

YORKSHIRE DALES NATIONAL PARK AUTHORITY
AUDIT AND REVIEW COMMITTEE

15th December 2006

ANNUAL AUDIT & INSPECTION LETTER

Purpose of report

To present the Audit Commission's Annual Audit & Inspection Letter to Members, summarising the significant issues arising from the 2005/2006 audit.

An officer from the Audit Commission will attend the meeting to present the Letter.

Strategic Planning Framework

The information contained in this report is consistent with the Authority's approved and adopted strategic planning framework:

- ***Best Value Performance Plan***
"Advise on, and deliver, financial management support, ...for all departments of the NPA."
- ***Existing policies and strategies***
NPA's accounts are subject to external audit by an auditor appointed by the Audit Commission (paraphrased from the Authority's Financial Regulations, paragraph 17.1 (i)-(iii)).

Annual Audit & Inspection Letter

A copy of the Annual Audit & Inspection Letter is attached. The contents of this letter have been discussed with the Audit Commission at a meeting attended by the Chair of the Audit & Review Committee.

This year's letter is substantially shorter than the previous year's, because of a change to the way in which corporate governance issues are reported. Those matters relating to the annual accounts are dealt with in the Audit Commission's Annual Governance Report (as presented at the Authority meeting on 28th September 2006), which covers the Management Letter of Representation in support of those accounts, as well as the Statement of Internal Control and 'Whole of Government Accounts' reporting.

The Annual Audit & Inspection Letter records an **unqualified opinion** on the Annual Accounts (page 5, paragraph 6), and states that there were no significant issues in relation to the accounting statements or within the underlying systems that were reviewed.

The Letter also covers the work completed by the Audit Commission to allow them to reach a 'Value for Money' conclusion, to the effect that the Authority has set in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The conclusion is that in eleven out of twelve criteria this requirement has been met (page 6, paragraph 9); the exception relates to the absence at the time of the audit of an asset management plan, but which will be completed by December 2006 in line with the objective set within the Authority's Best Value Performance Plan.

The Letter also updates Members on the Commission's work on the Authority's Planning process, first reported in October 2005, and notes the recent changes to the committee structure. It is the intention of the Audit Commission to review this area as part of their 2007/08 audit (page 6, paragraph 12), to assess the extent to which the change in arrangements has had an impact on the situation as first reported.

RECOMMENDATION

Past years' Annual Audit & Inspection Letters have contained findings for which Members have been asked to make recommendations to the full Authority. However, this edition makes specific mention of only two items (Asset Management; Planning) which are already in hand. Members are therefore asked simply to note the content of this report.

RICHARD BURNETT
HEAD OF FINANCE & RESOURCES

3rd November 2006

Audit and Inspection Letter

October 2006



Audit and Inspection Letter

Yorkshire Dales National Park Authority

Audit 2005/2006

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports to the Authority

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

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Purpose, Responsibilities and Scope

The Purpose of this Letter

- 1 The purpose of this Annual Audit and Inspection Letter is to summarise the key issues arising from the work that we have carried out during the year. Although this letter is addressed to the members of the Authority, it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public. The letter will be published on the Audit Commission website at www.audit-commission.gov.uk.
- 2 This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission. This is available from www.audit-commission.gov.uk.

The Responsibilities of the Auditor and the Authority

- 3 As the Authority's external auditors, appointed by the Audit Commission, we have a broad remit covering financial and governance matters. We target our work on areas which involve significant amounts of public money and on the basis of our assessment of the key risks to the Authority achieving your objectives. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

The Scope of our Work

- 4 Our main responsibility as your appointed auditor is to plan and carry out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, we are required to review and report on:
 - the Authority's accounts; and
 - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 5 We are also able to carry out inspections but have not undertaken any inspections in the last year.

The Audit of the Accounts

- 6 We gave an unqualified opinion on [your](#) financial statements on 26 September 2006 in advance of the deadline of 30 September 2006.
- 7 The accounts presented for audit were available on time. The accounts were re-approved by the Authority on 26 September as a material adjustment had to be made in the figures relating to the accounting for pensions in the Statement of Accounts. There were no other significant issues which required a report to [Members](#) in relation to the accounting statements or the underlying systems that were also reviewed.

Use of Resources

Value for money conclusion

- 8 We are required to issue a conclusion on whether we are satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion and requires the review of the following criteria agreed by the Audit Commission in relation to your arrangements for:
- setting, reviewing and implementing strategic and operational objectives;
 - communicating with service users and other stakeholders including partners;
 - monitoring and scrutiny of performance;
 - monitoring the quality of published performance information;
 - maintaining a sound system of internal control;
 - managing significant business risks;
 - managing and improving value for money;
 - ensuring the medium-term financial strategy, budgets and a capital programme are soundly-based and designed to deliver strategic priorities;
 - ensuring that spending matches its available resources;
 - managing performance against budgets;
 - management of the asset base; and
 - promoting and ensuring probity and propriety in the conduct of business.
- 9 Our conclusion was that you have adequate arrangements in place in respect of each criteria except for the management of the asset base. This is because there is no asset management plan in place that details existing asset management arrangements. There is no formal programme of condition surveys, planned repairs programme or up to date assessment of backlog repairs. We note that you have recognised the need to address this matter as part of your current improvement plan and that work is scheduled to be completed by December 2006 and a report submitted to members in January 2007.

Planning

- 10 In October 2005 we issued a report called '*Planning*' that contained 11 recommendations to improve the decision making processes of the Planning Committee. These recommendations were arrived at after an analysis of the Planning Committee's decisions from 2001/02 to March 2005, interviews with members of the Planning Committee and officers, interviews with external stakeholders and three round table discussions with Members and officers. This year we reviewed your response to that report. In addition, we examined the decisions of the Planning Committee over the 12 months April 2005 to March 2006 and compared the pattern of decision-making with that found in the earlier work.
- 11 We found that you have implemented many of our recommendations and are in the process of implementing the remainder.
- 12 The number and proportion of applications considered by Committee where decisions are contrary to officer recommendations has continued at a similar level to recent years, with some reduction in the proportion of decisions to approve and with some straightforward decisions not being referred back. You have recently changed the committee arrangements and we will review the situation as part of our 2007/08 audit to assess the extent to which the change in the arrangements has had an impact.

Closing Remarks

- 13 This letter has been discussed and agreed with The Chair of the Audit and Review Committee, Chief Executive and Head of Finance and Resources. A copy of the letter will be presented at the Audit and Review Committee on 15 December 2006 and copies will be provided to all Authority members.
- 14 Further detailed findings, conclusions and recommendations on the areas covered by our audit are included in the reports issued to the Authority during the year. These are listed in the following table.

Table 1

Report	Actual date of issue
Audit and Inspection Plan	April 2005
Regularity Memorandum	October 2006
Annual Governance Report (including opinion on accounts and VFM conclusion)	September 2006
Planning	September 2006
Annual Audit and Inspection Letter	November 2006

I would like to take this opportunity to thank the Authority for its assistance and co-operation during the course of the audit.

Mark Kirkham

District Auditor and Relationship Manager

November 2006