Appendix 3

Auditor’s Annual Report

Peak District National Park Authority – year ended 31 March 2024

February 2025

Contents

01

Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Peak District National Park Authority ('the Authority') for the year ended 31 March 2024. Although this report is addressed to the Authority, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.

Opinion on the financial statements
We anticipate issuing an unqualified opinion in our audit report in February 2025.

Wider reporting responsibilities
The National Audit Office has issued its group instructions for 2023/24. They have yet to confirm their sampled components as a result we cannot issue the audit certificate.

Value for Money arrangements
In our audit report to be issued in February 2025 we will report that we have completed our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources and have not issued recommendations in relation to identified significant weaknesses in those arrangements. Section 3 provides our commentary on the Authority's arrangements.

02

Audit of the financial statements

Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Authority and whether they give a true and fair view of the Authority's financial position as at 31 March 2024 and of its financial performance for the year then ended. Our audit report, will be issued in February 2025 and we anticipate issuing an unqualified opinion on the financial statements for the year ended 31 March 2024

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Other reporting responsibilities

Reporting responsibility	Outcome
Annual Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Authority.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

03

Our work on Value for Money arrangements

VFM arrangements

Overall Summary

VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:

Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services.

Governance - How the Authority ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Authority has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding or arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

We outline the risks that we have identified and the work we have done to address those risks on page 13.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Authority. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements -** We make these recommendations for improvement where we have identified a significant weakness in the Authority arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations -** We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
Financial sustainability	15	No	No	No
Governance	17	No	No	No
Improving economy, efficiency and effectiveness	19	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Arrangements to plan finances, identify significant short-term and medium-term financial pressures and bridge funding gaps

The arrangements in place for budget setting and updating the Medium Term Financial Plan (MTFP) are as expected for a Local Authority with arrangements for the evaluation of financial risk, alignment to the Authority Plan and anticipated sources of funding. The MTFP is set over a three-year timeframe and the budget for the forthcoming year is presented to Members in February. The covering report highlights key assumptions used.

The Authority set a balanced revenue budget for the 2023/24 financial year. The National Park Grant, provided by DEFRA, is the Authority's largest source of income amounting to approximately £6.7m annually.

We have reviewed the Financial Outturn and Reserve Appropriation for 2023/24 as presented to the National Park Authority Committee in July 2024, showing a revenue underspend of £422k. A variance analysis was also provided to Members showing better than anticipated investment returns as seen across similar authorities. We did not identify any significant inconsistencies between budgetary information and the financial position as reflected in the financial statements.

Arrangements to ensure financial plans are consistent with other strategies

The MTFP is prepared with due regard to other plans and strategies and there is a process in place for challenging assumptions. In addition to the MTFP the Authority has published a Capital Strategy for 2024/25 – 2027/28 which references other plans such as the Asset Management Plan. The Authority has also published its Annual Treasury Management Strategy Statement which sets out the parameters within which the Authority's investing and borrowing activities will be conducted in the forthcoming year.

We have reviewed the Authority's capital financing over time as shown in the charts on the next page. For the year ended 31 March 2024, capital expenditure has significantly increased while the underlying capital financing requirement has fallen, as this investment has been partially financed by increased capital grants. New capital projects undergo a business case approval process and require approval from Senior Management or Members to ensure alignment with wider objectives.

Arrangements to identify and manage risks to financial resilience

The Authority's reserves position provides some mitigation against future financial challenges and will assist in addressing future volatility and support savings and efficiencies plans and the capital programme. The Authority will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long-term solution to funding gaps.

We analysed the Authority's usable reserves which stand at:

- General Fund balances of £8.650m at 31 March 2024 (£9.345m at 31 March 2023)
- Usable capital reserves of £1.321m at 31 March 2024 in (£1.392m at 31 March 2023)

As shown on the charts on the next page, while the Authority's reserves position is slightly less resilient than the prior year, there has been an overall upward trend over the last six years.

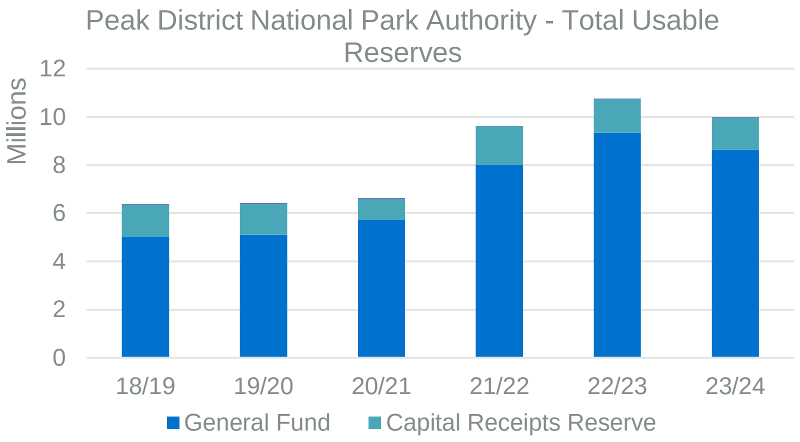
Our review of the MTFP and other committee papers confirms emerging medium term cost pressures. We also note that the authority is putting in place a further restructuring plan to help mitigate these future budget gaps. . While we acknowledge the difficulties the Authority is currently facing, we do not think this is indicative of weaknesses in arrangements. The latest Medium Term Financial Plan, which assumes the DEFRA grant will remain at same amount up to 2027/28 that it has been since 2019/20, forecasts a surplus position until 2026/27. The announcement indicates that the Authority is adopting prudent approach to minimising medium term cost pressures.

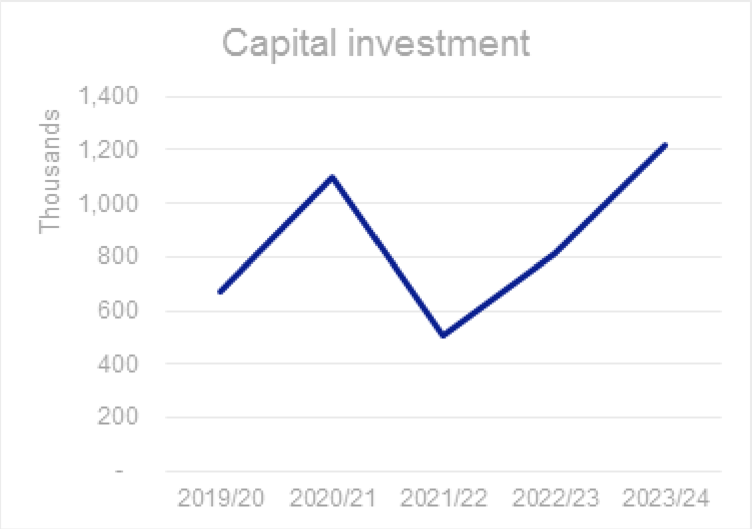
The Authority's reserves position does not indicate a risk of significant weakness in VFM arrangements for financial sustainability and provide some mitigation against future financial challenges, and will assist in addressing future volatility and support savings and efficiencies plans. The Authority will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long-term solution to funding gaps. From our review of relevant reports we noted that a new reserve had been created, named the Medium-Term Financial Plan (MTFP) Reserve, to start planning for known future deficits that are forecast in the MTFP.

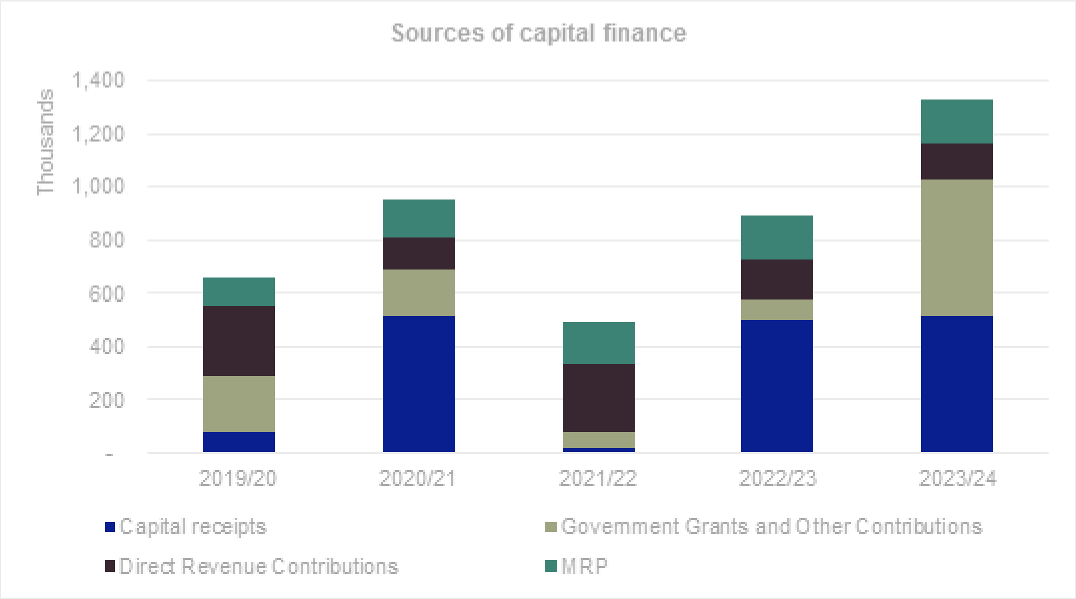
Based on the above considerations we have not identified evidence of a significant weakness in the Authority's arrangements for securing Financial Sustainability for the year ended 31 March 2024.

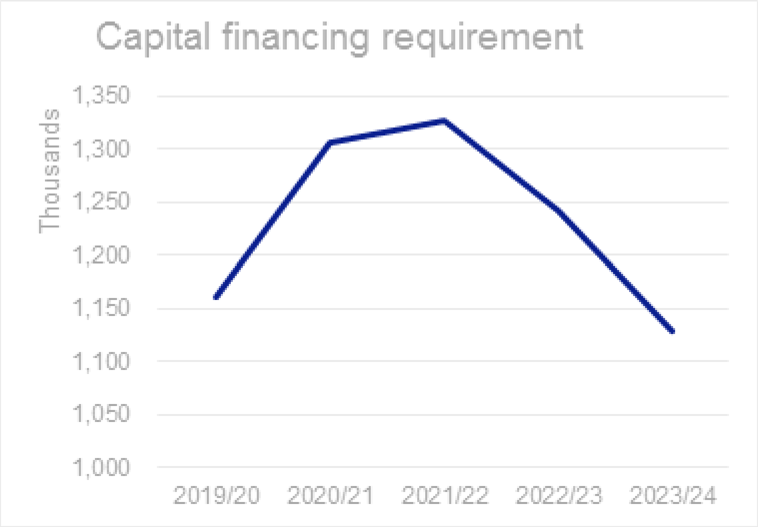
VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability









VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks

VFM arrangements – Governance

Overall commentary on Governance

Arrangements for decision making, risk management and internal control

In accordance with regulations, the Authority has published its Standing Orders, a Local Code of Corporate Governance and various other policies and protocols which set out its governance arrangements, how decisions are made and the procedures to be followed. The Authority has also established a Governance Review Working Group which meets monthly and produces an annual Review of Performance against the Code of Corporate Governance.

The Authority does not have a separate Audit Committee, with those functions carried out at full Authority level, including responsibility for liaising with internal and external audit and establishing and maintaining an effective system of governance in a way that supports the organisation's objectives. This arrangement is considered appropriate for a local authority organisation of this size. We have reviewed supporting documents and confirmed the Authority meets regularly and reviews its programme of work to maintain focus on key aspects of governance and internal control. Our attendance at meetings has confirmed there is an appropriate level of effective challenge.

The Authority maintains a Corporate Risk Register which is linked to delivery of the Authority Plan and National Park Management Plan and is regularly reviewed by Members. A template covering report is used for all reports, ensuring the purpose, strategic context, governance issues, and recommendations are clear. Minutes are published and reviewed to evidence the matters discussed, challenge and decisions made

We reviewed the Internal Audit 2023/24 Annual Report which gave substantial assurance over the system of governance, risk management and control operating at the Authority. No significant control weaknesses were flagged as needing to be included in the Annual Governance Statement (AGS). The AGS is a self-assessment by the Authority on its governance, assurance and internal control frameworks for the financial year

Arrangements for budget setting and budgetary control

We have reviewed the Authority's overall governance framework, including committee reports, the Annual Governance Statement, and Statement of Accounts for 2023/24. These confirm the Authority undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Authority's service users. We have confirmed that original 2023/24 revenue budget was approved by Members in February 2023 and the 2024/25 budget was presented in February 2024. The arrangements in place for budget setting and updating the Medium Term Financial Strategy are as expected for a park authority with arrangements for the evaluation of financial risk, alignment to business plans and sources of funding.

Through our review of Authority reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Authority's arrangements for budget monitoring remain appropriate, including regular reporting to Members and well-established arrangements for year-end financial reporting. The Budget Monitoring group, consisting of the CEO, the Head of Resources and the Finance Manager, has continued to meet during the year to discuss budgets year to date, forecasts, significant risks to budget and review the level of reserves.

Based on the above considerations we have not identified evidence of a significant weakness in the Authority's arrangements in relation to Governance for the year ended 31 March 2024.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Arrangements for evaluating performance, identifying areas for improvement, ensuring the Authority delivers its role within significant partnerships and stakeholders

The Authority Plan (AP) for 2023-28 sets out the Authority's performance management framework with processes for regular performance reporting and corrective action if required. Alongside this, the National Park Management Plan (NPMP) is a partnership strategy for achieving the four stated aims of addressing needs associated with 'Climate Change', 'Landscape & Nature Recovery', 'Welcoming Place' and 'Thriving Communities'. From our review of relevant reports and minutes we confirmed an update report on the AP was provided to Members in February 2024 as well as a progress report in May 2024. A 23/24 progress report on the NPMP was presented in July 2024. An overview of progress is provided with each action being RAG rated to improve clarity for Members and external stakeholders. Additionally, the Authority produces a Performance and Business Plan which sets out priorities for action in the year, KPIs and measures of success.

The Authority's budget endeavours to ensure the provision of the appropriate resources required to deliver the Plan, and the types of action necessary to enable them to be affordable, to allow balanced budgets to be delivered. The Authority produces a detailed annual report where performance is considered following the year-end. This report provides the public with an overall assessment of the Authority activities for the financial year with no indicators of a risk of significant weakness in arrangements.

The Authority has arrangements to review complaints and analyse trends over time in order to identify and address any potential systemic issues and risks by introducing improvements to service delivery. During 2023/24, on complaint was received against a Member. Following initial assessment, the Monitoring Officer decided to take no further action in relation to the complaint on the basis that it was not in the public interest to do so. However, a training gap was identified as a result of the complaint; accordingly, additional training was provided to the Member by the Monitoring Officer.

A total of 21 formal complaints were received during this period, which is 16 less than received in the previous year. Of the 21 complaints, 1 was withdrawn, 11 related to the Planning Service and 9 to other Services; 13 of these complaints ended after Stage One of the complaints process and only 7 complaints progressed to Stage Two. Of the 11 complaints against the Planning Service 2 were referred to the Ombudsman but not upheld

We identified no significant changes in arrangements regarding partnership working and are satisfied the Authority continues to have arrangements for standing financial instructions, purchase order controls and our work on the financial statements has not identified any significant internal control deficiencies regarding purchasing controls.

Based on the above considerations we have not identified evidence of a significant weakness in the Authority's arrangements in relation to Improving Economy, Efficiency and Effectiveness for the year ended 31 March 2024.

04

Other reporting responsibilities and our fees

Other reporting responsibilities and our fees

Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power 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 the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers

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 did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The National Audit Office has issued its group instructions for 2023/24. They have yet to confirm their sampled components as result we cannot issue the audit certificate.

Fees for work as the Authority’s auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Authority Committee in June 2024. Having substantially completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2022/23 fees	2023/24 fees
Planned fee in respect of our work under the Code of Audit Practice	£13,727	£44,821
Additional fees - costs associated with the audit not included in the scale fee (e.g. additional testing requirements driven by regulatory requirements, additional testing from new auditing standards, additional work to deliver the VFM responsibilities, General ledger transfer)	£10,100	£6,002
Additional costs associated with the audit not included in the current scale fee (ISA 315)	**£3,501**	**£4,710**
Total fees	**£27,328**	**£55,533**

Appendices

A: Further information on our audit of the financial statements

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
Valuation of property, plant and equipment Land and buildings are a significant balance on the Authority's balance sheet. The valuation of land and buildings is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.	We addressed this risk by: • critically assessing the Authority's valuer's scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations; • Considering whether the overall revaluation methodologies used by the Authority's valuer are in line with industry practice, the CIPFA code of practice and the Authority's accounting policies; • assessing whether valuation movements are in line with market expectations by considering valuation trends; • critically assessing the treatment of the upward and downward revaluation movements in the Authority's financial statements with regards to the requirements of the CIPFA code of practice. • Critically assessing the approach that the Authority adopts to ensure that assets that are not subject to revaluation in 2023/24 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Authority's valuers. Findings: We have identified two misstatements totalling £67k which have been adjusted in the final financial statements by management. There are no other matters to bring to the Authority's attention to date. The details on this and our other findings are set out in our Audit Completion Report.

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
Net defined benefit asset/liability valuation The defined benefit liability relating to the Local Government pension scheme represents a significant balance on the Authority's balance sheet. 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 associated with this valuation, we have determined there is a significant risk in this area.	We have addressed the risk by: - critically assessing the competency, objectivity and independence of the Derbyshire Pension Fund's Actuary; - liaising with the auditors of the Derbyshire Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively. This assurance received covered 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; - 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 by the consulting actuary engaged by the National Audit Office; and - 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. Findings: We identified one misstatement which has been adjusted in the final financial statements by management, in relation to the asset ceiling calculation. There are no other matters to bring to the Authority's attention to date. The details on this and our other findings are set out in our Audit Completion Report.

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
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.	We addressed this risk through performing audit work over: • accounting estimates impacting amounts included in the financial statements; • consideration of identified significant transactions outside the normal course of business; and • journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements Findings: There are no matters to bring to the Authority's attention to date. The details on this and our other findings are set out in our Audit Completion Report.

Appendix A: Further information on our audit of the financial statements

Significant risks and audit findings

As part of our audit, we identified significant risks to our audit opinion during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
During 2023/24, Peak District National Park Authority undertook an accounting system migration from Exchequer to Iplicit. In October 2023, the nominal ledger, accounts receivable and accounts payable functions were closed in Exchequer and became managed via Iplicit. There is a risk that the migration will not capture all data held in the prior system. The omission of such data could ultimately lead to material misstatement within the financial statements. There is a further risk the migration leads to a loss of data and accounting records during transfer. Such a loss of data may result in a risk that during the audit, we are unable to obtain sufficient and appropriate third-party evidence.	In order to address this risk, we: • Gained an understanding of the process undertaken to transfer the data from one ledger to the other, and the checks performed by management to ensure that this was completed appropriately and successfully; • Reviewed the Authority's reconciliation of the closing balances contained in the old general ledger at the date of the transfer to the open balances imported into the new general ledger Findings: Audit procedures performed have not identified any material errors or uncertainties or any other matters that we wish to bring to the attention of Members. The details on this and our other findings are set out in our Audit Completion Report.

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Appendix A: Further information on our audit of the financial statements

Summary of uncorrected misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £11k. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

Details of adjustment	**Comprehensive Income and Expenditure Statement**		**Balance Sheet**	
	Dr (£ '000)	**Cr (£ '000)**	**Dr (£ '000)**	**Cr (£ '000)**
Dr: CIES - Other Services Expenses Cr: Short Term Creditors This is the extrapolation of a £2k understatement of expenditure for the 23/24 portion of the Civica licence fee which was not accrued for at the year-end.	18			18
Dr: CIES - Fees Charges And Other Service Income Cr: Short Term Debtors This is the extrapolation of a £2k overstatement of income within the 23/24 year for contract between the authority and the Field Head campsite. The error arose because the contract spans multiple years and the accruals for the prior and current years were mismatched.	123			123
Dr: Short Term Debtors Cr: CIES - Fees Charges And Other Service Income This is the extrapolation of a £13k underestimate of a receivable in relation to Combs Moss Restoration Project from Nestle Waters UK Ltd.		24	24	
Dr: CIES - Other Services Expenses Cr: Short Term Creditors This is the extrapolation of four invoices selected in our sample which had a combined estimation variance (accrual versus actual invoice received post year-end) of £12k	36			36
Aggregate effect of unadjusted misstatements	**153**			**153**

5. Internal control recommendations

Significant deficiencies in internal control

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of strategic objectives. Our recommendations should be considered for immediate action.

Description of deficiency

During the audit we encountered some difficulties in reconciling the Trial Balance/Ledger to the Financial Statements. The original working papers provided for audit were difficult to follow and management were unable to respond to some of our queries, due to staff turnover between the financial year and the subsequent producing of the working papers and statements. This was unrelated to the general ledger transfer.

Potential effects

If the underlying trial balance cannot be readily reconciled, there is an increased risk of material misstatement in the draft financial statements. Additionally the errors noted above resulted in a £25k over-appropriation of budget surplus to reserves which has an impact on the Authority's budgeting procedures.

Recommendation

We recommend that procedures in respect of the reserves appropriation account be subject to closer to review by management.

Management response

We recognise that the process for reserves and other appropriations is not fit for purpose. Historically, this has been done after the outturn is produced, post draft statements. This will now be fully reconciled at the same point as outturn to ensure no misstatements in the accounts. The appropriation account has now been built into the new Statement of Financial accounts automated excel reconciliation file, which will be rolled out for FY 24/25 financial statements.

The issue reconciling the underlying TB to the financial statements has been noted. The new Statement of Financial accounts automated excel reconciliation file, will address this issue going forward. Having gone through the audit process, the team understand better the requirements of the Auditors in terms of the backup needed, so can be more prepared to provide the relevant information.

5. Internal control recommendations

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

When testing capital disposals within Property, Plant and Equipment we noted that for some of the items selected there was not sufficient backing documentation. When testing a disposal from Warslow Moor, we noted that the asset had not been componentised despite containing several buildings. Therefore, when it was partially disposed of, the values had to be estimated and could not be traced to records.

Potential effects

If transactions within the authorities fixed asset register cannot be appropriately supported by evidence, then there is a higher risk of material misstatements within the financial statements

Recommendation

We recommend that when adding or removing values from the fixed asset register these can be appropriately supported by evidence.

Management response

We agree with the finding around Warslow Moor and the issue where assets are not componentised. Warslow Moors, was gifted to PDNPA as a community asset, therefore the estate asset value was £0 on acceptance. The value of this asset has been built up over time due to work completed on the estate but not attributed to any particular property within the asset. Due to this issue in the fixed asset register, the estimation basis was the most prudent approach we could take to value the asset in question. This included valuing any enhancements that had been made to the particular asset being disposed of, since acquisition. Historical data is not available to capture the actual accounting values, attributed to elements of an asset. Going forward, additions will be componentised on our Fixed Asset register, to ensure accurate records are kept. However, we will encounter the same issue around historical data, for Warslow Moors on future disposals.

5. Internal control recommendations

Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Description of deficiency

When performing our audit testing of payroll we noted that a significant proportion of our sample did not have signed employment contracts.

Potential effects

While we presume that the contracts were originally signed by the employees, if they're not kept on record there may be future compliance issues.

Recommendation

We recommend that signed employment contracts be kept on file

Management response

Since 2021, all contracts are signed and filed electronically. We recognise, that some of the samples collected did not contain signatures and therefore, there is flaw in the process. This has been addressed with the Head of People and new controls are to be implemented, to ensure all employees, have a signed contract on file. This will apply to new staff and any role changes that trigger a new contract. A data cleansing exercise will need to be carried out to ensure all contracts on file contain an employee signature.

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