



The Audit Findings Report (ISA260) for Exmoor National Park Authority

Year ended 31 March 2023

April 2024



Contents



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This Audit Findings (ISA260) presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed and agreed with management and were presented to the meeting of the Final Accounts Committee on 9 April 2024.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Exmoor National Park Authority ('Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We commenced our post-statements audit in December 2023 and the audit was completed in March 2024.

Our findings are summarised on pages 6 to 19. We have not identified any audit adjustments affecting the primary financial statements or the Authority's level of useable reserves, although we have identified a number of required adjustments to disclosures as detailed in Appendix D. We have raised one recommendation for management as a result of our audit work in 2022-23, as detailed in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

The draft financial statements were submitted for audit in line with the agreed timetable and were supported by good quality working papers.

Our work is complete and there are no matters of which we are aware that required modification of our audit opinion or material changes to the financial statements.

We issued our audit opinion following the meeting of the Final Accounts Committee on 9 April 2024.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our audit report opinion is unmodified. We have been able to satisfy ourselves that the Authority has made proper arrangements in securing economy, efficiency and effectiveness in its use of resources.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented at the 6 February 2024 meeting of the Exmoor National Park Authority. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during the course of our audit.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 1% (5 of 467) of local government bodies had received audit opinions in time to publish their 2022/23 accounts by the deadline of 30 September 2023. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/about-time/)

National context – level of borrowing

All local authorities, including national parks, are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on budgets, there are concerns as local authorities look to alternative ways to generate income. We have seen an increasing number of authorities look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by authorities' existing resources, we have also seen some authorities take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on bodies, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits.

As a National Park Authority, we know your operations do not normally give rise to such business ventures. Considering the current national picture and economic climate, our view is any such decisions which might arise in future must be carefully considered in a manner that protects the Authority's future financial sustainability.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with management and the Audit & Governance Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have completed our audit of your financial statements and we issued our audit opinion following the meeting of the Final Accounts Committee on 9 April 2024.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan dated September 2023.

We set out in this table our determination of materiality for Exmoor National Park Authority.

Materiality (£) Qualitative factors considered

Materiality for the financial statements	117,000	We have determined materiality at 2% of gross operating expenditure. We consider this as the most appropriate criteria given stakeholders interest in the Authority delivering its budget.
Performance materiality	88,000	Assessed to be 75% of financial statement materiality.
Trivial matters	4,400	This equates to 5% of materiality. This is our reporting threshold to the Authority for any errors identified.



2. Financial Statements: Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls	<p>We have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals. • analysed the journals listing and determined the criteria for selecting high risk unusual journals. • identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration. • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our work has not identified any issues in respect of management override of controls. For all the journals reviewed we concluded that they were appropriate transactions.</p>
<p>Valuation of land and buildings</p> <p>The Authority re-values its land and buildings annually. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£20m in the draft 2022-23 financial statements) and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified the closing valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. • evaluated the competence, capabilities and objectivity of the valuation expert used by the Authority. • discussed with the valuer the basis on which the valuation was carried out. • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register. • evaluated the assumptions made by management for those assets not revalued during the year (as applicable) and how management has satisfied themselves that these are not materially different to current value at year end. <p>Our work has not identified any issues in relation to the valuation of land and buildings.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability for 2022-23 is considered a significant estimate due to the size of the numbers involved (£1.9m in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Authority's pension fund net balance as a significant risk, which is one of the most significant assessed risks of material misstatement.

2022-23 is the first year in which the liability is based on the updated triennial valuation undertaken by the pension fund actuary based on data as at 31 March 2022. There has therefore been a significant reduction in the liability, which was £12.2m in the prior year.

Commentary

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluated the design of the associated controls.
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work.
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation.
- assessed the accuracy and completeness of the information provided by the Authority's to the actuary to estimate the liability.
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary.
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.
- evaluated the triennial pension fund valuation outcomes and assessed the reasonableness and prudence in that overall valuation through our audit approach.
- obtained assurances from the auditor of the Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Our audit work did not identify any issues in respect of valuation of the net pension liability.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Risk of fraud in revenue recognition and expenditure (Rebutted)

Revenue

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including at the Authority, mean that all forms of fraud are seen as unacceptable.

Expenditure

Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:

- there is little incentive to manipulate expenditure for an Authority where services are provided to the public through taxpayers funds
- the culture and ethical frameworks of local authorities, including at the Authority, mean that all forms of fraud are seen as unacceptable.

Commentary

As indicated in our Audit Plan, we do not consider this to be a significant risk for the Authority. We have therefore not undertaken any specific work in this area other than our standard audit procedures around income and expenditure which included:

Accounting policies and systems:

- evaluated the Authority's accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with the CIPFA Code.
- updated our understanding of the Authority's business processes associated with accounting for income and expenditure.

Grant income

- for grant income, we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment in line with the CIPFA Code.

Expenditure

- agreed, on a sample basis, non pay expenditure and year end payables to supporting evidence.
- undertook detailed substantive analytical procedures on pay expenditure.

We also designed and carried out appropriate audit procedures to ascertain that recognition of income and expenditure is in the correct accounting period, for example, using cut off testing, focusing either side of the balance sheet date of 31 March 2023.

Our work has not identified any issues in respect of the risk of fraud in revenue and expenditure recognition.

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
<p>Leases</p> <p>During the course of our audit work we identified that a number of the Authority's properties were leased to tenants under operating leases. The income had been correctly accounted for, but there was no disclosure note reporting future minimum lease payments as required by the Code of Practice.</p>	<p>We discussed the issue with the Head of Finance and Operations to understand whether a disclosure ought to be included. He reviewed the balances and identified that there was a material balance of future minimum lease payments attributable to the Authority's leases (as a lessor) which would therefore require disclosure. He agreed to prepare a disclosure note on this basis.</p>	<p>We have reviewed the new disclosure note and tested the underlying documentation, with no issues arising.</p>

2. Financial Statements: key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £19.857m	<p>Land and buildings comprises £1.853m of specialised assets such as visitor centres and public conveniences, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£18.004m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Authority has engaged NPS Group Limited as their management expert to complete the valuation of properties as at 31 March 2023 on an annual basis. All assets were revalued as at 31 March 2023.</p> <p>The total year end valuation of land and buildings was £19.857m, a net increase of £0.370m from 2021/22 (£19.487m).</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed the competence and expertise of management's expert. reviewed the completeness and accuracy of the underlying information used to determine the estimate reviewed the appropriateness of any alternative site assumptions. ensured there have been no changes to the method used to revalue the assets and ensure that the method is suitable for different classes of the assets. considered the adequacy of disclosure of the estimate in the financial statement. <p>There are no significant issues arising from our work.</p>	Light Purple

Assessment

- [Dark Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £1.928m	<p>The Authority's total net pension liability at 31 March 2023 is £1.928m (PY £12.242m) comprising the Somerset Pension Fund defined benefits pension scheme obligation.</p> <p>The Authority uses Barnet Waddingham to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation, based on the 31 March 2022 data, was completed in 2023. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been an £11.100m net actuarial gain during 2022/23.</p>	<p>In considering this estimate we have:</p> <ul style="list-style-type: none"> Made an assessment of management's expert. Made an assessment of actuary's approach taken and deemed it reasonable. Used PwC as our auditor's expert to assess the actuary and assumptions made by the actuary, and considered their assumptions as follows: <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.8%</td> <td>4.8% - 4.85%</td> <td>✓</td> </tr> <tr> <td>Pension increase rate</td> <td>2.85%</td> <td>2.65%-2.95%</td> <td>✓</td> </tr> <tr> <td>Salary growth</td> <td>3.85%</td> <td>3.65%-3.95%</td> <td>✓</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>23.1 / 21.4</td> <td>20.9 - 23.4 19.5 - 22.1</td> <td>✓</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>24.7 / 23.2</td> <td>24.3 - 25.9 22.9 - 24.5</td> <td>✓</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Assessed the completeness and accuracy of the underlying information used to determine the estimate. Reviewed the impact of any changes to valuation method. Considered the reasonableness of the Authority's share of LGPS pension assets. Considered the reasonableness of any increase/decrease in estimate. Reviewed the adequacy of disclosure of the estimate in the financial statements. <p>There were no significant issues arising from our work.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.8%	4.8% - 4.85%	✓	Pension increase rate	2.85%	2.65%-2.95%	✓	Salary growth	3.85%	3.65%-3.95%	✓	Life expectancy – Males currently aged 45 / 65	23.1 / 21.4	20.9 - 23.4 19.5 - 22.1	✓	Life expectancy – Females currently aged 45 / 65	24.7 / 23.2	24.3 - 25.9 22.9 - 24.5	✓	Light Purple
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- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
SAP	ITGC assessment (design and implementation effectiveness only)					Journals

Exmoor National Park Authority rely on Somerset Council (previously Somerset County Council) for the provision of their Financial Management system, SAP. The above ITGC assessment is the Somerset Council auditors' assessment of the system at the Council during the financial year ending 31 March 2023.

The IT audit identified a number of deficiencies in the SAP system which were reported to Somerset Council at their Audit Committee on 25 January 2024. These findings are highly technical in nature and relate to administrative access to the SAP system and its production environment. None of the users whose accounts are considered to have inappropriate access are employed by Exmoor National Park Authority. Although we are required to report the overall ITGC rating as above, we do not believe that there is any risk to the Authority arising from these deficiencies.

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

2. Financial Statements: matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary
Significant events or transactions that occurred during the year.	None noted
Conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement.	None noted
Concerns about management's consultations with other accountants on accounting or auditing matters.	None noted
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services.	None noted
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information.	None noted
Prior year adjustments identified.	None noted
Other matters that are significant to the oversight of the financial reporting process.	None noted

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with Authority. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A signed letter of representation has been received from the Authority, following its approval at the 9 April 2024 Final Accounts Committee meeting. As in the prior year, we have requested a specific representation in respect of the Authority's accounting treatment of £18k of monies held in an Authority bank account which is not included in the Authority's accounts.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banks. This permission was granted and the requests were sent. These requests were returned with positive confirmations and no issues were noted.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Authority and the environment in which it operates the Authority's financial reporting framework the Authority's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We issued an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA audit instructions.</p> <p>This work is not required as the Authority does not exceed the “minor bodies” threshold.</p>
Certification of the closure of the audit	<p>We have certified the closure of the 2022/23 audit of Exmoor National Park Authority in the audit report.</p>



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2022/23

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3–5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM: our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented at the 6 February 2024 meeting of the Exmoor National Park Authority.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks of significant weakness. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No other audit or non-audit services are provided to the Authority.

4. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided to the Authority.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Authority's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Follow up of prior year recommendations
- D. Audit Adjustments
- E. Fees and non-audit services
- F. Auditing developments

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action Plan – Audit of Financial Statements

We have identified one recommendation for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendation with management and we will report on progress on these recommendations during the course of the 2023/24 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>Medium</p>	<p>During the course of our testing, we identified that several of the Authority's properties were leased out to third parties. However, there were no supporting disclosures for these lease arrangements as required by the Code of Practice.</p>	<p>Management should review the draft financial statements annually to ensure that all appropriate disclosures have been made, being mindful of the need to include all material disclosures and the possibility that previously immaterial items may have now become material.</p> <p>Management response</p> <p>Management have agreed to the inclusion of leasing disclosures in the 2022/23 Statement of Accounts on the grounds of materiality. As part of our year-end processes, we will undertake annual reviews of our operations against the CIPFA Code to ensure that material items are properly disclosed.</p>

Key

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

C. Follow up of prior year recommendations

We identified the following issues in the audit of Exmoor National Park Authority's 2021/22 financial statements, which resulted in 4 recommendations being reported in our 2021/22 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk reported previously	Update
✓	<p>1. Driver Farm component accounting requirement:</p> <p>Driver Farm is held in the asset register at £2m value as a land asset, and therefore not depreciated. Given the nature of the asset, it is likely that there is a material element which should be classified as a building, and as such, should be componentized, allocated a useful economic life, and depreciated.</p> <p>The likely amount of any depreciation is estimated by management to be approximately £10k-£15k, which is immaterial but above our audit triviality.</p>	<p>The asset has now been componentised between its land and building elements within the Fixed Asset Register. We are therefore satisfied that this recommendation has been implemented.</p>
✓	<p>2. 'De minimis' items included on the Fixed Asset Register (FAR):</p> <p>Our review of the FAR and asset valuations in year identified a number of assets which are included in the FAR but not accounted for on the basis that their value is below £5,000 and therefore falls below the Authority's de minimis value for recognition of capital expenditure.</p> <p>These assets nevertheless are being treated as capital assets, and therefore should be recognised at their carrying value even if this falls below £5,000. and depreciated where this is appropriate. The total nominal value of the assets as valued at 31 March 2022 is £14k, which is immaterial.</p>	<p>All assets have now been appropriately accounted for within the Fixed Asset Register and Statement of Accounts.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations (cont.)

Assessment	Issue and risk	Recommendations
✓	<p>3. Identification of Heritage Assets:</p> <p>Two assets identified as per the issue above, would be more appropriately classified as heritage assets under the CIPFA Code of Practice. As detailed at Appendix C, management has agreed to reclassify these and update the heritage assets note in year to make disclosure of these assets in line with the Code. The assets are currently held at nil value, as their total value on their current valuation basis is £4k. However, this valuation is based on a commercially-focused Existing Use Value basis. We believe that due to their nature as heritage assets, an insurance valuation would be a more appropriate basis for determining their value.</p>	<p>Heritage assets have been re-evaluated in year and one asset has been valued at its insurance re-instatement value of £39k.</p>
✓	<p>4. Completeness of expenditure</p> <p>In the prior year we identified an invoice for £3,400 which had related to 2020-21 but had not been accrued for, and raised a recommendation in relation to this point as per Appendix B.</p> <p>In 2021-22 we have again identified two invoices totalling £5,977 which have not been accrued for. As in the prior year, this is not material. We tested a further sample with no issues arising.</p>	<p>No issues with completeness of expenditure have been identified in the 2022-23 audit.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

D. Audit Adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There were no adjustments affecting the primary statements and the reported net expenditure for the year ending 31 March 2023.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Note 16 Officers' Remuneration did not include comparators and stated these were "not applicable" as they were below £50,000. This was not the case as disclosure of these figures was made in the 2021/22 accounts.	The note should be updated to correctly reflect the 2021/22 balances.	✓
Note 28 Provisions included a provision for a debtor relating to the sale of a property in possession to satisfy a court order. As a bad debt provision, this should net off debtors in Note 25 rather than standing alone.	The disclosure should be updated so that the bad debt provision nets off the debtors' balance in Note 25.	✓
Note 23 Heritage Assets includes £39k of additions in year. This is the change in value of an asset previously with a nil value and not a new asset and should therefore be disclosed as a valuation update.	The disclosure in Note 23 should be updated to reflect that this is a valuation gain and not an addition.	✓
Note 18 External Audit Costs does not match the audit fees per our Audit Plan.	The disclosure should be updated to match the Audit Plan.	✓
The Authority has material lease income from operating leases. No leases disclosure has been included in the accounts.	The accounts should be updated to include a disclosure of balances relating to operating leases.	✓
Other minor disclosure errors were identified during the course of the audit.	These errors should be corrected in the final set of statements.	✓

D. Audit Adjustments (continued)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2022/23 audit which have not been made within the final set of financial statements. The Final Accounts Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Due to an estimation difference reported to us by the pension fund auditor, there is a possible understatement of pension fund assets (and corresponding overstatement of the pension fund liability). This equates to a £12k difference in Exmoor's liability. There is a nil impact on the General Fund as the movement would be subsequently reversed to the pensions reserve.	(12)	12	(12)	0	The possible difference is immaterial.
Overall impact	(12)	12	(12)	0	

Impact of prior year unadjusted misstatements

There were no unadjusted misstatements in the prior year.

E. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non-audit services.

Audit fees	2021/22 Actual Fee (£)	2022/23 Proposed Fee (£)	2022/23 Final Fee (£)
Authority scale fee set by PSAA	9,004	13,692	13,692
Audit Fee Variations (as detailed in our Audit Plan)	9,450	6,225	6,225
Total audit fees (excluding VAT)	18,454	19,917	19,917

The fees reconcile to the updated Note 25 in the final statements.

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a audit, will include both the auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the auditor. <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.



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