p>

3. Value for Money

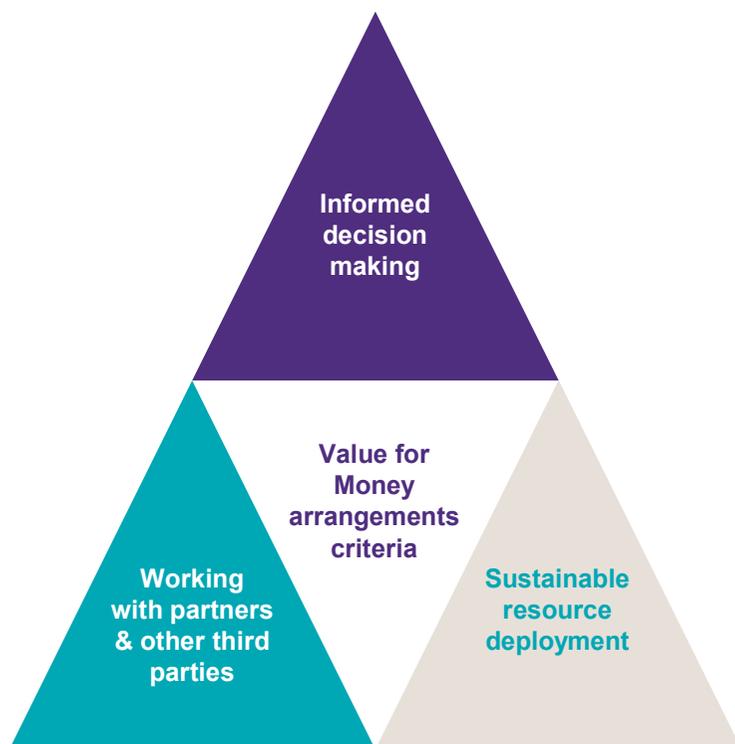
Background to our VFM approach

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 November 2017. 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:



Risk assessment

We carried out an initial risk assessment in January 2019 and identified one significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 21 January 2019.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

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 risk that we identified in the Authority's arrangements. In arriving at our conclusion, our main considerations were:

- arrangements in place at the Authority to manage the Section 106 agreement
- financial monitoring arrangements and plans to ensure spending is consistent with the terms of the Section 106 agreement.

We have set out more detail on the risk we identified, the results of the work we performed, and the conclusions we drew from this work on page 16.

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 risk we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

	Significant risk as disclosed in our Audit Plan	Findings	Conclusion
1	<p>Arrangements for managing Section 106 funding</p> <p>The Authority is due to receive £1.3m of Section 106 funding in 2018-19 to provide for a range of mitigation and compensation measures to help offset the impacts of the WoodSmith Mine on the environment and on tourism in the national park.</p> <p>This represents approximately 15% of the Authority's 2018-19 budget. Section 106 income can only be recognised when certain conditions are met. The Authority needs to ensure arrangements are in place to oversee effective management of this significant revenue stream for the benefit of the national park. As part of our Value for Money work we will focus on the arrangements put in place by the Authority to ensure Section 106 funding is spent in line with the mitigation and compensation measures specified in the agreement.</p> <p>These include the annual contribution of funding for landscape and ecological works; funding for a major woodland planting programme to address carbon offsetting; funding towards tourism promotion and; provision of financial security arrangements in relation to the development site.</p> <p>We will also consider the arrangements put in place by the Authority with partner organisations, involved in delivering the mitigation and compensation measures, to ensure that Section 106 funding is managed and spent effectively and in line with agreement.</p> <p>We will continue to meet with the Director for Polyhalite projects and other members of senior management to obtain the latest information on the Authority's Section 106 funding and the associated controls and governance frameworks.</p> <p>We will also consider any financial reporting implications arising from the recognition of Section 106 funding in the Authority's financial statements.</p>	<p>The Authority has put in place appropriate arrangements to ensure that Section 106 funding is spent in line with the mitigation and compensation measures specified by the agreement. The Authority has a Director of Polyhalite who has overall responsibility for managing the Section 106 agreement. She is supported by a dedicated minerals planner, a woodland creation team and the Authority's tourism and finance teams.</p> <p>Section 106 income and expenditure is monitored in year against budget, with regular reporting to the FRAS Committee. There is a strict separation of Section 106 Sirius monies from core resources. Any unspent income is treated as income in advance and carried in an earmarked reserve in the Authority's balance sheet. A compensation/mitigation plan is in place outlining how the Authority will spend the Section 106 monies. The Authority has engaged appropriately with partners regarding the section 106 agreement, with regular liaison with Sirius and other partners involved in the delivery of the agreement.</p> <p>In 2018-19, Section 106 spend in year was £1.252 million against a budget of £1.344 million. Some of the Landscape and Ecology projects that were planned for 2018-19 were not completed in the financial year due to constraints related to permissions, weather, pre-project health and safety work and shortage of craftspeople to deliver work on the ground. The amount of compensation provided in the agreement for the Core Policy D work exceeds the amount of woodland creation required in the early years of the agreement. As a result, £200,795 of the Core Policy D funding will be carried forward to 2019-20.</p> <p>As the woodland creation programme expands, this surplus will be reduced, however it is important that the Authority continues to plan for the scenario that it has to return some of its section 106 funding, if it is unspent over a three year period.</p>	<p>Auditor view</p> <p>The Authority has appropriate arrangements in place to manage the Section 106 agreement. The Authority has financial monitoring arrangements and plans to ensure spending is consistent with the terms of the agreement.</p> <p>Whilst there was a small underspend against budget in 2018-19 (of 7% of budget), the Authority is able to carry Section 106 funding forward for a maximum of three years. For 2019-20, plans are in place, which include spend of £375k from the Landscape and Ecology contribution and delivery of 50ha of woodland across the National Park from the Core Policy D contribution.</p> <p>We are therefore satisfied that the Authority has proper arrangements for sustainable resource deployment and working with partners and other third parties in relation to its Section 106 funding.</p> <p>Recommendation</p> <p>The Authority is attempting to plant significant woodland to utilise the Core Policy D element of its Section 106 funding. However, given the ongoing increases of Core Policy D funding and capacity/ logistical challenges around identifying locations for woodland creation, it is possible that carried forward Core Policy D funding could become more significant in future years and the risk of clawback will increase.</p> <p>We recommend the Authority continues to appropriately manage the programme and identifies areas of the National Park where woodland creation can take place in order to mitigate future clawback of Section 106 monies.</p> <p>Management response</p> <p>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.</p>

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 December 2017 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in 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 which were charged from the beginning of the financial year to 29 July 2019.

Appendix A: Action Plan

We have identified the following recommendations for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2019-20 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
<p>1</p> <p> Amber</p>	<p><u>Ownership of land and buildings:</u></p> <p>Issue:</p> <p>Our ownership testing of Property Plant and Equipment identified one asset (13 Bondgate) included on the Authority's Balance Sheet but not registered as owned by the Authority with the Land Registry.</p> <p>Risk:</p> <p>Whilst we are satisfied that this asset is owned by the Authority on a substance over form basis, there is a risk that disputes over ownership could arise if land and building are not formally registered with the land registry.</p>	<ul style="list-style-type: none"> We recommend 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 formalise its ownership rights over these assets. <p>Management response:</p> <p>It appears that an administrative error occurred when 13 Bondgate was registered with Land Registry and ownership incorrectly described as NYCC. There is no dispute whatsoever regarding ownership of the property but is agreed that it would be prudent to check this for all assets and take any necessary action. Work to be completed by 31 December 2019.</p>
<p>2</p> <p> Green</p>	<p><u>Authorisation of journals:</u></p> <p>Issue:</p> <p>Our audit work identified that there is no formal review of journals prior to posting to the ledger.</p> <p>Risk:</p> <p>Whilst we acknowledge that the controls around journals posting are proportionate to the size and complexity of the Authority, it would be best practice to introduce some form of approval process.</p>	<p>We recommend journals should be reviewed and approved by a second member of the finance team before being posted to the general ledger.</p> <p>Management response:</p> <p>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.</p>

Controls

-  High priority – Significant effect on control system (red)
-  Medium priority – Effect on control system (amber)
-  Low priority – Best practice (green)

Appendix A: Action Plan

Assessment	Issue and risk	Recommendations
<p>3</p> <p></p> <p>Amber</p>	<p>Section 106 Funding</p> <p>Issue:</p> <p>Our Value for Money Conclusion work has identified that the authority is attempting to plant significant woodland to utilise the Core Policy D element of its Section 106 funding.</p> <p>Risk:</p> <p>Given the ongoing increases of Core Policy D funding and capacity/ logistical challenges around identifying locations for woodland creation, it is possible that carried forward Core Policy D funding could become more significant in future years and the risk of clawback will increase.</p>	<p>We recommend 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.</p> <p>Management response:</p> <p>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.</p>

Controls

-  High priority – Significant effect on control system (red)
-  Medium priority – Effect on control system (amber)
-  Low priority – Best practice (green)

Appendix B: Follow up of prior year recommendations

The Predecessor Auditor, KPMG LLP, identified the following issue in their audit of the Authority's 2017-18 financial statements, which resulted in the recommendation being reported in their 2017-18 Audit Findings report. We have followed up on the implementation of this recommendations and feel there is still scope to strengthen processes for identifying Related Party Transactions. This has resulted in enhanced disclosures in this area within the revised version of the accounts (see also Appendix C).

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<p>1 Partially implemented</p>	<p><u>Related party transactions disclosures:</u></p> <p>Risk from 2017-18:</p> <p>There is no formal process in place for identifying related party transactions at year end.</p> <p>The Authority merely relies on directors/members telling the Authority that a transaction occurred in year so that it can be disclosed in the accounts. Therefore, the Authority does not have assurance that the related parties note in the accounts is complete and accurate.</p> <p>Recommendation from 2017-18:</p> <p>The Authority should implement a formal process to identify related party transactions.</p>	<p>Management response:</p> <p>As part of the 2018-19 accounts close down process a letter and questionnaire was sent to members and senior officers. If the responses received suggested a related party relationship with another individual/ organisation, the ledger was analysed for relevant transactions and disclosure was made in the accounts if material.</p> <p>Grant Thornton view:</p> <p>In 2018-19, the above process did not identify the North York Moors National Park Trust and other local authorities in the national park footprint as related parties, which we believe meet the definition of Related Parties as defined in accounting standards and the Code. We have discussed our views and management has agreed with our findings and this results in the enhanced related party disclosures noted in the revised accounts in Note 22 (see also Appendix C).</p> <p>Revised recommendation:</p> <p>In 2019-20, the Authority should update the Related Party Transaction questionnaire to ensure it captures all bodies where members and senior officers have decision making powers.</p> <p>The Authority should ensure appropriate disclosure of the transactions and balances between the Authority and these other bodies are included in the draft 2019-20 accounts in May 2020.</p> <p>Management response:</p> <p>The Authority will review the current Related Parties questionnaire and make any changes to ensure that it captures the relevant information as required per the CIPFA standards. New questionnaire to be agreed by 31 December 2019.</p>

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 items

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2019.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000
<p>1 PPE reclassification between buildings and plant and equipment: This adjustment is in respect of capital expenditure to the Danby Moors Centre of £324k which was initially accounted for as an addition to buildings and then impaired on the basis it did not add any value to the building.</p> <p>On review of the spend on the Centre, the Authority has agreed to classify this within the 'vehicle, plant and equipment' category and be valued at cost (given it relates to items of a furniture and fittings nature).</p> <p>This would increase the overall PPE balance by £324k and reduce impairment losses charged to the Comprehensive Income and Expenditure Statement for Year Ended 31 March 2019. This adjustment also impacts the in year depreciation charge by £x??.</p>	<p>TBC on receipt of updated Financial Statements</p> <p><i>Impairments xxx</i></p> <p><i>Depreciation xxx</i></p>	<p>TBC on receipt of updated Financial Statements</p>	<p>TBC on receipt of updated Financial Statements</p>
<p>2 Legal costs classification: This adjustment is to move legal costs of £11k from provisions to creditors. This is as a result of the greater certainty over payment of these legal costs, following a legal judgement received in June 2019. The draft accounts disclosed the balance appropriately in provisions as at 31 May, however, accounting standards require us to take into account relevant information up to the signing our opinion.</p>		<p>11 – increase in creditors (11) – decrease in provisions</p>	<p>Nil impact. Classification change within the balance sheet only.</p>

Appendix C: Audit Adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000
<p>Potential impact of the McCloud judgement</p> <p>The legal ruling around age discrimination (McCloud - Court of Appeal) has implications for pension schemes where transitional arrangements on changing benefits have been implemented.</p> <p>The Council has received an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of c£400k (c£300 in respect of McCloud and c£100k in respect of GMP).</p> <p>We will verbally confirm the actual impact of this at the Committee on 29 July 2019.</p>	<p><i>Xxx</i></p> <p><i>Impact on CIES, then reversed in MIRS??</i></p>	<p>c400</p> <p>Increase in pension liability (c400)</p> <p>Decrease in pension reserve</p>	<p>There is no impact on the Authority's useable reserves arising from this adjustment.</p>
Overall impact	£X,XXX to complete	£X,XXX to complete	£X,XXX to complete

Appendix C: Audit Adjustments

Misclassification and presentational / 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	Auditor recommendations	Adjusted?
External Audit Cost (Note 20)	<ul style="list-style-type: none"> £2k increase in the audit fee disclosed in the table 	This is to reflect the external audit fee as set by PSAA and included in our Audit Plan and disclosed at Appendix D of this report.	✓
Related Party Transactions (RPTs) (Note 22)	<ul style="list-style-type: none"> Increased disclosure of other bodies which are related to the Authority 	<p>Following our review of the initial RPTs disclosure note, we proposed the Authority updates the note to show the Authority's transactions and balances with other related entities including; North York Moors National Park Trust, North Yorkshire County Council, Redcar and Cleveland Borough Council, Scarborough Borough Council and Hambleton District Council.</p> <p>These are now reflected in the updated RPT note.</p>	✓
Disclosure of Remuneration (Note 18)	<ul style="list-style-type: none"> To include the salary and pension contribution of the Director of Polyhalite 	This was originally omitted from the draft version of the accounts. This is to be included in the revised accounts.	✓
Accounting policies	<ul style="list-style-type: none"> To move the Authority's accounting policies after the primary statements 	The Authority appropriately disclosed its accounting policies in the draft accounts, however the location of the policies was before the primary statements. Management has moved the accounting policies disclosure to after the primary statements in the revised accounts.	✓
Income and Expenditure by Nature note	<ul style="list-style-type: none"> To move the I&E by Nature note to after the primary statements 	The draft accounts included a helpful note for the reader of the accounts which disclosed the overall income and expenditure items of the Authority. However, the note was originally included within the primary 'core' statements section of the accounts. As this note is not a primary statement, had the note remained in this position it would not have been included in our audit opinion. Management has moved the location of the note to after the primary statements in the revised accounts.	✓
AGS	<ul style="list-style-type: none"> To enhance the AGS, a small number of suggested amendments were brought to management's attention 	<p>The draft AGS was updated in respect of the following areas:</p> <ul style="list-style-type: none"> The first bullet in paragraph 3.2 was updated to reflect 2019 Customer Service Excellence results Paragraph 3.17 was updated to reflect Head of Internal Audit opinion for 2018-19. 	✓
Narrative Report	<ul style="list-style-type: none"> To enhance the Narrative Report, a small number of suggested amendments were brought to management's attention 	<p>The draft Narrative Report was updated in respect of the following areas:</p> <ul style="list-style-type: none"> Commentary on how the Authority has used its resources to achieve its desired outcomes in line with its objectives and strategies Information on the external environment in which the Authority operates Information on inputs, outputs, operational activities of the authority's key services Significant future opportunities to develop services along with key risks and uncertainties An analysis of performance of the Authority in the financial year. 	✓

Appendix D: Fees

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

Audit Fees

	Proposed fee	Final fee	2017-18 fee (to predecessor auditor)
Authority Audit	£9,252*	£9,252	£12,016
Total audit fees (excluding VAT)	£9,252	£9,252	£12,016

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

** We wish to note that in light of the additional audit work to be performed on the Pension balances and entries in the Authority's accounts (as a result of the McCloud judgement and GMP), there is likely to be an additional fee proposed for this audit work. We will discuss any additional fees with the S151 Officer and the FRAS Committee. We will provide an update on this in our Annual Audit Letter, due to be presented to the FRAS Committee on 27 August 2019.*

Appendix E: Audit opinion (proposed)

We anticipate we will provide the Authority with an unmodified audit opinion following the Scrutiny Committee on 29 July 2019.

Independent auditor's report to the members of North York Moors National Park Authority

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 2019 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement for year ended 31 March 2019, the Balance Sheet as at 31 March 2019, the Cash Flow Statement for Year Ended 31 March 2019, and notes to the financial statements, including the Statement of 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 2018/19.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; 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.

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 Section 151 Officer and Treasurer to the North York Moors National Park Authority's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Section 151 Officer and Treasurer to the North York Moors National Park Authority 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.

Other information

The Section 151 Officer and Treasurer to the North York Moors National Park Authority is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Statement and the Annual Governance Statement, other than the financial statements and, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Audit opinion (proposed)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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)' 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 Statement and 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 Section 151 Officer and Treasurer to the North York Moors National Park Authority and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 24, 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 Section 151 Officer and Treasurer to the North York Moors National Park Authority. The Section 151 Officer and Treasurer to the North York Moors National Park Authority 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 2018/19, for being satisfied that they give a true and fair view, and for such internal control as the Section 151 Officer and Treasurer to the North York Moors National Park Authority 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 Section 151 Officer and Treasurer to the North York Moors National Park Authority 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.

Audit opinion (proposed)

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 its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, 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 2019.

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 November 2017, 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 2019.

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 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.

To be signed

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

Leeds



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