Yorkshire Dales National Park Authority **Item 11**

Audit & Review Committee

16 July 2024

External Audit Value for Money Interim Report - Financial Year 2022/23

Purpose of the Report

1. To present the External Auditor's Value for Money Interim Report, summarising the work completed in regard to the Financial Year 2022/23.

Recommendation

2. Members are requested to note the report.

Strategic Framework

3. The information and recommendation contained in this report are consistent with the Authority's statutory purposes and support the strategic planning framework:
   - Corporate Plan Objective 32:
     Operate governance arrangements that are fit for purpose, as reported through the Annual Governance Statement and the Annual Governance Report.

Background

4. The audit of the Authority's annual accounts for 2022/23 has not taken place due to increased audit requirements and a lack of staff with local authority accounting experience at our external auditor, Ernst & Young LLP (EY). Delays to Local Authority audits by all audit firms have been well publicised and a backstop date of the end of September is being proposed to conclude all audits up to 2022/23 by September 2024. As reported in the 2021/22 paper, legislation is required to change the auditing requirements which has been delayed by the election.

5. Ernst & Young have indicated they will not be performing a full audit on our accounts for 2022/23. Instead, they intend to issue a disclaimed audit, which means that there is a lack of evidence, so an audit opinion cannot be made. This is different to a qualified audit which means there are material misstatements or omissions. The consultation allows Audit firms to produce at a minimum a Value for Money report. The Value for Money Interim Report is included as an annex. The final version cannot be confirmed until the consultation legislation is passed and the wording to be included in disclaimed audits is confirmed.

6. The wording will be important as either a disclaimed or qualified audit indicate that the figures shown in the Statement of Accounts cannot be relied upon, and will have a negative impact on perceptions of the Authority. It is important that the reasons are fully disclosed as to why this conclusion has been reached.

7. The lack of a full audit for 2022/23 may also effect the audit for 2023/24 as the opening balance sheet figures will not have been tested. Our new Auditors, Forvis Mazars LLP, have indicated it may also affect the opinion of their audit for 2023/24.

8. The fee for 2022/23 was originally £9,319, this fee will be adjusted according to the actual value of work completed by Ernst & Young, and will be agreed by PSAA.

Financial Implications

9. The reduced audit in 2022/23 may decrease fees but there may be increased fees in 2023/24 if additional work needs to be carried out to confirm opening balances.

Legal Implications

10. If a new Government comes into power in July, the new laws around the backstop date may not be passed in time for the September backstop date. This would delay the closure of the 2022/23 year further and would have a knock-on effect on the 2023/24 audit timetable.

Equality, Diversity and Inclusion Implications

11. None.

Risk Management

12. Annual external audits form a major part of the Authority Governance Framework, confirming the Authority represents Value for Money, and the figures presented are a true and accurate representation of the financial affairs of the Authority. Audit can also determine that there are no identified risks such as fraud, errors or omissions.

13. Delayed audits present a risk that the accounts include unidentified fraud, omissions or misstatements. The Audit firms can decide which audits will be completed and which will be disclaimed or qualified depending on their ability to conclude them by 30th September 2024.

Conclusion

14. The process of issuing this Report enables the external auditor to bring directly to Members' attention any issues that they might identify during their value for money

work. This ‘direct line’ for reporting helps to strengthen the Authority’s approach to corporate governance.

Michelle Clyde
Head of Finance

Background Papers: https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england-consultation

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