



# The Annual Audit Letter for Dartmoor National Park Authority

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**Year ended 31 March 2019**

**30 August 2019**



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# Executive Summary

## Purpose

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 2019.

This Letter is intended to provide a commentary on the results of our work to the Authority and 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 and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'. We reported the detailed findings from our audit work to the Authority as those charged with governance in our Audit Findings Report on 26 July 2019.

## Our work

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<b>Materiality</b>	We determined materiality for the audit of the Authority's financial statements to be £115,260, which is 2% of the Authority's gross revenue expenditure.
<b>Financial Statements opinion</b>	We gave an unqualified opinion on the Authority's financial statements on 30 July 2019.
<b>Whole of Government Accounts (WGA)</b>	No work was required in this area as the Authority was below the NAO audit threshold.
<b>Use of statutory powers</b>	We did not identify any matters which required us to exercise our additional statutory powers.

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## Respective 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 financial statements, we comply with International Standards on Auditing (UK) (ISAs) and other guidance issued by the NAO.

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# Executive Summary

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<b>Value for Money arrangements</b>	We were satisfied that the Authority put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. We reflected this in our audit report to the Authority on 30 July 2019.
<b>Certificate</b>	We certified that we have completed the audit of the financial statements of Dartmoor National Park Authority in accordance with the requirements of the Code of Audit Practice on 30 July 2019.

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## Working with the Authority

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

- An efficient audit – we delivered an efficient audit with you in June, delivering the financial statements before the deadline, releasing your finance team for other work.
- 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**  
**August 2019**

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# Audit of the Financial Statements

## Our audit approach

### Materiality

In our audit of the Authority's financial statements, 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 the audit of the Authority's financial statements to be £115,260, which is 2% of the Authority's gross revenue expenditure. We used this benchmark as, in our view, users of the Authority's financial statements are most interested in where the Authority has spent its revenue in the year.

We also set a lower level of specific materiality for senior officer remuneration, as it was deemed sensitive area for users of the accounts. Materiality of £10,000 was based on the remuneration disclosure bands.

We set a lower trivial threshold of £5,763, above which we reported errors to the Authority in our Audit Findings Report.

### The scope of our audit

Our audit involves obtaining sufficient 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 accounting policies are appropriate, have been consistently applied and adequately disclosed;
- the 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 remainder of the financial statements and the narrative report and annual governance statement published alongside the financial statements to check it is consistent with our understanding of the Authority and the financial statements on which we issued our opinion.

We carry out our audit in accordance with ISAs (UK) and the NAO Code of Audit Practice. We believe that 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 Financial Statements

## Significant Audit Risks

These are the significant 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	Findings and conclusions
<p><b>Valuation of land and buildings</b></p> <p>The Authority re-values its land and buildings on a five-year basis to ensure the carrying value is not materially different from the fair value. This represents a significant estimate by management in the financial statements.</p> <p>We identified the valuation of land and buildings revaluations and impairments as a risk requiring special audit consideration due to elevated estimate uncertainty and the high degree of management judgement.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"><li>- Reviewed management's processes and assumptions in implementing the estimate</li><li>- Reviewed the competence, expertise and objectivity of external valuation experts</li><li>- Reviewed the instructions issued to external valuation experts and the scope of their work</li><li>- Communicated with valuation expert about the basis on which the valuation was carried out and challenged the key assumptions</li><li>- Reviewed and challenged the information used by the valuation expert to ensure it is robust and consistent with our understanding</li><li>- Tested revaluations made during the year to ensure they are input correctly into the Authority's asset register</li><li>- Evaluated the assumptions made by the management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value</li></ul>	<p>The Authority revalued all its land and building assets with a value date of 31 March 2019. The valuation was carried out by a suitably qualified expert.</p> <p>Our audit work did not identify any issues in respect of valuation of land and buildings.</p>

# Audit of the Financial Statements

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Valuation of net pension liability</b></p> <p>The Authority's pension fund asset and liability as reflected in its balance sheet represents a significant estimate in the financial statements.</p> <p>We identified the valuation of the pension fund net liability as a risk requiring special audit consideration due to the elevated estimate uncertainty and the high degree of management judgement.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> <li>- Identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We have also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement</li> <li>- Evaluated the competence, expertise and objectivity of the actuary who carried out the Authority's pension fund valuation. We have gained an understanding of the basis on which the valuation was carried out</li> <li>- Undertaken procedures to confirm the reasonableness of the actuarial assumptions made</li> <li>- Confirmed the validity of the source data provided to your actuary by matching this data to Authority's payroll reports</li> <li>- Checked the consistency of the pension fund assets and liability disclosures in notes to the financial statements with the actuarial report from your actuary</li> </ul>	<p>We discussed the potential impact of the McCloud ruling on the financial statements of Local Government bodies.</p> <p>The Authority requested an estimate from its actuary of the potential impact of the McCloud ruling. The actuary's estimate was of a possible increase in pension liabilities of £304k, and an increase in service costs for the 2019/20 year of £24k. As this assessed impact was material, management processed these adjustments to the reported pension liability and past service costs reported in the 2018-19 statement of accounts.</p> <p>Our audit work did not identify any additional issues in respect of valuation of pension fund net liability.</p>

# Audit of the Financial Statements

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p><b>Management override of internal controls</b></p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. .</p> <p>Management over-ride of controls is a risk requiring special audit consideration.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"><li>- Gained an understanding of the accounting estimates, judgements applied and decisions made by management and consider their reasonableness</li><li>- Obtained a full listing of journal entries, identified and tested unusual journal entries for appropriateness</li><li>- Evaluated the rationale for any changes in accounting policies</li></ul>	<p>Our audit work did not identify any issues in respect of management override of controls.</p>



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# Audit of the Financial Statements

## **Audit opinion**

We gave an unqualified opinion on the Authority's financial statements on 30 July 2019.

## **Preparation of the financial statements**

The Authority presented us with draft financial statements in accordance with the national deadline, 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 financial statements**

We reported the key issues from our audit to the Authority on 26 July 2019.

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

We are required to review the Authority's Annual Governance Statement and Narrative Report. It published them on its website in the Statement of Accounts in line with the national deadlines.

Both documents were prepared in line with the CIPFA Code and relevant supporting guidance. We confirmed that both documents were consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.

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

We assessed the work required on the Authority's Data Collection Tool in line with instructions provided by the NAO. As the Authority was below the preparation threshold, no audit work was required in this area.

## **Certificate of closure of the audit**

We certified that we have completed the audit of the financial statements of Dartmoor National Park Authority in accordance with the requirements of the Code of Audit Practice on 30 July 2019.

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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2017 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 risks where we concentrated our work.

We carried out an initial assessment in March 2019 and did not identify any significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03.

We have continued our review of relevant documents up to the date of giving the Audit Findings Report and have not identified any further significant risks where we needed to perform further work.

## Overall Value for Money 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 2019.

# A. Reports issued and fees

We confirm below our final reports issued and fees charged for the audit. In addition we confirm that no non-audit services were provided during the year.

## Reports issued

Report	Date issued
Audit Plan	21 February 2019
Audit Findings Report	15 July 2019
Annual Audit Letter	29 August 2019

## Fees

	Planned fees £	Actual fees £	2017/18 fees £
Statutory audit	9,091	9,841	11,807
<b>Total fees</b>	<b>9,091</b>	<b>9,841</b>	<b>11,807</b>

## Audit fee variation

As outlined in our audit plan, the 2018-19 scale fee published by PSAA of £9,091 assumes that the scope of the audit does not significantly change. There was one area where the scope of the audit has changed, which has led to additional work. This is set out in the following table.

Area	Reason	Fee proposed
<b>Assessing the impact of the McCloud ruling</b>	The Government's transitional arrangements for pensions were ruled discriminatory by the Court of Appeal last December. The Supreme Court refused the Government's application for permission to appeal this ruling. As part of our audit we have reviewed the revised actuarial assessment of the impact on the financial statements along with any audit reporting requirements.	£750
<b>Total</b>		£750

Fee variations are subject to PSAA approval.



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