

Northumberland National  
Park Authority

Annual Audit Letter

on the 2012/13 Audit

October 2013

DRAFT

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

28 October 2013

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 year ended 31 March 2013.

Although this letter is addressed to the members of Northumberland National Park Authority (“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](http://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 from [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk).

This letter has been discussed and agreed with the Head of Corporate Services. 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 which supports the Authority’s own agenda. We recognise the value of your co-operation and support.

Engagement Lead

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# 1. Key messages

## Statement of Accounts

### Unqualified opinion issued on 11 September 2013

In 2012/13 the Authority was required to prepare its Statement of Accounts in accordance the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 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 unqualified audit opinion on the Statement of Accounts on 11 September 2013.

## Value for money conclusion

### Unqualified opinion issued on 11 September 2013

We issued an unqualified value for money conclusion on 11 September 2013.

## Annual Governance Statement

### All relevant governance matters were adequately and appropriately disclosed

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

## Whole of Government accounts and audit certificate

### Positive Shortform Assurance Statement issued on 4 October 2013

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. Our work was limited to ensuring the pension and property, plant and equipment balances were consistent with the financial statements. We issued a positive Shortform Assurance Statement on the Whole of Government Accounts return on 4 October 2013.

The certificate of completion of the audit was issued on 4 October 2013.

## Financial reporting systems

### No significant weaknesses were noted

We did not identify any significant weaknesses in the financial reporting systems and the control observations noted in our report were considered to be minor. Control observations were reported to the Full Authority meeting on 11 September 2013 as part of our report on significant matters arising from our audit.

The Authority needs to implement the actions noted in the management response to the control observations raised in our reports to those charged with governance.

It was noted that the Authority omitted to publish the signed financial statements on the Authority's website in advance of the 30 September deadline. However, we acknowledge this was due to an administrative oversight. Going forward, the Authority should ensure it follows the correct protocol regarding the publication of the accounts on its website.

## 2. Responsibilities and scope

### Responsibilities of the Authority and Auditors

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 2012/13 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing auditors to local public bodies in England.

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 accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money 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 accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13 based on IFRS and other relevant legislation. We conducted our work on the value for money conclusion in line with guidance received from the Audit Commission for the financial year ended 31 March 2013.

# 3. The audit of the accounts

## Key issues arising from the audit of the accounts

### Statement of Accounts

#### Unqualified opinion issued on 11 September 2013

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 Full Authority meeting on 11 September 2013 and there were no significant issues to report.

We issued an unqualified opinion on the Authority's 2012/13 accounts on 11 September 2013, in accordance with the deadline set for local government bodies. 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

#### One material misstatement was noted and corrected by management.

#### There were no other material misstatements noted that would increase or decrease net assets or the surplus on the provision of services

We received a set of draft accounts, 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. One material adjustment was noted and corrected by management in relation to the valuation of a surplus asset. Management contracted an external expert to revalue the land and buildings, however following our review, it was noted that the surplus asset in question was not valued on the most appropriate basis. Management requested that the external expert revalue the asset on the appropriate basis and an adjustment was recorded in the financial statements to ensure the revised value was reflected. This adjustment did not impact the Authority's usable reserves.

There were no other material misstatements noted that would increase or decrease net assets or the surplus on the provision of services.

### Annual Governance Statement

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

As appointed auditors, 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 of Audit Practice, and our understanding of the Authority's Governance arrangements. We have concluded that the Statement includes all appropriate disclosures and is consistent with our understanding of the Authority's governance arrangements and internal controls derived from our audit work.

### Whole of Government Accounts return

#### Positive Shortform Assurance Statement issued on 4 October 2013

The Whole of Government Accounts return was presented for audit by the deadline set by HM Treasury. Our work was limited to ensuring the pension and property, plant and equipment balances were consistent with the financial statements. We issued a positive Shortform Assurance Statement on the Whole of Government Accounts return on 4 October 2013.

### Audit Certificate

#### Issued on 4 October 2013

When our audit is complete we are required to certify the closure of the audit. The certificate was issued on 4 October 2013.

# 4. 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 organisation's arrangements to secure economy, efficiency and effectiveness of its use of resources (the value for money (VfM) conclusion). In 2012/13 as set out in the *Work Programme and Scales of Fees 2012/13: Local Government*, the approach to local VfM audit work at specified bodies, including the Authority, is not based on criteria specified by the Commission. For 2012/13, auditors of these bodies are required to meet their VfM duty by:

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

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

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## The VfM conclusion

Having performed our work in line with guidance received from the Audit Commission we issued an unqualified value for money conclusion for the 2012/13 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.

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## Financial resilience

We have considered the financial standing of the Authority as at 31 March 2013. We have assessed this based on current/on-going expenditure demands, expected income levels and the current cash position of the Authority. Following the Government's comprehensive spending review, the extent of reduction in the funding settlement, and major changes in Government policy, the Authority continues to face severe financial pressures over the next few years with the Authority being required to make savings in real terms of 30% by 2015. A medium term financial plan (MTFP) is in place covering the period 2013/14 to 2015/16, with an overall balanced budget being identified across this period. Based upon review of the MTFP, the response of the Authority to the financial pressures is considered to be appropriate.

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# 5. Other matters

## Reports issued

Reports issued during the course of the 2012/13 audit included:

- Fee letter;
- Audit plan;
- Report to those charged with governance on the 2012/13 audit; and
- Annual audit letter.



## Analysis of audit fees

Audit fees charged were as follows:

	2013 £'000	2012 £'000
Total fees for the audit (excluding VAT)	12	19

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

## Independence and objectivity

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

*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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