



# The Annual Audit Letter for Dartmoor National Park Authority

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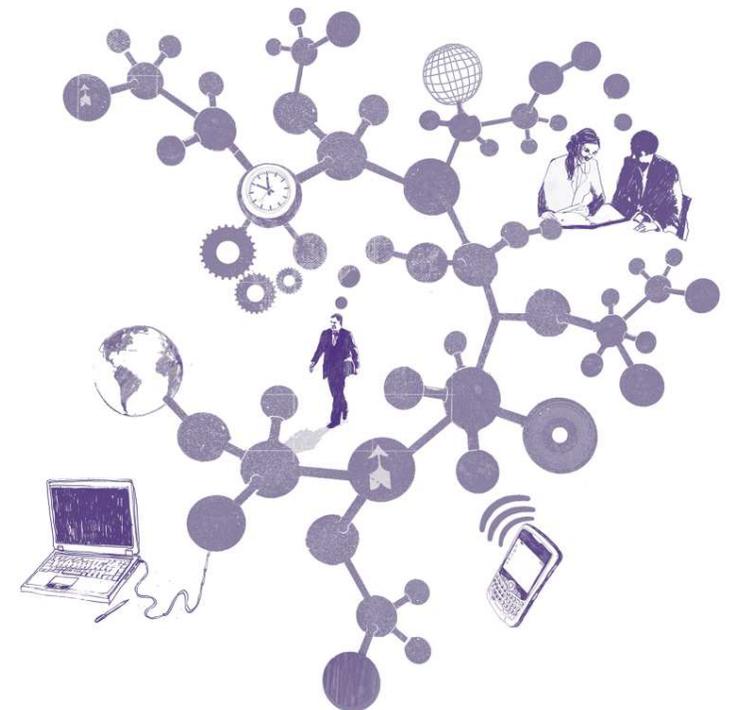
**Year ended 31 March 2016**

October 2016

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# Executive summary

## **Purpose of this letter**

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Dartmoor National Park Authority (the Authority) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Authority and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Authority's Audit and Governance Committee as those charged with governance in our Audit Findings Report on 2 September 2016.

## **Our responsibilities**

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Authority's financial statements (section two)
- assess the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Authority's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

## **Our work**

### **Financial statements opinion**

We gave an unqualified opinion on the Authority's financial statements on 5 September 2016.

### **Value for money conclusion**

We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2016. We reflected this in our audit opinion on 5 September 2016.

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### **Whole of government accounts**

We completed work on the Authority's consolidation return following guidance issued by the NAO. The Authority was below the audit threshold per the NAO guidance.

### **Certificate**

We certified that we had completed the audit of the accounts of Dartmoor National Park Authority in accordance with the requirements of the Code on 5 September 2016.

### **Other work completed**

During the year we sponsored the National Parks Conference which was hosted by the Authority.

### **Working with the Authority**

During the year we have delivered a number of successful outcomes with you:

- An efficient audit – early testing and the delivery of the audit opinion 25 days before the deadline
- Understanding your operational health – through the value for money conclusion we provided you with assurance on your operational effectiveness

We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Authority's staff.

**Grant Thornton UK LLP**  
**October 2016**

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# Audit of the accounts

## **Our audit approach**

### **Materiality**

In our audit of the Authority's accounts, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Authority's accounts to be £99,000, which is 1.9% of the Authority's gross revenue expenditure. We used this benchmark, as in our view, users of the Authority's accounts are most interested in how it has spent the income it has raised from grants during the year.

We also set a lower level of specific materiality for certain areas such as senior officer and auditor's remuneration and cash & cash equivalents.

We set a lower threshold of £5,000, above which we reported errors to the Audit Committee in our Audit Findings Report.

### **The scope of our audit**

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Authority's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Authority and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Authority's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the accounts - Authority

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<p><b>Valuation of property plant and equipment</b></p> <p>The Authority previously revalued all of its assets with a value date of 31 March 2014. During 2015/16 (and during the prior year) the Authority has considered fair values through assessments carried out by a suitably qualified expert. Following the fair value assessment in 2015/16 it was deemed appropriate to revalue mobile vending rights following a tendering exercise,</p> <p>The Authority revalues assets on a rolling basis.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Reviewed the competence, expertise and objectivity of any management experts used.</li> <li>• Reviewed the instructions issued to valuation experts and the scope of their work</li> <li>• Discussed with the Authority's valuer about the basis on which the valuation was carried out, challenging the key assumptions.</li> <li>• Tested revaluations made during the year to ensure they were input correctly into the Authority's asset register</li> <li>• Evaluated the assumptions made by management for those assets not revalued during the year and how management satisfied themselves that these were not materially different to current value.</li> </ul> <p>We did not identify any issues to report.</p>
<p><b>Valuation of pension fund net liability</b></p> <p>The Authority's pension fund asset and liability, as reflected in its balance sheet, represents a significant estimate in the accounts.</p> <p>The values of the pension fund net liability is estimated by specialist actuaries.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>• Documented and walked through the key controls put in place by the Authority to ensure they were designed as expected.</li> <li>• Reviewed the competence, expertise and objectivity of the actuary who carried out the Authority's pension fund valuation</li> <li>• Gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made.</li> <li>• Reviewed the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.</li> </ul> <p>We did not identify any issues to report.</p>

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# Audit of the accounts

## **Audit opinion**

We gave an unqualified opinion on the Authority's accounts on 5 September 2016, in advance of the 30 September 2016 national deadline.

The Authority made the accounts available for audit in line with the agreed timetable which was several weeks earlier than in previous years, and provided a good set of working papers to support them. The finance team responded promptly and efficiently to our queries during the course of the audit.

## **Issues arising from the audit of the accounts**

We reported our findings from our audit of the accounts of the Authority to the Authority's Audit and Governance Committee on 2 September 2016. We did not identify any significant issues.

## **Annual Governance Statement and Narrative Report**

We are also required to review the Authority's Annual Governance Statement and Narrative Report. The Authority published them on its website with the draft accounts in line with the national deadlines.

Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Authority and with our knowledge of the Authority.

## **Whole of Government Accounts (WGA)**

We carried out work on the Authority's consolidation schedule in line with instructions provided by the NAO. We issued a group assurance certificate which did not identify any issues for the group auditor to consider.

## **Other statutory duties**

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Authority's accounts and to raise objections received in relation to the accounts.

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# Value for Money conclusion

## **Background**

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2015 which specified the 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.*

## **Key findings**

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in table 2 overleaf.

As part of our Audit Findings report agreed with the Authority in September 2016, we did not raise any recommendations.

## **Overall VfM conclusion**

We are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2016.

# Value for Money

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Resource deployment</b> Given the size of the authority and the range of its activities, we considered the risk on relying too heavily on key members of staff or for there to not be sufficient resources to achieve the Authority's planned outcomes.</p>	<p>We reviewed the Authority's arrangements for workforce planning and employee strategy. We also looked at the arrangements in place for managing assets.</p>	<p>The Authority recognises the risks associated with its size and has monitoring arrangements in place to effectively deploy resources to meet the strategic goals of the organisation.</p> <p>The Authority has appropriate policies in place and the Leadership team regularly reviews and carries out workforce planning. The Authority regularly reviews and monitors its performance and is realistic in determining how best to deploy its resources to achieve its priorities. The Authority uses external parties to provide certain services as appropriate to help achieve its goals as well as working with partners and volunteers.</p> <p>During the year, the Authority had effective policies in place to support staff. The Authority has a small asset base and this is managed and maintained adequately.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Authority has proper arrangements.</p>

# Value for Money

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Medium term financial planning and reliance on key income streams</b></p> <p>Whilst the Authority has a strong record of managing its financial affairs, it is heavily reliant on the National Park DEFRA Grant as well as a range of smaller income streams which may be temporary or ring fenced. Whilst the future 4 year settlement announced in January 2016 has been welcomed, there are increasing demands on outcomes.</p>	<p>We reviewed the Authority's arrangements for updating, agreeing and monitoring its Medium Term Financial Plan. We considered the robustness of the financial planning assumptions and arrangements for ensuring the financial projections are realistic and achievable.</p> <p>We considered the different income streams current and predicted and consider how these have been incorporating into the medium term financial plan.</p>	<p>Whilst the Authority does heavily rely on the National Park DEFRA grant, the 4 year settlement announced in January 2016 has provided more certainty compared to previous years. The settlement confirmed the National Park Grant for the period up until 2019/20. Following this announcement the Head of Business Support has developed a three year Medium Term Financial Plan during the final quarter of 2015/16 and this is currently being finalised. The Authority has plans to further develop the Medium Term Financial Plan engaging with members in 2016/17.</p> <p>Previous to the settlement, whilst the Authority did not have a formal medium term financial plan in place, budgets were forecast for future years. The Budgets and medium term financial plan are 'zero based' which ensures monies are spent on the strategic priorities of the Authority and within allowable limits. Given the budget is built from zero, the plans are considered robust and require few assumptions. For monies allocated to projects departments must provide a business case.</p> <p>Whilst the Authority does rely on grant income, it is looking to develop alternative streams of income. going forward . A recent example of this is the Dartmoor Public Arts initiative.</p> <p>Whilst previously the Authority did not have a formal medium term financial plan, this has been developed during the latter end of 2015/16. which has been built from scratch. Whilst more work needs to be done in this area, including engagement with Members, we have concluded that the risk was sufficiently mitigated and the Authority has proper arrangements in place with respect to its medium term financial planning.</p>

# Value for Money

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Working with partners</b>            The Authority works with and places reliance on a number of partnership working arrangements across a number of its operations and this is considered core to its business. There is a need for effective partnership working across the organisation to achieve its goals and objectives especially given its size.</p>	<p>We reviewed the Authority's arrangements in 2015/16 for working with partners to effectively deliver the aims of the Authority.</p>	<p>During 2015/16 the Authority worked collaboratively with a range of different partners. The Authority is the lead and accountable body for "Moor than Meets the Eye" , a Heritage Lottery funded Landscape Partnership Scheme . Other examples include working on the "Connecting Devon and Somerset" Broadband Project which is led by the Connecting Devon and Somerset Partnership and is supported by the Authority.</p> <p>The Authority has demonstrated close working with partners during 2015/16 to achieve its objectives. This includes working with a variety of different organisations. Monitoring of partnership working is assessed in the Authority's performance monitoring framework and updates are provided to Authority members.</p> <p>On that basis we concluded that the risk was sufficiently mitigated and the Authority has proper arrangements.</p>

# Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and provision of non-audit services.

## Fees

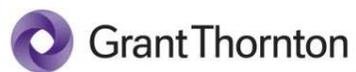
	Planned £	Actual fees £	2014/15 fees £
Statutory audit of Authority	11,807	11,807	11,807
<b>Total fees (excluding VAT)</b>	<b>11,807</b>	<b>11,807</b>	<b>11,807</b>

## Fees for other services

Service	Fees £
Audit related services	Nil
Non-audit services	Nil

## Reports issued

Report	Date issued
Audit Plan	6 May 2016
Audit Findings Report	2 September 2016
Annual Audit Letter	24 October 2016



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