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Northumberland National Park Authority

Report on the financial statement audit for the year ended 31 March 2013

August 2013

Deloitte.

Deloitte LLP
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Members
Northumberland National Park Authority
Eastburn
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27 August 2013

Dear Sirs

We have pleasure in setting out in this document our report to the Northumberland National Park Authority for the year ended 31 March 2013, for discussion at the meeting scheduled for 11 September 2013. This report covers the principal matters that have arisen from our audit for the year ended 31 March 2013.

In summary:

- the major issues, which are summarised in the Executive Summary, have now been largely addressed and our conclusions are set out in our report; and
- in the absence of unforeseen difficulties, management and we expect to meet the agreed audit and financial reporting timetable.

We would like to take this opportunity to thank the management team for their assistance and co-operation during the course of our audit work.

Yours faithfully

Deloitte LLP

Deloitte LLP
Chartered Accountants
Newcastle upon Tyne

Contents

Executive summary

Status	Description	Detail
Completion of the audit		
Our audit is largely complete.	The status of the audit is as expected at this stage of the timetable agreed in our audit plan. Key items outstanding: • final accounts review; • receipt of letter of representation; • receipt of Whole of Government Accounts and completion of work; • receipt of assurance over plan assets from Northumberland Pension Fund auditors; and • final review and close down procedures, including the subsequent events review.	
Overall view		
We anticipate issuing an unmodified financial statement audit opinion.	On satisfactory completion of the outstanding matters, we anticipate issuing an unmodified audit opinion on the truth and fairness of the financial statements. The matters that we have taken into account in forming our overall view are described in the following sections.	N/A
Significant audit risks		
Testing on all audit risks is substantially completed with no issues arising.	A summary of our key findings on the audit risks identified are outlined below. • **Impact of public sector funding cuts** We found no evidence of adverse impact on the internal control environment arising from resource pressures during the course of our audit. • **Management override of controls** No instances of management override of controls were noted. • **Revenue recognition** Grant income has been tested to ensure it has been recognised in line with any attached conditions. No issues were noted from this testing. • **Revaluation of fixed assets** A sample of the revaluations of land and buildings has been reviewed by our in-house property specialists. One material adjustment was identified in relation to the revaluation of Ingram Visitor Centre. This has been corrected by management in the accounts.	Section 1

Executive summary (continued)

<table>
<tr><th>Status</th><th>Description</th><th>Detail</th></tr>
<tr><td colspan="3">Our observations on your financial statements</td></tr>
<tr><td>No issues were identified in relation to the accounting policies, judgements or financial reporting.</td><td>Accounting policies and financial reporting
As part of our audit, we consider the quality and acceptability of the Authority’s accounting policies and financial reporting. We have nothing to report in these areas.

Financial Standing
We have considered the financial standing of the Authority through review of the outturn achieved in 2012/13, the medium term business plan and the budget for 2013/14. The Authority is clearly facing significant financial challenges but we have no specific concerns over the response to those challenges or the financial standing of the Authority.

Pension liability
Assumptions applied in the valuation of the pension liability have been assessed by our in-house specialists as being slightly towards the prudent end of the range they expect to see. No issues were identified during the course of our work.</td><td>Section 3</td></tr>
<tr><td colspan="3">Value for money conclusion</td></tr>
<tr><td>Our work supports an unqualified VFM conclusion.</td><td>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 line with Audit Commission guidance, this work is limited to review of the Annual Governance Statement.
No issues have been noted from our work and we intend to issue an unqualified VFM conclusion.</td><td>Section 2</td></tr>
<tr><td colspan="3">Accounting and internal control systems</td></tr>
<tr><td>We have raised two insights over the internal control systems, although these are not considered significant control deficiencies.</td><td>As set out in the Annual Governance Statement, management have assessed the governance arrangements and control environment to be satisfactory. This concurs with our audit findings which did not identify any significant deficiencies in the financial reporting systems.

We have raised insights in the following areas:
• cut off of rental income; and
• cut off of credit card expenses.
These items did not constitute a key audit risk.</td><td>Section 4</td></tr>
</table>

Executive summary (continued)

Status	Description	Detail
Liaison with Internal Audit		
We have reviewed findings of Internal Audit. No issues were noted.	The audit team, following an assessment of the independence and competence of internal audit, reviewed the findings of Internal Audit and considered the potential impact on our audit approach. No issues of concern were noted and no change to our audit approach was required.	N/A
Identified misstatements and disclosure misstatements		
There were no material uncorrected misstatements or disclosure deficiencies identified.	The materiality we have applied for our audit of the Authority is £96,000 (2011/12: £78,950). All material misstatements and disclosure deficiencies have been corrected by management. We have nothing further to note in relation to the presentation of the financial statements. Details of audit adjustments are included in Appendix 1.	Appendix 1
Independence		
We are compliant with the relevant independence requirements.	Our reporting requirements in respect of independence matters, including fees, are covered in Section 5.	Section 5
Management representations		
We request the Members approve the management representation letter to be signed on their behalf.	A draft of the representation letter to be signed on behalf of the Authority has been included at Appendix 3.	Appendix 3

1. Significant audit risks

We have performed testing on the financial statements in line with our audit plan and applying the materiality level as set out on page 3. This section details the significant audit risks identified as communicated to you in our planning report. The results of our audit work on significant audit risks are set out below:

Impact of public sector funding cuts

Based on our audit procedures there have been no issues noted in this area.

Risk

The Authority is currently under both financial and resource pressures as a result of the Comprehensive Spending Review which has seen year on year reductions in the main DEFRA grant. This may lead to increased pressures of internal controls and budgeting capabilities.

Deloitte response

The impact of the financial and resource pressures on the Authority, and particularly on its internal controls, have been considered throughout the performance of our audit procedures. No control issues were identified except for minor changes in relation to processing and accounting accuracy, see details in Section 4. We have also reviewed Internal Audit reports, the Authority's budget going forward and its outturn against budget for 2012/13 with no issues of audit concern noted.

Management override of controls

No instances of override of controls by management have been noted.

Risk

International Standards on Auditing (UK and Ireland) require auditors to presume that there is a risk of fraud in relation to management override of controls, and to perform specific procedures to address this risk.

Deloitte response

For a sample of journals we have reviewed the accounting treatment and obtained an understanding of the business rationale with a focus on any that appear to be unusual given our understanding of the Authority and its environment. We have also reviewed the minutes of the Authority meetings to understand key control issues identified and addressed during the year. Through these procedures we have not identified any instances whereby management have circumvented controls.

Revenue recognition

Based on our testing income has been recognised in line with the requirements of the Code.

Risk

International Standards on Auditing (UK and Ireland) 240, "The auditor's responsibility to consider fraud in an audit of financial statements", requires auditors to perform certain audit procedures related specifically to fraud risk, and requires a presumption that revenue recognition is a key audit risk.

For the Authority we consider that the specific revenue recognition risk relates to the cut off of grant funding.

Deloitte response

We have tested a sample of grants received in the year to ensure that the Authority has met the grant conditions and therefore it is appropriate to recognise the income in 2012/13 or that the grant conditions have not been met and it is appropriate to defer the recognition of the income. All grants reviewed had been treated appropriately.

1. Significant audit risks (continued)

Revaluation of Fixed Assets

One material adjustment has been proposed to restate the valuation of Ingram Visitor Centre which had been over-valued.

Risk

During the year a revaluation of property assets held was undertaken by the Valuers of Newcastle City Council on behalf of the Authority. This was assessed to be an audit risk due to the material size of the balance, the judgemental nature and complexities caused by changes in use and the category in which the assets sit and therefore the valuation method that is required to be used under IFRS.

Deloitte response

We selected a sample of properties which were reviewed by our in-house valuation specialists. Our sample included the Ingram Visitor Centre as, following the revaluation exercise, management at NNPA had challenged the high valuation of Ingram with Newcastle City Council and shared their concerns with Deloitte. An issue was noted in relation to the valuation as Ingram was reclassified as a surplus asset in year and due to the specialised nature of the property, the Valuers valued it based on depreciated replacement cost (DRC), resulting in an increase in value of £329,326 from £132,201 to £461,527.

As set out in the Code, DRC 'provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation'. Our specialists challenged whether such an increase was reasonable and whether the relevant deductions in relation to obsolescence had been included. The Valuers revisited the valuation and provided a revised valuation of £272,840 which is not materially inconsistent with the range (£150,000 to £250,000) considered to be reasonable by our specialists. Management has subsequently updated the accounts to reflect the amended valuation of Ingram. As Ingram was the only property valued on the DRC basis following being reclassified as surplus in and no other issues were noted in relation to the other asset valuations reviewed we are satisfied that the error is isolated to Ingram.

Our specialists also made the following observations in relation to the valuation report and information provided by the Newcastle City Council Valuers:

- the Council's valuation team should ensure that they are fully appraised of current valuation guidance;
- for each valuation the valuer should provide reference to directly comparable market evidence and specific commentary on the assumptions made for market rents, yields, build costs and land values adopted;
- the valuer should also provide some explanation of their valuation approach, as the 'Valuation Certificates' provided had insufficient information to verify that the approach and key inputs are appropriate; and
- The Authority should review the requirements of the Code in relation to componentisation and determine a policy which sets a de minimus level for the componentisation of assets.

2. Value for Money Conclusion

Value for money (VFM) conclusion	
The requirement	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).
Work completed	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 will continue to meet their VFM duty by: • reviewing the Annual Governance Statement; • reviewing the results of the work of the Commission and other relevant regulatory bodies or inspectorates, to consider whether there is any impact on the auditor’s responsibilities at the audited body; and • undertaking other local risk-based work as appropriate, or any work mandated by the Commission. We have not identified 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.
Conclusion	We intend to issue an unqualified VFM conclusion.

3. Our observations on your financial statements

In the course of our audit on the financial statements, we consider the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. Our comments on the quality and acceptability of the group's accounting policies and estimates are discussed below.

We have considered the accounting policies as set out in the financial statements and consider them to be in line with the Code of Practice. In addition, we are required to consider going concern. However, in the context of the Authority this takes the form of consideration of financial standing.

We have considered the financial standing of the Authority through review of the outturn in 2012/13, the medium financial plan and the budget for 2013/14. The Authority is clearly facing significant financial challenges but we have no specific concerns over the response to those challenges or the financial standing of the Authority.

Other accounting judgements that were not identified as an audit risk:

Pension liability	
Background	In the current climate the choice of pension inflation, discount, and yield assumptions will be both difficult and judgemental. Small and apparently insignificant changes to these key assumptions can have material consequences for the actuarial assessment of the liability included within the financial statements of the Authority. However, there is no history of error in relation to the accounting for this balance and so we do not consider it to be a significant audit risk.
Deloitte response	Pension assumptions have been reviewed by our in house pension specialists and they have determined that they are slightly towards the prudent end of the reasonable range of assumptions and we have not identified any issues from our work.

4. Accounting and internal control systems

Control observations

During the course of our audit we identified two control observations, which are not considered to be significant control deficiencies and detailed below.

Cut off of rental income	
Background	The Authority raises an invoice on the Tenants to cover the 12 months rent due from the anniversary date, which can extend beyond the year end cut off date. The correct rental income is recognised as income in the year but the invoice for the full year is posted to debtors and is shown as an outstanding debtors payment even though the rent for the period after year end and is not overdue. The offsetting entry is to credit income in advance in the balance sheet. This means that the debtors ageing analysis is misleading as amounts relating to post year end rent appear as >90 days overdue and the debtor income in advance balances are overstated.
Deloitte recommendation	Whilst the total error is small at c.£5k this may become an issue in future periods as the Authority seeks to increase the level of income generate from such revenue streams. Rental income should be accounted for on an accruals basis and care taken to ensure income in advance is only recognised when cash has actually been received.
Management response	Balances are immaterial in the current year and therefore no adjustment has been processed. However management have agreed that rental income should be accounted for on an accruals basis going forward.

Fuel card and credit card expense cut off	
Background	Fuel card expenses have not been accounted for on an accruals basis. The Authority adopts a policy of accounting for fuel card expenses by ensuring 12 months are included in the current year. This means that March 2012 expenses are included in 2012/13 and March 2013 in 2013/14. Whilst fuel card expenses are usually comparable month by month expenses should be accounted for on the accruals basis. We understand from discussions that credit cards and employee / volunteer expenses are generally treated in this manner, however, in the current year an accrual was made following a review of employee/volunteer expenses which identified a larger movement. The balances relating to fuel card and credit card expenses were small compared to our threshold levels in the current year so no adjustment has been proposed.
Deloitte recommendation	Accruals should be made at year end for the March fuel card and credit card expenses incurred but not yet paid.
Management response	The balances are reviewed as part of the year end reporting process and accruals made for any large changes from the prior year, although it is accepted that the accruals basis is the appropriate accounting treatment.

5. Independence

As part of our obligations under International Standards on Auditing (UK & Ireland) we are required to report to you on the matters listed below.

Confirmation	
We can reconfirm our independence from the Authority.	We confirm that we comply with APB Revised Ethical Standards for Auditors and that, in our professional judgement, we are independent and our objectivity is not compromised.

Non-audit services	
No non-audit services have been provided.	In our opinion there has been no breach of the APB Revised Ethical Standards for Auditors. The Authority does not have a formal policy for the supply of non-audit services but no matters have arisen in the current or recent years. We have not provided any non-audit services to the Authority.

Fees	
Audit fees are set by the Audit Commission.	The fees payable to Deloitte for the audit of the annual accounts (excluding VAT) were in line with the fee of £11,568 set by the Audit Commission. No non-audit fees were received.

6. Responsibility statement

The Audit Commission published a ‘Statement of responsibilities of auditors and of audited bodies’ alongside the Code of Audit Practice. The purpose of this statement is to assist auditors and audited bodies by summarising where, in the context of the usual conduct of the audit, the different responsibilities of auditors and of the audited body begin and end, and what is expected of the audited body in certain areas. The statement also highlights the limits on what the auditor can reasonably be expected to do.

Our audit plan has been prepared on the basis of, and our audit work carried out in accordance with the Code and the Statement of Responsibilities, copies of which has been provided to the Authority by the Audit Commission.

While our reports may include suggestions for improving accounting procedures, internal controls and other aspects of your business arising out of our audit, we emphasise that our consideration of the Authority’s system of internal control as conducted solely for the purpose of our audit having regard to our responsibilities under Auditing Standards and the Code of Audit Practice. We make these suggestions in the context of our audit but they do not in any way modify our audit opinion which relates to the financial statements as a whole. Equally, we would need to perform a more extensive study if you wanted us to make a comprehensive review for weaknesses in existing systems and present detailed recommendations to improve them.

Any conclusion, opinion or comments expressed herein are provided within the context of our opinion on the financial statements and our conclusion on value for money as a whole, which was expressed in our auditors’ report.

We view this report as part of our service to you for use as Members for Corporate Governance purposes and it is to you alone that we owe a responsibility for its contents. We accept no duty, responsibility or liability to any other person as the report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

If you intend to publish or distribute financial information electronically or in other documents, you are responsible for ensuring that any such publication properly presents the financial information and any report by us thereon, and for the controls over and security of the website. You are also responsible for establishing and controlling the process for electronically distributing accounts and other information.

Deloitte LLP

Deloitte LLP

Chartered Accountants

Newcastle upon Tyne

August 2013

Appendix 1: Audit adjustments

Uncorrected misstatements

The following uncorrected misstatements have been identified up to the date of this report which, as required by International Standards on Auditing (UK & Ireland):

	(Credit)/ charge to current year income statement £	Increase/ (decrease) in net assets £	(Increase)/ decrease in turnover £
Factual misstatements			
Cut off of Rental Income			
Dr Income in advance		5,108	
Cr Debtors		(5,108)	
Total		0	

We will obtain written representations from the Members setting out their reasons for not correcting misstatements brought to their attention and confirming that after considering all uncorrected items, both individually and in aggregate, in the context of the consolidated financial statements taken as a whole, no further adjustments are required.

As stated in our audit plan, we only report to you uncorrected misstatements that are either qualitatively material or exceed the clearly trivial threshold of £4,800.

Disclosure deficiencies

Auditing standards require us to highlight significant disclosure deficiencies to enable the Authority to evaluate the impact of those matters on the financial statements. During our audit we have not identified any significant disclosure deficiencies.

Appendix 1: Audit adjustments (continued)

Recorded audit adjustments

We report all individual identified recorded audit adjustments in excess of the clearly trivial threshold set out above and other identified misstatements in aggregate adjusted by management.

	(Credit)/ charge to current year income statement £	Increase/ (decrease) in net assets £	(Increase)/ decrease in other equity accounts £	(Increase)/ decrease in turnover £
Reclassification of cash equivalent*				
Dr Investments		1,000,000		
Cr Cash & Cash equivalents		(1,000,000)		
Ingram valuation				
Dr Income & Expenditure	25,583			
Dr Revaluation Reserve (OCI)			163,104	
Cr Property, Plant & Equipment – Cost		(188,687)		
Dr Property, Plant & Equipment – Depreciation		9,434		
Cr Income & Expenditure	(9,434)			
Total	16,149	(179,253)	163,104	

*Management identified adjustment

The more significant disclosure deficiencies that have been amended within the accounts are:

- the completion of Note 3, “Accounting Standards that have been issued but have not yet been adopted”;
- the inclusion of a Surplus Assets category in the Property, Plant and Equipment note following the reclassification of a number of assets during the year; and
- the inclusion of the revaluation gain in Other Comprehensive Income in the Comprehensive Income and Expenditure Statement and adjustments to how it was shown in the Movement in Reserves Statement.

Appendix 2: Additional resources available to you

Additional information on current and future technical developments	
IASPlus	The IAS Plus website, maintained by Deloitte, provides the most comprehensive information on the Internet about international financial reporting. It is aimed at accounting professionals, businesses, financial analysts, standard-setters and regulators, and accounting educators and students. The site, which is totally free of charge, has a broad array of resources about the International Accounting Standards Board, International Financial Reporting Standards, and international accounting and auditing in general. It includes: • summaries of all IASB standards and interpretations; • background on all IASB and IFRIC agenda projects plus summaries of all IASB and IFRIC meetings; • comparisons of IFRSs and various local GAAPs; • updates on national accounting standards development in around 80 countries and regions throughout the world; and • free e-learning modules for each IAS and IFRS – made available at no charge in the public interest. The site is available to browse at any time; alternatively you can subscribe to e-mail alerts and newsletters by going to http://www.iasplus.com/subscribe.htm.
Our range of publications	Our iGAAP books are available to our clients electronically and in hard copy. These include our major manuals providing comprehensive, practical guidance; model annual report and financial statements; and our major text on financial instruments providing in depth support to preparers and auditors in this challenging area. Our range also includes quarterly iGAAP newsletters providing a roundup of recent developments. iGAAP and ukGAAP alerts are issued whenever a new exposure draft or standard is issued.
Stay tuned online: Internet-based corporate reporting updates	The Deloitte UK Technical Team run a series of internet-based financial reporting updates, aimed at helping finance teams keep up to speed with IFRS, UK GAAP and other reporting issues. Each update lasts no more than one hour, and sessions are held three times a year, at the end of March, July and November. Recordings of past sessions are available via www.deloitte.co.uk/audit.
Audit podcasts	Our leading experts provide you with a short discussion of new IFRS standards and practical insights. These can be accessed via our website, www.deloitte.co.uk/audit. Alternatively, you can subscribe to our podcasts via iTunes – just search for Deloitte IFRS.

Appendix 3: Draft management representation letter

Northumberland National Park Authority – Audit of the financial statements for the year ended 31 March 2013

This representation letter is provided in connection with your audit of the annual financial statements of Northumberland National Park Authority ("the Authority") for the year ended 31 March 2013 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Authority as of 31 March 2013 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable accounting framework.

We acknowledge our responsibilities for preparing financial statements for the Authority which present a true and fair view and for making accurate representations to you.

We confirm, to the best of our knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework which give a true and fair view.

2. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures."

4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

5. The effects of uncorrected misstatements and disclosure deficiencies are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements and disclosure deficiencies is detailed in the Appendix to this letter.

6. We confirm that the financial statements have been prepared on the going concern basis. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Authority's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.

7. The financial statements are free from material misstatement.

Information provided

8. We have provided you with:

    - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
    - additional information that you have requested from us for the purposes of the audit; and
    - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Appendix 3: Draft management representation letter (continued)

9. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.

10. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

11. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

12. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
    (i). management;
    (ii). Members of the Authority;
    (iii). employees who have significant roles in internal control; or
    (iv). others where the fraud could have a material effect on the financial statements.

13. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

14. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements

15. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

16. No claims in connection with litigation have been or are expected to be received.

17. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.

18. Where required, the value at which assets and liabilities are recorded in the balance sheet is, in the opinion of the Members, the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the Authority. Any significant changes in those values since the balance sheet date have been disclosed to you.

19. There have been no irregularities involving members or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

20. There have been no events since the balance sheet date which require adjustment of or a disclosure in the financial statements or notes thereof. Should further material events occur, which may necessitate revision of the figures included in the annual accounts or inclusion of a note thereto, we will advise you accordingly.

21. The Authority has satisfactory title to all assets and there are no liens or encumbrances on the Authority's assets.

22. We recognise that we are responsible for ensuring that the statement of accounts as published on the website properly presents the financial information and your auditor's report and for the controls over, and security or, the website. We also recognise that we are responsible for establishing and controlling the process for electronically distributing other information.

Appendix 3: Draft management representation letter (continued)

23. We confirm that:

- all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
- all settlements and curtailments have been identified and properly accounted for;
- all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
- the actuarial assumptions underlying the valuation of the scheme liabilities accord with the Members' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
- the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology; and
- the amounts included in the financial statements derived from the work of the actuary are appropriate.

24. All known material liabilities have been properly included in the annual accounts and all material contingent liabilities have been disclosed.

25. We are not aware of any potential claw back by grant payers of grants that have been released to income .

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of Northumberland National Park Authority

Appendix 3: Draft management representation letter (continued)

Appendix 1

Schedule of Uncorrected Misstatements

Description	Assets DR / (CR) £	Liabilities DR / (CR) £	Equity DR / (CR) £	Income Statement DR / (CR) £
<u>Cut Off of Rental Income</u>				
Dr Income in advance	5,108			
Cr Debtor	(5,108)			
Total	0			