

Auditor's Annual Report on Dartmoor National Park Authority

2022/23 VFM arrangements

April 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Executive summary






Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2022-23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our conclusions are summarised in the table below. We have not noted any significant weaknesses in arrangements and this represents a good outcome for the Authority.

Criteria	Risk assessment	2021-22 Auditor Judgment		2022-23 Auditor Judgment	
Financial sustainability	No risks of significant weakness identified	G	No significant weaknesses in financial sustainability arrangements identified, although the Authority's critical financial challenge remains. No improvement recommendations made.	A	No significant weaknesses in arrangements identified. One improvement recommendation raised. The Authority's financial challenges continue to be significant and require continued urgent focus.
Governance	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified. One improvement recommendation made.	A	No significant weaknesses in arrangements identified. Three improvement recommendation made.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	A	No significant weaknesses in arrangements identified. One improvement recommendations made.	G	No significant weaknesses in arrangements identified. No improvement recommendations made.

	No significant weaknesses in arrangements identified or improvement recommendation made.
	No significant weaknesses in arrangements identified, but improvement recommendations made.
	Significant weaknesses in arrangements identified and key recommendations made.

Executive summary

VFM arrangements

Financial sustainability



The Authority is operating in an increasingly uncertain financial environment. The Authority, as with all national parks and local authorities, will need to continue to plan on the basis of “flat cash” funding in the medium term, effectively a cut in funding in real terms. This has become particularly acute after the year end at 31 March 2023, given the impact of rising inflation. Our work has not identified any significant weaknesses in arrangements to secure financial stability at the Authority. We raised one improvement recommendations on financial sustainability this year. Further details can be seen on pages 9 of this report.

Governance



Our work this year has focused on refreshing our understanding of the governance arrangements in place at the Authority, and the progress made in implementing the recommendations made in the prior year. Our work has not identified any significant weaknesses in arrangements. We have raised three improvement recommendation in respect of risk management arrangements. Further details can be seen on pages 13-15 of this report.

Improving economy, efficiency and effectiveness



The Authority has demonstrated a clear understanding of its role in securing economy, efficiency and effectiveness in its use of resources. Our work has not identified any significant weaknesses in arrangements in relation to delivering economy efficiency and effectiveness.



Audit of the 2022/23 Financial Statements

Our accounts audit was completed in February 2024 and the outcome was reported in our ISA260 Audit Findings Report to your Authority meeting on 5 April 2024.



2. Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Authority's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23.

We have completed our audit of your financial statements and issued an unqualified audit opinion on 5 April 2024, following the meeting of the Dartmoor National Park Authority. Our findings are set out in further detail on pages 19 to 20.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

Our work has not identified any issues requiring a statutory recommendation.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

Our work has not identified any issues requiring a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

Our work has not identified any issues requiring an application to the court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

Our work has not identified any issues requiring an advisory notice.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

Our work has not identified any issues requiring a judicial review.

3. Securing economy, efficiency and effectiveness in the Authority's use of resources

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out at Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement. Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



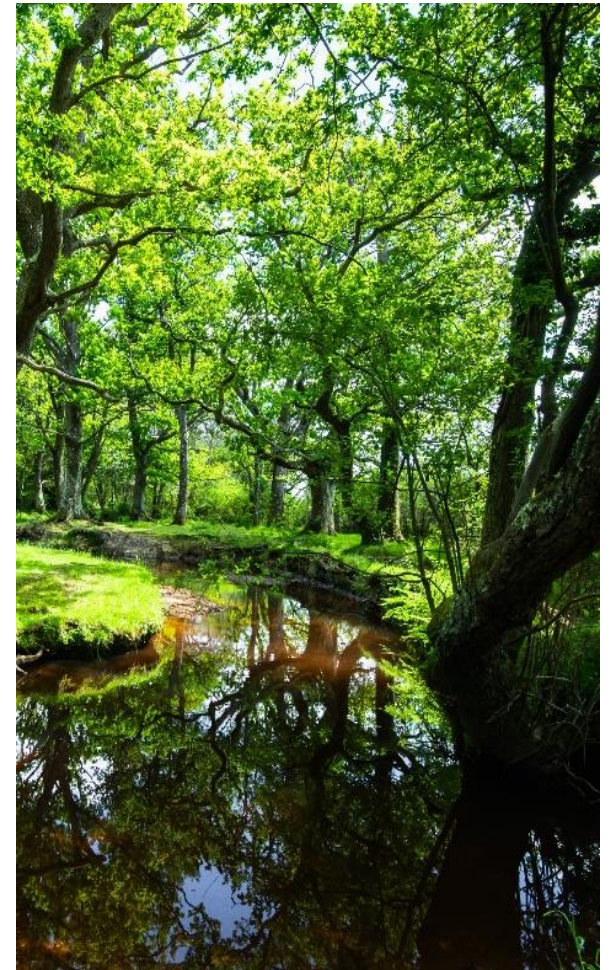
Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Authority's arrangements in each of these three areas, is set out on pages 7 to 13. Further detail on how we approached our work is included at Appendix B.

4. Financial sustainability



We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial pressures

2022-23 revenue outturn

The 2022-23 revenue out-turn reported an underspend of £4k against net expenditure spend of £3.825 million which is a positive achievement given the Authority's continuing financial challenge. A deficit of £112,741 for 2022/23 was forecast at month nine, but the Authority received additional FIPL (Farming in Protected Landscapes) allocation at the year end.

The 2022/23 deficit represented a 0.11% variance against budget, which compares favourably to a deficit of £51,913 and a minus 1.27% variance in 2021/22. The Authority's budget paper, in March 2022, identified significant risks to the 2022/23 financial performance and stated that "the financial outlook from 2022/23 onwards is challenging when the Authority has flat cash grants and inflation is running above 5%." Key risks to 2022/23 financial performance included:

- Customer Driven Income – sensitive to factors beyond the Authority's control including consumer behaviour and the weather;
- National Park Grant Settlement - changes in government policy as a result of wider economic uncertainty which could result in a reduction in National Park Grant;
- Pay Award - any variance from the 3% allowance in the budget would create a financial pressure;
- National economic conditions - inflationary pressures and impact on consumer spend could create financial pressures for the Authority.

2023/24 financial pressures

The significant financial risks facing the Authority for 2023/24 and future years are recognised within its Medium-Term Financial Plan (MTFP). The MTFP sets balanced budgets, in March before each financial year, recognising an environment of inflationary cost pressures and other assumptions.

In terms of 2023/24 financial performance, the forecast financial outturn (reported to the November 2023 Audit and Governance Committee) is a deficit of £67,661 at the end of month six. This represents a negative variance of 1.72% against the 2023/24 net revenue budget of £3.927 million. It is predicted that the difference will be an additional draw on the earmarked "Budget Management Fund" reserve.

Medium Term Financial Plan

The MTFP, of March 2023, sets out the Authority's strategic approach to financial management for the 2023/24 budget and the financial years 2024/25 and 2025/26. Underpinning the refining of assumptions for the next year's MTFP, a series of proactive in-depth business reviews led by finance, has challenged

- income growth,
- efficiency savings; and
- the use of reserves

The aim is that zero based budgeting, following these reviews, will allow balanced budgets to be set for the current 2024/25 budget setting round, and in the MTFP for the 2025/26 and 2026/27 financial years

Financial sustainability (continued)

Medium Term Financial Plan (continued)

Other authorities, despite uncertainties, extend their MTFP longer than two years and may set the financial scene some 3 – 5 years in their MTFP to invite further debate and direction. Given the Authority's uncertainty around the National Park Grant "flat funding" we suggest that the Authority set a three-year MTFP, for March 2024, to the end of the financial year 2027/28. This will involve more uncertain assumptions, however it is good practice for an authority to have a view of "financial resilience" in terms of its income and expenditure and the impact on reserves over a period longer than two years.

(Improvement Recommendation One: Three-year Medium Term Financial Plan including the financial year 2027/28)

Level of reserves

The MTFP sets out the Authority's Reserves Strategy, which aims to maintain the General Reserve to a target of £500k, some 12% of net budget, whilst also utilising some £242k and £284k of reserves in years 2024/25 and 2025/26 respectively. It is predicted through its "risk based analysis of reserves" that the Authority will have £1.152 million of earmarked reserves at the end of the 2025/26 financial year. Earmarked reserves allow the Authority to put aside monies for "invest to save" schemes and smooth spending between financial years, where appropriate. However, utilising reserves at a rate of some £250k a year is not financially sustainable in the longer term.

Capital Strategy

Capital spend for this Authority is commonly of a small scale relating to vehicles or IT. For larger schemes such as new buildings or conversions, Members receive specific reports to support decision making, with background, reasons why the scheme is being recommended, a cost benefit analysis, and sources of finance. The Authority's capital programme for the MTFP period currently consists of £29k in 2024/25 and £52k in 2025/26.

Farming in Protected Landscapes (FiPL)

The Strategy identifies the need to achieve additional grant income to support delivery of the Business Plan and Partnership Plan. A number of grants have been secured, the single most financially significant being FiPL which is funding for farmers and land managers in Areas of Outstanding Natural Beauty (AONB), National Parks and the Broads. The Authority received some £815k for 2022/23, the second year of delivery for the FiPL programme. The Authority has been able to meet its planned budget profile for the grant following the re-profiling in year. It expects to continue into the next year of the FiPL scheme which attracts some £800k of grant and costs in 2022/23.

Conclusion on Financial Sustainability

Overall, we are satisfied that the Authority has appropriate arrangements in place to ensure it manages risks to its financial sustainability. There is a high level of understanding of the Authority's financial challenges in terms of its budgetary pressures in the short and the medium term.

We acknowledge the challenging context arising after the 2022/23 year end, with the significant increase in inflation adding pressures beyond those initially planned for.



Improvement recommendations

Improvement Recommendation 1

We suggest that the Authority sets a three-year Medium Term Financial Plan (MTFP) covering the years 2025/26, 2026/27 and 2027/28, for March 2024, so that it has a better medium-term view than its current two-year MTFP.

Improvement opportunity identified

Other authorities, despite uncertainties, extend their MTFP longer than two years and may set the financial scene some 3 – 5 years in advance to invite further debate and direction. Given the Authority's uncertainty around the National Park Grant "flat funding" we suggest that the Authority sets a three-year MTFP, for March 2024, to the end of the financial year 2027/28.

Criteria impacted



Financial Sustainability

Auditor judgement

Our work has enabled us to identify a potential improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

The duration of a local authority's medium-term financial plan can vary, and there is no universal standard for how many years it should cover, but typically span a period of three to five years. Management believes that taking on extra work, with limited resources, would simply emphasize the ongoing issues we are already cognizant of. However, we will consider the option to add an additional year to our MTFP scheduled for March 2024.

Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Authority to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

5. Governance



We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Leadership and committee effectiveness

Appropriate leadership is in place at the Authority. The Authority operates through full Authority meetings as well as through its Audit and Governance Committee, Development Management Committee and the Standards Sub-Committee. The Audit and Governance Committee has delegated power to act as Those Charged With Governance (TCWG) and demonstrates appropriate challenge of financial and non-financial information. The Committee has appointed members with financial and non-financial experience.

In January 2022, we recommended that the Audit and Governance Committee undertake a self-assessment each year, which is considered best practice. Once completed the outcome will be reported in the Annual Governance Statement.

Major decisions are made at meetings of the full Authority, with issues arising from the various committees being reported to the full Authority for information and oversight. The Authority meets eight times a year and appropriate minutes are taken which are approved and available online.

Policies, procedures, and controls

As a public organisation, the Authority aims to maintain the highest standards of conduct and integrity. The Authority expects the highest standards of corporate behaviour and responsibility

from all Authority members and staff. The Authority has in place a range of policies and procedures designed to ensure compliance with legislative and regulatory standards, including Codes of Conduct for Members and Staff, a Local Code of Corporate Governance, and a range of HR policies and procedures. In addition, the Authority has anti-fraud and corruption policy in place. Members' interests are recorded on an individual basis on the Authority's website.

In January 2022, we made an improvement recommendation relating to out of date policies. In the current year we have identified seven policies which need review; eg the Anti Fraud and Corruption Policy 2017 and the Code of Conduct 2012. We therefore draw your attention to the prior year improvement recommendation in Section 7 of this report.

Monitoring and Assessing Risk

The Leadership Team monitors and reviews the Strategic Risk Register on a quarterly basis to ensure they mitigate the Authority's risks. The Strategic Risk Register is then presented to the Audit and Governance Committee every six months in May and November. In the prior year we included an improvement recommendation that the Register should identify specific named officers to own each risk and that the Risk Management Policy should be updated. We are pleased to note that that this recommendation has been implemented.

Governance (continued)

Monitoring and Assessing Risk (continued)

Each risk on the Strategic Risk Register is linked to a specific category (either Performance, Strategy, Finance, or Governance) and has a description, control measures, and a risk score which is RAG-rated. Any additional control measures or resources required are identified. However, the Authority's risks are not mapped to the delivery of its corporate objectives in its business plan. The Authority's arrangements for both performance management and risk management could be better streamlined so there is one integrated reporting framework for the Corporate Objectives, Business Plan, KPIs and the Strategic Risk Register. **(Improvement Recommendation Two; Integration of performance management and risk management through mapping risks to corporate objectives and rating the performance delivery of these objectives.**

The most recent Strategic Risk Register was presented to the A&G Committee on 3 November 2023. The Register details the basis for including risks as well as how they are monitored and scored. However, the rescoring of risks under the new methodology, outlined in the January 2023 Risk Management Policy, has disproportionately increased the severity of the Authority's risk profile (as shown in the next table) without a change in business practices. This change in the severity of the Authority's risk profile has not been picked up by Members nor management as part of the in-year monitoring of risk. The Head of Organisational Development agrees that visually this misrepresents the Authority's true risk profile as for 2022, only four risks were not green and in 2023, only one risk is green. There were 2 red, 2 amber and 16 green; but now, of the 20 risks there are 8 severe (orange), 11 material (yellow) and 1 manageable (green). We suggest that the Authority's risks are re-scored so they better reflect the Authority's true profile. **(Improvement Recommendation Three; Re-scoring of the risks to better reflect the Authority's true risk profile)**

Summary of Strategic Risk Register – November 2023

Impact of new scoring methodology

Risk Ref	Risk Description	Planned Residual Risk – old scoring	Planned Residual Risk – new scoring
PERFORMANCE			
P1	Ineffective internal communication	8	Severe Risk
P2	Inadequate external communication/community engagement	6	Severe Risk
P3	Inadequate Info Management/Business Continuity Planning	15	Severe Risk
P4	Inadequate focus on Performance Management	6	Material Risk
P5	Lack of support to deliver actions in the Partnership Plan	9	Material Risk
P6	Failure to determine major planning applications < 13 weeks	8	Severe Risk
STRATEGY			
S1	Failure to implement culture of risk assessment/management	6	Material Risk
S2	Emergencies affecting DNPA land/buildings or activity	4	Material Risk
S3	Managing officer workload	15	Severe Risk
S4	Workforce planning and resilience	20	Severe Risk
S5	Farming in Protected Landscapes	9	Material Risk
S6	Review of Byelaws	9	Material Risk
FINANCE			
F1	Potential for further reductions in National Park Grant	20	Severe Risk
F2	Inadequate financial management	4	Material Risk
F3	Appeals, Public Enquiries and enforcement action	6	Material Risk
GOVERNANCE			
G1	Fraud & Corruption	2	Manageable Risk
G2	Inadequate procurement practice	6	Material Risk
G3	Inadequate management of partnerships and projects	8	Severe Risk
G4	Inadequate decision-making process and documentation	6	Material Risk
G5	Failure to implement new or changes to legislation or policy	6	Material Risk

Governance

As well as the Authority's identifying, assessing and scoring its strategic risks, it also needs to identify additional control measures that can be implemented along with any resources that might be required to give a "Planned Residual Risk Rating" to show how the Authority is either reducing its risk profile or tolerating the level of risk. However, on review of the Strategic Risk Register we found that of the 20 identified risks, control measures have reduced the severity of the risk in just the following 8 cases.

Risk Ref	Residual Risk	Planned residual risk
P5	severe	material
S3	very severe	severe
S4	very severe	severe
S5	severe	material
S7	very severe	material
F1	very severe	severe
F2	severe	material
F3	very severe	material

The Authority has the option to treat, transfer, terminate or tolerate (known as the 4 T's) its risks depending on its "risk appetite" for each risk. The Authority has yet to determine its "risk appetite" and therefore may wish to clarify whether the "Planned Residual Risk" is appropriate for each of its 20 strategic risks.

(Improvement Recommendation Four: Determining the Authority's risk appetite for its strategic risks.

Internal control

Internal audit is provided by Devon Audit Partnership, a shared service agreement between a number of the local authorities in Devon. Internal audit agrees an annual audit plan with the Head of Business Support and then presents the plan to the Audit and Governance Committee for approval. The Committee use the work and findings of internal audit to consider the operation of key controls during the year which is used to draft the Annual Governance Statement. Internal Audit also issue an Annual Report summarising their work each year, along with the Head of Internal Audit Opinion which provided Substantial Assurance for 2022/23.

Budget Setting Process

The Authority has an established budget-setting process in place. The budget for 2023-24 was approved at full Authority in March 2023. The budget is reviewed regularly to forecast outturn results throughout the year, with a final outturn being presented to the May Audit and Governance Committee. The Audit and Governance Committee provides an appropriate level of routine review, particularly in light of the Authority's track record of delivering a balanced year end outturn position. The current and prior year periods both show small variances which are indicative of the effectiveness of the budget setting and monitoring processes in place.

Budgetary Control

There are good systems in place for oversight of the budget. Budget monitoring is performed on a monthly basis via Microsoft Teams, led by the Head of Business Support. Matters arising are considered by the Leadership Team at regular meetings. Variances are identified and explained on a monthly basis, with actions to mitigate these agreed at Leadership Team level where required. Routine reporting to Members takes place at Audit and Governance Committee, reporting the month 6 and 9 outturn positions to ensure Members are aware of budget variances and how these are being managed.

Conclusion

Overall, we found no evidence of significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks. As outlined above, we have raised three improvement recommendations to strengthen governance arrangements as detailed overleaf.



Improvement recommendations

Improvement Recommendation 2

We recommend that the Authority integrate its performance management and risk management frameworks through the mapping of risks to corporate objectives and rating the risk around the service delivery of these objectives.

Improvement opportunity identified

Each risk on the Strategic Risk Register is linked to a specific category (either Performance, Strategy, Finance, or Governance) and has a description, control measures, and a risk score which is RAG-rated. Any additional control measures or resources required are identified. However, the Authority's risks are not mapped to the delivery of its corporate objectives in its business plan. The Authority's arrangements for both performance management and risk management could be better streamlined so there is one integrated reporting framework for the Corporate Objectives, Business Plan, KPIs and the Strategic Risk Register.

Criteria impacted



Governance

Auditor judgement

Our work has enabled us to identify a potential improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

The recommendation is noted. The Leadership Team have agreed to review the format of the Business Plan to include a new section for performance indicators and will consider how to streamline risk management. The Head of Organisational Development met with a contact at Lake District National Park Authority to understand their approach and receive a demonstration of their KPI IT system.

Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Authority to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 3

The Authority should re-score its strategic risks on the Risk Register to better reflect the Authority's true risk profile

Improvement opportunity identified

The new risk scoring methodology has increased the severity of the Authority's risk profile without a change in business practices. This change in the severity of the Authority's risk profile has not been picked up by Members nor management as part of the in-year monitoring of risk. The Head of Organisational Development agrees that visually this misrepresents the Authority's true risk profile. There were 2 red, 2 amber and 16 green in 2022; but now, in 2023, of the 20 risks there are 8 severe (orange), 11 material (yellow) and 1 manageable (green).

Criteria impacted



Governance

Auditor judgement

Our work has enabled us to identify a potential improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

The recommendation is accepted and work is underway to rescore the Strategic Risk Register for future monitoring and reporting.

Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Authority to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 4

We suggest that the Authority discuss and determine the Authority's risk appetite for its each of its 20 strategic risks

Improvement opportunity identified

The Authority needs to identify additional control measures that can be implemented along with any resources that might be required to give a "Planned Residual Risk Rating" to show how the Authority is either reducing its risk profile or tolerating the level of risk. However, on review of the Strategic Risk Register we found that of the 20 identified risks, control measures have reduced the severity of the risk in just 8 cases. The Authority has the option to treat, transfer, terminate or tolerate (known as the 4 T's) its risks depending on its "risk appetite" for each risk. The Authority has yet to determine its "risk appetite" and therefore may wish to clarify whether the "Planned Residual Risk" is appropriate for each of its 20 strategic risks.

Criteria impacted



Governance

Auditor judgement

Our work has enabled us to identify a potential improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

The Leadership Team will consider this recommendation at its next performance meeting to be held on 9th January 2024.

Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

6. Improving economy, efficiency and effectiveness



We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance review, monitoring, and assessment

The Authority's vision and priorities are set out in its Business Plan which is updated and presented to the Authority meeting in March each year. A Business Plan Monitoring report considering progress against plan is presented to the Audit and Governance Committee twice a year in May and November. The Business Plan links the five-year Dartmoor Partnership Plan to the National Park's individual strategic priorities for the year, and also where relevant to the detailed annual revenue budget and the Medium Term Financial Plan.

Our review identified that performance against the priorities and actions set out in the plan is also monitored routinely by the Leadership Team. The performance monitoring arrangements provide useful and timely information to members and management, and support the overall objectives of the Authority in delivering the Business Plan.

The Authority sets out its key actions across its six priority areas as identified in the plan, with detailed descriptions of what each action comprises, the desired outcome, target start and end dates, and whether these link to the three key aspects of the national policy context. In addition to the Business Plan, there is a Performance Indicator framework in place comprising 37 indicators, a mix of "State of the Park" indicators, national indicators required by central government or agreed with other National Park Authorities, and local indicators set by the Authority.

Performance against the indicators is reported to the Audit and Governance Committee. The report indicated mixed results against the performance indicators; in many cases such as for volunteer days or local engagement. Of the 37 indicators identified for tracking, 21 were either partially or wholly below target at the end of 2022/23. Some targets have not been met for a number of years and the trend is towards worsening rather than improving performance e.g. in timely response to planning applications.

As part of a prior year recommendation we have suggested that The Authority should seek to review its indicators and, where relevant, understand reasons where these have not been achieved. Where achievement is unrealistic, the Authority should consider revising the indicator to be achievable. Where this is inappropriate or impossible (e.g. for nationally-determined indicators), the Authority should agree specific actions to improve performance against indicators, especially those where performance is worsening. In addition, we suggest in the better integration of risk management and performance management, raised in Improvement Recommendation Two, that risks to delivery of performance should be reflected in the Authority's risk register.

Improving economy, efficiency and effectiveness

Partnership working and working with stakeholders

Partnership working is clearly established within the Authority's strategic framework documents, including the Authority's Business Plan, and in the way the Authority operates on a day to day basis.

Partnership working is a key focus for the Authority for a number of reasons, including:

- to help generate support funding, for example through the National Lottery Heritage Fund to progress individual projects;
- to encourage volunteering to support the work of the Authority and various projects that the Authority is progressing;
- to support the local community in which the Authority operates

The proactive approach to partnership working is evident from the progress made in a number of key areas including:

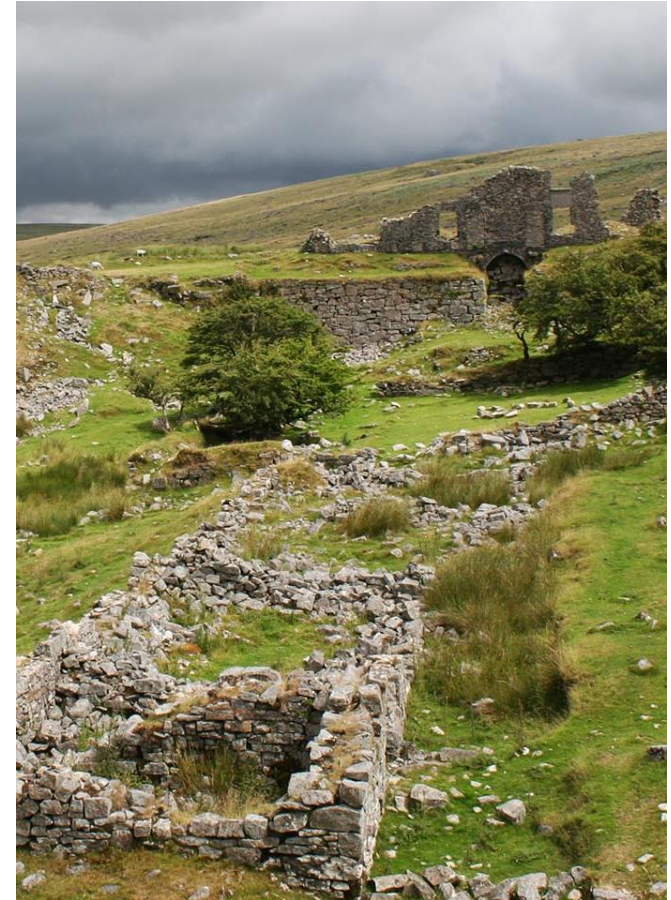
- Continued delivery of the South West Peatland Partnership, with all sites now complete except one and 75% of the Nature for Climate target achieved
- Delivery of the Dartmoor Hill Farm Project, and a further bid being prepared in partnership with the Princes Countryside Fund for another three years

Procurement

The Authority has procurement procedures within its Financial Regulations and a Sustainable Procurement Policy which sets out the approach to delivering effective procurement. This supports budget holders who have responsibility for procurement decisions. Budget holders are also supported by the Finance team.

Conclusion

Overall, we are satisfied that the Authority has appropriate arrangements in place for ensuring economy, efficiency, and effectiveness in its use of resources.



7. Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
<p>1 Governance The Authority should maintain a register of all its key policy documents with dates of last review, to ensure that all key documents are regularly updated. This register should also document all named officers and job titles included in the policy to ensure that these are kept up to date.</p>	Improvement	October 2022	Work in progress. These policies are being updated.	No	No
<p>2 Introduce an annual self-assessment effectiveness review of the Audit and Governance Committee which is the Committee considered to be Those Charged With Governance.</p>	Improvement	January 2022	Once completed the outcome will be reported in the Annual Governance Statement.	No	No
<p>3 Improving economy, efficiency, and effectiveness The Authority has 37 different performance indicators tracking a variety of different aspects of its performance. The Authority should seek to review its indicators and, where relevant, understand reasons where these have not been achieved. Where achievement is unrealistic, the Authority should consider revising the indicator to be achievable. Where this is inappropriate or impossible (e.g. for nationally-determined indicators), the Authority should agree specific actions to improve performance against indicators, especially those where performance is worsening. Risks to delivery of performance should be reflected in the Authority's risk register.</p>	Improvement	October 2022	A review is ongoing.	No	No

8. Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

Audit opinion on the financial statements

We issued our opinion on the Authority's financial statements in April 2024.

Further information on our audit of the financial statements is set out overleaf.



8. Opinion on the financial statements



Audit of the financial statements

The 2022/23 Audit Plan was presented to the Audit and Governance Committee in May 2023. The Authority provided draft financial statements in line with the national timetable of 31 May 2023.

Findings from the audit of the financial statements

There were one significant finding from our audit work. There was a £163k adjustment to the CIES relating to Farming in Protected Landscapes (FiPL) income. We also made one recommendation for management and a small number of disclosure amendments, as well as one immaterial unadjusted misstatement.

The Audit Findings Report was presented to the Authority at the meeting on 5 April 2024. Requests for this Audit Findings Report should be directed to the Authority.



Appendices

Appendix A – Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: An explanatory note on recommendations

A range of different recommendations can be raised by the Authority's auditors as follows:

Type of recommendation	Background	Raised within this report?	Page reference
Statutory	Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.	No	
Improvement	These recommendations, if implemented should improve the arrangements in place at the Authority, but are not a result of identifying significant weaknesses in the Authority's arrangements.	Yes	9, 13,14 and 15

