Yorkshire Dales National Park Authority

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP
Public Sector Audit Appointments Ltd (PSAA) have issued a "Statement of responsibilities of auditors and audited bodies". It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk).

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

The "Terms of Appointment (updated 23 February 2017)" issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure - If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.
Executive Summary
Executive Summary

We are required to issue an annual audit letter to Yorkshire Dales National Park Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

<table>
<thead>
<tr>
<th>Area of Work</th>
<th>Conclusion</th>
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<tbody>
<tr>
<td>Opinion on the Authority’s:</td>
<td>Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended</td>
</tr>
<tr>
<td>► Financial statements</td>
<td></td>
</tr>
<tr>
<td>► Consistency of other information published with the financial statements</td>
<td>Other information published with the financial statements was consistent with the Annual Accounts</td>
</tr>
<tr>
<td>Concluding on the Authority’s arrangements for securing economy, efficiency and effectiveness</td>
<td>We concluded that you have put in place proper arrangements to secure value for money in your use of resources</td>
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<table>
<thead>
<tr>
<th>Area of Work</th>
<th>Conclusion</th>
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<tbody>
<tr>
<td>Reports by exception:</td>
<td></td>
</tr>
<tr>
<td>► Consistency of Governance Statement</td>
<td>The Governance Statement was consistent with our understanding of the Authority.</td>
</tr>
<tr>
<td>► Public interest report</td>
<td>We had no matters to report in the public interest.</td>
</tr>
<tr>
<td>► Written recommendations to the Authority, which should be copied to the Secretary of State</td>
<td>We had no matters to report.</td>
</tr>
<tr>
<td>► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014</td>
<td>We had no matters to report.</td>
</tr>
</tbody>
</table>
Reporting to the National Audit Office (NAO) on our review of the Authority’s Whole of Government Accounts return (WGA).

The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

<table>
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<th>Conclusion</th>
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<tr>
<td>Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.</td>
<td>Our Audit Results Report was presented at the Authority meeting on 28 September 2017</td>
</tr>
<tr>
<td>Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office’s 2015 Code of Audit Practice.</td>
<td>Our certificate was issued on 28 September 2017.</td>
</tr>
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</table>

We would like to take this opportunity to thank the Authority’s staff for their assistance during the course of our work.

Hassan Rohimun  
Associate Partner  
For and on behalf of Ernst & Young LLP
Purpose
Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the Audit and Review Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.
Responsibilities
Responsibilities

Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 11 April 2017 and is conducted in accordance with the National Audit Office’s 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

► Expressing an opinion:
  ► On the 2016/17 financial statements; and
  ► On the consistency of other information published with the financial statements.

► Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.

► Reporting by exception:
  ► If the annual governance statement is misleading or not consistent with our understanding of the Authority;
  ► Any significant matters that are in the public interest;
  ► Any written recommendations to the Authority, which should be copied to the Secretary of State; and
  ► If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.
Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
Financial Statement Audit
Financial Statement Audit

Key Issues

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

We audited the Authority’s Statement of Accounts in line with the National Audit Office’s 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 28 September 2017.

Our detailed findings were reported to the September 2017 Audit and Review Committee.

The key issues identified as part of our audit were as follows:

<table>
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<tr>
<th>Significant Risk</th>
<th>Conclusion</th>
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<tr>
<td>Management override of controls</td>
<td>• We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements;</td>
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<td>• We tested a sample of journal entries across the year based on appropriate risk based criteria to identify potential manipulation of revenue;</td>
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<td>• We reviewed accounting estimates for evidence of management bias as identified in the response to revenue recognition;</td>
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<td>• We evaluated the business rationale for any significant unusual transactions. No such transactions were identified; and</td>
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<td></td>
<td>• We reviewed the accounting adjustments processed and disclosed in the Movement in Reserves Statement and supporting notes</td>
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</table>

We did not identify any material weaknesses in controls or evidence of material management override.
We did not identify any instances of inappropriate judgements being applied.
We did not identify any other transactions during our audit which appeared unusual or outside the Authority’s normal course of business.
Revenue and expenditure recognition
Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation. We respond to this risk by reviewing and testing material revenue and expenditure streams and revenue cut-off at the year end.

- We reviewed and tested revenue and expenditure recognition policies;
- We reviewed accounting estimates for evidence of management bias. This included testing of expenditure accruals and provisions;
- We reviewed the financial statements for evidence of significant or unusual transactions. No such transactions were identified;
- We tested a sample of income and expenditure transactions from material revenue streams including year-end debtor and creditor balances;
- We tested cut-off of income and expenditure at the year-end; and
- We conducted testing to identify any unrecorded liabilities at the year-end.

Our testing did not reveal any material misstatements with respect to revenue and expenditure recognition.
Overall our audit work did not identify any issues or unusual transactions which indicated that there had been any misreporting of the Authority’s financial position.

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

Our application of materiality
When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

<table>
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<tr>
<th>Item</th>
<th>Thresholds applied</th>
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| Planning materiality | We determined planning materiality to be £134k (2016: £118k), which is 2% of gross expenditure reported in the accounts of £6,733k  
We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority. |
Reporting threshold

We agreed with the Authority that we would report all audit differences in excess of £6.7k (2016: £5.1k)

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. For these areas we have set materiality as £1k or to the extent and error may change relevant reported bandings,

- Related party transactions. For any errors identified in related parties we have considered the concept of the materiality of transactions and balances as would be relevant to the related individual or organisation.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.
Value for Money
Value for Money

We are required to consider whether the Authority has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.
We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Authority’s arrangements.

We therefore issued an unqualified value for money conclusion on 28 September 2017.
Other Reporting Issues
Other Reporting Issues

Whole of Government Accounts
The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement
We are required to consider the completeness of disclosures in the Authority’s annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest
We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations
We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received
We did not receive any objections to the 2016/17 financial statements from member of the public.

Other Powers and Duties
We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.
Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Review Committee on 28 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit and Review Committee.