

**Committee      AUDIT AND REVIEW**

**Date:            2 November 2007**

**Report:         ANNUAL AUDIT AND INSPECTION LETTER**

**Purpose of report**

1. To present the Audit Commission's Annual Audit & Inspection Letter to Members, summarising the significant issues arising from the 2006/2007 audit. An officer from the Audit Commission will attend the meeting to discuss the contents of the Letter.

**Strategic Planning Framework**

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

- The National Park Authority'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**

3. 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 Authority.

**RECOMMENDATION**

4. Members are asked to note the content of this report.

**Richard Burnett**  
**Head of Finance & Resources**

18 October 2007

Background documents: None

Annual Audit and Inspection Letter

October 2007



# **Annual Audit and Inspection Letter**

**Yorkshire Dales National Park Authority**

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.
- 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, 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**

Your relationship manager has prepared this report to summarise the Audit Commission's assessment of the Authority. The report draws on audit, inspection and performance assessment work completed during the year.

In this report, the Commission summarises findings and conclusions from the statutory audit, the appointed auditor has previously reported to you. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, exercise their professional judgement independently of the Commission (and the audited body). Findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; auditors take no responsibility to any member or officer in their individual capacity, or to 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 0844 798 7070.

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For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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# Summary

## Key messages

- 1 The main messages for the Authority included in this report are:
  - an unqualified opinion has been given on your accounts;
  - an unqualified conclusion has been recorded in respect of your arrangements for securing value for money from the public resources under your stewardship. This is an improvement since last year when your asset management arrangements were considered not to meet the criteria set down by the Audit Commission; and
  - an unqualified opinion has been given on your Best Value Performance Plan.

## Purpose, responsibilities and scope

- 2 This Letter provides an overall summary of the Audit Commission's assessment of the authority. It draws on the findings and conclusions from the audit and from any inspections undertaken during the year.
- 3 I have addressed this letter to members as it is the responsibility of the authority to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money.
- 4 This Letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk). In addition the Authority is planning to publish it on its website.
- 5 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:
  - your accounts;
  - whether you have made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
  - whether your best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 6 We have not carried out any inspections under section 10 of the Local Government Act 1999 during the course of the year.
- 7 I have listed the audit and inspection reports issued since my last letter in Table 1 on page 10.

## Audit of the accounts

- 8 As your appointed auditor I issued an unqualified opinion on you accounts on 25 September 2007.
- 9 Before giving my opinion, I presented my Annual Governance Report to the Audit and Review Committee on 25 September 2007. There were no matters of significance for me to report to that Committee both in respect of the accounts themselves and the underlying financial systems.

## Whole of government accounts

- 10 Central government embarked on a programme leading to the preparation of consolidated accounts for the 'whole of government', including local government. The Authority is required to submit a 'consolidation pack' to central government and I am required, as your auditor, to undertake a range of procedures and report on the pack. I am pleased to report that I was able to issue an unqualified opinion on the return.

## Use of resources

### Value for money conclusion

- 11 As your appointed auditor I am required to conclude whether I am satisfied 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 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.
- 12 I concluded that the Authority had adequate arrangements in place and so I was able to issue an unqualified opinion. I am pleased to note that this is an improvement on last year when I issued an 'except for' opinion as your arrangements for asset management did not meet the Audit Commission's criteria.

### Planning

- 13 An area of concern reported in previous Letters has been your arrangements for the administration of the planning system. In last year's Letter I reported that much of the agreed action plan had been implemented and I was informed the remainder was in hand.

- 14 I note that the Authority has achieved some recent successes:
- you are no longer a Planning Standards Authority;
  - you are achieving high levels delegation enabling members to concentrate on the most significant applications; and
  - you are now the highest performing National Park Authority in terms of meeting planning targets.
- 15 As the new arrangements have been in place for about a year it would now be appropriate for the Authority to carry out a post implementation review to assess the impact of the changes and the extent to which all the actions agreed following our audit work have been implemented.

## **Best value performance plan**

- 16 My work in respect of the Authority's 2006/07 Best Value Performance Plan (BVPP) was reported in the 2006 Annual Audit and Inspection letter. No recommendations were made to the Audit Commission or the Secretary of State.

## Service inspections

- 17 My initial risk assessment exercise concluded that there were no areas where I considered that a service inspection would have been appropriate this year and consequently no inspections have been undertaken.

## Closing remarks

- 18 I have discussed and agreed this letter with the Chief Executive and the Head of Finance and Resources. The Letter will be presented to the Audit and Review Committee on 2 November 2007. Copies should be provided to all Authority members.
- 19 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Authority during the year.

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**Table 1      Reports issued**

<b>Planned output</b>	<b>Date of issue</b>
Audit plan	April 2006
Annual governance report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Regularity memorandum	October 2007
BVPP report	October 2006
Annual audit and inspection letter	October 2007

- 20 The Authority has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Authority's staff for their support and cooperation during the audit.

**Mark Kirkham**  
**District Auditor and Relationship Manager**

October 2007