

**DARTMOOR NATIONAL PARK AUTHORITY**

**AUDIT AND GOVERNANCE COMMITTEE**

**Friday 27 May 2022**

**Present:** Members  
W Dracup, P Harper, J McInnes, S Morgan (Chair),  
J Nutley, C Pannell, M Renders, P Sanders, P Smerdon, P Woods

Officers  
A Stirland, K Bishop

In attendance: C Shewan (Independent Persons)

**Apologies:** A Cooper, P Vogel

The Chair welcomed Mrs Shewan, Independent Person. She also welcomed Mr Dominic Measures, Devon Audit Partnership, together with Mr Mark Bartlett and Mr Liam Royal of Grant Thornton.

**566 Minutes of the meeting held on 5 November 2021**

The minutes of the meeting held on 5 November 2021 were proposed by Mr Sanders, seconded by Mr Nutley and AGREED as a correct record.

**567 Declarations of Interest**

None.

**568 Items Requiring Urgent Attention**

None.

**569 Public Participation**

None.

**570 Annual Internal Audit Report 2021/22 and Proposed Internal Audit Plan 2022/23**

Dominic Measures, Audit Manager, Devon Audit Partnership, presented the report to Members via video call.

In response to a Member query, he clarified the definitions of the terms 'full assurance', 'substantial assurance' and 'significant assurance'. He confirmed that the highest level of assurance had been recorded in section 4.4 of the report.

He advised that there had been just one minor issue following their testing of Payroll and HR. Procedures have since been reviewed and all leaver forms were processed correctly in 2021/22. No other concerns were raised in the Annual Audit.

**RESOLVED:** Members NOTED the content of the report.

**571 Internal Audit Charter and Strategy**

Dominic Measures, Audit Manager, Devon Audit Partnership, presented the report to Members via video call.

He advised that the public sector internal audit standards required Devon Audit Partnership to publish a Charter and Strategy each year. The Charter set out the purpose of the Authority and the responsibilities of the Authority's internal audit service. The Strategy outlined how the internal audit service would be delivered. He added that the combined document was far better and easier to understand, compared to the old style presentation.

He advised that Devon Audit Partnership (DAP) staff details had been updated in light of various departures and new arrivals. He added that DAP continued to have a good cross-section of skills, knowledge and qualifications which ensured the best service for the Authority.

**RESOLVED:** Members NOTED the content of the report.

**572 Dartmoor National Park Authority 2021/22 Audit Plan Year Ended 31 March 2022**

Gareth Mills, Grant Thornton, presented the report to Members via video link. He advised that regular meetings with the Head of Business Support had continued throughout the year

With regard to the key significant risks, these were consistent with previous years.

He advised that, based on their planning work to date, there were no areas of significant weakness in the Authority's Value for Money arrangements.

The detailed review was due to take place over the summer. He added that one area which was out of the Dartmoor Audit team's control related to assurances that would be expected in terms of Devon County Council and the Pension Fund.

Mr Bartlett explained the details of the staff changes which would take place from September 2022.

With regard to fees Mr Bartlett advised that the Authority is part of the full audit regime and, as such, Grant Thornton must carry out full audit procedures. The fact that the Authority's materiality is a very low figure,

mapped against the amounts on the balance sheet around its land and buildings valuation and its share of the pension fund – this means a lot of work in this area in order for Grant Thornton to get to a position where they are comfortable that there is no material misstatement. In addition, there is a new requirement for a more detailed value for money review. The government recognised that audit fees were not reflective of the levels of work that external auditors were undertaking. He advised that unless Defra was to agree to National Parks being part of a limited assurance regime, which I a much lighter touch and would, therefore, be much cheaper, the reality is that audit firms will be required to deliver the full suite of audit testing. He appreciated that the base fee, had doubled, rising to £18k; however, had the Authority chosen to go down a different route and employ independent auditors just for DNPA, those fees, he estimated, could be as much as £50k.

Members expressed real concern regarding the increase in fees, citing the Authority's 'flat cash' National Park Grant for a number of years, effectively a year-on-year reduction in funds, together with austerity whilst, at the same time, the government requiring National Parks to be subjected to a higher and higher level of audit testing. Members also commented on the 'variation fee' which was higher than the base fee, with no explanation of what this would cover.

**RESOLVED:** Members NOTED the contents of the report.

### **573 Informing the Audit Risk Assessment 2021/22**

Members received the report of the Head of Business Support (NPA/AG/22/001).

The Head of Business Support advised Members that the annual audit process should be an effective two-way communication between the Authority and the auditors.

The Audit plan presented to Members in the previous item identified some important risk areas that auditors would focus their work on and in accordance with auditing standards they are required to make enquiries of both management and Members about them. This helps auditors and Members develop a constructive working relationship, provides auditors with the information they need to fulfil their responsibilities, aids Members' understanding of the matters being assessed by auditors and supports Members in fulfilling their responsibilities in relation to the financial reporting process.

The questions posed by Grant Thornton, and the answers given by management were to be found at Appendix 1 of the report.

Members were asked to consider whether these responses were consistent with their understanding.

**RESOLVED:** Members agreed the responses and judgements set out in Appendix 1 of the report.

**574 The Local Code of Corporate Governance and 2021/22 Annual Governance Statement**

Members received the report of the Head of Business Support (NPA/AG/22/002).

The Head of Business Report advised that the purpose of the report was to enable Members to consider the outcome of the review of the Authority's corporate governance arrangements and approve the Annual Governance Statement which must accompany the publication of the annual Statement of Accounts.

The Authority adopted the CIPFA framework "Delivering good governance in local government" in 2008 and published its first Local Code of Corporate Governance.

She reported that no changes were required to the format of the Local Code this year; a copy of the Code was provided at Appendix 1.

Production of the Annual Governance Statement (AGS) (a copy of which could be found at appendix 2) was the culmination of on-going work to improve the effectiveness of the Authority's systems of internal control and governance arrangements; and it involved all staff and Members.

A list of the most significant work and improvements undertaken in the last 12 months was set in the AGS. She added that there was always room for improvement; the proposed work programme for the 2022/23 financial year was also set out in the AGS.

In 2019 CIPFA published a new Financial Management Code which aims to support good and sustainable financial management in local authorities; and requires a self-assessment to demonstrate that organisations have processes in place to satisfy the principles of good financial management. The Head of Business Support reported that officers had undertaken a self-assessment and concluded that the Authority's governance and financial process and controls meet the requirement of the Code.

The Authority has carried out a robust review of its Governance arrangements, and is satisfied that:

- The system of internal control is sound;
- There are proper and sound arrangements in place to detect and deter fraud and corruption;
- Arrangements to ensure the legality of the Authority's business transactions are adequate and effective.
- Governance arrangements and the Local Code are compliant with the CIPFA framework "Delivering Good Governance in Local Government".

**RESOLVED:** Members:

- (i) Considered and approve the assessment of the Authority's governance arrangements as set out in the Local Code of Corporate Governance at Appendix 1; and
- (ii) Approved the 2021/22 Annual Governance Statement at Appendix 2

**575 Financial Outturn 2021/22**

Members received the report of the Head of Business Support (NPA/AG/22/003).

She advised that the purpose of the report was to advise Members of the outturn position for the last financial year and to receive approval to carry forward

- the outturn surplus;
- monies for contractual commitments; and
- various grants and contributions received in-year.

The revenue outturn for 2021/22 was a surplus of £51,913 and a fully service-by-service analysis was at Appendix 1, with detailed variance analysis at Appendix 2

She highlighted the key points as follows:

Income:

- External grant funding received exceeded budget expectations; full list was set out in table 1;
- Sales, Fees, charges and other income fared better than last year, due to the lifting of restriction related to the pandemic lockdown. The main areas affected were Visitor Centres sales, mobile vending and filming income. Planning fee income was also up compared to the previous year.

Expenditure:

Some work programmes and normal spending patterns were impacted by the lockdowns and restrictions; the main variations included:

- Staff turnover presented savings of just over £25k
- Staff Travel and transport additional spend was due to ranger vehicle maintenance
- Lower premises running and maintenance costs resulted in savings of just over £17.5k
- Staff and Member training savings due to remote training being undertaken rather than face to face.
- Delays in ability to progress planned work for example in Ecology, Archaeology, Access, and Land Management
- Visitor management efficiency saw savings regarding the competitive public toilet cleaning contract.

Additional costs have been incurred in:

- Forward planning and community which experienced additional costs due local plan costs being higher than expected as a result of planning inspectorate costs.

Due to the delays experienced in the Authority's programmed work, requests have been submitted to carry forward budgets to cover outstanding contract commitments.

Provision for the Project Fund, which was set at £75,000; following allocations made from it during the year, there was a surplus of £16,968 at the end of the year and this has been included in the outturn surplus.

Donate for Dartmoor started in 2016 and since inception a total of £124,190 in donations has been received.

With regard to capital expenditure the new planning system, which is currently being implemented has been funded from the National Park Grant rather than the use of reserves. The Conservation Works team vehicle, which was budgeted for, has been deferred until 2022/23.

Section 4 of the report sets out the movement in reserve balances during the year.

- Table 7 (on page 114) is the summarises of the overall financial position
- Table 8 lists the reserve balances used in 2021/22 – which was £85,719 and
- Table 9 (on page 113) details the carry forward requests for 2022/23 which total £374,190; just over £212k is external grant funding ringfenced for specific purposes.

The net effect of this means that the Authority's reserve balances have increased by £288k in 2021/22. Reserve balances are determined in part by on-going work programmes and projects and by a risk based analysis and methodology approved by the Authority. Appendix 4 to the report provides a detailed analysis of the movement in reserves for the 2021/22 financial year and the estimated movement right through until 31 March 2025. The level of reserves and balances held is regarded as sufficient to meet current needs and to provide some assurance that unforeseen risks and emergencies can be managed. The unallocated outturn surplus of £51,913 will be transferred to the budget management fund.

Members' attention was drawn to a technical matter in respect of the Statement of Accounts. It relates to an historical management agreement payments of £1.2million, made by the Authority, between the 1980s and 2007; that were subsequently identified as falling within the EU definition of state aid. In accounting terms this could be deemed a contingent liability that should be disclosed in the accounts; and in the past it was declared as such with the External Auditor reporting an Emphasis of Matter, until 2013/14 when it was removed after advice from Grant Thornton. Management has once again reconsidered this matter and believes that as the UK Government has

now moved to a new system of subsidy control to replace EU State Aid the risk of repayment is still remote and that there is no need to include a note about this matter in the accounts.

In conclusion

- There is an outturn surplus of £51,913 - equating to a minus 1.27% variance against budget and this will be carried forward and set aside to help fund the Medium-Term Financial Plan budget gap that has arisen due to a real terms cut in National Park Grant for 2022/23. In particular, the emergency premises repair works required to the National Park Visitor Centre at Princetown.
- The impact of the pandemic has still been felt in 21/22 which has affected the Authority's work programmes and were outside of the Authority's control e.g. disruption to supply chains and the limited availability of some contractors to carry out specific work programmes.
- A key challenge during 2021/22 and continuing has been staff turnover. We have seen a lot of long-serving staff retire or leave the organisation and have struggled to recruit staff in some key areas (notably planning). There is no sign that this recruitment and retention issue is reducing, indeed, continued real-term cuts to staff salaries and rising inflation are likely to make this an increasing challenge.
- Leadership Team scrutinises all vacancies to ensure continued 'business need'. In recent months, in the knowledge of the potential real term cuts to the core funding from Defra, Leadership Team has effectively frozen some posts to help achieve cost reduction and prepare for the business review that is planned for 2022/23 in order to set a balanced budget for 2023/24 and beyond. This has contributed to the in-year savings during 2021/22. 2021/22 has once again been one of sound financial management and the commitment of staff to continue to deliver high quality services.

The Authority continues to maintain a robust financial position and is demonstrating a proactive approach to building stronger partnerships, generating increased income streams and financial resilience and agility.

The Chair, whose comments were echoed by other Members, stated that she continued to be impressed by officers of the Authority who continue to produce such results in increasingly challenging times. Members asked for their thanks to be recorded and conveyed to all staff of the Authority. Another Member commended officers for the amount of external income that they were still managing to pull in; however, he added that this was a precarious position as this type of income is not sustainable in the long term.

In response to a Member query, the Chief Executive (National Park Officer) advised that the Authority had received confirmation of National Park Grant for the current financial year and two indicative figures for the subsequent two years. Defra had advised that it is unable to formally transfer the first quarterly payment of NPG until it has received assigned copy of the 'financial grant agreement'. A revised copy of the agreement had been received and a

report would be taken to the next Authority meeting to seek Members' permission to sign the agreement.

Following an earlier comment by Auditors and an observation by Members that it may be beneficial for National Parks working together in a group approach to the government regarding audit fees, the Chief Executive (National Park Officer) advised that he would raise this at the next meeting of National Parks England on 9 June 2022.

**RESOLVED:** Members:

- (i) Noted the content of the report;
- (ii) Agreed for the Authority to transfer the 2021/22 unallocated revenue surplus of £51,913 into Reserves;
- (iii) Approved the transfer of grants and contributions received with specific conditions or restrictions and monies set aside for contractual commitments into earmarked reserves, as set out in section 4.4 (table 9) of the report;
- (iv) Agreed that it is unnecessary to include a note in the Statement of Accounts relating to the remote possibility of a contingent liability, as set out in section 5 of the report.

#### **576 Business Plan Monitoring 2021/22**

Members received the report of the Head of Organisational Development (NPA/AG/21/004). He advised that the end of year report sets out how the Authority has performed in delivering the 27 key actions identified in the 2021/22 Business Plan.

The report focuses on key actions and there have been significant achievements throughout the year delivered by **all** services across the Authority. A summary of progress is provided in the table at section 2.3 of the report. Section 3 of the report provides a snapshot of progress and key achievements – with paragraph 3.6.5 demonstrating the breadth of the Authority's work. Part 4 of the report highlights some factors that have had an impact on performance and the ongoing risks relating to workloads and limited capacity to cover for absences of key posts.

Despite reductions in core funding and the challenge of recruiting staff to key posts, the Authority has made significant progress in delivering the key actions in the Business Plan, reflecting the hard work and commitment of *Team Dartmoor* – staff, Members and volunteers – to deliver for Dartmoor.

Members commented that, considering the current landscape, officers were to be commended for moving projects forward.

**RESOLVED:** Members NOTED the content of the report.

#### **577 Performance Indicators 2021/22 and Annual Ombudsman Letter**

Members received the report of the Head of Organisational Development (NPA/AG/21/005). He reported that the Annual Ombudsman's Letter was due



in July so would be taken to the next Audit & Governance Committee meeting in November 2022.

He advised that report sets out how the Authority has performed against the performance indicator targets agreed for 2021/22. Appendix 1, the record of performance indicators, includes:

- performance (or outturn) for 2021/22
- performance for previous years – for comparison
- proposed targets for 2022/23 (recently reviewed by Leadership Team)

He added that it was important to remember that indicators were just that – they indicated where performance may have been good; or where there may have been an issue or trend that needed to be investigated further and determined whether action or the allocation of resources was needed.

Development Management continued to be a service under pressure, hence the recent decision to suspend the planning advice service. The Authority has a dedicated and committed team of officers led by two very experienced and professional planning managers. However, difficulties in replacing two experienced planning officers and recent sickness absence is having an ongoing impact. That said, the recent appointment of two Planning Officers (one an internal promotion) to career grade positions would, it was anticipated, provide greater resilience and stability and, in turn, improve performance over time.

The Head of Organisational Development reported that, despite the issues of staff recruitment and retention and continued reductions in core funding, performance had been remarkably resilient and successful – including the securing of over £15M of external funding.

A Member commented that it would be useful to see staff sickness data alongside turnover. It would also be useful to see any correlation with information gathered at exit interviews.

**RESOLVED:** Members:

- (i) noted the content of the report;
- (ii) analysed the performance for 2021/22
- (iii) noted the proposed performance indicator targets for 2022/23

#### **578 Strategic Risk Register 2021/22**

Members received the report of the Head of Organisational Development (NPA/AG/21/006).

He advised Members that the Strategic Risk Register formed part of the Authority's overall risk management strategy. It is important that Members regularly review the strategic risks for the Authority to raise issues for consideration and highlight areas of risk to be added or removed. Leadership

Team has recently reviewed and updated the register, as summarised in the table at 2.5, which provides an 'at a glance' summary of residual risk.

With regard to risk F1 which related to the potential for further reduction in National Park Grant, it was suggested, and agreed, that the risk should be coloured red which would reflect the ongoing financial issues.

**RESOLVED:** Subject to the amendment to risk F1 to 'Red' Members approved the updated strategic risk register for 2022/23.

DRAFT