



Yorkshire Dales National Park Authority
Report to the Authority on the 2009 Audit
16 September 2009

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Executive summary

We have pleasure in setting out in this document details of our audit for Yorkshire Dales National Park Authority (the Authority) for the year ending 31 March 2009.

This summary is not intended to be exhaustive but highlights the most significant matters that have come to our attention. It should, therefore, be read in conjunction with the report and the appendices thereto.

Key audit risks and judgemental areas

The following risks and judgemental areas were identified at the start of the audit:

- Revenue recognition: presumed to be a fraud risk area under International Standards on Auditing (ISA Plus). For Yorkshire Dales National Park Authority we consider that the specific revenue recognition risk relates to cut-off of grant funding.
- Expenditure cut-off of administrative costs included in net cost of service and completeness of the associated liabilities at the end of the financial period.
- Changes to accounting framework and standards: the financial statements of all local authorities must meet the accounting requirements of the Local Government Statement of Recommended Practice (the SORP). As part of our audit of the accounts we are required to assess compliance with this framework.
- Pension Assumptions: the Authority participates in the Local Government Pension scheme, which is a defined benefit scheme, administered by North Yorkshire County Council. The liabilities of the fund are assessed by actuaries, and it is actuary values that the Authority includes within its financial statements. As part of our audit of the accounts we are required to assess whether the assumptions used by the actuary are reasonable and whether the pension liabilities are materially misstated.
- Reserves may not be in accordance with the level agreed by members.
- Bad debt provisioning. Given the current economic climate there is a greater risk of bad debts arising. Therefore we considered whether there is adequate provisioning in relation to this area.

Key audit risks and judgemental areas

The following risks and judgemental areas were identified at the start of the audit:

- Classification of reserves and provisions. This can be a complex area within the SORP and significant judgement may need to be applied by management.
- Capital accounting is a complex area within the SORP. A revaluation occurred in the year. As this process only happens once every 5 years there is a risk that the treatment will not be applied in accordance with the SORP as the transaction is non routine.
- Risks of manipulating budgets in order to meet budgets and targets set by members. The finance function within the Authority is closely linked to budgets and figures are regularly compared to budgets in order to track the performance of the Authority. That actual figures are closely scrutinised means that employees of the Authority could be under pressure from members and wider stakeholders to meet the budgets set at the start of the year.
- The IT environment of the authority uses shared user accounts.

Our findings and conclusions are detailed in Section 1.

Materiality and identified misstatements

The materiality level for the Authority continues to be calculated on the basis of gross expenditure. The materiality applied to the 2009 audit was £131,854 (2008: £123,612).

We report to the Authority on all unadjusted misstatements greater than 2% of materiality or £2,637 (2008: £2,472) unless they are qualitatively material.

Total identified uncorrected misstatements increase net expenditure by £21,333. Management has concluded that the total impact of the uncorrected misstatements, both individually and in aggregate, is not material in the context of the financial statements taken as a whole. Details of the audit adjustments are included in Appendix 1.

Executive Summary (continued)

Accounting policies and financial reporting

As part of our audit, we considered the quality and acceptability of the Authority's accounting policies and financial reporting. No issues were noted during our review.

We have reviewed the financial standing of the Authority and have no concerns to report.

Accounting and internal control systems

The following recommendations were identified:

- The Fixed Asset register should be reviewed periodically to ensure that all items on the register are still controlled by the authority.
- It is recommended that supplier statement reconciliations should be retained at the year end date. The process should be formally documented, with preparer and reviewer sign-offs.
- Change control in the IT environment is not formally controlled.
- Password parameters were noted as being weak on the Sun and Windows application systems.
- There is use of shared accounts in the Windows network, predominantly at the Visitors Centres
- New security policies have not been communicated to users.

Detailed control observations noted are explained in Section 2.

Audit status

We have substantially completed our audit.

Certain procedures are still outstanding and need to be finalised before we can finalise our audit opinion:

- whole of government accounts.

Subject to the satisfactory completion of the points above we are anticipating issuing an unqualified audit opinion for the financial statements and the value for money conclusion.

1. Key audit risks

The results of our audit work on key audit risks are set out below:

Key audit risk/judgemental area	Background
Presumed risk of incorrect revenue recognition.	<p>International Auditing Standards Plus 240 – ‘The auditor’s responsibility to consider fraud in an audit of financial statements requires the auditors to perform certain audit procedures related specifically to fraud risk, and requires a presumption that revenue recognition is a specific risk’.</p> <p>For Yorkshire Dales National Park Authority we consider that the specific revenue recognition risk relates to cut-off of grant funding.</p> <p>Deloitte response</p> <p>We performed focussed testing around cut-off to ensure that revenue was included in the correct period. No issues were noted.</p>
Key audit risk/judgemental area	Background
Expenditure cut-off	<p>Expenditure cut-off of administrative costs included in net cost of service and completeness of the associated liabilities at the end of the financial period.</p> <p>In the prior year we identified a number of unrecorded liabilities at the end of the financial period.</p> <p>Deloitte response</p> <p>We performed focussed testing around cut-off to ensure that expenditure was included in the correct period (See unadjusted misstatements 1 and 2 in Appendix 1).</p>

1. Key audit risks (continued)

Key audit risk/judgemental area	Background
<p>Changes to the accounting framework and standard</p> <ul style="list-style-type: none">– pension accounting	<p>Due to a change in the SORP, the Authority is now required to implement the requirements of the Pension SORP 2007 to value assets on a bid basis (prior year valued on a mid basis) and include additional disclosures in the pensions note to reflect the changes in FRS 17 Retirement Benefits (revised).</p> <p>Whilst there are other changes in the Local Government SORP 2008 this is considered to be the most significant for Yorkshire Dales National Park Authority.</p>
	Deloitte response
	<p>We considered the impact of the change in the SORP and reviewed the Authority’s response to the new requirements. The impact of the change from mid to bid basis is not material. Accordingly, although this represents a change in accounting policy, no prior year adjustment is required by the SORP. This is consistent with the basis of preparation of the financial statements.</p>

1. Key audit risks (continued)

Key audit risk/judgemental area	Background
Pension assumptions	<p data-bbox="674 363 2042 488">The Authority participates in the Local Government Pension scheme, which is a defined benefit scheme, administered by North Yorkshire County Council. The liabilities of the fund are assessed by actuaries, and it is actuary values that the Authority includes within their financial statements. As part of our audit of the accounts we are required to assess whether the assumptions used by the actuary are reasonable and whether the pension liabilities are materially misstated.</p> <p data-bbox="674 555 902 592">Deloitte response</p> <p data-bbox="674 639 2007 730">We have reviewed the assumptions made by the actuary in valuing the Authority's share of the assets and liabilities of the pension fund. We have also consulted with our own in-house actuaries to determine whether the assumptions are reasonable and within expected ranges.</p> <p data-bbox="674 762 2042 916">Our review noted that the discount rate used to value the pension liabilities was 7.1% pa; we consider that that the rate is not unreasonable however it is above the higher (aggressive) end of an acceptable range at 31 March 2009. The price inflation assumption selected was 3.3%, below the lower (prudent) end of the normal range at 31 March 2009. Using more acceptable assumption 6.9% for discount rate and 3.7 % of inflation would have a net impact on the overall liability position of the fund of £1,000,000 which is not material to the overall funding position.</p>

1. Key audit risks (continued)

Key audit risk/judgemental area

Bad Debt Provisioning

Background

Due to the current economic climate there is a greater risk around bad debts arising. Therefore it is important to consider whether a zero bad debt provision is appropriate

Deloitte response

A sample of items was selected and agreed to receipt after the balance sheet date. In addition, bad debt write offs were reviewed and found to be negligible in the year.

Key audit risk/judgemental area

Management of Reserves

Background

Reserves may not be in accordance with the level agreed by members.

Deloitte response

The use of reserves was discussed with management. In addition management use of reserves was considered in reaching the value for money conclusion. Overall, no issues were noted.

1. Key audit risks (continued)

Key audit risk/judgemental area	Background
Classification of reserves and provisions	<p>This can be a complex area within the SORP and significant judgement may need to be applied by management.</p> <p>The SORP sets out clear guidelines over how to account for provisions and reserves.</p> <p>Deloitte response</p> <p>A review of the different classification of provision and reserve was completed, with reference to the SORP requirements. We noted that the correct treatment had been used throughout the accounts.</p>
Key audit risk/judgemental area	Background
Revaluation	<p>Capital accounting is a complex area within the SORP. A revaluation occurred in the year. As this process only happens once every 5 years there is a risk that the treatment will not be applied in accordance with the SORP as the transaction is non routine.</p> <p>Deloitte response</p> <p>Revaluation included in the current year has been agreed to the revaluation statement produced by Bruton Knowles. An amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged based on their historical cost, should be transferred each year from the Revaluation Reserve to the Capital Adjustment Account. Thus the unrealised gains relating to the asset will not be overstated. A potential adjustment was noted (See Appendix 1).</p>

1. Key audit risks (continued)

Key audit risk/judgemental area	Background
Manipulating budgets in order to meet targets set by members	<p>Risks of manipulating budgets in order to meet budgets and targets set by members and other management override of control. The finance function within the Authority is closely linked to budgets and figures are regularly compared to budgets in order to track the performance of the Authority. That actual figures are closely scrutinised means that employees of the Authority could be under pressure from members and wider stakeholders to meet the budgets set at the start of the year. Due to the small size of the finance function there is a presumed reduction in the level of segregation of duties within the Authority and a presumed increase in level of management input.</p> <p>Deloitte response</p> <p>Through our audit work we have applied increased professional scepticism. We assess the potential of management override of control we have performed testing of journal entries, review for bias within each account balance, review for significant and unusual balances, analytical review and focused substantive procedures to understand the movement from the prior year to current year account balances. No issues were identified from our testing.</p>
Key audit risk/judgemental area	Background
Use of Shared User Accounts at the Information Centre	<p>The IT environment of the authority uses shared user accounts.</p> <p>These accounts access rights are restricted to only the applications that are necessary for the users to complete their job requirements, the main use of such accounts is to respond to emails from customers. A risk arises due to the loss of accountability when using these accounts.</p> <p>Deloitte response</p> <p>Through our audit work we have applied careful professional scepticism and agreement to third party documentation. There were no instances of inappropriate access.</p>

2. Accounting and internal control systems

Control observations

During the course of our audit we identified a number of control observations, the most significant of which are detailed below.

Observation

The fixed asset register should be reviewed periodically to ensure that all items on the register are still controlled by the authority. There are nil book value items on the fixed asset register that date from 1997 to 2004/05 with a historic cost of £587,251.

Recommendation

During the annual review of assets the condition of all assets should be considered and impairments recorded as appropriate.

Observation

It is recommended that supplier statement reconciliations should be prepared on a monthly basis for all key suppliers where a statement is received.

Recommendation

A process should be formally documented, in respect of preparation of supplier statement reconciliations. All reconciliations performed should include a preparer and reviewer sign-offs. Copies of supplier statement reconciliations prepared at the year end should be retained until after the audit process has been completed. In the event of a dispute with suppliers the lack of contemporaneous supplier statement reconciliations as at each month end may lead to delays in resolution of the dispute.

2. Accounting and internal control systems (continued)

Observation

Change control in the IT environment is not formally controlled.

Where users are not required to indicate their acceptance of computer usage policies, there is a risk that:

- staff may be unaware of their security responsibilities because these have not been presented to them; and
- staff may be unaware of their legal responsibilities with regards to information assets.

This may result in a reputational impact or cause a loss of access to key IT systems if a user carries out inappropriate activities.

Recommendation

We acknowledge that IT management are in the process of implementing a process to formally communicate the computer usage policy to all staff members. This acceptance should be documented and monitored to ensure that all users accept the policy. We understand this has been implemented in 2009/10.

Observation

Password parameters were noted as being weak on the Sun and Windows application systems.

Where password parameters are weak, there is an increased risk that inappropriate users could gain access to the organisations computer systems and make unauthorised changes or cause the unavailability of key systems, this could result in a financial loss and possibly reputational impact.

Recommendation

We recommend that management consider implementing the following password parameters on their application systems:

Minimum length = 8

Complexity = Enabled

Maximum Password age = 42 days

Minimum Password age = 1 day

Password history = 10 previous passwords

Account lockout = 3 failed attempts administrator reset required

It is acknowledged that the current version of Sun may not support all these parameters and thus the business should review all current logical security access controls to confirm they are satisfied with the current level of logical access controls. We understand this has now been implemented.

2. Accounting and internal control systems (continued)

Observation

There is use of shared accounts in the Windows network, predominantly at the Visitors Centres

When an account is shared, it may be used to perform inappropriate activities and there is no user accountability for its actions, this may result in inappropriate access too, or the modification of data. Or this may result in the unavailability of key applications which may take longer to resolve any issues or problems. Further, when a password is not changed on a periodic basis, there is an increased risk that this password may become known to unauthorised users, who could then perform inappropriate actions on the system.

Recommendation

We recommend that management consider performing a review of all user accounts on the system to identify accounts that are used by more than one individual. If possible, these accounts should be removed and replaced with unique user accounts. If there is a valid business reason for a shared user account, the business should accept the associated risks in using these accounts. In addition, these user accounts should be reviewed to ensure their access is fully restricted to their function and no access onto Sun Systems is possible.

Observation

New security policies have not been communicated to users.

Where users are not required to indicate their acceptance of computer usage policies, there is a risk that:

- staff may be unaware of their security responsibilities because these have not been presented to them; and
- staff may be unaware of their legal responsibilities with regards to information assets.

This may result in a reputational impact or cause a loss of access to key IT systems if a user carries out inappropriate activities.

Recommendation

We acknowledge that IT management are in the process of implementing a process to formally communicate the computer usage policy to all staff members. This acceptance should be documented and monitored to ensure that all users accept the policy. We understand this has now been communicated in 2009/10.

3. Matters for communication to those charged with governance

As part of our obligations under International Standards on Auditing (UK & Ireland) we are required to report to you on the matters listed below.

Independence

In our professional judgement we are independent within the meaning of regulatory and professional requirements and the objectivity of the audit partner and audit staff is not impaired. In respect of our consideration of the retention of the audit engagement for the period commencing 1 April 2009 we confirm that we will comply with the APB Ethical Standards for that period. Details of our independence policies and safeguards are provided in Appendix 4.

International Standards on Auditing (UK and Ireland)

International Standards on Auditing (UK and Ireland) (“ISAs (UK and Ireland)”) require we report on a number of additional matters. These are set out in Appendix 4.

We consider that there are no additional matters in respect of the above to bring to your attention that have not been raised elsewhere in this report or our audit plan.

4. Corporate Governance review and our responsibilities

Annual governance statement (AGS)

In June 2007 CIPFA in conjunction with the Society of Local Authority Chief Executives (“SOLACE”) published ‘Delivering Good Governance in Local Government: Framework’. This framework replaces the previous CIPFA/SOLACE framework ‘Corporate Governance in Local Government – A Keystone for Community Governance: Framework’ which was published in 2001.

The framework has introduced from 2007/08, an integrated Annual Governance Statement (“AGS”).

The AGS covers all significant corporate systems, processes and controls, spanning the whole range of an authority’s activities, including in particular those designed to ensure that:

- the authority’s policies are implemented in practice;
- high quality services are delivered efficiently and effectively;
- the authority’s values and ethical standards are met;
- laws and regulations are complied with;
- required processes are adhered to;
- financial statements and other published performance information are accurate and reliable; and
- human, financial, environmental and other resources are managed efficiently and effectively.

Our review is directed at:

- considering the completeness of the disclosures in the governance statement and whether it complies with proper practice as specified by CIPFA; and
- identifying any inconsistencies between the disclosure and the information that we are aware of from our work on the financial statements and other work relating to the Code of Audit Practice.

We have reviewed the Authority’s AGS in line with the requirements above. We have concluded that the AGS includes all appropriate disclosures and is consistent with our understanding of the Authority’s governance arrangements and internal controls derived from our audit work.

5. Value for money (VFM) conclusion

The VFM conclusion

Under the Code of Audit Practice 2008 (the Code), auditors are required to include a positive conclusion in their statutory audit report as to whether they are satisfied that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The scope of these arrangements is defined in the Code as comprising corporate performance management arrangements and financial management arrangements. This conclusion is given within our audit report on the Authority's accounts.

The conclusion is limited to an assessment of five criteria specified by the Audit Commission under the Use of Resources (UoR) methodology. The UOR assessment consists of judgements against 10 key lines of enquiry (KLOE) which focus on financial management but link to the strategic management of the Authority. The KLOE cover a range of topics including how financial management is integrated with strategy and corporate management supports council priorities and delivers value for money. Assessments are carried out annually, as part of each council's external audit. For National Park Authorities, the Commission has specified that five of the 10 KLOE will be considered for 2008/09.

Where, in our judgement, there are gaps in the arrangements which are significant enough, we qualify our conclusion in relation to particular criteria, either on an 'except for' basis (i.e. the Authority has put in place proper arrangements except for.....) or in the form of an 'adverse' conclusion (i.e. the Authority has not put in place arrangements in that...). Based on the guidance we have received from the Audit Commission, where qualified, our report refers only to the criteria which we conclude have not been met, without providing further details.

For the purposes of the conclusion required by the Code, auditors are required to apply a yes/no assessment to the applicable Code criteria, i.e. the audited body either has proper arrangements in place or not.

In the table below we have summarised the results of our assessment:

Code criteria	KLOE	Conclusion
1. Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?	1.1	Yes
2. Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?	1.2	Yes
3. Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?	1.3	Yes
4. Does the organisation manage its risks and maintain sound system of internal control?	2.4	Yes
5. Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?	3.2	Yes

Subject to the satisfactory completion of the points above we are anticipating issuing an unqualified audit opinion for the value for money conclusion.

6. Responsibility statement

The Audit Commission published a ‘Statement of responsibilities of auditors and of audited bodies’ alongside the Code of Audit Practice. The purpose of this statement is to assist auditors and audit bodies by summarising, in the context of the usual conduct of the audit, the different responsibilities of auditors and of the audited body in certain areas. The statement also highlights the limits on what the auditor can reasonably be expected to do.

Our report has been prepared on the basis of, and our work carried out in accordance with, the Code and the Statement of Responsibilities.

While our report includes suggestions for improving accounting procedures, internal controls and other aspects of your business arising out of our audit, we emphasise that our consideration of Yorkshire Dales National Park Authority’s system of internal financial control was conducted solely for the purpose of our audit having regard to our responsibilities under Auditing Standards and the Code of Audit Practice. We make these suggestions in the context of our audit but they do not in any way modify our audit opinion which relates to the financial statements as a whole. Equally, we would need to perform a more extensive study if you wanted us to make a comprehensive review for weaknesses in existing systems and present detailed recommendations to improve them.

We view this report as part of our service to you for use as Members for corporate governance purposes and it is to you alone that we owe a responsibility for its contents. We accept no duty, responsibility or liability to any other person as the report has not been prepared, and is not intended, for any purpose. It should not be made available to any other parties without our prior written consent.

If you intend to publish or distribute financial information electronically, or in other documents, you are responsible for ensuring that any such publication properly presents the financial information and any report by us thereon and for the controls over, and security of the website. You are also responsible for establishing and controlling the process for electronically distributing accounts and other information.

Deloitte LLP
Chartered Accountants

Leeds, England

16 September 2009

Appendix 1: Audit adjustments

Unadjusted misstatements

We report all individual identified unrecorded audit adjustments in excess of £2,637 and other identified misstatements in aggregate adjusted by management in the table below.

	Note	(Credit) / charge to current year income statement £	Increase / (decrease) in net assets £
Errors of fact			
Expenditure cut-off	[1]	10,784	(10,784)
Liability for legal claims	[2]	4,070	(4,070)
Reallocation of additional depreciation charged on revalued assets	[3]		
Revaluation reserve			4,500
Capital adjustment account		-	(4,500)
Road access provision determined to be overstated by events after the year end	[4]		
Provisions			48,696
Useable capital receipts reserve		-	(48,696)
Obsolete stock to be written off	[5]	3,148	(3,148)
Reallocation of credit balances on the debtors ledger	[6]		
Debtor			2,812
Creditors		-	(2,812)
Correction of government grants deferred	[7]	3,331	(3,331)
Total		21,333	(21,333)

Notes

- [1] Being unpaid invoices received after the year end relating to pre year. These invoices were not in accruals or creditors at the year end.
- [2] Being increase in provision relating to a legal claim. After the year end the legal claim was confirmed as being £4k higher than the provision set in the accounts.
- [3] Being writing down of revaluation reserve to match the depreciation.
- [4] Being the reduction of the Access Road Provision. Events after the year end confirmed that this provision was overstated. It was concluded that these events were adjusting subsequent events.
- [5] Being write off of stock that was deemed to be obsolete

Appendix 1: Audit adjustments (continued)

[6] Being the removal of credit balances from the debtor's ledger.

[7] It was determined that the opening Deferred Government Grants balance was too high as it was greater than the asset to which it related. Therefore the adjustments above act to decrease the opening balance and to then amend the actual release made in the year.

Recorded misstatements

There are no misstatements that have been recorded by management.

Disclosure deficiencies

There is no disclosure of the Authority's risk exposures in the financial instruments note (note 13).

Amendments to disclosure made by management

Disclosure of amounts due to or from related parties as at 31 March 2009 has been included in note 5.

Disclosure of the reconciliation of opening to closing share of FRS 17 assets and liabilities of the North Yorkshire Pension Fund has been included in note 10.

Explanation of significant provision has been included in note 15.

Appendix 2: Draft Audit Opinion

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YORKSHIRE DALES NATIONAL PARK AUTHORITY

Opinion on the accounting statements

We have audited the accounting statements of Yorkshire Dales National Park Authority Park for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, Statement of Accounting Policies and the related notes 1 to 25. The accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Yorkshire Dales National Park Authority as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state to them in an auditors' 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 Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and the independent auditors

The Chief Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority and of its income and expenditure for the year.

We review whether the Governance Statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. We report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information we are aware of from our audit of the financial statements. We are not required to consider, nor have we considered, whether the Governance Statement covers all risks and controls. Neither are we required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

We read other information published with the accounting statements and related notes as described in the contents section, and consider whether it is consistent with the audited accounting statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounting statements. Our responsibilities do not extend to any other information.

Appendix 2: Draft Audit Opinion (continued)

Basis of audit opinion

We conducted our audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounting statements. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the accounting statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounting statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounting statements.

Opinion

In our opinion the accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

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 regularly review the adequacy and effectiveness of these arrangements.

Auditors' Responsibilities

We are required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. We report if significant matters have come to our attention which prevent us from concluding that the Authority has made such 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.

Conclusion

We have undertaken our audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, we are satisfied that, in all significant respects, Yorkshire Dales National Park Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2009.

Appendix 2: Draft Audit Opinion (continued)

Certificate

We certify that we have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Chris Powell (Engagement Lead)

For and on behalf of Deloitte LLP

Appointed Auditor

Leeds, England

[DATE]

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.

Appendix 3: Draft Management Representation Letter

We ask that the Authority notes the format of the letter below, and recommends the Chief Financial Officer can sign the letter on behalf of the Authority.

Deloitte LLP
1 City Square,
Leeds
LS1 2AL

Our Ref: CP/AL

Date: XX September 2009

Yorkshire Dales National Park Authority – Audit of the annual accounts for the year ended 31 March 2009

This representation letter is provided in connection with your audit of the financial statements of Yorkshire Dales National Park Authority for the year ended 31 March 2009 for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position of Yorkshire Dales National Park Authority as of 31 March 2009 and the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with the applicable accounting framework.

We acknowledge our responsibilities for preparing financial statements for the Authority which presents fairly and for making accurate representations to you.

We confirm, to the best of our knowledge and belief, the following representations.

1. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Authority, Senior Management, Planning Committee, Audit and Review Committee and Standards Committee, have been made available to you.
2. We acknowledge our responsibilities for the design and implementation of internal control to prevent and detect fraud and error.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Appendix 3: Draft Management Representation Letter (continued)

4. We are not aware of any significant facts relating to any frauds or suspected frauds affecting the Authority involving:
 - (i). management
 - (ii). employees who have significant roles in internal control, or
 - (iii). others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
6. We are not aware of any actual or possible instances of non-compliance with laws and regulations. the effects of which should be considered when preparing financial statements.
7. We have considered the uncorrected misstatements detailed in the report to Authority. We believe that no adjustment is required to be made in respect of any of the items as they are individually and in aggregate immaterial having regard to the financial statements taken as a whole.
8. We confirm the completeness of the information provided regarding the identification of related parties, and the adequacy of related party disclosures in the financial statements. We have made enquiries of any key managers, members and other individuals who are in a position to influence, or who are accountable for the stewardship of the Authority and confirm that we have disclosed in the financial statements all transactions relevant to the Authority and we are not aware of any other such matters required to be disclosed in the financial statements. in accordance with Financial Reporting Standard 8 or other requirements.
9. No claims in connection with litigation have been or are expected to be received by the Authority.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
11. We confirm that we are of the opinion that the Authority is a going concern, that we have disclosed to you all relevant information of which we are aware and which relates to our opinion, and that all relevant facts are disclosed in the financial statements
12. There have been no irregularities involving Members or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.
13. The financial statements are free from material misstatement.
14. There have been no events since the balance sheet date which necessitate revision of the figures included in the annual accounts or inclusion of a note thereto. Should further material events occur. which may necessitate revision of the figures included in the annual accounts or inclusion of a note thereto, we will advise you accordingly.
15. We confirm that no amounts are expected to be paid in respect of any legal claims, which are being dealt with by our solicitors, other than those already provided in the annual accounts.

Appendix 3: Draft Management Representation Letter (continued)

16. No other legal claims have been received or are expected to be received that would have a material impact on the annual accounts.
17. All known material liabilities have been properly included in the annual accounts and all material contingent liabilities have been disclosed.
18. We confirm that no significant fixed assets have been sold or scrapped during the financial year other than those identified in the financial statements.
19. We confirm that where income has been received for a specific activity that income has been recognised in the appropriate period.
20. All minutes of Authority and management meetings during and since the financial year have been made available to you.
21. We have reconsidered the remaining useful lives of the fixed assets and confirm that the present rates of depreciation are appropriate to amortise the cost less residual value over the remaining useful lives. We confirm that general overheads are treated in accordance with SORP within the accounts.
22. We are not aware of events of changes in circumstances occurring during the period which indicate that the carrying amount of fixed assets may not be recoverable, other than where provision has already been made.
23. We confirm that appropriate disclosure has been made of all future commitments within the statement of accounts.
24. We confirm that:
 - all retirement benefits and schemes, including UK, foreign, funded or unfunded, approved or unapproved, contractual or implicit have been identified and properly accounted for;
 - all settlements and curtailments have been identified and properly accounted for;
 - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
 - the actuarial assumptions underlying the valuation of the scheme liabilities accord with the management's best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
 - the actuary's calculations have been based on complete and up to date member data as far as appropriate regarding the adopted methodology;
 - the amounts included in the financial statements derived from the work of the actuary are appropriate.
25. We recognise that we are responsible for ensuring that the statement of accounts as published on the website properly presents the financial information and your Auditors' report and for the controls over and security of, the website. We also recognise that we are responsible for establishing and controlling the process for electronically distributing annual reports and other information.
26. We have considered the uncorrected misstatements detailed in the appendix to this letter. We believe that no adjustment is required to be made in respect of any of these items as they are individually and in aggregate immaterial having regard to the financial statements taken as a whole.

Appendix 3: Draft Management Representation Letter (continued)

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of Yorkshire Dales National Park Authority

Appendix 4: Matters for communication to those charged with governance

As part of our obligations under International Standards on Auditing (UK & Ireland) we are required to report to you on the matters listed below.

Independence

In our professional judgement we are independent within the meaning of regulatory and professional requirements and the objectivity of the audit partner and audit staff is not impaired. In respect of our consideration of the retention of the audit engagement for the period commencing 1 April 2009 we confirm that we will comply with the APB Ethical Standards for that period.

Our audit fee will be in line with the planned audit fee of £19,009 (2007/08: £17,787).

Non-audit services

We are not aware of any inconsistencies between APB Ethical Standards and the Authority's policy for the supply of non audit services or of any apparent breach of that policy.

There were no non-audit services performed in the year.

Independence policies

Our detailed ethical policies, standards and independence policies are issued to all partners and employees who are required to confirm their compliance annually. We are also required to comply with the policies of other relevant professional and regulatory bodies.

Amongst other things, these policies:

- state that no Deloitte partner or immediate family member is allowed to hold a financial interest in any of our UK audit clients;
- require that professional staff or any immediate family member may not work on assignments if they have a financial interest in the client or a party to the transaction or if they have a beneficial interest in a trust holding a financial position in the client;
- state that no person in a position to influence the conduct and outcome of the audit or any immediate family member should enter into business relationships with UK audit clients or their affiliates;
- prohibit any professional employee from obtaining gifts from clients unless the value is clearly significant; and
- provide safeguards against potential conflicts of interest.

Appendix 4: Matters for communication to those charged with governance (continued)

Remuneration and evaluation policies

Partners are evaluated on roles and responsibilities they take within the firm including their technical ability and their ability to manage risk.

International Standards on Auditing (UK and Ireland)

International Standards on Auditing (UK and Ireland) (“ISAs (UK and Ireland)”) require we report on the following additional matters:

210 Terms of audit engagements

240 The auditor’s responsibility to consider fraud in an audit of financial statements

250 Consideration of laws and regulations in an audit of financial statements

315 Obtaining an understanding of the entity and its environment and assessing the risks of material misstatement

320 Audit materiality

545 Auditing fair value measurements and disclosures

550 Related parties

560 Subsequent events

570 Going concern

580 Management representations

720 Other information in documents containing other audited financial statements

We consider that there are no additional matters in respect of the above to bring to your attention that have not been raised elsewhere in this report or our audit plan.

Appendix 4: Matters for communication to those charged with governance (continued)

Safeguards and procedures to ensure independence

- Every opinion (not just statutory audit opinions) issued by Deloitte is subject to technical review by a member of our independent Professional Standards Review unit.
- Review and challenge takes place of key decisions by the Second Partner and by the Independent Review Partner, which goes beyond auditing standards, and ensures the objectivity of our judgement is maintained.
- We report annually to the Authority our assessment of objectivity and independence. This report includes a summary of non-audit services provided together with fees receivable.
- There is formal consideration and review of the appropriateness of continuing the audit engagement before accepting reappointment.
- Periodic rotation takes place of the audit engagement partner, the independent review partner and key audit partners in accordance with our policies and professional and regulatory requirements.
- In accordance with the Ethical Standards issued by the APB, there is an assessment of the level of threat to objectivity and potential safeguards to combat these threats prior to acceptance of any non-audit engagement. This would include particular focus on threats arising from self-interest, self-review, management, advocacy, over-familiarity and intimidation.
- In the UK, statutory oversight and regulation of auditors is carried out by the Professional Oversight Board for Accountancy (POBA) which is an operating body of the Financial Reporting Authority. The Firm's policies and procedures are subject to external monitoring by both the Audit Inspection Unit (AIU), which is a division of POBA, and the ICAEW's Quality Assurance Directorate (QAD). The AIU is charged with monitoring the quality of audits of economically significant entities and the QAD with monitoring statutory compliance of audits for all other entities. Both report to the ICAEW's Audit Registration Committee. The AIU also reports to POBA and can inform the Financial Reporting Review Panel of concerns it has with the accounts of individual companies. The AIU and QAD do not publish individual inspection reports and we are not permitted to disclose details of their findings.

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