

Public Document Pack

Peak District National Park Authority

Tel: 01629 816200

E-mail: customer.service@peakdistrict.gov.uk

Web: www.peakdistrict.gov.uk

Minicom: 01629 816319

Aldern House, Baslow Road, Bakewell, Derbyshire. DE45 1AE



Our Ref: A.1142/2386

Date: 11 July 2019



SUPPLEMENT TO AGENDA ITEM 8



Meeting: **National Park Authority**

Date: **Friday 19 July 2019**

Time: **10.00 am**

Venue: **The Board Room, Aldern House, Baslow Road, Bakewell**

SARAH FOWLER
CHIEF EXECUTIVE

AGENDA

8. **External Audit 2018/19 Annual Report** (*Pages 5 - 26*) 30 mins
Appendix A

Duration of Meeting

In the event of not completing its business within 3 hours of the start of the meeting, in accordance with the Authority's Standing Orders, the Authority will decide whether or not to continue the meeting. If the Authority decides not to continue the meeting it will be adjourned and the remaining business considered at the next scheduled meeting.

If the Authority has not completed its business by 1.00pm and decides to continue the meeting the Chair will exercise discretion to adjourn the meeting at a suitable point for a 30 minute lunch break after which the committee will re-convene.

ACCESS TO INFORMATION - LOCAL GOVERNMENT ACT 1972 (as amended)

Agendas and reports

Copies of the Agenda and Part A reports are available for members of the public before and during the meeting. These are also available on the website <http://democracy.peakdistrict.gov.uk>

Background Papers

The Local Government Act 1972 requires that the Authority shall list any unpublished Background Papers necessarily used in the preparation of the Reports. The Background Papers referred to in each report, PART A, excluding those papers that contain Exempt or Confidential Information, PART B, can be inspected by appointment at the National Park Office, Bakewell. Contact the Democratic and Legal Support Team on 01629 816200, ext 362/382. E-mail address:

democraticandlegalsupport@peakdistrict.gov.uk

Public Participation and Other Representations from third parties

Anyone wishing to participate at the meeting under the Authority's Public Participation Scheme is required to give notice to the Director of Corporate Strategy and Development to be received not later than 12.00 noon on the Wednesday preceding the Friday meeting. The Scheme is available on the website <http://www.peakdistrict.gov.uk/looking-after/about-us/have-your-say> or on request from the Democratic and Legal Support Team 01629 816362, email address: democraticandlegalsupport@peakdistrict.gov.uk.

Written Representations

Other written representations on items on the agenda, except those from formal consultees, will not be reported to the meeting if received after 12noon on the Wednesday preceding the Friday meeting.

Recording of Meetings

In accordance with the Local Audit and Accountability Act 2014 members of the public may record and report on our open meetings using sound, video, film, photograph or any other means this includes blogging or tweeting, posts on social media sites or publishing on video sharing sites. If you intend to record or report on one of our meetings you are asked to contact the Democratic and Legal Support Team in advance of the meeting so we can make sure it will not disrupt the meeting and is carried out in accordance with any published protocols and guidance.

The Authority uses an audio sound system to make it easier to hear public speakers and discussions during the meeting and to make a digital sound recording available after the meeting. From 3 February 2017 the recordings will be retained for three years after the date of the meeting.

General Information for Members of the Public Attending Meetings

Aldern House is situated on the A619 Bakewell to Baslow Road, the entrance to the drive is opposite the Ambulance Station. Car parking is available. Local Bus Services from Bakewell centre and from Chesterfield and Sheffield pick up and set down near Aldern House. Further information on Public transport from surrounding areas can be obtained from Traveline on 0871 200 2233 or on the Traveline website at www.travelineeastmidlands.co.uk.

Please note that there is no catering provision for members of the public during meal breaks. However, there are cafes, pubs and shops in Bakewell town centre, approximately 15 minutes walk away.

To: Members of National Park Authority:

Chair: Cllr A McCloy
Vice Chair:

Cllr D Chapman	Mr P Ancell
Cllr J Atkin	Cllr W Armitage
Mr J W Berresford	Cllr D Birkinshaw
Cllr P Brady	Cllr M Chaplin
Cllr C Farrell	Cllr C Furness
Mr Z Hamid	Cllr A Hart
Cllr Mrs G Heath	Mr R Helliwell
Cllr I Huddleston	Cllr B Lewis
Mr J Macrae	Cllr C McLaren
Cllr Mrs K Potter	Ms Priestley
Mr K Smith	Cllr P Tapping
Cllr R Walker	Caroline Waller
Cllr G D Wharmby	Cllr B Woods

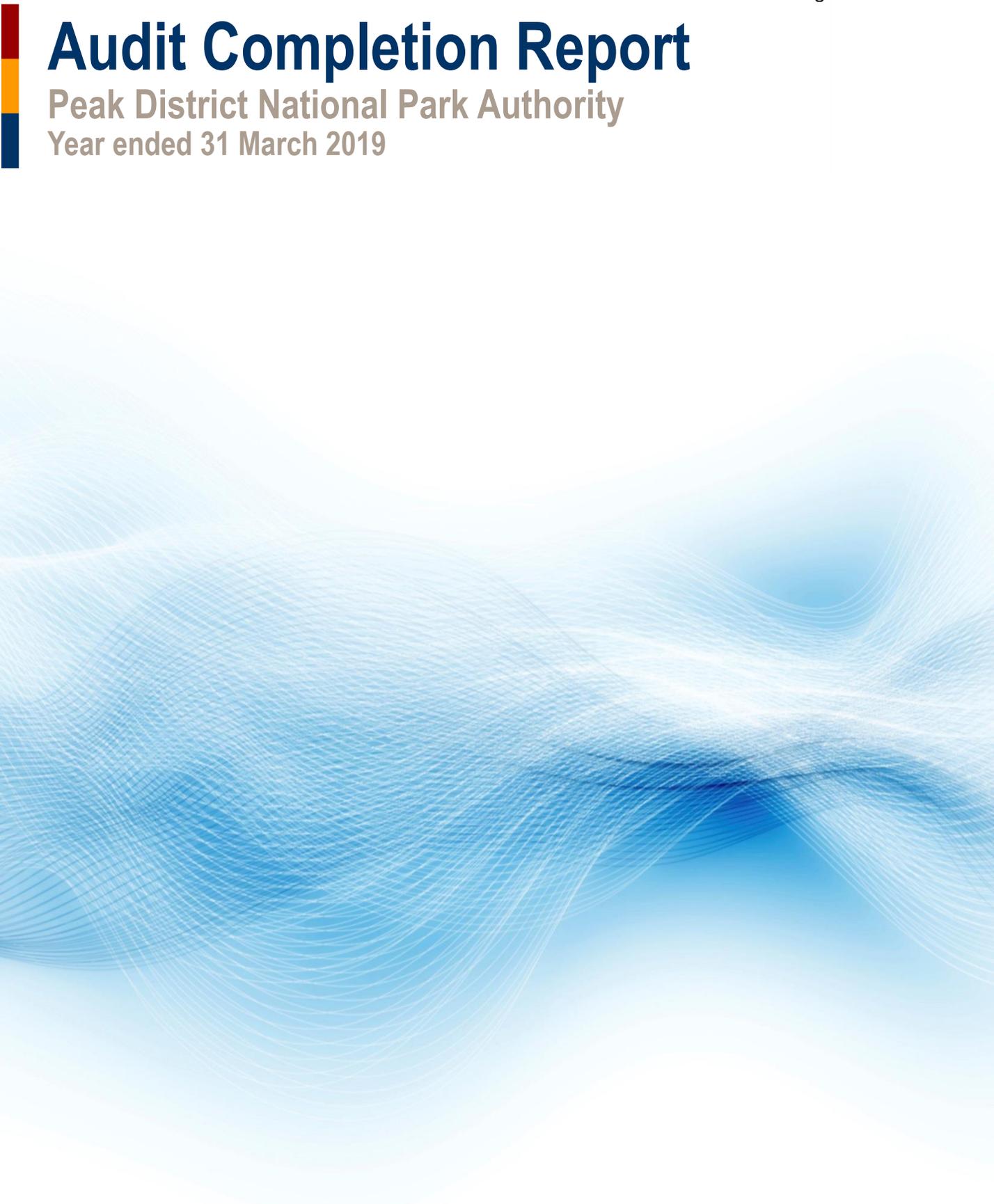
Other invited Members: (May speak but not vote)

Constituent Authorities
Secretary of State for the Environment
Natural England

This page is intentionally left blank

Audit Completion Report

Peak District National Park Authority
Year ended 31 March 2019



CONTENTS

1. Executive summary
2. Significant findings
3. Internal control recommendations
4. Summary of misstatements
5. Value for Money conclusion

Appendix A – Draft management representation letter

Appendix B – Draft auditor’s report

Appendix C – Independence

Our reports are prepared in the context of the ‘Statement of responsibilities of auditors and audited bodies’ and the ‘Appointing Person Terms of Appointment’ issued by Public Sector Audit Appointments Limited.

Reports and letters prepared by appointed auditors and addressed to the Authority are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

National Park Authority Members
Peak District National Park Authority,
Aldern House,
Baslow Road,
Bakewell,
DE45 1AE

19 July 2019

Dear Members

Audit Completion Report – Year ended 31 March 2019

We are pleased to present our Audit Completion Report for the year ended 31 March 2019. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 1 March 2019. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0787 5974291.

Yours faithfully

Mark Surridge
Mazars LLP

Mazars LLP – Park View House, 58 The Ropewalk, Nottingham, NG1 5DW
Tel: 0115 964 4744 – www.mazars.co.uk

Mazars LLP is the UK firm of Mazars, an integrated international advisory and accountancy organisation. Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at Tower Bridge House, St Katharine's Way, London E1W 1DD.

We are registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861.
VAT number: 839 8356 73

1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

The Audit Completion Report sets out the findings from our audit of Peak District National Park Authority ('the Authority') for the year ended 31 March 2019, and forms the basis for discussion at the Authority meeting on 19 July 2019.

The detailed scope of our work as your appointed auditor for 2018/19 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of control;
- Property, plant and equipment valuation; and
- Defined benefit liability valuation.

Status of our work

As we outline on the following page, our work is substantially complete. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

Value for Money conclusion

We anticipate concluding that the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B

Whole of Government Accounts (WGA)

We anticipate completing our work on your WGA submission, in line with the group instructions issued by the NAO, which has a deadline of 13 September 2019. The Authority is below the threshold requiring a detailed review of your WGA submission, and we expect to be able to provide the information required by NAO at the conclusion of our audit work, well ahead of the formal deadline

Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts.

1. EXECUTIVE SUMMARY

Status of our audit work

We have substantially completed our work on the financial statements and Value for Money conclusion for the year ended 31 March 2019. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Defined benefit liability valuation		The Authority has received a revised valuation from the Pension Fund actuary that reflects the impact of the McCloud judgement and GMP equalisation in relation to the valuation of the Authority's pensions liability. We are yet to review the changes that have been made as a result.

Status

-  Likely to result in material adjustment or significant change to disclosures within the financial statements
-  Potential to result in material adjustment or significant change to disclosures within the financial statements
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Authority with an update in relation to this outstanding matter, prior to signing the auditor's report.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in March 2019. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum.

Materiality

We set materiality at the planning stage of the audit at £286,681 using a benchmark of 2% of Gross Operating Expenditure. Our final assessment of materiality, based on the final financial statements and qualitative factors is £329,468, using the same benchmark. We set our trivial threshold (the level under which individual errors are not communicated to the Authority, at £9,884 based on 3% of overall materiality. Performance materiality is the amount or amounts set by the auditor at less than materiality for the financial statements as a whole to reduce, to an appropriately low level, the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. In setting performance materiality we have taken into account that this is our first year of audit and accordingly we do not hold extensive cumulative audit knowledge about the Authority's financial statements. We have therefore set our performance materiality at 65% of our overall materiality being £214,154.

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Authority.



2. SIGNIFICANT FINDINGS

Set out below are the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 8 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks and key areas of management judgement

As part of our planning procedures we considered the risks of material misstatement in the Authority's financial statements that required special audit consideration. Although we report the identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly considering whether new significant risks have arisen and how we intend to respond to these risks. No new risks have been identified since we issued our Audit Strategy Memorandum.

Significant risk

Description of the risk

1) Management override of controls

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by:

- Documenting our understanding of the processes and controls in place to mitigate the risks identified, and walk through those processes and controls to confirm our understanding;
- Testing the appropriateness of journal entries recorded in the general ledger and other material adjustments made in the preparation of the financial statements;
- Evaluating the business rationale for any significant transactions outside the course of the business;
- Understanding the oversight given by those charged with governance of management process over fraud;
- Making enquiries of management and Internal Audit regarding actual or any suspicions of fraud;
- Considering whether the Authority's accounting policies are consistent with industry standards;

Clarification from the Audit Strategy Memorandum

In our Audit Strategy Memorandum we also said we would:

- Review the calculation of management's material accruals, estimates and provisions for evidence of management bias;
- Sample test accruals and provisions based on established testing thresholds; and
- Review material aspects of capital expenditure on property plant and equipment to ensure it meets the relevant accounting requirements to be capitalised.

This work has been performed, with no issues arising. However, we wish to clarify that this testing was not to address this Significant Risk, it formed part of our standard audit procedures.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk

2) Valuation of property, plant and equipment, investment properties and assets held for sale

Description of the risk

The Authority's accounts contain material balances and disclosures relating to its holding of property, plant and equipment, investment properties and assets held for sale, with the majority of land and building assets required to be carried at valuation. Due to high degree of estimation uncertainty associated with those held at valuation, we determined there is a significant risk in this area.

How we addressed this risk

There has been no change in our planned audit strategy. We do however, wish to clarify our approach, which results in minor changes of how the tests performed are described versus our Audit Strategy Memorandum.

We addressed this risk through performing the following audit work:

- Reconciling valuations from the valuer's report had been recorded in the Fixed Asset Register;
- Testing a sample of assets valued during the year to valuation reports;
- Where material, testing the basis for impairment of assets, the value and correct accounting treatment;
- Critically assessing the Authority's valuer's scope of work and methodology used; and
- Considering the impact of any assets not valued during the year.

In our Audit Strategy Memorandum we also said we would test a sample of capital expenditure in 2018/19 where material to confirm that the additions are appropriately valued in the financial statements. This work has been performed, with no issues arising. However, we wish to clarify that this testing was not to address this Significant Risk, it formed part of our standard audit procedures.

Audit conclusion

Our work has provided the assurance we sought and has not highlighted any material issues to bring to your attention.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk	Description of the risk
3) Valuation of net defined benefit liability	The Authority's accounts contain material liabilities relating to the local government pension scheme. The Authority uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty (and GMP/McCloud considerations) associated with this valuation, we have determined there is a significant risk in this area.

How we addressed this risk

There has been no change in our planned audit strategy. We do however, wish to clarify our approach, which results in minor changes of how the tests performed are described versus our Audit Strategy Memorandum. We addressed this risk through performing the following audit work:

- Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges, utilising information provided by PwC, the consulting actuary engaged by the National Audit Office;
- Agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements;

In addition, we:

- Critically assessed the competency, objectivity and independence of the Pension Fund's Actuary;
- Liaised with the auditors of the Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; and
- Performed a walkthrough of payroll transactions at the Authority to understand how pension contributions which are deducted and paid to the Pension Fund by the Authority (note, our Audit Strategy Memorandum implied we would perform detailed tests, which was an incorrect transposition from our Audit file).

Audit conclusion

Our work identified that the valuation of the Authority's defined benefit pension liability did not reflect the impact of recent judgements made in relation to Guaranteed Minimum Pensions and the McCloud case. In this regard it is worth noting that the impact of the recent judgements made in relation to Guaranteed Minimum Pensions and the McCloud case are national issues affecting all local government bodies. The Authority has adjusted its 2018/19 financial statements to reflect these matters.

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded that following minor amendments that have been agreed they comply with the requirements of the Code of Practice on Local Authority Accounting (the Code), appropriately tailored to the Authority's circumstance. The Authority's policies have been updated appropriately to reflect the changes for 2018/19 in respect of IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers).

In recognition of the demands placed upon staff as a result of the earlier accounts production deadline, the Authority has refined its closedown plan to enhance the project management of this complex process. This included providing working papers to aid the audit process, and officers engaging with the audit process in the period leading up to the year end in order to proactively address issues as they emerged.

Draft accounts were received from the Authority on 31 May 2019 and were of a good quality. This represents a significant achievement by the finance team.

Opening Balances

We have performed relevant audit procedures on the Authority's opening balances. We have no observations or matters to report relating to the opening financial position as at 1 April 2018.

2. SIGNIFICANT FINDINGS (CONTINUED)

Significant matters discussed with management

1) Moorlife 2020 project

The Authority has some exposure to exchange rate risk because of this European funded grant project, which is paid retrospectively in euros. This risk has been recognised and reported regularly by the Authority in its Corporate Risk register. The Moorlife 2020 project, is a five year project with 75% grant aid from the European Commission of €11,984,887, which started in 2016/17. The project therefore has an element of exchange rate risk depending upon the exchange rate of the euro against sterling, at key points in the five year project. Sterling expenditure on the project is converted monthly by the Commission at the exchange rate on the first working day of the calendar month, which then represents the project expenditure for the year denominated in euros, from which the appropriate % of grant aid is derived in euros. The grant is drawn down in four stages, and the date on which the euro grant is drawn down and paid over determines the value of sterling income received. The first tranche (40%) of the grant, €3,595,466, was paid in advance in October 2015.

A financial risk to the Authority has been identified if sterling strengthens significantly against the euro during the project, considered to be in the region of £1.5m at its maximum. The risk will be mitigated by the Authority by adjusting the overall sterling budget of the project (downwards by up to £1.5m), and considering how forward exchange contracts might be used to give greater certainty over future transaction exchange rates. The project has been capped at £11,280,000 as per the original risk mitigation measure, but the first tranche of grant, drawn down in October 2015, was converted at a disadvantageous rate when sterling was strong, since which time sterling has weakened significantly and fluctuated. This, together with project expenditure slipping, has resulted in more disadvantageous monthly exchange rates being applied which determine the eventual value of the European grant claimable. A further refinement in the monitoring of the risk, modelling the precise mechanism by which the grant is drawn down and determined, and taking account of the inter-relationship of partner cash funding, has allowed for a more accurate forecast than previously. The previous assessment saw the greater risk as being a strong and sustained sterling rate, but the revised forecast shows that even with the lower sterling exchange rate prevailing, further modelling shows a baseline risk of at least £500,000 at project completion. It is therefore necessary for the Authority to ensure that there is a contingency cash sum available to meet this liability. The exchange rate risk issue in effect has led to a greater matched funding requirement far in excess of the original proportion contributed by the Authority. The final position will only be known after the grant is subjected to European external audit.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. We would like to express our thanks to management and officers for their co-operation throughout the audit.



2. SIGNIFICANT FINDINGS (CONTINUED)

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2018/19 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We have received no questions or objections that meet the criteria involved.

Our draft audit report, in full, is set out in Appendix B.

3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements. We do this in order to design audit procedures to allow us to express an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of internal control, nor to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have not made any internal control recommendations as a result of our 2018/19 audit work and there were no recommendations made by KPMG in the previous year for us to follow up on. The position in relation to internal control recommendations is therefore as set out below:

Priority ranking	Description	2018/19 issues identified	2017/18 issues outstanding
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0	0

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatement identified for adjustment during the course of the audit, above the level of our trivial threshold of £9,884.

There were no unadjusted misstatements that were identified during the course of our audit which management had assessed as not being material, either individually or in aggregate, to the financial statements and does not currently plan to adjust.

The table below outlines the misstatement that has been adjusted by management during the course of the audit.

	Adjusted misstatement 2018/19	Before	After
1	Balance Sheet - Net Pension Liability	19,344,000	20,465,000
	Comprehensive Income and Expenditure Statement – Cost of Services: Service Cost	2,144,000	2,456,000
	Comprehensive Income and Expenditure Statement – Financing and Investment Income and Expenditure: Net interest expense	410,000	414,000
	Total re-measurements recognised in Other Comprehensive Income and Expenditure	3,190,000	3,995,000
Updated figures as a result of a revised actuarial valuation, taking into account assumptions for judgements made regarding the Guaranteed Minimum Pension (GMP) and McCloud case. There are also additional consequential changes to the Pension Fund note, but none of these items impact the Council's General Fund.			

Disclosure amendments

During our review of the financial statements we identified some minor amendments to disclosures. These disclosure issues were corrected by the Authority in the final version of its financial statements for 2018/19.

- 1 We reviewed the proposed disclosure for operating leases and this was found to be incorrect and has been redrafted by the Authority.
- 2 The disclosure note for redundancy packages was also incorrect, but has likewise been corrected by the Authority in the final version of its financial statements for 2018/19.

5. VALUE FOR MONEY CONCLUSION

Introduction

We are required to form a conclusion as to whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Our Approach

Our overall approach is set out in our Audit Strategy Memorandum and involves a detailed risk assessment at the planning stage to identify whether or not a Value for Money (VFM) exists. Risk, in the context of our VFM work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Authority being inadequate. As set out in our Audit Strategy Memorandum, for the 2018/19 financial year, we have not identified any significant risks to our VFM conclusion. We have though identified one specific matter which we needed to keep to under close review:

- BREXIT related scenarios

Risk	Work undertaken	Conclusion
BREXIT related scenarios - We recognise there is the potential for additional EU funding in the Authority's external funding pipeline and there may be some potential BREXIT related scenarios where any additional EU funding is at risk. However, we are also aware of the undertakings being afforded to national park authorities by central government. It is our understanding that the Treasury has guaranteed funding for successful bids for EU funding until the end of 2020 and that applicants will receive their full financial allocation and will continue to receive funding over a project's lifetime. Against this backdrop and the relatively sound financial position of the Peak District National Park Authority we have not identified a significant VFM risk .	We have assessed whether any matters have come to our attention through the course of our audit that lead us to conclude that a risk to our 2018/19 VFM conclusion does indeed exist. We addressed this requirement by reviewing the Authority's arrangements for developing and delivering its MTFP and for working in partnership.	We obtained sufficient assurance to conclude that the Authority continues to have appropriate arrangements in place.

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Matters kept under review

Before drawing our conclusion, we have:

- updated our risk assessment for any new or emerging issues through discussions with management and updating our review of committee reports;
- reviewed the Authority's Annual Governance Statement for any significant issues; and
- considered the Authority's financial outturn position as presented in the financial statements.

From the work performed, no new significant VFM risks were identified and we have no matters to report.

Our overall Value for Money conclusion

We have completed our procedures and, as set out in our draft auditor's report included at Appendix B, we intend to issue an unqualified Value for Money conclusion for the 2018/19 financial year.



APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

Mazars LLP
Park View House
58 The Ropewalk
Nottingham
NG1 5DW

19 July 2019

Dear Mark

The Authority's management representation letter should be provided to us on client headed note paper.

Peak District National Park Authority - audit for year ended 31 March 2019

This representation letter is provided in connection with your audit of the statement of accounts for Peak District National Park Authority (the Authority) for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the statement of accounts give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (the Code).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the statement of accounts and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the statement of accounts in accordance with the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the statement of accounts such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Head of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority in making accounting estimates, including those measured at current or fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date. There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

Executive summary

Significant findings

Internal control recommendations

Summary of misstatements

Value for Money conclusion

Appendices

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility as Head of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the statement of accounts may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's statement of accounts communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Going concern

To the best of my knowledge there is nothing to indicate that the Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements as included in the auditor's Audit Completion Report are immaterial, both individually and in aggregate, to the statement of accounts as a whole.

Yours sincerely

Head of Finance
19 July 2019

APPENDIX B

DRAFT AUDITOR'S REPORT

Responsibilities of the Head of Finance for the financial statements

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes 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 2018/19, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Conclusion on Peak District National Park Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in November 2017, we are satisfied that, in all significant respects, Peak District National Park Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in November 2017, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Authority

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

DRAFT AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

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 requires us to report to you our conclusion relating to proper arrangements. 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.

Use of the audit report

This report is made solely to the members of Peak District National Park Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Certificate

We certify that we have completed the audit of Peak District National Park Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Mark SurrIDGE

For and on behalf of Mazars LLP

Park View House
58 The Ropewalk
Nottingham
NG1 5DW

26 July 2019

APPENDIX C INDEPENDENCE

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

CONTACT

Mark SurrIDGE

Director

Phone: +44 (0) 787 597 4291

Email: mark.surrIDGE@mazars.co.uk

John Pressley

Manager

Phone: +44 (0)790 998 0880

Email: john.pressley@mazars.co.uk

This page is intentionally left blank