

Northumberland National Park Authority

Annual Audit Letter on the 2013/14 Audit

October 2014

Members of the Northumberland National Park
Authority
Eastburn
South Park
Hexham
Northumberland
NE46 1BS

29 October 2014

Dear Sirs

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

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

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

This letter has been agreed with the Finance Manager. A copy of the letter will be provided to all Members.

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



Celia Craig (Engagement Lead)
For and on behalf of Deloitte LLP
Appointed auditor
Newcastle, United Kingdom

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Key messages

Statement of Accounts

Unqualified opinion issued on 17 September 2014

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

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

We issued an unmodified audit opinion on the Statement of Accounts on 17 September 2014.

Value for money conclusion

Unqualified opinion issued on 17 September 2014

We issued an unqualified Value for Money conclusion on 17 September 2014.

Annual Governance Statement

All relevant governance matters were adequately and appropriately disclosed

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

Whole of Government accounts and audit certificate

Confirmed no return required on 17 September 2014

The Whole of Government Accounts return was presented for audit before the deadline set by HM Treasury. We confirmed to the National Audit Office that a return was not required for the Authority on the basis that it was below the audit threshold.

The certificate of completion of the audit was issued on 17 September 2014.

Financial reporting systems

No significant weaknesses noted

We did not identify any significant weaknesses in the financial reporting systems. This was reported to the National Park Authority on 17 September 2014.

Responsibilities and scope

Responsibilities of the Authority and Auditor

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

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

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

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

The scope of our work

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

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

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

The audit of the accounts

Key issues arising from the audit of the accounts

Statement of Accounts

Unmodified opinion issued on 17 September 2014

Before we give our opinion on the accounts, we are required to report to those charged with governance any significant matters arising from the audit. A detailed report was discussed with the Members of the National Park Authority on 17 September 2014 and there were no significant issues to report.

We issued an unmodified opinion on the Authority's 2013/14 Statement of Accounts on 17 September 2014, in advance of the deadline set for local government bodies of 30 September 2014.

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

Key issues from work performed on the Statement of Accounts

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

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

The finance staff were helpful throughout the process and responded swiftly to all queries. This performance reflects well on the professionalism of the finance staff and their commitment to maintaining high-level controls over financial systems. There were no material misstatements noted that would impact net assets or the surplus on the provision of services.

One immaterial misstatement was noted in relation to grant income whereby a grant in relation to wildfire detection from Northumberland County Council, had been incorrectly recognised as a revenue grant rather than a capital grant. Management corrected this within the financial statements and the related asset was capitalised. Our review of grant income indicated no further issues regarding misclassification of grants between capital and revenue.

One further immaterial uncorrected adjustment was identified in relation to the understatement of £19k of pension assets within the pension fund liability. It should be noted that the misstatement did not arise due to management error but relates to a timing difference as a result of the late receipt of investment manager reports as at 31 March 2014. This misstatement was assessed to be immaterial to the accounts.

Annual Governance Statement

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

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

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

The audit of the accounts (continued)

Key issues arising from the audit of the accounts

Whole of Government Accounts return

Confirmed no return required on 17 September 2014

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

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

Audit Certificate

Issued on 17 September 2014

When our audit is complete we are required to certify the closure of the audit. The certificate was issued on 17 September 2014.

Local challenge work

No local challenge work was undertaken in the year

No issues were raised with us by members of the public in the 2013/14 financial year.

Value for money

Background and approach

Under the Audit Commission Code of Audit Practice, as appointed auditors, we are required to draw a positive conclusion regarding the Authority's arrangements to secure economy, efficiency and effectiveness of its use of resources (the value for money ("VFM") conclusion). The specified criteria for our VFM conclusion is;

- the organisation has proper arrangements in place for securing financial resilience; and
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

In 2013/14, as set out in the "Work Programme and Scales of Fees 2013/14 – Local government, housing and community safety", our audit work consisted of the following:

- review of the Annual Governance Statement;
- review of the results of any work of the Audit Commission and other relevant regulatory bodies or inspectorates, to consider whether there was any impact on our responsibilities as auditor of the Authority; and
- other local risk-based work as appropriate, or any work mandated by the Audit Commission.

We did not identify any local risk-based work to be undertaken, or any work mandated by the Audit Commission.

The VFM conclusion

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

Other matters

Reports issued

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

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

Analysis of audit fees

	2013/14 £	2012/13 £
Total fees for the audit of the annual accounts, WGA and VFM conclusion (excluding VAT)	11,568	11,568
Fees payable for local challenge work	-	-
Fees payable for grant certification	-	-
Total	11,568	11,568

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

In March 2014 the Audit Commission agreed a rebate to be distributed across local audit bodies. The rebate was set at 13.7 per cent of the 2012/13 annual audit fee. The rebate received by the Authority was £1,583.

Grants

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

Independence and objectivity

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

Responsibility statement

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

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

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

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

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