EXMOOR NATIONAL PARK AUTHORITY
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24 October 2024

EXMOOR NATIONAL PARK AUTHORITY
FINAL ACCOUNTS COMMITTEE

To: All Members of the Final Accounts Committee of Exmoor National Park Authority

A meeting of the Final Accounts Committee will be held in the **Committee Room, Exmoor House, Dulverton** on **Tuesday 5 November 2024 at 2.30pm or on the rising of the Planning Committee meeting if later.**

The meeting will be open to the press and public subject to the passing of any resolution under s.100(A)(4) of the Local Government Act 1972.

There is a Public Speaking at this meeting, when the Chairperson will allow members of the public two minutes each in which to ask questions, make statements, or present a petition relating to any item on the Agenda. Anyone wishing to ask questions should notify the Corporate Support Officer by 4pm on the working day before the meeting of the agenda item on which they wish to speak, indicating a brief summary of the matter or matters to be raised (contact details are set out above).

The meeting will be **recorded**. By entering the Authority's Committee Room and speaking during Public Speaking you are consenting to being recorded. We will make the recording available via our website for members of the public to listen to and/or view within 72 hours of the meeting taking place.

Members of the public may use forms of social media to report on proceedings at this meeting. Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so. As a matter of courtesy, anyone wishing to film proceedings is asked to advise the Chairperson so that those present may be made aware.

(The agenda and papers for this meeting can be downloaded from the National Park Authority's website www.exmoor-nationalpark.gov.uk).

Sarah Bryan
Chief Executive

As set out above, the Authority welcomes public engagement with its work and believes that everyone attending a meeting of Exmoor National Park Authority or one of its Committees has the right to be treated with respect and to feel safe at all times, including before, during and after the meeting they attend.

The Authority understands that some situations can be difficult and lead to frustration; however, the Authority is committed to promoting an environment where everyone feels listened to and respected and is not subjected to unacceptable behaviour. Further guidance is provided in our Customer Notice, available on our website.

A G E N D A

1. **Apologies for Absence**

2. **Declarations of Interest:** Members are asked to declare any interests they may have in relation to items on the agenda for this meeting.

3. **Minutes:** (1) To approve as a correct record the Minutes of the meeting of the Final Accounts Committee held on 9 April 2024 (Item 3).

   (2) To consider any Matters Arising from those Minutes.

4. **Public Speaking**
   The Chairperson will allow members of the public to ask questions, make statements or present a petition on any matter on the Agenda for this meeting.

5. **Statement of Accounts for 2023/24**

   To consider the report of the Chief Finance Officer (Item 5).

   Representatives from Grant Thornton will be in attendance to introduce the Audit Findings Report for 2023/24.

   - To consider the Audit Findings Report for 2023/24.
   - To consider the Auditor's Annual Report for 2023/24.
   - To consider and approve the Letter of Representation.
   - To adopt the Statement of Accounts for 2023/24 and to note the draft Audit Opinion on Financial Statements.

   The Statement of Accounts to be signed by the Chairperson.

6. **Any Other Business of Urgency**

Further information on any of the reports can be obtained by contacting the National Park Authority at the address and telephone numbers at the top of the agenda. Details of the decisions taken at this meeting will be set out in the formal Minutes which the Committee will be asked to approve as a correct record at its next meeting. In the meantime, details of the decisions can be obtained by emailing Committees@exmoor-nationalpark.gov.uk

EXMOOR NATIONAL PARK AUTHORITY
FINAL ACCOUNTS COMMITTEE

MINUTES of the meeting of the Final Accounts Committee of the Exmoor National Park Authority held on Tuesday 9 April 2024 at 10.00am in the Committee Room, Exmoor House, Dulverton.

PRESENT
Miss A V Davis (Chairperson)
Mrs M Chilcott
Mr M Ellicott
Mr B Geen
Mr R Milton
Mrs F Nicholson
Mr S J Pugsley
Miss E Stacey

In Attendance:
Mr B Barrett, Chief Finance Officer
Mr B Morris, Grant Thornton (via Microsoft Teams connection)
Mr L Royle, Grant Thornton (via Microsoft Teams connection)

1. **APOLOGIES FOR ABSENCE:** Apologies for absence were received from Mr J Patrinos.

2. **DECLARATIONS OF INTEREST:** There were no declarations of interest.

3. **MINUTES:** The **Minutes** of the meeting of the Final Accounts Committee held on 1 December 2022 were approved as a correct record, subject to amendment to record attendance by Mr S J Pugsley, not Mrs S J Pugsley. There were no matters arising.

4. **PUBLIC QUESTION TIME:** There were no speakers at public question time.

5. **STATEMENT OF ACCOUNTS FOR 2022/23**

   The Committee considered the **report** of the Chief Finance Officer.

   Mr Barrie Morris and Mr Liam Royle of the Authority's external auditors, Grant Thornton, joined the meeting remotely via Microsoft Teams, and presented the Audit Findings Report to the Committee. This summarised the 2022/23 audit of the Authority's financial statements and its arrangements to secure value for money in its use of resources.

The Committee was advised that the Audit Findings Report was a positive report which did not identify any audit issues, or any adjustments required to be made to the accounts.

In relation to the one unadjusted item, it was confirmed that this reflected the potential understatement of the Authority's share of the assets within the pension scheme, and that the increase in unusable reserves was due to the decrease in the pension fund liability.

The Committee was advised that the audit process was now fully complete and subject to this meeting approving the accounts and the letter of representation being signed, it was anticipated that the audit opinion would be unmodified and that the external auditors were satisfied that the Authority had made proper arrangements in securing economy, efficiency and effectiveness in its use of resources.

The Committee thanked the Chief Finance Officer and his team, along with the team at Grant Thornton, for their professional work on behalf of the Authority.

RESOLVED:

1. To receive the Audit Findings Report of the External Auditor as set out in Annex 1 to the report and to confirm that the changes contained within the report have been carried out.
2. To authorise the Chief Finance Officer to issue the letter of representation as set out in Annex 2 to the report.
3. To adopt the Statement of Accounts for 2022/23 as set out in Annex 3 to the report.

6. ANY OTHER BUSINESS OF URGENCY: There was none.

The meeting closed at 10.15am

(Chairperson)

ITEM 5

EXMOOR NATIONAL PARK AUTHORITY

FINAL ACCOUNTS COMMITTEE

5 November 2024

STATEMENT OF ACCOUNTS FOR 2023/24

Report of the Chief Finance Officer

Purpose of Report: To introduce the Audit Findings Report and Annual Report of the External Auditor and present the Statement of Accounts for 2023/24 for adoption.

RECOMMENDATIONS:

The Final Accounts Committee is recommended to:

1. **RECEIVE** the Audit Findings Report of the External Auditor at Annex 1 and **CONFIRM** that the changes contained within the report have been carried out.
2. **RECEIVE** the Auditor's Annual Report of the External Auditor at Annex 2 and **CONFIRM** that the recommendation contained within the report will be carried out.
3. **AUTHORISE** the Chief Finance Officer to issue the Letter of Representation as set out in Annex 3.
4. **ADOPT** the Statement of Accounts for 2023/24 as set out in Annex 4

Authority Priority: Develop and maintain effective and efficient services.

Legal and Equality Implications: Local Government Act 2003, Parts 1-3 (Capital Finance, Financial Administration and Grants), Sections 1-39 Accounts and Audit (England) Regulations 2011, Part 2 (Financial Management and Internal Control) CIPFA Code of Practice on Local Authority Accounts in the United Kingdom 2013 (the CODE).

The equality and human rights implications of this report have been assessed as having no impact on any particular individual or body.

Financial and Risk Implications: The external auditor's fees are provided for in the annual budget and the assurances given by the auditors form a key part of the Authority's risk management and governance processes.

Climate Change Response: This report does not have an adverse impact on our ability to respond to Climate Change.

1. **THE AUDIT FINDINGS REPORT**

1.1 The Audit Findings Report has been produced by Grace Hawkins, Key Audit partner for Grant Thornton, and is attached at Annex 1. It is anticipated that a representative from Grant Thornton will be attending the Committee to present this report to Members.

1.2 **THE AUDITOR'S ANNUAL REPORT**

1.3 The Auditor's Annual Report has been produced by Chinyere Emeshie, Value for Money Assistant Manager for Grant Thornton, and is attached at Annex 2. It is anticipated that a representative from Grant Thornton will be attending the Committee to present this report to Members.

2. **LETTER OF REPRESENTATION**

2.1 Annually the letter of representation is given by the Chief Finance Officer on behalf of the Authority.

2.2 It is regarded as best practice for the letter to be approved by the Final Accounts Committee before signing and attached as Annex 3 of this report is the letter proposed for 2023/24. This follows the usual format required by the External Auditors and Members are recommended to approve it for signature.

3. **STATEMENT OF ACCOUNTS**

3.1 The accounts of the Authority have been prepared on a going concern basis. This is based upon the judgement of management that:

- the Authority has a history of stable finances, responsible budget setting and has access to financial resources in the future; and
- there are no significant financial, operating or other risks that would jeopardise the Authority's continuing operation.

3.2 As a consequence of the external audit, some disclosure amendments have been made to the accounts – these adjustments are referred to within the Audit Findings Report in Annex 1. These amendments have an insignificant impact on the financial outcome for 2023/24 and the financial position of the Authority at 31 March 2024. The updated and final Statement of Accounts is attached at Annex 4 for adoption. Following adoption these will be signed by the Chairman. The draft Audit Opinion on the financial statements is attached at Annex 5.

3.3 I would once again like to place on record my thanks to the Finance Team, and other staff involved with the preparation of the Statement of Accounts and the audit process, for their efforts in completing these accounts, and to the audit team at Grant Thornton who carried out their audit in a very professional manner.

Ben Barrett
Chief Finance Officer
October 2024

Grant Thornton

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

Year ended 31 March 2024

24 October 2024

Grant Thornton

Grant Thornton UK LLP
2 Glass Wharf
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Exmoor National Park Authority

Exmoor House
Dulverton
TA22 9HL

24 October 2024

Dear Ben Barrett

Audit Findings for Exmoor National Park Authority for the 31 March 2024

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (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 for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2023.pdf (grantthornton.co.uk).

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

Grace Hawkins

Director
For Grant Thornton UK LLP

Chartered Accountants
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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 Council 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 ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2024 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 consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed with a mixture of on site and remote work during July to October 2024 as planned. Our findings are summarised on pages 9 to 22. We have identified 5 adjustments to the financial statements that have resulted in a £0k adjustment to the Authority's Comprehensive Income and Expenditure Statement. This has an equivalent impact on the Authority's level of useable reserves.

Audit adjustments are detailed at Appendix E. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix C. Our follow up of recommendations from the prior year's audit are detailed at Appendix D.

Our work is substantially complete, subject to the following outstanding matters;

- receipt of Pension Fund Assurance letter and completion of pension testing procedures;
- receipt of management representation letter and signed final financial statements.

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

Our anticipated financial statements audit report opinion will be unmodified. We anticipate issuing the opinion following the Authority meeting on 5 November 2024.

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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 Council 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 Council'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 Council's arrangements under the following specified criteria: • Improving economy, efficiency and effectiveness; • Financial sustainability; and • Governance	Our work on the Authority's value for money (VFM) arrangements is reported in our commentary on the Authority's arrangements in our Auditor's Annual Report (AAR). 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. The planning work has been completed and we have held initial discussions with our VFM colleagues. Our planning work has not identified any risks of significant weakness. Our final accounts work on VFM has now concluded and has been reported on in our Auditors Annual Report (AAR). In summary, no significant weaknesses have been identified. We have identified one improvement recommendation in the area of Governance.
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.

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1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament Written statements - Written questions, answers and statements - UK Parliament This confirm the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024. As a consequence of this, the authority's accounts for (years up to 2022/23) are expected to be backstopped and a disclaimer of opinion issued. The government has set out its intention that from 2023/24, auditors should work with local authorities to begin the process of recovery. A backstop date for 2023/24 has been proposed of 28 February 2025, and a date for 2024/25 audits of 27 February 2026.

This issue at the current time has no impact on Exmoor National Park Authority as we have now completed all of our work for 2023-24 and intend to sign off the 2023-24 accounts and opinion well in advance of the above backstop date. There is also a backstop date for the 2024-25 year and we do not currently envisage there being any issues in meeting this deadline.

National context – level of borrowing

All local authorities, including National Parks continue to operate in an increasingly challenging financial 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 in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

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 that 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 the future need to be carefully in a manner that protects the Authority's future financial stability.

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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 have been discussed with management and Exmoor National Park Authority 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 substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we, as detanticipate issuing an unqualified audit opinion following the Exmoor National Park Authority Committee meeting on 5 November 2024. These outstanding items include:

- Receipt of Pension Fund Assurance letter and completion of pension testing procedures;
- receipt of management representation letter and signed final financial statements.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

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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 in terms of the percentages used for materiality and performance materiality. However, materiality has been updated to reflect the actual expenditure per the financial statements received in July.

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

	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	£116,000	We have determined at 2% of gross operating expenditure. We consider this to be the most appropriate criteria given stakeholder interest in the Authority achieving its budget.
Performance materiality	£87,000	Assessed to be 75% of financial statement materiality.
Trivial matters	£5,800	Set at 5% of materiality and reflects a level to which stakeholders are unlikely to be concerned by uncertainties.
Materiality for Senior Officer Remuneration	£10,000	This is a politically sensitive figure to the users of the accounts.

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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 Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk.	We have: • evaluated the design and implementation 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 Our work has not identified any issues in respect of management override of controls. In total we have selected 27 journals to test using a risk-based approach. All journals tested were found to be valid business-related journals with valid and appropriate supporting documentation. Our work on significant accruals also has not identified any issues to being to your attention.

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2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Closing Valuation of land and buildings The valuation of land and buildings is a key accounting estimate that is sensitive to changes in assumptions and market considerations and represents a significant estimate by management in the financial statements. Therefore, we have identified this as a significant risk requiring special audit consideration. This risk will be pinpointed as part of our final accounts work once we have understood the population of the assets revalued.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work. • evaluated the competence, capabilities and objectivity of the valuation expert. • written to the valuer to confirm the basis on which the valuations were carried out. • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding. • tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authorities asset register, revaluation reserve, and Statement of Comprehensive Income. • evaluated the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value. • for all assets not formally revalued or revalued on a desktop/indexation basis only, evaluate the judgement made by management or others in determination of current value of these assets. Our procedures have identified an accounting error in relation to the amount of revaluation gains recognised in the Comprehensive Income and Expenditure Statement (CIES) and Other Comprehensive Income (OCI). This is detailed in appendix D. We have made a number of recommendations on this area which can be seen in appendix B. Overall, we are satisfied that the Land and Building valuations are not materially misstated.

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2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of the 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 is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement. We have pinpointed this significant risk to the assumptions applied by the professional actuary in their calculation of the net liability.	We have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate 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 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; and • obtained assurances from the auditor of 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 has not identified any significant issues with respect to the valuation of the pension fund net liability. Please note that at the time of issuing our report we still have not received the required assurance letter from the auditor of Somerset Pension fund. Therefore, this area of work is still outstanding. IFRIC14: In addition to that reported above, we have identified that although the financial statements reports a net liability, this is because an asset ceiling has been applied in line with IFRIC14. We have therefore reviewed the actuaries IFRIC14 assessment in line with emerging national guidance which came out in September 2024. This related to the potential understatement of pension liabilities as it was found actuaries were not appropriately considering secondary contributions. Our review did not identify any issues, and this had no impact on Exmoor National Park Authority.

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2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
ISA 240 Fraudulent revenue recognition Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. We have considered all revenue streams of the Authority, and we have rebutted this risk for all revenue streams.	For revenue streams that are derived from Grants we have rebutted this risk on the basis that the income stream is primarily derived from grants from central government and that opportunities to manipulate the recognition of these income streams is very limited. For other revenue streams, we have determined from our experience as your auditor from the previous years, and through our documentation and walkthrough of your business processes around revenue recognition that the risk of fraud arising from revenue recognition could 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 Exmoor National Park Authority, mean that all forms of fraud are seen as unacceptable.
ISA 240 Fraudulent expenditure recognition Under ISA (UK) 240 there is a rebuttable presumed risk that expenditure may be misstated due to the improper recognition of expenditure. We have considered all expenditure streams of the Authority, and we have rebutted this risk for all expenditure streams.	We have also considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition. We were satisfied that this did not present a significant risk of material misstatement in the 2023/24 accounts as: - The control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong; - We have not identified any fraud in expenditure recognition in the prior years audits; - Our view is that, similarly to revenues, there is little incentive to manipulate expenditure recognition.

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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 – £20.172m	Other land and buildings comprises £1.738m of specialised assets such as visitor's 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 (£18.433m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged NPS Group Limited as their management expert to complete the valuation of properties as at 31 March 2024 on an annual basis. All land and building assets are currently being revalued every year to ensure the values are materially correct, the code requires all assets to be valued over a 5-year period. Management has addressed estimation uncertainty through having all assets revalued as at the 31 March each year, this means it is very unlikely that there will be any material movements between the valuation date and the year-end date. The total year end valuation of land and buildings was £20.172m, a net increase of £0.315m from 2022/23 (£19.857m).	We have: • assessed the competence and expertise of the management expert • Reviewed the completeness and accuracy of the underlying information used to determine the estimate • Reviewed the appropriateness of any alternative site assumptions • Ensured that there have been no changes to the method used to revalue the assets and ensured the method is suitable to different classes of assets • Considered the adequacy of the disclosure of the estimate in the financial statements There are no significant issues arising from our work.	Green

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- {Amber] 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
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

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2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £1.226m Please note that although the pensions are in a liability position, IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments. IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. An asset ceiling has been applied in the IAS19 report and as part of our procedures we have reviewed asset ceiling.	The Authority's total net pension liability at 31 March 2024 is £1.226m (PY £1.928m) comprising the Somerset Pension Fund defined benefit pension scheme obligations. The Authority uses Barnett 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. The latest full actuarial valuation, based on the 31st 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 a £0.613m net actuarial gain 2023/24. In the prior year, the gain was £11.100m.	In considering the estimate we have • Made an assessment of the management's expert • Made an assessment of the actuary's approach taken, and deemed it to be reasonable • Uses PwC as our auditors expert to assess the actuary and the assumptions made by the actuary – Please see the table below: (see table below) • 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 increase/decrease in the estimate • Reviewed the adequacy of the disclosure of the estimate in the financial statements • Reviewed the asset ceiling calculations in line with IFRIC14. Please note we still await the receipt of the Pension Fund auditor assurance letter.	Green

Assumption	Actuary Value	PwC range	Assessment
Discount rate	4.9%	4.8% - 4.95%	●
Pension increase rate	2.9%	2.85% - 3%	●
Salary growth	3.9%	3.9%	●
Life expectancy – Males currently aged 45/65	Current 21.1 Future 22.4	Current 19.2 – 21.8 Future 20.6 – 23.1	●
Life expectancy – Females currently aged 45/65	Current 23 Future 24.4	Current 22.6 – 24.3 Future 24.1 – 25.7	●

Assessment

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] 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
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

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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	Additional procedures carried out to address risks arising from our findings
			Security management	Technology acquisition, development and maintenance	Technology infrastructure		
SAP	Detailed ITGC assessment (design effectiveness only)	🔴	🔴	🔴	⚫	**Journals**	All identified deficiencies in relation to the SAP system have been incorporated into our journals work which covered the management override of controls significant risk. No issues were identified.

Exmoor National Park Authority rely on Somerset Council for the provision of their financial management system, SAP. The above ITGC assessment is the Somerset Council auditor's assessment of the system at the Council during the financial year ending 31 March 2024.

The IT audit identified a number of deficiencies in the SAP system have been reported to the Somerset Council Audit Committee. The findings are highly technical in nature and primarily relate to administrative access to the SAP system and its production environment. As above, we have ensured that all user accounts identified have been included in our journals testing and all journals identified have been tested. No issues were noted with any journals posted and we are therefore satisfied that there is no material risk to the Authority arising from these deficiencies. All identified deficiencies are reported in appendix B

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

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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 the Exmoor National Park Authority Committee. We have not been made aware of any other 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 letter of representation has been requested from the Authority, included in the Exmoor National Park Authority Committee papers.
Audit evidence and explanations	All information and explanations requested from management was provided.
Confirmation requests from third parties	We requested from management permission to send confirmation request to financial institutions and third parties which hold monies on behalf of the Authority. This permission was granted, and the requests were sent. All requests were returned with positive confirmations.
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.

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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	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 Council 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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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 Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. 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 Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • 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. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • 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.

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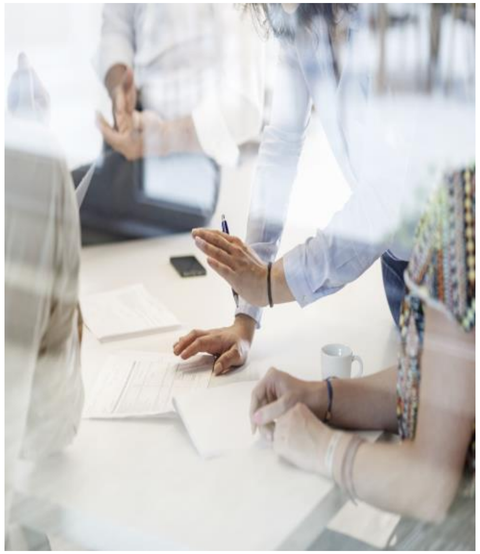
2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	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. No material inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • 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. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that work is not required as the Authority does not exceed the 'Minor Bodies' threshold.
Certification of the closure of the audit	We intend to certify of the closure of the 2023/24 audit of Exmoor National Park Authority in the audit report.



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3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code require 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

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3. Value for Money arrangements (continued)

Overall summary of our Value for Money assessment of the Authority's arrangements

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2023-24 is the fourth year that these arrangement have been in place. The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below. There are no significant weaknesses in the Authority's arrangements based on our review.

Criteria	2022-23 Auditor judgement on arrangements		2023-24 Risk assessment	2023-24 Auditor judgement on arrangements	
Financial sustainability	G	No significant weaknesses in arrangements identified. No improvement recommendations made.	We did not identify any risks of significant weakness from our initial planning work.	G	No significant weaknesses in arrangements identified. No improvement recommendations made.
Governance	A	No significant weaknesses in arrangements identified. But two improvement recommendations related to risk management was reported.	We did not identify any risks of significant weakness from our initial planning work.	A	No significant weaknesses in arrangements identified, however, one improvement recommendation has been raised to support the Authority in enhancing arrangements for Governance. These relate to the **Standards Committee annual self-assessment of effectiveness**. See the Auditor's Annual Report for further details.
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified. No improvement recommendations made.	We did not identify any risks of significant weakness from our initial planning work.	G	No significant weaknesses in arrangements identified. No improvement recommendations made.

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

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5. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers [and network firms]). In this context, we disclose the following to you:

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 Council'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 Council'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.

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5. Independence considerations

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 Authority 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
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of Exmoor National Park Authority, 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 Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

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Appendices

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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.

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B. Action Plan – Audit of Financial Statements

We have identified 7 recommendations for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management, and we will report on progress on these recommendations during the course of the 2024/25 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
Medium	Property, Plant and Equipment: We have experienced difficulty in obtaining the floor and land area measurement for three sampled assets. These were Pinkery, Lynmouth House and Exmoor House. There were significant delays in receiving the supporting evidence such as floor plans and measurements. We deem this to be a control issue as it is stated in the Terms of Engagement with the valuer that the valuer will rely upon the information provided by the ENPA for the valuations. If ENPA does not have a robust documentation of key asset information, it would be difficult to gain assurance over the data used by the valuer and in turn assurance over the valuation.	We recommend for ENPA to maintain a robust database of all the key information for each asset to ensure that the data is readily available for the valuer to conduct an accurate and appropriate valuation as well as being readily available for audit scrutiny. **Management response** Following a period of staff change due to unforeseen staff circumstances, our Estates Team is undertaking a review of all documentation held for each of the authority's assets.
Medium	Property, Plant and Equipment: We have identified differences between the land site areas used in the valuer's calculation and the supporting evidence held by the ENPA Estates Team for three sampled assets. While these differences did not cause any misstatements due to the valuers approach (Valuer used the uplift approach rather than using the site area), we deem this to be a control issue as the information is not consistent. Please note there is no material impact on the accounts arising from this issue.	We recommend that the estates team at ENPA ensures that the site area information for all their assets are up to date and that they complete updated inspections for assets where the information is not known. **Management response** Following a period of staff change due to unforeseen staff circumstances, our Estates Team is undertaking a review of all documentation held for each of the authority's assets. For any assets where data is questioned or out of date, inspections will be undertaken or external support engaged to ensure all data held is correct and up to date.
Medium	Property, Plant and Equipment: We have identified some instances of unclear communication between the estates team at ENPA and the valuer. As an example, both parties were unclear as to who is responsible for land and floor area measurements. The valuer believed that this was purely the responsibility of the estates team which is in line with the terms of engagement. However, estates also believed that the valuers remit is to undertake measurements. This confusion was part of the delay in the audit team receiving the appropriate evidence.	We recommend for ENPA to set out the detailed and clear expectations in the terms of engagement and also communicate more closely with the valuer to ensure that the valuer has all the information necessary for an accurate and appropriate valuation. **Management response** We feel that our engagement instructions were clear in respect of the 2023/24 instructions for valuations requested. It is the responsibility of the Valuer to highlight any areas of ambiguity or non-provision of information prior to their valuation assessments commencing. For future valuations we will request a commencement meeting be held to ensure that both parties understand the requirements and data sources available.

Controls

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

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B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	<u>Cut off testing - Expenditure:</u> We identified three instances where the authority had not followed their own accruals de-minimus policy at year end i.e. amounts owing at year end above £500 were not accrued and included in the creditors' balance as at 31st March 2024. This included £1010.50 related to a direct debit, £1457.68 related to Diesel and £7617.78 related to Energy bills.	This is not consistent with the authority's accrual de-minimis policy so our recommendation for future years is to ensure that appropriate year end accruals are made in line with the policy. Where applicable, an estimate accrual should be recorded and reversed out in the following year. **Management response** Historically, Direct Debits have not been accrued for as the net impact across years was considered insignificant. For 2024/25 onwards, ENPA will treat direct debits in the same way as other creditors and will accrue for any amounts in excess of £500.
Low	<u>Debtors and Creditors:</u> When performing our debtors and creditors sample selection, we encountered some difficulty in obtaining the year end listings. In order to get listings for both, the auditor has required the client to send scanned copies of Journal papers, which the auditor has inturn inputt manually into a listing in order to pull a sample together.	Whilst we appreciate that the system at ENPA is paper based and highly manual, the efficiency of the audit process would be greatly increased if management could pull these listings together for us in advance of the audit team completing their work. **Management response** With the current financial system our journals and papers are stored manually, for 2024/25 all year-end working papers will be available electronically.
Low	<u>Depreciation:</u> We identified one building asset which did not have a UEL and was not depreciated. We confirmed that had there have been a depreciation charge it would have been trivial. However, this asset not being depreciation is not in line with the ENPA accounting policies which states that all building assets are depreciated.	We recommend that management allocates a suitable UEL for the building and ensure depreciation is charged in future years. **Management response** The asset in question will be assigned a UEL and depreciation actioned for the 2024/25 financial year onwards.
Low	<u>Operating Expenditure:</u> We have identified one instance of recoverable VAT being included within expenditure in error. The amount of the error was found to be trivial both in absolute terms and extrapolated.	We recommend for ENPA to have tighter controls in place to ensure where VAT can be reclaimed, it is included in a separate VAT code and not in expenditure / creditors as this would inflate the expenditure / creditors. **Management response** ENPA has a robust system in place in respect of treatment of VAT. The item in question had VAT treated correctly in terms of payment of the invoice. The error arose where VAT was included in calculation of the Creditor accrual and thus presents a creditor overstatement issue in relation to the 2023/24 and 2024/25 financial years.

Controls

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

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B. Action Plan – ICT Audit Findings

As mentioned on page 15, a review of the SAP system has been carried out by the Somerset Council audit team and we have relied on the work performed. Below are the findings. Please note, all of the below findings have been incorporated into our Journals testing work and we have not identified any areas for further follow up at the Authority. We are therefore satisfied that the below does not have any material financial impacts on the Authority.

Assessment	Issue and risk	Recommendations
Significant	Users with inappropriate access to critical privileges on SAP Our audit procedures identified 4 (Dialog A and Service S) accounts that were assigned access to SAP_NEW and SAP_ALL during the audit assessment period. There was no business justification provided for these accounts having these critical access. The users identified also had access to maintain all SAP standard or customised tables via SM30 or SM31. As audit logging is not enabled, we were unable to determine the nature of changes made to standard and customised tables. **We have reviewed our work in the journals cycle and we have not identified any journals In the year posted by the user SAP_NEW and SAP_ALL. Therefore, this issue has no impact on our audit.**	The Council should ensure that access to the SAP_ALL and SAP_NEW profiles are removed from all accessible SAP user accounts. **Management response** ALEREMOTE - BW Source System Extraction, HCL access for monitoring. SM_SMP - Solman, HCL Basis access for monitoring. SMTMSMP - Solman, HCL Basis access for monitoring. SUPPORT - SAP Dial in access only, approval process in place for this. This is applied on an approval process and currently has an End Date. SM31 is the old Transaction, SM30 is the new one. We will look into ending these Roles and creating a process to add SAP_ALL on an Approval process.
Significant	Excessive accounts with access to schedule batch jobs via SM37 We inspected the list of users with access to change jobs to run under all IDs via SM37 and noted that there were 4952 user accounts with privileged access. We would consider this level of access to be excessive and therefore inappropriate. Refer to Appendix 2 for the identified users. This is noted as open issue from the previous year's audit. **We have reviewed the Exmoor access and there are 29 users who have SM37 access, of these 10 have posted to the ledger and of these 2 have posted manual journals in 2023-24. In our journals work we reviewed all material journals posted by these individuals and no issues were noted. Therefore, we are satisfied that this has no impact on our audit.**	The Council should consider assigning SM37 access to business users without S_BTCH_ADM and S_BTCH_NAM authorisation objects. We recommend that for the users identified, management should consider limiting access to the batch jobs management via the authorisation object S_BTCH_JOB and JOBACTION to 'LIST', 'PROT' and 'SHOW'. **Management response** SM37 is in the Role Z_SAP_BC_ENDUSER that is given to all SAP Users and it has now been removed. SAP Support, HCL, HR Admin and Payroll, Finance and MSS Users have the ability use this to access reports that are run in the Background because they will Timeout/Error if run in Foreground. Review the Role and see if a 2nd Role should be created to attach to Users. Although attached to Users not all these users have access to SAP, therefore will never use the transaction SM37. 3822 Users have the ability to use SM37 due to their Roles, the expectation is that the majority do not run reports in the background and will not know SM37 exists. We will remove SM37 from the Role Z_SAP_BC_ENDUSER and then only users with the required access will use SM37.

Controls

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

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B. Action Plan – ICT Audit Findings (Continued)

Assessment	Issue and risk	Recommendations
Significant	<u>Segregation of duties conflict as users have access rights to configure and delete audit logs in production</u> We performed a comparison of all users with the ability to configure audit logs within production via SM19 with those with the ability to re-organise or delete them in production using SM18. We identified 14 accounts with both access rights. Refer to Appendix 3 for identified users. As audit logging is not enabled on SAP, we were unable to verify the activities of the users with privileged access from SM20 logs. On review we did not identify any users who have the above access in the Exmoor user access list. Therefore, we are satisfied that this has no impact on the audit.	The Council should segregate a user's ability to configure (SM19) and delete (SM18) user security event logs within production. **Management response** SAP Support (x4) have access, HCL have 6 individuals' with access and there are 3 monitoring roles and a SAP role. HCL monitor the logs and will do what is necessary when required, review approval process when/if it is required.
Significant	<u>Controls not enabled within SAP to facilitate audit logging</u> The Council has not enabled adequate logging to detect changes to programs within SAP. From the review of the RSPARAM (SAP Parameters Transaction) table), we identified the following: • The 'rec/client' settings was set to 'OFF', indicating that table logging is not enabled. • The 'rsau/enable' parameter was set to '0', further indicating that security audit logging is not enabled. We do not deem this to be a significant issue for the ENPA audit and no issues have been identified in our journals testing.	The Council should ensure that the rec/client settings from production is set to 'ALL or production client number' which would signify that table logging is active in all clients. **Management response** We do not have everything logged because this will take up a lot of space and resources and this comes at a cost. Any work is logged in the Council Halo ticketing system and/or HCL Smart Desk ticketing system. All work is approved by email where required and then in Smart Desk to keep track of the progress and completion. SAP access is managed by Roles and applied by HR Admin & Payroll through an approval process from the manager of the employee only to allow them access to SAP based on the Role they are doing.

Controls

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

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B. Action Plan – ICT Audit Findings (Continued)

Assessment	Issue and risk	Recommendations
Medium	Users with inappropriate access to ABAP debugger in production ABAP debugger is used for performing debugging functions such as inserting a code to correct any errors in the source code. Users are therefore able to execute unauthorised transactions through these amendments to code. We noted that there were 10 (Dialog A and Service S) accounts assigned with access to ABAP Debugger in production granted via the S_DEVELOP authorisation object. Refer to Appendix 4 for users. Further procedures determined that they had not made changes to program attributes during the audit period via TRDIR, master data changes via CDHDR, and accounting document header changes via BKPF. **We have confirmed that none of the identified users have posted any journals in the ENPA ledger in 2023-24, therefore this has no impact on the audit.**	**It is recommended that the Council remove ABAP debugger access permanently from production. It is best practice to use Firefighter accounts with an approved business case and set validity period.** Management response This access will be removed, and a process of approval set up if access to ABAP debugger only when required.
Medium	Lack of formal approval before deployment into SAP production environment We reviewed the changes made to the SAP system within the audit period, we selected a sample and reviewed the supporting evidence. The sample change (transport ID - ECDK904166) was a configuration change. Although the change was formally requested for and appropriately tested, there were no approvals given before deployment of the change to the production environment. **We do not deem this to be a significant issue for the ENPA audit and no issues have been identified in our journals testing.**	It is recommended that the Council ensures that sufficient and appropriately documented evidence is maintained to show the change management process followed for each change which was deployed to the live environment for the SAP system. Management response We currently have a process that is robust and is always approved by either HR Admin & Payroll or SAP Support/HCL before moving into ECP/Production in our SAP Transport Plan. The Transaction has sign off to move into Production and this is in our external ticketing system with HCL called Smart Desk, Service Request Number - SR02138

Controls

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

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B. Action Plan – ICT Audit Findings (Continued)

Assessment	Issue and risk	Recommendations
Low	<u>Segregation of duty conflicts between change developer in production</u> We performed a comparison of users with the ability to develop changes in development with those with the ability to create/import transports in production via Standard Transport Management System (STMS). We identified that there were four (4) user accounts with such access. Refer to Appendix 5 for the identified accounts. In response, we verified that the accounts had not created and released any transports in production during the audit period. **We do not deem this to be a significant issue for the ENPA audit and no issues have been identified in our journals testing.**	The Council should segregate a user's ability to develop and implement changes. Privileged access to the production environment should be revoked from users that are involved in development. If for operational reasons access cannot be fully segregated, alternative options to mitigate the risk could include performing a review of change implementation activity logs. These should be regularly reviewed for appropriateness by an independent individual with evidence retained. Management response 4 Users have access if required, in theory all changes will be created in the Development Environment.
Low	<u>User access in SAP is not timely revoked for terminated employees</u> The leavers process involves the HR team providing a monthly report to the IT Systems team. During our testing of this control, our audit identified that a sample user listed on the termination report in January 2024 was not deactivated until April 2024. The last logon date was 29 November 2023. The process for revoking or disabling SAP access for terminated employees is not being executed in a timely manner. **We do not deem this to be a significant issue for the ENPA audit and no issues have been identified in our journals testing.**	The Council should ensure that a comprehensive user administration procedures are in place to revoke application access in a timely manner. For a user administration process to be effective, IT must be provided with timely notifications from HR and/ or line managers. The Council should consider performing user access reviews on all terminated accounts to ensure all accounts have been disabled in a timely manner. Where old or unused accounts have been identified, these should be immediately revoked. Management response Our SAP Support process is: Run SE16 and pick up all Leavers with PA0000 action of LV or ZD for a date period of last two weeks. Run SUIM User report to check which ones are CUA users and then end their records in SU01 according to their leaving date and Lock them. When employee leaves position, roles no longer replicate to user id in CUA which means access terminates as soon as someone leaves.

Controls

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

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B. Action Plan – ICT Audit Findings (Continued)

Assessment	Issue and risk	Recommendations
Low	ICT - Cyber Security: From the cyber security questionnaire and evaluation, the IT team identified some exceptions. This included: 1. Somerset Council is looking to find a suitable framework and standard which would be more suitable for their cyber security posture. 2. Somerset Council was not able to provide a signed copy SLA between Hi-tech and Somerset Council for SOC Services 3. Somerset Council is looking to find a third party vendor to carry out VAPT assessment.	We did not identify any cyber security issues during our audit, however as Exmoor use the SAP system which is provided by Somerset, we have included this for completeness.

Controls

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

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C. Follow up of prior year recommendations

We identified the following issues in the audit of Exmoor National Park Authority's 2022/23 financial statements, which resulted in 1 recommendation being reported in our 2022/23 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	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. It was recommended that 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 now have become material.	Previous management comment: 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. Update 2023-24: Confirmed that leases have been included in the accounts at note 38, no other issues noted by the auditor.

Assessment

✓ Action completed

X Not yet addressed

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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

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
Income Cut Off: We identified income received in March 2024 which related to the 2024-25 year. Management had not recorded a receipt in advance accrual and had therefore been accounted for in the wrong year. This means that income has been overstated.	DR Cost of Services £34k	CR Creditors £34k	£34k Increase	£34k Decrease
Revaluation Movements: Our review of this are found that of the £71k depreciation written out on revaluation, only £37k has been included in the provision of services in the CIES. Therefore, the CIES was understated by £34k. The full £71k had correctly been credited to the capital adjustment account.	CR Cost of Services £34k	DR CAA £34k	(£34k) Decrease	£0k – Impact on CAA only
Revaluation Movements: Our review of this are found that £35k of depreciation written out to the revaluation reserve has been credited to the capital adjustment account in error. The Depreciation written out to the revaluation reserve of £35k needs to be reversed out of the capital adjustment account (Debit) and be credited to the revaluation reserve.	£0	DR CAA £35k CR RR £35k	£0	£0
Creditors: We identified £55k classified as a creditors which was not actually a creditor. This amount relates to a Contribution Somerset Council made on behalf of ENPA. This was then paid to SC in July 23 but using the receipts account which meant that the amount could not be reversed from the creditors control account. It is a reconciling entry on the bank account and has resulted in an overstatement of creditors and cash.	£0	DR Creditors £55k CR Cash £55k	£0	£0

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D. Audit Adjustments (Continued)

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

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
<u>Fees and Charges Income:</u> We identified three samples which were incorrectly classified as fees and charges income. The samples actually relates to the farming in protected landscapes (FIPL) grant and should have been recognised in grant income only. Management confirmed that the amounts were in fees and charges due to an internal recharge which netted off in the ledger. However, this meant that expenditure and fees and charges were both overstated.	DR Cost of Services (Income) £96k CR Cost of Services (Expenditure) £96k	£0k	£0k	£0k
Overall impact	£0k	£0k	£0k	£34k Decrease

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D. Audit Adjustments

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?
Review of draft statements: We have identified a number of minor errors such as formatting, casting and consistency between the notes. Management have agreed to amend the accounts for all such findings.	All items identified should be amended in the accounts. Management response Management has agreed to amend all such errors.	✓
Creditors: We identified that the Creditors balance of £516k on the face of the balance sheet did not agree to the amount disclosed in the Creditors Note 27 which stated a total of £334k, a difference of £182k. The error was caused by the inclusion of the bad debt provision (£141k) which was subtracted from the creditors note in error, as well as this the accumulated absences accrual of £40k was omitted. Management have agreed to amend the note to ensure it reflects the balance sheet correctly. This is a disclosure change only as the balance sheet figure and ledger is correct. Other entities and individuals in the creditor note will be amended to £275k (was £94k).	Management should amend the creditors note 27 to ensure it reflects the balance sheet correctly. Management response Management has agreed to update the note.	✓
Creditors (Financial Instruments): Following on from the error identified in the creditors note 27, management also informed us that the contractual creditors of £469k per the financial instruments note 24 should actually be disclosed as £353k. The auditor has confirmed this as correct.	Management should update the disclosure in note 24. Management response Management has agreed to update the note.	✓
Debtors: We identified that the amount disclosed for debtors in the balance sheet of £1,471k was not consistent with the amount in note 25 which stated £1,329k, a difference of £142k. This was caused by the inclusion of the Bad Debt provision of £142k in the debtors note. Management have agreed to amend the balance sheet to include the bad debt provision within the debtors line, this will then mean the balance sheet and debtors note match. The bad debt line in the balance sheet will be removed.	Management should amend the balance sheet to include the bad debt provision within the debtor's line, this will then mean the balance sheet and debtors note match. The bad debt line in the balance sheet should be removed. Management response Management has agreed to update the balance sheet.	✓
Grant Income: We have identified two reconciling items within the Note 19 Grant Income of value £180 and £1300 which were not included in 'Grant and Contribution' segment in Note 11. They were included in 'Other Income' and this creates inconsistency between the two notes. Management have agreed to amend note 11 to include these so that it is consistent with note 19 grant income.	Management should ensure note 11 and 19 are consistent. Management response Management have agreed to amend note 11 to include these so that it is consistent with note 19 grant income.	✓

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D. Audit Adjustments

Misclassification and disclosure changes (Continued)

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<u>Grant Income:</u> We identified that Note 11 and Note 19 were inconsistent. This is because Note 11 includes both Grant and Contributions while Note 19 only includes grants and contributions which contributed most significantly to the corporate plan priority items.	Management should ensure note 11 and 19 are consistent. Management response Management have agreed to add the contributions element into Note 19 so that it matches note 11.	✓
<u>Grant Income:</u> Our testing of grants identified that identified that the HLF Grant in Note 19 is disclosed as £61,300 but, we have confirmed that only £60k is related to the grant while £1.3k is related to a contribution for FiPL. The income of £1.3k is correct but has been included within the Grant income.	Management should ensure that the grants and contributions elements in note 19 are correctly stated. Management response Management has confirmed that this will be amended in Note 19 to correct the amount to £60k and the £1.3k will be separately disclosed in the Contributions Section of Note 19.	✓
<u>Creditors:</u> We identified that £54k is showing as a creditor to Somerset Council rather than HMRC. Somerset Council paid HMRC on behalf of ENPA for the amount in question. This is currently classified in the creditor note as Creditor to 'Public Corporations' and this needs to be amended to be reclassified as a creditor to 'Other Local Authorities'.	Management should make the required change. Management response Management has confirmed that this will be amended	✓
<u>Financial Instruments:</u> The 'Cash in Hand' in the financial instruments note was incorrectly stated as nil when the 'Cash in hand' on the balance sheet and on the Cash Note (Note 26) had £63k. As per the Code, Cash should be included as a financial asset and therefore should be included in the Note.	Management should make the required change. Management response Management has confirmed that this will be amended	✓

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D. Audit Adjustments

Misclassification and disclosure changes (Continued)

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Operating Expenditure: The 'Other Service Expenses' disclosed in Note 10 is materially different to the general ledger amount. This is because manual year-end adjustments such as capital spend, upward revaluation, IAS 19 adjustments have been netted off of the operating expenditure in error. We do not deem this to be accurate representation of the 'Other Service Expenses' as none of these should impact directly on the figure. These year-end adjustments should be shown on their own line in note 10 so that they are not netting off operating expenditure.	Management should ensure that note 10 accurately reflects the true operating expenses. Management response Management have agreed to amend the note.	✓
Senior Officer Remuneration: From review of the gross to the net report for ENPA employees, we identified 4 employees which have received salary above £50,000 and not included in the Banding table in Note 16. They should be included in the banding £50,000-£54,999.	Management should ensure that the banding table accurately reflects the employees paid at the authority. Management response Management has confirmed that the banding table will be updated in note 16.	✓
PPE Revaluation Movements: Revaluation Movements have been incorrectly disclosed in the CIES (£36k difference) and in the Revaluation Reserve (£34k difference) as the wrong lines within Note 22 PPE Note has been included in the Cost of Services and Surplus / Deficit on revaluation of PPE. Currently the surplus on revaluation of PPE states £240k but should say £204k made up of £169k revaluation increase plus £35k of depreciation written out to revaluation reserve. This is a disclosure amendments to the CIES only. An adjustment must also be made to the revaluation reserve and the CAA, please refer to the amended adjustments table.	Management should make the required change. Management response Management has confirmed that this will be amended in the relevant notes and the CIES.	✓
Narrative Report: In reviewing the Narrative report for consistency with the core financial statements we identified two discrepancies: 1 - Page 7 of the narrative report referred to unusable reserves as being £18,174k when in fact they should be stated as £19,239k. 2 - Page 8 of the narrative report states that the FIPL grant (Farming in protected landscapes) has increased by £127k compared to the prior year, when in fact the increase was £147k.	Management should make the required change. Management response Management has confirmed that this will be amended	✓

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D. Audit Adjustments

Misclassification and disclosure changes (Continued)

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
<u>Fees and Charges Income:</u> Two Section 106 Agreements (totally £51,171.20) have been identified in Fees and Charges Income. Under the CIPFA Code, they should be classified as Grants and Contributions. The amount has been tested and agreed back to bank statement evidence, so we have assurance that the amount has not been under/overstated. Management has confirmed that £86k of S106 payments were included in Fees and charges incorrectly.	Management should ensure that note 11 accurately reflects the appropriate categorisation of income. **Management response** Management have agreed to amend the note.	✓

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D. Audit Adjustments (continued)

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Exmoor National Park Authority Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
We identified one error in relation to an overstatement of expenditure due to VAT being incorrectly included ap part of a year end creditor accrual. Error has been extrapolated.	CR Expenditure £6k	DR VAT Asset £6k	£6k Decrease	£6k Increase	Not material and error is projected.
We identified an understatement of Income and Expenditure in relation to two assets which were purchased in a part exchange transaction. In the I&E only the net expenditure was included and the income from the part exchange was not accounted for. This causes an understatement of income and expenditure in the CIES.	DR Expenditure £15.5k CR Income £15.5k	£0	£0	£0	Not material and a net nil impact on the CIES.
We identified several non-material errors in our testing of Property, Plant and Equipment (PPE). This includes an error of £22,004.10 arising from the use of incorrect area for the main Pinkery building. This has resulted in understatement of £22,004.10. (£37,493 extrapolated) The second error is £6,619.04 arising from rounding errors identified in EUV assets (difference between valuer's figures in the schedule and the calculated figure). This has also resulted in an understatement of £6,619.04. (£11,917 extrapolated) The total error for all the sampled assets is £28,623.13 and the total extrapolated error for all sampled assets is £49,411.15. Both causing an understatement of Assets.	CR OCI £49.5K	DR PPE £49.5K	£49.5k increase (OCI)	£0 increase to general fund but £49.5k increase to revaluation reserve	Not material and error is projected.
Overall impact	**CR £55.5k**	**DR £55.5k**	**Decrease £55.5k**	Increase £55.5k	

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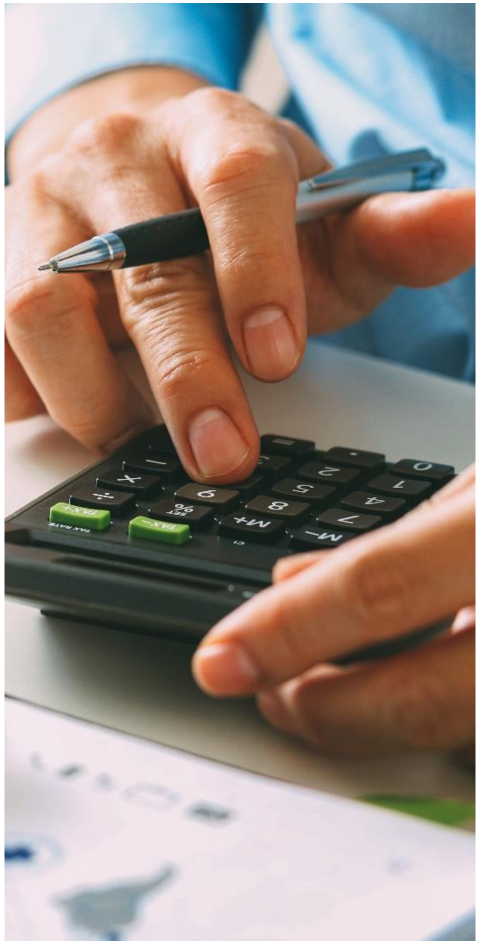
D. Audit Adjustments (continued)



Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2022/23 financial statements

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £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 equated to a £12k difference in Exmoor's liability. There is a nil impact of the General Fund as the movement would be subsequently reversed to the pension reserve.	CR £12k	DR £12k	£0	£0	The possible difference is not material.
Overall impact	£12k Decrease	£12k Increase	£0	£0	

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E. Fees and non-audit services

We confirm below our final fees charged for the audit.

Audit fees	Final fee
Exmoor National Park Authority (Scale fee)	£39,417
ISA 315	£2,510
Additional fees re IFRIC14 Pension work (Proposed)	£1,500
Total audit fees (excluding VAT)	**£43,427**

We have confirmed that the audit fees as above reconcile to the financial statements note 18 'External Audit Costs'.

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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: • 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: • 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 group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group 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 group auditor. • 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: • 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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Exmoor National Park Authority

Auditor's Annual Report for the year ended 31 March 2024

23 October 2024

Contents

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. 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.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. 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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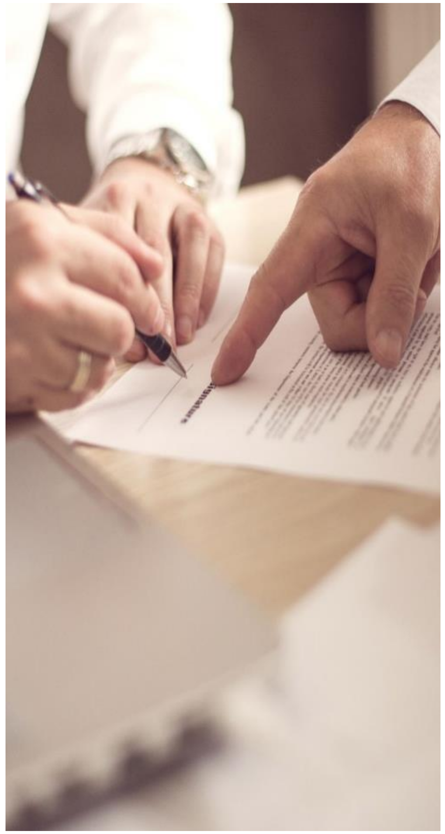
Introduction

Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Exmoor National Park Authority (the Authority) during 2023-24 as the appointed external auditor. The core element of the report is the commentary on the Authority's value for money (VfM) arrangements.

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out at Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their Annual Governance Statement.



Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local Authority accounting in the United Kingdom 2023-24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Value for money

We report our judgements on whether the Authority has proper arrangements in place regarding arrangements under the three specified criteria:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

The Value for Money auditor responsibilities are set out at Appendix B.

Auditor powers

Auditors of a local Authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 9 with a commentary on whether any of these powers have been used during this audit period.

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Executive summary

Executive summary

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. The NAO, in its consultation of February 2024, has indicated that it will in future require auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year and for the audited body to publish the Report thereafter. The outcome of the NAO's consultation on the Code is dependent upon the decisions made by the new government elected on 4 July 2024. These decisions are awaited at the time of drafting this Report. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible. We are therefore sharing this report with you in advance of the NAO's new Code being introduced. In the event that any new audit requirements are introduced when the Code is published, we will revisit these before finalising this report. Our summary findings are set out below. Our recommendations and management responses are summarised in the section starting on page 17.

At the date of this Report, we have substantially completed our audit of your financial statements, with the exception of assurances over your share of the pension fund balance. We intend to issue an unqualified opinion upon receipt of all outstanding information. Our findings are set out in further detail on page 8.

Financial sustainability

The Authority ensured financial sustainability through budget monitoring, advisory panel support, mid-year MTFP reviews, and scenario testing. Despite challenges like static core funding from DEFRA and cost increases, a £93k overspend in 2023/24 was covered by general reserves. The MTFP shows a balanced budget for 2024/25 and 2025/26 but projects future funding gaps. The 2024/25 budget and Corporate Plan align financial assumptions with corporate priorities, supported by the Capital Investment Strategy and Corporate Income Generation Strategy. The Authority engages with national and regional groups to align with government targets and integrates the MTFP with workforce and environmental goals. Regular business reviews and scenario testing help manage financial resilience risks, ensuring consistency across financial, workforce, and operational plans. In conclusion and based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the Authority manages risk to its financial sustainability. Also, we have not raised any improvement recommendations.

Governance

The Authority ensured proper governance through quarterly review of the Strategic Risk Register (SRR) and annually by the Full Authority Internal audits provided substantial assurance on financial systems and reasonable assurance on IT and cyber controls. Fraud prevention includes annual reviews, staff reminders, and accessible policies . The budget-setting process for 2023/24 involved regular reviews and reporting, aligning with the Medium-Term Financial Plan (MTFP) . Financial performance scrutiny is conducted by the Finance & Performance Advisory Panel, with meetings accessible online for transparency. The Standards Committee conducts an annual self-assessment of effectiveness, though evidence for 2023/24 was lacking. The Authority updated its Standing Orders and Scheme of Delegation in 2023/24, ensuring ethical practices through the Members' Code of Conduct and Standards of Conduct Policy. In conclusion and based on our areas of focus and evidence considered, we found no evidence of significant weaknesses in the Authority's arrangements for ensuring that it makes informed decisions and properly manages its risks. However, to enhances trust and confidence among stakeholders, including the public, we have identified an area where the Authority could improve arrangements and as such, have raised an improvement recommendation in relation to Standards Committee self-assessment of its effectiveness (page 16) which has been accepted by Management.

Improving economy, efficiency and effectiveness

The Authority introduced a 3-year Corporate Strategy (2023-2026) with defined actions for the year. Progress is monitored quarterly by the Leadership Team, utilising RAG rating systems to track progress and identify areas needing improvement , with mid-year and full-year reports presented to the Authority. The strategy outlines six priorities, including climate crisis response, health and well-being improvement, and support for vibrant communities. The Authority engages in significant partnerships and stakeholder engagement through a flexible Partnership Plan and Delivery Programme. The 2024-2029 Partnership Plan was developed collaboratively with partners, supported by a steering group. The Authority has updated its Standing Orders for the Regulation of Contracts and uses Devon County Council's procurement services for advice and framework contracts. The "At a Glance" Procurement Guide (Jan.2024) outlines key principles and procedures for compliance with public procurement regulations. In conclusion and based on our areas of focus and evidence considered, we have not identified any significant weaknesses in arrangements to ensure the Authority manages risk to its financial sustainability. Also, we have not raised any improvement recommendations.

Executive summary (continued)

Overall summary of our Value for Money assessment of the Authority's arrangements

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2023-24 is the fourth year that these arrangement have been in place. The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below. There are no significant weaknesses in the Authority's arrangements based on our review. This is a good outcome for the Authority.

Criteria	2022-23 Auditor judgement on arrangements		2023-24 Risk assessment	2023-24 Auditor judgement on arrangements	
Financial sustainability	G	No significant weaknesses in arrangements identified. No improvement recommendations made.	We did not identify any risks of significant weakness from our initial planning work.	G	No significant weaknesses in arrangements identified. No improvement recommendations made.
Governance	A	No significant weaknesses in arrangements identified. But two improvement recommendations related to risk management were reported.	We did not identify any risks of significant weakness from our initial planning work.	A	No significant weaknesses in arrangements identified, however, one improvement recommendation has been raised to support the Authority in enhancing arrangements for Governance. These relate to the Standards Committee annual self-assessment of effectiveness. See page 16 for further details.
Improving economy, efficiency and effectiveness	G	No significant weaknesses in arrangements identified. No improvement recommendations made.	We did not identify any risks of significant weakness from our initial planning work.	G	No significant weaknesses in arrangements identified. No improvement recommendations made.

G No significant weaknesses in arrangements identified or improvement recommendation made.
A No significant weaknesses in arrangements identified, but improvement recommendations made.
R Significant weaknesses in arrangements identified and key recommendations made.

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Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

Audit opinion on the financial statements

At the date of this Report, our audit of the Authority's 2023-24 accounts is substantially complete with the exception of assurances from the auditor of Somerset Pension Fund regarding the Authority's share of the pension fund balance.

We expect to issue an unqualified opinion on the Authority's financial statements upon receipt of all outstanding information and following the Authority meeting on 5 November 2024.

The full opinion will be included in the Authority's Financial Statements for 2023-24, which can be obtained from the Authority's website.

Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local Authority accounting in the United Kingdom 2023/24
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

Findings from the audit of the financial statements

The Authority provided draft accounts on 11 June 2024. The delay past the national deadline of 31 May 2024 was due to awaiting pension figures from an external party.

Draft financial statements were of a good standard and supported by detailed working papers. Our work is substantially complete pending receipt of the assurance letter from the auditor of Somerset Pension Fund..

As part of our audit, we have identified two non-significant control deficiencies in relation to IT general controls and IFRS 16 leases. Further details are included in our Audit Findings (ISA260) Report.

Audit Findings (ISA260) Report

We report the detailed findings from our audit in our Audit Findings Report. Our report will be presented at the Authority meeting on 5 November 2024. Requests for this Audit Findings Report should be directed to the Authority.

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Use of auditor's powers

We bring the following matters to your attention:

2023-24 situation:

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the Authority or an officer of the Authority:

- is about to make or has made a decision which involves or would involve the Authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an Authority, or of a failure by an Authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

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Value for Money
Commentary on arrangements

The current landscape

It is within this context that we set out our commentary on the Authority's value for money arrangements in 2023-24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.

National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on Authority's general fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for public sector services such as social care and homelessness, or impact on leisure time and possible visitor numbers at national parks. At the same time, the crisis impacted adversely on key areas of income that were needed to service the increase in demand, for example fees and charges that national parks rely on to support the financial position over and above the National Park Grant.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven authorities issuing eleven section 114 notices between 2019 and 2023, compared with two authorities issuing notices between 2001 and 2018, with an increasing number of other authorities publicly warning of a section 114 risk
- A total of 20 authorities awarded with government approval for exceptional financial support during 2024-25, totalling approximately £1.5 billion. Only six of these authorities had previously issued a section 114 notice
- The Local Government Association warning that authorities in England face a funding gap of £4 billion over 2023-24 and 2024-25.

Local government, including National Park Authorities, is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the then Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Authorities have subsequently been asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend. National park authorities have two roles: to conserve and enhance the park, and to promote its use by visitors. These two objectives cause frequent conflicts between the needs of different groups of people. It is estimated that the national parks of England and Wales receive 110 million visitors each year. Most of the time it is possible to achieve both the original two purposes by good management. Occasionally a situation arises where access for the public is in direct conflict with conservation.

Following the outcome of the general election in July 2024 any changes to government policy relating to the sector are at present uncertain.

Local context

Exmoor National Park Authority (the Authority) is a is a unique National Park Authority located in the southwest of England, covering 267 square miles over parts of Somerset and Devon. It is renowned for its natural beauty, wildlife, and cultural heritage. The park features a mix of moorland, woodland, valleys, and coastline, offering a variety of habitats for numerous species and providing stunning scenery for visitors.

The population within Exmoor National Park is relatively small and dispersed across various small towns and villages. The local communities are integral to the park's character and play a crucial role in its conservation and management. The Authority seeks to foster the social and economic well-being of these communities while balancing the need to conserve the natural environment.

The Authority is governed by a committee structure designed to ensure effective oversight and decision-making. The Authority comprises 22 members: 12 appointed by local councils, 5 nominated by Parish and Town Councils, and 5 appointed by the Secretary of State for Environment, Food and Rural Affairs.

The Authority's Corporate Plan for 2024-25 outlines six strategic priorities: responding to the nature and climate crises, improving health and well-being, caring for the landscape and heritage, supporting vibrant communities and businesses, ensuring a highly performing estate, and being a great place to work.

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Financial sustainability

We considered how the audited body:	Commentary on arrangements	Assessment
ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;	The Authority identifies and incorporates significant financial pressures into its plans through regular budget monitoring, advisory panel support, mid-year Medium Term Financial Plan (MTFP) reviews, and scenario testing. The annual budget was prepared by addressing projected gaps and refining priorities, while maintaining reserves for unforeseen pressures. Key assumptions, such as static core funding and cost increases like a 3% pay award, were built into the financial strategies. In 2023/24, a £93k overspend was covered by general reserves. The Authority holds general and contingency funds of £610k, earmarked reserves of £2.4m, and £3.2m in the bank. The latest approved MTFP has a balanced budget for 2024/25 and 2025/26 but projects funding gaps in later years, addressing issues like inflation, uncertain grants, and income volatility, with key risks including staff costs.	G
plans to bridge its funding gaps and identifies achievable savings	To bridge its funding gaps and identify achievable savings, the authority undertakes a comprehensive business review process. This includes support from county councils, voluntary redundancies, and governance changes. For instance, a review initiated in October 2022 identified savings of £414k. Additionally, the authority received an extra £440k from Defra at the end of the 2022/23 financial year. These measures eliminated the savings requirement for the next two years of the MTFP. The authority continuously updates its MTFP, as seen with the 2024/25 to 2028/29 plan approved by Full Authority in March 2024, which highlighted further savings needed in later years. A full review of business process actions is scheduled for December 2024 to ensure ongoing financial stability.	G
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The 2024/25 budget and Corporate Plan are based on aligned financial assumptions, with updated assumptions and a growing savings target. The revenue budget, reserves, and capital plans support the corporate priorities in the Corporate Strategy 2023-26. Additionally, the Capital Investment Strategy informs decision-makers on asset management and investments, and the Corporate Planning process includes refining the Corporate Income Generation Strategy to increase non-National Park Grant income and address future savings gaps. The authority also engages with national and regional groups and collaborates on projects to align with government targets.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

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Financial sustainability - (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Authority ensures its financial plan is consistent with other plans by aligning the Medium-Term Financial Plan (MTFP) with workforce assumptions, such as staff salary increases and funds for development programs. It integrates the Treasury Management Strategy by reporting on investments and maintaining a debt-free status. The MTFP includes an Environmental Resilience Reserve for climate projects, ensuring alignment with environmental goals. Service redesigns, like the Dulverton National Park Centre relocation, are factored into financial plans. Although capital program reporting is limited, significant projects like the "Driver" scheme are funded through specific reserves, ensuring consistency across financial, workforce, and operational plans.	G
identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	The Authority identified and managed financial resilience risks through regular business reviews and scenario testing in the MTFP, addressing potential reductions in the National Park Grant and inflationary pressures. They implemented cost-saving adjustments, such as changes to National Park Centers, and maintained reserves for unforeseen pressures. By challenging assumptions during budget setting and continuously monitoring financial performance, they effectively managed risks like unplanned changes in demand and liabilities related to property or woodlands.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

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Governance

We considered how the Audited Body:	Commentary on arrangements	Assessment
monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	Through the Strategic Risk Register (SRR), risk are reviewed quarterly by the Leadership team and annually by the Full Authority. Risks are scored using a 5x5 matrix and categorised into themes such as Legislative and Regulatory, Funding, and Service Delivery. Internal audit function provided substantial assurance on key financial systems and reasonable assurance on IT and cyber controls, ensuring robust oversight. Fraud prevention is supported by annual reviews, staff reminders about governance, and accessible policies on SharePoint. Fraud reports are investigated by the Chief Finance Officer, with potential involvement of Internal Audit or the Police. The Authority also maintains policies for bullying, harassment, and grievances, and has seen a significant rise in staff turnover, attributed to organisational changes in 2023/24. Moving forward, the Authority plans to enhance its risk management by integrating performance management and defining risk appetites. We acknowledge that the previous year's recommendation was not implemented in 2023/24 and recommend implementing it.	A
approaches and carries out its annual budget setting process	The Authority's budget-setting process for 2023/24 involved regular reviews and reporting to ensure robust budget estimates, in line with the Local Government Act 2003. The process also included approving a capital budget and setting a capital programme aligned with the Medium-Term Financial Plan (MTFP). Internal audit work in 2023/24 also confirmed the robustness of the budget monitoring processes. Monthly budget monitoring reports were provided to budget holders, and variances over £1k were flagged proactively. Financial reserve levels were included in committee reporting.	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	The Authority ensures effective budgetary control through monthly monitoring led by the Chief Finance Officer, with regular reviews by the Leadership Team to identify and mitigate variances. Additionally, periodic reports are provided to Authority members, keeping them informed about budget variances and the measures being taken to manage them. Budget monitoring reports, such as the M9 and Outturn reports, are detailed and provide timely and accurate financial data, including income, expenditure, and risk analysis. These reports support statutory financial reporting and highlight significant variances and corrective actions. Additionally, they detail the capital programme and investment strategy, ensuring comprehensive financial oversight and transparency.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

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Governance – (continued)

We considered how the Audited Body:	Commentary on arrangements	Assessment
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	All major decisions are made by the full Authority meeting, with the Leadership Team reviewing reports beforehand. The 2023/24 Annual Governance Statement (AGS) outlines plans to improve decision-making in 2024/25 through various initiatives, including developing a new National Park Partnership Plan, collaborating with Defra, monitoring legislative changes, utilising technology, implementing an Anti-Money Laundering policy, and more. Detailed financial performance scrutiny is conducted by the Finance & Performance Advisory Panel. Meetings are accessible online for transparency, and members effectively challenge officers, especially on financial matters. There was no high or unexplained turnover in Those charged with Governance (TCWG). The Standards Committee conducts an annual self-assessment of effectiveness, though evidence for 2023/24 was lacking. We have therefore issued an improvement recommendation. See page 14 for details.	A
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.	In 2023/24, the Authority have updated its Standing Orders and Scheme of Delegation. Ethical practices are ensured through the Members' Code of Conduct and Standards of Conduct Policy. No serious data security breaches were reported, and safeguarding policies were reviewed in 2023/24. Detailed procurement procedures ensure competitive pricing and value for money, with contracts specifying work details and ethical compliance. The Chief Executive oversees legal matters, and a Sustainable Procurement Checklist guides decisions. Declarations of interest are a standing agenda item. Despite isolation, the Authority manages procurement using the PROACTIS system and frameworks like G-Cloud, supported by Devon County Council through a Service Level Agreement.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

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Governance - (continued)

Areas for improvement

Per the AGS ,the Standards Committee carries out a self-assessment of its effectiveness which is considered good practice for TCWG. Evidence of the committee effectiveness review for 2023/24 has been requested but remains outstanding.

The absence of this evidence may reduce assurance on the effectiveness of the committee's governance and oversight functions.

It is our view that the practice of reporting Committee's annual self-assessments enhances trust and confidence among stakeholders, including the public and other governing bodies. It also promotes continuous improvement within the Authority by systematically evaluating and improving governance practices.

Improvement recommendation 1: We recommend that the Authority:

- **It is recommended that the Standards Committee formally documents and publishes its annual self-assessment of effectiveness. This should include clear criteria, evidence of assessment, and any actions taken to address identified areas for improvement.**

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Improving economy, efficiency and effectiveness

We considered how the audited body:	Commentary on arrangements	Assessment
uses financial and performance information to assess performance to identify areas for improvement	In 2023/24, the Authority introduced a 3-year Corporate Strategy (2023-2026) with defined actions for 2023/24. Progress against key corporate indicators is monitored quarterly by the Leadership Team, with mid-year and full-year reports presented to the Authority. The strategy outlines six priorities, including responses to climate crises, improving health and well-being, and supporting vibrant communities. In March 2024, a Corporate Plan for 2024/25 with 60 actions was approved. Performance against the actions for 2023/24 was reviewed, with most rated Green or Amber. The Authority ensures data quality through Leadership Team reviews and benchmarks costs and performance to identify improvements. Notable achievements include increased external income, and a reduced gender pay gap.	G
evaluates the services it provides to assess performance and identify areas for improvement	In 2023/24, the Authority met all statutory planning service standards, as outlined in the Corporate Strategy for 2023-2026, with no evidence of failing to meet minimum service standards. The Authority received 34 compliments and six Stage 1 complaints, mainly about operational and planning delays, with issues resolved proactively. To address financial pressures, the Authority proposed relocating and operating Dulverton seasonally and reducing winter hours at Lynmouth, achieving cost savings while minimising user impact. Appropriate cost drivers were used to evaluate cost per engagement and visitor numbers. Performance is monitored quarterly by the Leadership Team, with oversight provided by Members through the Finance and Performance Advisory Panel. This ensures that actions within the Corporate Plan are being achieved and allows for resource reallocation or action review if necessary. Additionally, ENPA declared a climate emergency in 2019, aiming for carbon neutrality by 2030, with significant progress in 2023/24, including installing LEDs, greening the fleet, developing a sustainability strategy, ongoing tree planting, and joining the 'Race to Zero' initiative.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

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Improving economy, efficiency and effectiveness – (continued)

We considered how the audited body:	Commentary on arrangements	Assessment
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Authority ensures it delivers its role within significant partnerships and engages with stakeholders by developing and regularly updating a flexible Partnership Plan and Delivery Programme. The 2024-2029 Partnership Plan was developed collaboratively with partners through gathering evidence from the State of Park Report, conducting a public opinion survey, and holding workshops with delivery partners. A steering group was established to support the preparation of the new plan, ensuring that key issues and opportunities were identified and addressed. Partnerships, such as those with the Nature Conservation Advisory Panel, Woodland and Forestry Advisory Group, and Somerset Wildlife Trust (SWT), are strategically managed with clear roles and responsibilities. Partnership arrangements and progress is monitored through regular updates, reports, and discussions in Authority meetings. The budget allocation for Programmes and Partnerships, including reserves for specific initiatives, reflects the Authority's commitment to achieving its objectives and ensuring effective stakeholder engagement.	G
commissions or procures services, assessing whether it is realising the expected benefits	The Authority has Standing Orders for the Regulation of Contracts, last updated in December 2023, and uses Devon County Council's (DCC) procurement services for advice and framework contracts, ensuring fair and well-regulated procurement exercises. The Authority's "At a Glance" Procurement Guide (January 2024) outlines key principles, thresholds, and procedures for compliance with public procurement regulations. It includes framework providers, financial thresholds, procurement processes, and key stages like market research and tender evaluation. The guide also addresses probity principles and risk management. The authority does not have significant commercial venture. For unusual activities, such as a legal dispute, the authority has a £400k reserve for legal fees and relies on expert advice from DCC. The capital program is generally small, but the Project Driver capital scheme, with a £750k budget, supports nature and climate recovery. A Project Board was set up in 2023/24 to manage this project.	G

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

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Value for Money Recommendations raised in 2023-24

Recommendations raised in 2023-24

	Recommendation	Type of recommendation	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1	We recommend that the Authority's: • **Standards Committee formally documents and publishes its annual self-assessment of effectiveness. This should include clear criteria, evidence of assessment, and any actions taken to address identified areas for improvement**	Improvement	Governance	Standard committee papers, Annual Governance Statement.	This practice enhances trust and confidence among stakeholders, including the public and other governing bodies. It also promotes continuous improvement within the Authority by systematically evaluating and improving governance practices.	**Actions:** The annual self-assessment of effectiveness for 2023/24 will be received by the Standards Committee of Exmoor National Park Authority on the 5th November 2024 **Responsible Officer:** Chief Finance Officer **Due Date:** 5th November 2024

* Explanations of the different types of recommendations which can be made are summarised at Appendix B.

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Appendices

Appendix A:
Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

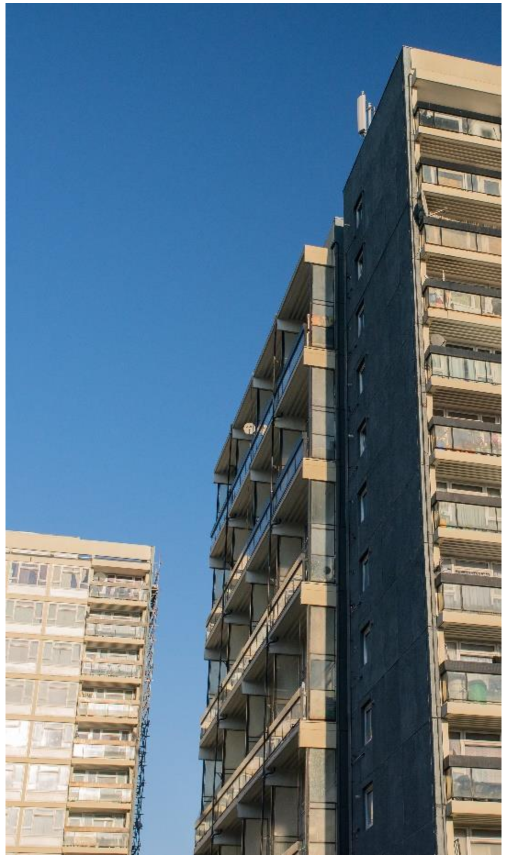
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Head of Resources (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Head of Resources (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Head of Resources (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on Authority accounting in the United Kingdom. In preparing the financial statements, the Head of Resources (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

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 review regularly the adequacy and effectiveness of these arrangements.



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Appendix B:
Value for Money Auditor responsibilities

Value for Money arrangements work

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body's responsibilities are set out in Appendix A.

Authority's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

Financial Sustainability

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

Improving economy, efficiency and effectiveness

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

2023-24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of our planning we assess our knowledge of the Authority's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Authority's auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Authority and a public response.
- **Key recommendations** – actions which should be taken by the Authority where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Authority's arrangements.

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Appendix C:
Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The Authority integrate performance management and risk management through mapping risks to its corporate objectives and risk rating the performance delivery of these objectives. It should discuss performance and risk at each of its monthly Leadership team meetings with quarterly reporting of performance and risks to the Authority.	Improvement	2022-23	Work in progress. The Authority have been conducting risk management trainings with middle managers. Looking at risk management alongside along corporate performance management .	No	Yes, implement previous recommendation
2	The Authority should determine the risk appetite for each of its strategic risks once it has mapped them to the delivery of its corporate objectives.	Improvement	2022-23	Same as above	No	Yes, implement previous recommendation

*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

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5th November 2024

Dear Grant Thornton UK LLP

Exmoor National Park Authority
Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of Exmoor National Park Authority for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings, and the net pension liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the Authority has been assigned, pledged or mortgaged

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority's financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards. We confirm that we have no knowledge of any ongoing equal pay claims.

xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

xvi. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Authority via remote arrangements from whom you determined it necessary to obtain audit evidence.

xvii. We have communicated to you all deficiencies in internal control of which management is aware.

xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xix. 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.

xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Exmoor National Park Authority Final Accounts Committee at its meeting on 5 November 2024.

Yours faithfully

Name.................................

Position...............................

Date.................................

Name.................................

Position...............................

Date.................................

Signed on behalf of the Authority

Exmoor National Park

Statement Of Accounts 2023/24

Ben Barrett
Chief Finance Officer

Sarah Bryan
Chief Executive

STATEMENT OF ACCOUNTS

2023/24

CONTENTS

STATEMENT OF ACCOUNTS 2023/24

NARRATIVE REPORT

Introduction

1. The Authority was created and given powers under the Environment Act 1995 and came into existence on 1 April 1997. The Act sets out two primary purposes for Exmoor National Park Authority ('the Authority'):
   - To conserve and enhance the natural beauty, wildlife and cultural heritage of the National Park area; and
   - To promote opportunities for understanding and enjoyment of the National Park's special qualities.

2. In carrying out these purposes the Authority also has a duty to seek to foster the social and economic well-being of local communities in the National Park and is the Planning Authority under the Town and Country Planning Acts for the National Park area.

3. Exmoor National Park Authority is required under section 66(1) of the Environment Act 1995 to produce a National Park Management Plan (the 'Partnership Plan') and State of the Park report and review them every five years. The National Park Authority is responsible for preparing the Plan, but it is developed in consultation with partner organizations, communities, visitors and businesses and will be delivered with a wide range of partners. The fundamental basis for the Plan, and for the work of the National Park Authority, are the National Park statutory purposes and duty. Evidence from the updated State of the Park report forms an important basis for the review of the Partnership Plan, and ongoing monitoring. In April 2018 the Partnership Plan 2018-23 was published by the Authority. This sets out the Vision and Ambitions for the National Park under three themes of 'People, Place and Prosperity'.

4. The Authority has recently established a steering group to support the preparation of the 2024-2029 Partnership Plan. The purpose of the Steering Group is to provide a strategic overview of the Plan; to help shape a collective partnership vision for Exmoor; to act as a challenge group to constructively examine what the Plan is seeking to achieve; and to help steer the work of the partnership organisations to contribute towards the delivery of the Plan vision and ambitions.

Governance

5. The Annual Governance Statement is included within this publication but does not form part of the Authority's accounts. The Annual Governance Statement (AGS) is found at the back of this document and explains the:

   - Scope of responsibilities;
   - Governance Framework; and
   - Significant governance issues and challenges faced by the Authority.

6. The AGS also details the impact of the pandemic on governance. Authority meetings are now undertaken in ‘hybrid’ form where presenters are able to deliver remotely and members are present in person.

7. An enhanced governance relationship with the Department for Food and Rural Affairs (DEFRA) began in 2020/21. This included an annual formal agreement and additional reporting requirements.

8. The AGS also details significant governance issues that will be covered over the course of 2024/25. These include the transition to a new Financial Information System and the commitment to implement an Anti-Money Laundering Policy.

Organisation

9. To achieve the purposes and duty described in 1 and 2, the organisation is structured in terms of Support to Land Managers, Support to National Park Users and Support to the Community and Business.

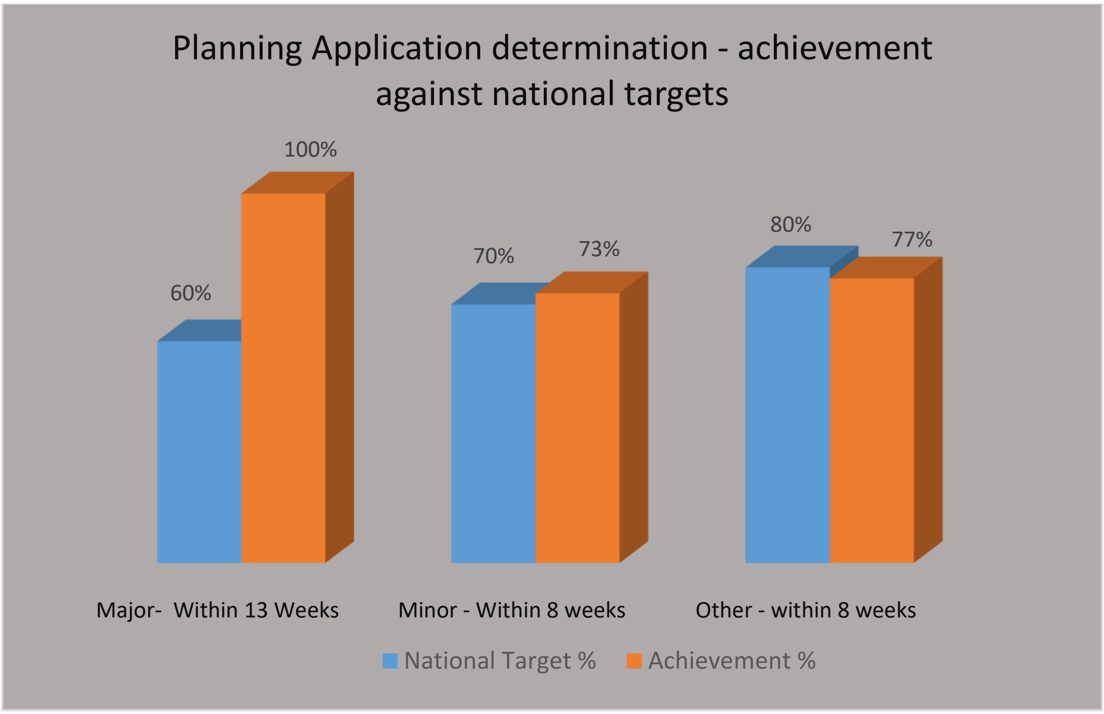
Performance

10. 2023/24 saw the implementation of a 3 year Corporate Strategy (2023-2026) with separately defined actions for 2023/24. A mid-year report of progress in implementing the previous Corporate Plan was taken to the Authority in December 2023, and the full report is due to go to the Authority in July 2024. Papers are available from the Exmoor National Park Authority’s website.

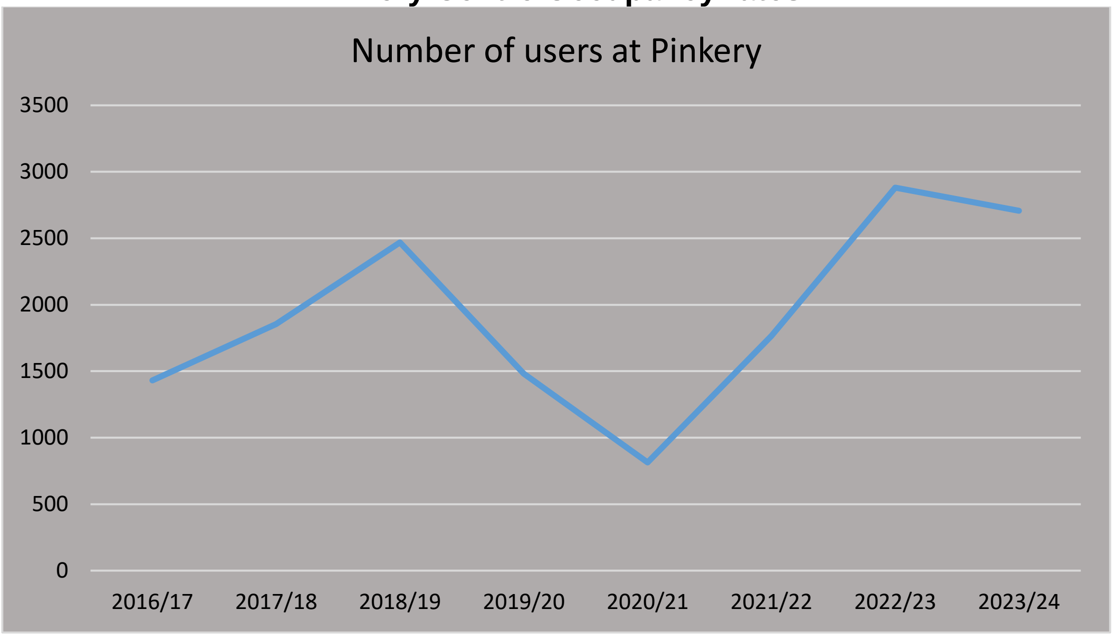
11. Progress against key corporate indicators is given in the charts below. Performance is monitored quarterly by Leadership Team to ensure that the actions within the Corporate Plan are being achieved and, if necessary, to provide an opportunity for resources to be re-allocated or to review the proposed action.

12. For an analysis of performance in 2023/24 that goes beyond the Key Corporate Indicators please look to the report on the Authority’s website.

Key Corporate Indicators 1 April 2022 to 31 March 2024

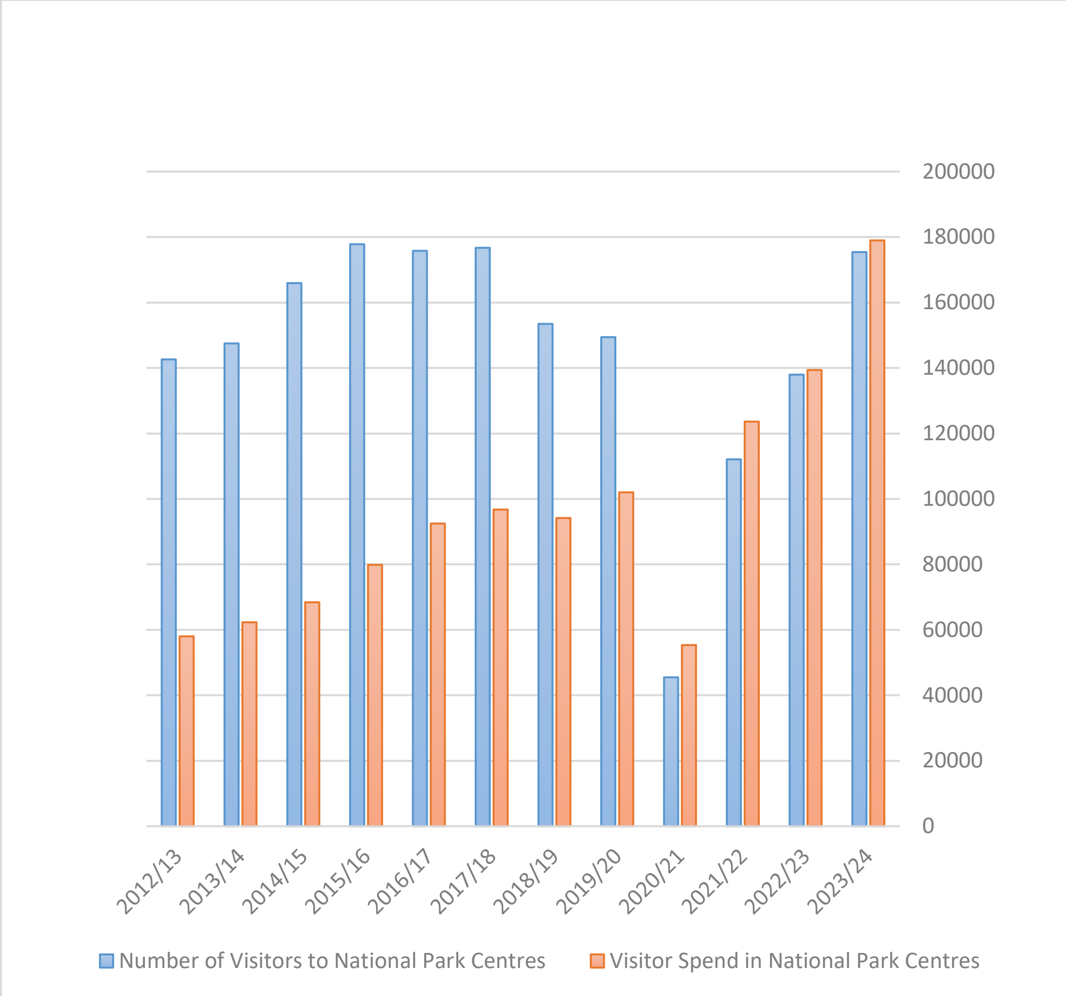


Pinkery Centre Occupancy rates

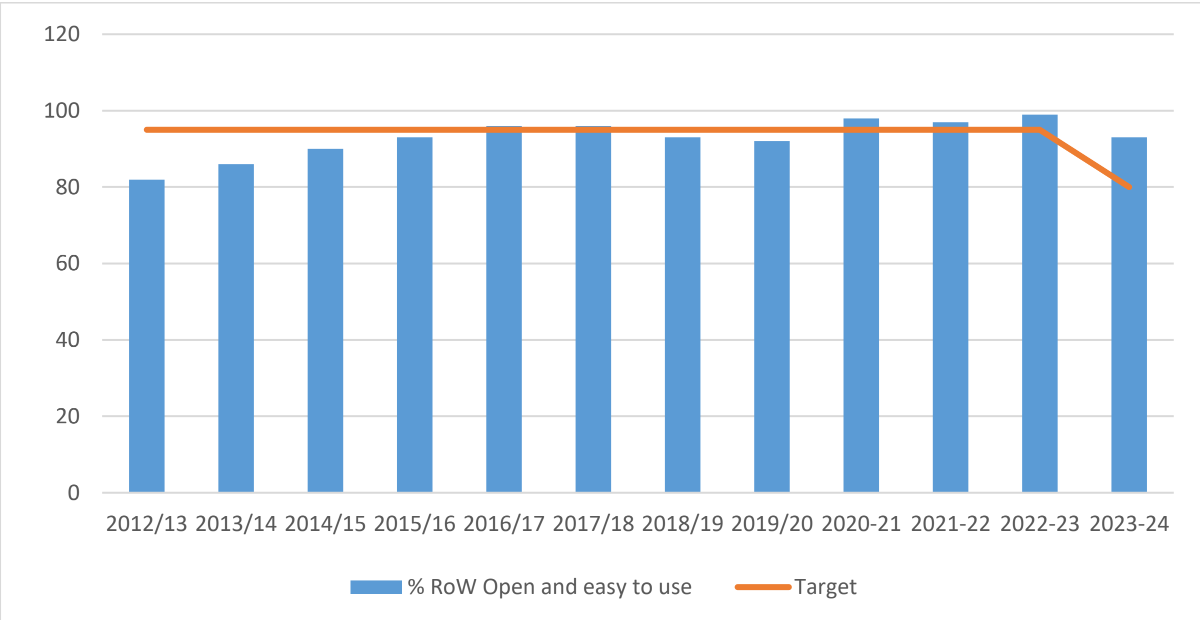


13. The Pinkery Centre is Exmoor National Park Authority's Centre for Outdoor Learning. The user numbers for 2023/24 show a slight downward trend following post-pandemic improvement which peaked in 2022/23.

National Park Centre Visitor Numbers and Income Trend



Rights of Way Open and Easy to Use Score



Financial Statements

14. Information relating to financial performance for the year ended 31 March 2024 is contained in the following statements:

    Comprehensive Income and Expenditure Statement (page 11);
    This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

    The Comprehensive Income & Expenditure Statement shows a surplus for 2023/24 of £1.377m. This contrasts with a surplus of £10.924m for 2022/23. The 2022/23 surplus was due to a substantial reduction in the pension fund liabilities and a small increase in values in the estate.

    Movement in Reserves Statement (page 12);
    This statement shows the movement in the year on the different reserves held by the authority, analysed between ‘usable’ and other ‘unusable’ reserves. ‘Usable’ reserves are made up of Earmarked Reserves, General Fund Balances and Capital Receipts. The statement shows how the movements in year of the Authority’s reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year.

    Usable reserves increased by £0.280m over the course of 2023/24 to £3.493m and unusable also increased over the same period by £1.063m to £19.237m.

    Balance Sheet (page 13)
    This statement shows the values as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority.

    Exmoor has £22.764m of assets in excess of its liabilities at the end of 2023/24 (£21.387m 2022/23). This is an increase of £1.377m which is primarily due to the decrease in the pensions deficit. The Authority owns £20.504m of Property, Plant and Equipment however many of these assets could not be realized at this level. Covenants attached to certain assets mean that they can only be sold to similar organizations and for the notional sum of £1.

    Cash Flow Statement (page 14)
    The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

    The statement shows how the amount of Cash and Cash Equivalents increased by £243k over the course of 2023/24.

Financial Performance

15. The revenue budget for 2023/24 was agreed on the 7 March 2023. Resources were applied to meet the purposes and duty described in 1 and 2. The approved budget was constructed across two themes:
    - A Core Budget with expenditure of £4,022,100 and income of £1,058,400 giving a net requirement of £2,963,700.
    - A Partnership budget involving expenditure of £247,800 of which £66,000 was top sliced for priority elements and £181,800 added to reserves.

16. When the 2023/24 budget was set, funds were found to support ongoing works at Driver Farm, clear trees affected by Ash Die-Back and for improvement works at Pinkery Outdoor Education Centre, Tarr Steps and across our car parks.

17. The Authority considered a revised budget and reviewed the elements of the budget at its meeting on 7 November 2023. Additional resources were found for the cost of the staff pay award.

18. A Business Process Review was undertaken during 2023/24 in order to meet the continued pressures of static National Park Grant (unchanged for 5 years) and the inflationary increases as a result for international conflicts. At budget setting in march 2023 savings targets for 2024/25 and 2025/26 were identified as £193,000 and £246,000 respectively. Each section of the Authority reviewed its activity and has set challenging targets for achieving cost-savings or enhancing income. The Business Review concluded in late Autumn 2023 and the resulting changes were agreed as part of the 2024/25 budget setting process.

19. 2023/24 is the third year of the Farming in Protected Landscapes (FiPL) programme which saw an increase in grants delivered of £147,000 in comparison to 2022/23. Additional resource was required to support the forthcoming Development Management planning system replacement as well as meeting increased costs of external audit (following National changes) and in respect of HR support relating to our Business Process Review and other one-off issues. In addition, there was also significant capital spend. This is shown below:

    - £43k on the establishment a tree Nursery at Exford Depot (part grant Funded);
    - £48k on replacing Field Service Team plant (Excavator, tracked barrow and forklift);
    - £24k on a Grillo Mower for the Sowing the Seeds project (part grant funded);
    - £45k on the continued decarbonisation scheme at Pinkery Outdoor Education Centre (£33k Biomass Boiler work which was part grant funded and £12k on increased battery storage);
    - £18k on a Renault Zoe EV replacing a diesel Ford Fiesta,
    - £29k on a Toyota Pro Ace EV van replacing a diesel Ranger Land Rover; and
    - £16k on secondary double glazing at Exmoor House.

20. The key recommendations to the Authority the year ended 31 March 2024 are:

    - The core budget shows an overspend for the year of £93k when compared with the revised budget. The reconciliation between this surplus and that shown in the Comprehensive Income and Expenditure Account is as follows:

	£000	£000
Net (Surplus)/Deficit on the Provision of Services in the Comprehensive Income & Expenditure Account		**(526)**
Non Cash Transactions		
Net Transfers to Reserves	370	
Reverse IAS19 Pensions transactions	89	
Reverse Depreciation & Impairment charges	(157)	
Capital grant received	(71)	
Capital Expenditure	223	
Upwards Revaluation of Assets	94	
Capital Grants Applied	71	
Management Accounts Budget Deficit		**93**

21. Whilst 2023/24 was a similarly financially stable year to 2022/23, with the changes implemented as part of the Business Review, a move was seen to stabalise and enhance reserves to enable future projects to be funded from these resources. The Authority has continued to perform well against the original and revised budgets set and shown the ability to adapt to be able to meet new challenges. The next great challenge is to meet budgetary pressures in the near term.

Financial Outlook and Medium-Term Financial Plan

22. In recent years the Authority has been successful in managing resources and meeting obligations in the context of a slightly increasing or flat National Park Grant. This has effectively meant trimming budgets, increasing trading income and the scope and level of charging and seeking external funding for larger schemes. This has been less than ideal but we have been able to maintain service provision.
23. National Park Grant figures will be flat for 2024/25 and it is not anticipated that we will receive 2025/26 figures before the October 2024 government budget. An ambitious Medium Term Financial Plan was set in March 2024. Whilst the business review detailed in paragraph 18 has delivered savings and maintained our financial health, there remain projected future savings gaps to be met in the later years of the MTFP.
24. We remain optimistic that the Authority will be able to deliver exciting conservation and engagement activities and meet our legal responsibilities in the future. We are successfully advancing on significant grant funded schemes such as Farming In Protected Landscapes, the Exmoor Pioneers project and Reviving Exmoor’s Heartland (Landscape Recovery) project.
25. Within the Annual review of Risk Management it was stated that the extent of the financial challenge would be a major test of the leadership and governance of the Authority. So far, the test has been passed and the Authority has done very well to get to the point where we were able to recommend a balanced budget for 2024/25. However major challenges remain, and indications are that balanced budgets will be increasingly hard to set. In such circumstance, those external funding pots such as the Farming in Protected Landscape scheme or the proceeds of a Heritage Lottery Fund bid, or other schemes yet to be released become increasingly important to deliver key priorities.

B Barrett
Chief Finance Officer
May 2024

……………………………   ……………………..

Mrs S Bryan Chief Executive   **Chairman**

Date: 5th November 2024

STATEMENT OF ACCOUNTS 2023/24

2. STATEMENT OF RESPONSIBILITIES

2.1 The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer is the Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- approve the Statement of Accounts.

2.2 The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent, and
- complied with the local authority Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

2.3 Chief Finance Officer's Certificate:

I certify that this Statement of Accounts has been prepared in accordance with the Accounts and Audit Regulations 2015 and that it gives a true and fair view of the financial position of Exmoor National Park Authority as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

B Barrett

Chief Finance Officer: ……………………………… Date: 5th November 2024

Approval of Accounts:

I confirm that these accounts were approved by resolution of the Final Accounts Committee on 5th November 2024.

Chairman: ……………………………… Date 5th November 2024

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from National Park Grant. National Park Authorities receive National Park Grant and raise other income to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation (government grant) position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23				**2023/24**		
Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000		Gross Expenditure £000	Gross Income £000 (Notes 10 & 11)	Net Expenditure £000
2,024	(993)	1,031	Support to Land Managers	2,288	(1,612)	676
881	(136)	745	Support to the Community	571	(325)	246
944	(427)	517	Support to National Park Users	974	(496)	478
1,577	(402)	1,175	Support Services	1,482	(403)	1,079
296	-	296	Corporate Management	244	(10)	234
133	(21)	112	Partnership Fund	40	-	40
5,855	**(1,979)**	**3,876**	**Cost of Services**	**5,599**	**(2,846)**	**2,753**
170	-	170	Other Operating Expenditure (Note 12)	12	-	12
311	(55)	256	Financing and Investment Income and Expenditure (Note 13)	77	(156)	(79)
-	(3,652)	(3,652)	Taxation and Non-Specific Grant Income (Note 14)	-	(3,212)	(3,212)
6,336	**(5,686)**	**650**	**(Surplus)/Deficit on Provision of Services**	**5,688**	**(6,214)**	**(526)**
		(474)	(Surplus) on revaluation of Property, Plant and Equipment (Notes 22 & 23)			(204)
		(11,100)	Remeasurement of Net Defined Benefit Liability/(Asset) (Note 33)			(613)
		(11,574)	**Other Comprehensive Income and Expenditure**			**(817)**
		(10,924)	**Total Comprehensive Income and Expenditure (Surplus)/Deficit**			**(1,343)**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'General Fund Balance' (i.e. Earmarked Reserves and the General Fund proper which can be applied to fund expenditure) and other 'unusable' reserves. The statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to government grants for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance £000	Capital Receipts Unapplied £000	Total Usable reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 2022	**3,033**	**-**	**3,033**	**7,430**	**10,463**
Movement in reserves during 2022/23					
Total Comprehensive Income and Expenditure	(650)	-	**(650)**	11,574	**10,924**
Adjustments between accounting basis & funding basis under regulations (Note 20)	830	-	**830**	(830)	**-**
Net Increase/(Decrease)	**180**	**-**	**180**	**10,744**	**10,924**
Balance at 31 March 2023	**3,213**	**-**	**3,213**	**18,174**	**21,387**
Movement in reserves during 2023/24					
Total Comprehensive Income and Expenditure	526	-	**526**	817	**1,343**
Adjustments between accounting basis & funding basis under regulations (Note 20)	(246)	-	**(246)**	246	**-**
Increase/(Decrease) in 2023/24	**280**	**-**	**280**	**1,063**	**1,343**
Balance at 31 March 2024 (Notes 21 and 30)	**3,493**	**-**	**3,493**	**19,237**	**22,730**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2023 £000		Notes	31 March 2024 £000
20,012	Property, Plant & Equipment	22	20,450
131	Heritage Assets	23	54
20,143	**Long Term Assets**		**20,504**
69	Inventories	-	79
1,209	Short Term Debtors	25	1,331
2,308	Cash and Cash Equivalents	26	2,551
3,586	**Current Assets**		**3,961**
(8)	Receipts in Advance	-	(48)
(406)	Short Term Creditors	27	(461)
(414)	**Current Liabilities**		**(509)**
(1,928)	Other Long-Term Liabilities	33	(1,226)
(1,928)	**Long Term Liabilities**		**(1,226)**
21,387	**Net Assets**		**22,730**
3,213	Usable Reserves	21	3,493
18,174	Unusable Reserves	30	19,237
21,387	**Total Reserves**		**22,730**

Authorised for Issue

The un-audited Accounts were authorised for issue by the Chief Finance Officer on 10th June 2024.

These financial statements replace the unaudited financial statements and were confirmed by the Chief Finance Officer on 5th November 2024.

B Barrett

Chief Finance Officer: ………………………………   Date: 5th November 2024

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of grant income or from the recipients of services provided by the Authority. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicating claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2022/23 £000		**2023/24 £000**
650	**Net (surplus) or deficit on the Provision of Services**	**(526)**
	Adjustments for-	
(432)	Non Cash Movements (Note 35)	60
218	**Net Cash flows from Operating Activities**	**(466)**
299	Investing Activities (Note 36)	223
-	Financing Activities (Note 37)	-
517	**Net (increase)/decrease in Cash and Cash equivalents**	**(243)**
2,825	Cash and Cash Equivalents at the beginning of the reporting period	2,308
2,308	**Cash and Cash Equivalents at the end of the reporting period**	**2,551**
517	**Net (increase)/decrease in Cash and Cash equivalents**	**(243)**

NOTES TO THE ACCOUNTS

Note 1: Accounting Policies

i General Principles

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the UK 2023/24 (The Code) supported by International Financial Reporting Standards (IRFS) and statutory guidance issued under section 12 of the 2003 Act.

The Statement of Accounts has been prepared using the going concern and accrual basis. The historical cost convention has been applied, modified by the revaluation of certain categories of non-current assets and financial instruments.

ii Accruals of Income and Expenditure

Activity is accounted for in the year it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Small amounts outstanding at year end are treated on a payments basis. In total, these do not have a material effect on the year's accounts.

iii **Cash and Cash Equivalents (Note 26)**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

iv **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

v **Charges to Revenue for Non-Current Assets**

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.

vi **Employee Benefits (Notes 16,33)**

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Service lines in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable at the year-end.

Post Employment Benefits

Most employees of the Authority are members of the following pension scheme:

- The Local Government Pensions Scheme, administered by Peninsula Pensions.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Authority.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the SC LGPS pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond (annualised yield at the 20-year point on the Merrill Lynch AA-rated corporate bond yield curve).

- The assets of SC pension fund attributable to the Authority are included in the Balance Sheet at their fair values.

    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities – current bid price
    - property – market value

- The change in the net pensions liability is analysed into seven components:

- **Service Cost comprising:**

    - Current service cost: the increase in liabilities as a result of years of service earned this year which is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

    - Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years will be debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.

    - Net interest on the defined liability: i.e. net interest expense for the authority – the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability at the beginning of the period, taking into account any changes in the net defined liability during the period as a result of contribution and benefit payments.

- **Remeasurement comprising:**
    - The return on plan assets: excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
    - Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Somerset Council pension fund:
    - Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits
The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

vii **Events After the Balance Sheet Date (Note 6)**

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

viii **Financial Instruments (Note 24)**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

Financial assets are classified on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics: there are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit and loss (none)
- Fair value through other comprehensive income (none)

Our business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified at amortised cost (bank deposits and debtors).

Financial assets measured at amortised cost are recognised in the Balance Sheet when we become party to the contractual provisions of the instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits are made to the Financing and Investment Income and Expenditure line in the CIES for interest receivable, based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. Any gains and losses that arise on derecognition are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model - we recognise expected credit losses on financial assets held at amortised cost either on a 12-month or lifetime basis and also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors). Impairment losses are calculated to reflect the expectation that the future cash flows might not take place due to default. Credit risk plays an important part in assessing losses. Where risk has increased significantly since initial recognition, losses are assessed on a life-time basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses. If expected losses are not material then no allowance will be made.

ix **Government Grants and Contributions (Note 19)**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments and
- the grants or contributions will be received.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

x **Inventories**

Inventories held for resale at the three National Park Centres are included in the Balance Sheet at the lower of net realisable value and cost.

xi **Property, Plant and Equipment (Note 22)**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

De-minimis

Expenditure below £5,000 on property, plant and equipment is treated as revenue expenditure and is charged to the relevant service line in the Comprehensive Income & Expenditure Statement in the year that it is incurred.

Measurement

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority).

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost

- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer

- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals

Where an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement) (England and Wales). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against National Park Grant, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Non-current assets-held-for-sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset-held-for-sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

xii **Contingent Liabilities and Contingent Assets (Note 34)**

Contingent Assets

Contingent assets are disclosed by way of note where it is probable that there will be an inflow of economic benefits or service potential.

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

xiii **Reserves (Notes 20, 21, 30)**

The Authority sets aside specific amounts as reserves for future purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against National Park Grant for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority.

xiv **Heritage Assets (Note 23)**

The Authority's Heritage Assets are assets held by the Authority principally for their contribution to knowledge and/or culture. They are recognised and measured in accordance with the Authority's accounting policies on Property, Plant and Equipment. The authority only recognises three Heritage Assets; the Brendon Hills Incline, the Simonsbath Sawmill and the Pottery Kiln in Dunster. The incline and the Sawmill are valued at Existing Use Value while the Pottery Kiln applies the reinstatement (insurance) value as there is no existing use for the Pottery Kiln. During 2023/24 the Sawmill was leased out and has therefore been recategorised as Land & Buildings

Xv **Provisions (Note 28)**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.
Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the Provision is reversed and credited back to the relevant service. leases.

Xvi **Leases (Note 37)**
Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

<u>The Authority as Lessee</u>
Operating Leases
Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment.

<u>The Authority as Lessor</u>
Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet

Note 2: Accounting Standards that have been issued but have not yet been adopted

There are no changes in accounting requirements for 2024/25 other than IFRS 16 that are anticipated to have a material impact on the Authority's financial performance or financial position.

For the 2024/25 financial year, the Authority must implement IFRS 16 Leases, applying the provisions as they have been adopted in the 2024/25 Code of Practice on Local Authority Accounting.

The main impact of IFRS 16 will relate to property that the Authority holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the

Authorities right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged – ie, that the overall charge for each year will be the rents payable in that year.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

None of these changes in accounting requirements for future years are anticipated to have a material impact on the Council's financial performance or financial position.

Note 3: Material Items of Income and Expenditure

There are no material items to disclose in 2023/24.

Note 4: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out within the notes in the Statement of Accounts the Authority may have to make certain judgements about complex transactions or those involving uncertainty about future events. These accounts contain no such judgements.

Note 5: Assumptions Made About the Future and Other Major Sources of Estimation

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

There are three items in the Authority's Balance Sheet as at 31 March 2024, for which there is a significant risk of material adjustment in forthcoming financial years. They are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects of the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £296K. However, the assumptions interact in complex ways. During 2023/24, the Authority's actuaries advised that due to estimates being adjusted (as a result of experience and updating the assumptions) the net pension liability had decreased by £702K.
Pensions Asset Ceiling	In calculating the net pensions asset, the Authority has made a judgement that the statutory framework for setting employer's contributions under the Local government Pension Scheme	The effect of the asset ceiling has been determined by the Scheme's actuaries on the basis of the limitations on the Authority's ability to recover the full economic benefit of its asset through reductions in future employer's

	constitutes a minimum funding requirement. As a result, the Authority's ability to realise the full economic benefits of the net pensions asset of £1.064m calculated under the Accounting Code's provisions for post-employment benefits through reductions in future employer's contribution is limited. An asset Ceiling therefore applies. The practical effect of this is to move the basis of measurement for the net pensions closer to the assumptions made in the triennial valuation of the scheme under which the employer's contribution were set by the Scheme's Actuary. It does not indicate that the authority has paid excess amounts into the Scheme that it will never be able to recover	contributions because of the minimum funding requirement imposed on it by the funding strategy for the Scheme in place as at 31 March 2024. The Scheme's Actuary has assessed the Authority's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Authority. The net pensions asset has therefore been adjusted by this effect of the asset ceiling
Property Plant and Equipment - Valuation	The Authority engages a qualified Royal Institution of Chartered Surveyors (RICS) surveyor from NPS, to provide valuations of land and property assets at the year end. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. The valuer works closely with the finance staff on all valuation matters.	Significant changes in the assumptions of future income streams/growth, occupancy levels, ongoing property maintenance and other factors would result in a significantly higher or lower fair value measurement for these assets. In particular, the pandemic and the high levels of inflation being experienced continue to affect economies and real estate markets globally. Nevertheless, an adequate quantum of market evidence exists upon which to base opinions of value. The year-end balance of PPE was £20.504m, a 1% increase in valuation would equate to £0.2m
Debtors/ Bad Debt provision	Contained within these accounts are estimates of the debt outstanding related to a long running planning dispute. These have been estimated by lawyers based upon actual costs incurred but not all of these may be recognized by the courts. The debt will be recovered based upon a house that has been repossessed and is in the process of being sold. These accounts contain a provision for the difference before the estimated debt and the possible proceeds on the repossessed property that are available to the Authority.	A 10% difference between the costs estimate by lawyers and that determined by the courts would equate to a £47k misestimate in the debtor. A 10% difference between the sale proceeds and the estimated value would equate to £90k. This would directly impact on the funds available to meet the related debt.

Note 6: Events after the Balance Sheet Date

The unaudited Statement of Accounts was authorised for issue by the Chief Finance Officer on 10 June 2024, the audited accounts were authorised for issue on the 5th November 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There are no events after the Balance Sheet date that need to be reported.

Note 7: Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

Central Government

Central government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants. Grants received from government departments are set out in the subjective analysis in Note 19 on Grant Income.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. 12 of the Authority's members are also elected members of other local authorities within Devon and Somerset. The Authority's Standing Orders requires a register to be kept of members disclosable pecuniary interests and declarations of related party transactions in a register of interests. In addition, members are asked to declare separately any transactions with the Authority. A summary of the Members' allowances paid in 2023/24 is shown in Note 15.

Officers

Officers of the Authority are bound by the Authority's Code of Conduct which seeks to prevent related parties exerting undue influence over the Authority. Senior Officers are required to declare any transactions with the Authority. No transactions have been disclosed.

The Authority's transactions with the Somerset Council Pension Fund are detailed within Note 33 to the Financial Statements.

Note 8: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, other grants and contributions, sales, fees and charges) by the Authority in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23				2023/24		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 9)	Net Expenditure in the CI&ES £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding & Accounting basis £000 (Note 9)	Net Expenditure in the CI&ES £000
987	44	1,031	Support to Land Managers	893	(217)	676
657	88	745	Support to the Community	260	(14)	246
509	8	517	Support to National Park Users	488	(10)	478
1,012	163	1,175	Support Services	1,155	(76)	1,079
262	34	296	Corporate Management	250	(16)	234
100	12	112	Partnership Fund	41	(1)	40
3,527	**349**	**3,876**	**Net Cost of Services**	**3,087**	**(334)**	**2,753**
(3,707)	481	(3,226)	Other Income & Expenditure	(3,367)	88	(3,279)
(180)	**830**	**650**	**(Surplus)/Deficit on Provision of Services**	**(280)**	**(246)**	**(526)**
(3,033)			**Opening General Fund Balance**	**(3,213)**		
(180)			Deficit/(surplus) on General Fund in Year	(280)		
(3,213)			**Closing General Fund Balance**	**(3,493)**		

Note 9: Note to the Expenditure and Funding Analysis

Adjustments between the Funding and Accounting Basis 2023/24.

Adjustments from the General Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note a)	Net change for Pensions Adjustment (note b)	Other Differences (note c)	Total Adjustments
	£000	£000	£000	£000
Support to Land Managers	(171)	(46)	-	**(217)**
Support to the Community	1	(15)	-	**(14)**
Support to National Park Users	19	(29)	-	**(10)**
Support Services	(8)	(68)	-	**(76)**
Corporate Management	-	(16)	-	**(16)**
Partnership Fund	-	(2)	-	**(2)**
Net Cost of Services	**(159)**	**(176)**	**-**	**(335)**
Other Income & Expenditure	0	89	-	**89**
Surplus/Deficit on the Provision of Services	**(159)**	**(87)**	**-**	**(246)**

Adjustments between the Funding and Accounting Basis 2022/23

Adjustments from the General Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note a)	Net change for Pensions Adjustment (note b)	Other Differences (note c)	Total Adjustments
	£000	£000	£000	£000
Support to Land Managers	(78)	126	(4)	**44**
Support to the Community	-	91	(3)	**88**
Support to National Park Users	(54)	65	(3)	**8**
Support Services	32	136	(5)	**163**
Corporate Management	-	35	(1)	**34**
Partnership Fund	-	13	(1)	**12**
Net Cost of Services	**(100)**	**466**	**(17)**	**349**
Other Income & Expenditure	161	320	-	**481**
Surplus/Deficit on the Provision of Services	**61**	**786**	**(17)**	**830**

a) Adjustments for Capital Purposes - this column adds in depreciation and impairment, financing and revaluation gains and losses in the services line
b) Net Change for Pensions Adjustments - Net change for removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **For services** - this represents removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the CIES

c) Other Differences - other differences debited / credited to the CIES and amounts payable / receivable to be recognised under statute i.e. accumulated absences.

Notes Supporting the Comprehensive Income and Expenditure Statement

Note 10: Expenditure and Income Analysed by Nature

2022/23 £000	Expenditure	2023/24 £000
3,074	Employee Benefits Expenses	3,311
2,815	Other Service Expenses	2,623
136	Depreciation, Amortisation & Impairment	(323)
311	Interest Payments	77
6,336	**Total Expenditure**	**5,688**
	Income	
(1,979)	Grants, Fees, Charges and other Service Income	(2,846)
(3,652)	Government Grants – National Park Grant	(3,212)
(55)	Interest & Investment Income	(156)
(5,686)	**Total Income**	**(6,214)**
650	**(Surplus)/Deficit on the provision of service**	**(526)**

Note 11: Segmental Income

2023/24

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	**£000**	**£000**	**£000**	**£000**
Support to Land Managers	(1,469)	(27)	(12)	(137)	**(1,645)**
Support to the Community	(175)	(78)	-	(72)	**(325)**
Support to National Park Users	(47)	(244)	(165)	(41)	**(497)**
Support Services	(172)	(11)	(3)	(193)	**(379)**
Partnership Fund	-	-	-	-	**-**
Total Income	**(1,863)**	**(360)**	**(180)**	**(443)**	**(2,846)**

2022/23

	Grants & Contributions	Fees & Charges	Sales Income	Other	Total
	£000	**£000**	**£000**	**£000**	**£000**
Support to Land Managers	(976)	(12)	-	(5)	**(993)**
Support to the Community	(40)	(96)	-	-	**(136)**
Support to National Park Users	(30)	(241)	(126)	(30)	**(427)**
Support Services	(38)	(28)	(5)	(331)	**(402)**
Partnership Fund	-	(21)	-	-	**(21)**
Total Income	**(1,084)**	**(398)**	**(131)**	**(366)**	**(1,979)**

Note 12: Other Operating Expenditure

2022/23 £000		2023/24 £000
161	(Gains)/Losses on the disposal of non-current assets	-
9	IAS19 Administration expense	12
170	**Total**	**12**

Note 13: Financing and Investment Income and Expenditure

2022/23 £000		2023/24 £000
311	Net interest on the net defined pensions liability	77
(55)	Interest receivable and similar income	(156)
256	**Total**	**(79)**

Note 14: Taxation and Non-Specific Grant Incomes

2022/23 £000		2023/24 £000
(3,652)	Non-ring-fenced government grants	(3,212)
(3,652)	**Total**	**(3,212)**

Note 15: Members Allowances

The Authority paid the following amounts to members of the Authority during the year:

2022/23 £000		2023/24 £000
17	Special Responsibility Allowance	18
66	Basic Allowance	67
4	Allowance for mileage	3
87	**TOTAL**	**88**

Note 16: Officers' Remuneration

The Authority is required to name all officers that earn over £150,000 per annum for all or part of a year (there are none); and to list all officers who earn between £50,000 and £150,000 for all or part of a year, and who also fit the following criteria:

- They report directly to the Chief Executive, or;
- They are part of the Authority's Senior Management Team, or;
- They hold posts required by statute (the Chief Finance Officer and the Monitoring Officer)

	Salary, Fees and Allowance £000	Expense Allowance £000	Total Remuneration (excl. pension contribution) £000	Pension Contribution £000	Total Remuneration including pension contribution £000
Chief Executive –					
2023/24 -	93	-	93	20	**113**
2022/23 -	90	-	90	17	**107**
Head of Finance and Operations					
2023/24 – (Post holder resigned and vacant post filled during year)	52	-	52	11	**63**
2022/23	55	-	55	10	**65**
Head of Strategy & Performance					
2023/24	59	-	59	12	**71**
2022/23	55	-	55	10	**65**
Head of Planning & Sustainable Development					
2023/24 – Post removed mid-year	44	-	44	9	**53**
2022/23	55	-	55	10	**65**
Head of Conservation & Access					
2023/24	59	-	59	12	**71**
2022/23	55	-	55	10	**65**

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 (including those detailed in the above table) were:

2022/23 Number of employees	Remuneration band	2023/24 Number of employees
-	£50,000 - £54,999	4
4	£55,000 - £59,999	2
-	£60,000 - £64,999	-
-	£65,000 - £69,999	-
-	£70,000 - £74,999	-
-	£75,000 - £79,999	-
-	£80,000 - £84,999	-
-	£85,000 - £89,999	-
1	£90,000 - £94,999	1

Note 17: Termination Benefits

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band £000	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	-	-	-	3	-	3	-	39
£20,001 - £40,000	-	-	-	-	-	-	-	-
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**3**	**-**	**3**	**-**	**39**

Note 18: External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Authority's external auditors:

2022/23 £000		**2023/24 £000**
14	Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	39
6*	Audit Fee variation (*Proposed)	3*
-	Additional fees for IFRIC14 Pension work (*Proposed)	1*
20	**Total**	**43**

Note 19: Grant & Contribution Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2023/24:

Credited to Taxation and Non Specific Grant Income	**2022/23 £000**	**2023/24 £000**
National Park Grant – DEFRA	3,652	3,212
Total	**3,652**	**3,212**
Credited to Services		
Access Improvement Grant	43	-
Farming in Protected Landscapes - DEFRA	529	676
Somerset Council and Devon County Council – Rights of Way Agency Contributions	130	156
English Coast Path – Natural England	6	123
Basic Payment & Higher Level Stewardship Scheme – RPA	74	113
National Park Fund – Active Transport	-	100
Somerset Council – Woodland Creation Accelerator Fnd	-	96
Section 106 Contributions	-	86
National Parks Partnership	-	85
Planning Skills Development Fund	-	78
Pioneers Project Development Funding (HLF)	-	60
Grey Squirrel Control – Forestry Commission	45	45
South West Water – Moorland Restoration PES Contributions	0	39
SALIX – Pinkery Carbonisation	86	30
Biodiversity Net Gain (Planning Policy) - DEFRA	27	27
Countryside Stewardship – RPA	65	20
Tree Nursery Development (Forestry Commission)	-	19
South West Coast Path – Natural England	16	16
VESP Grant – Somerset Council	7	-
Carbon Aware Tree Planting Contribution	-	11
ENNIS – Natural England	8	9
Rural Payments Agency – Archaeology HEFER Contribution	4	8
Richmond Review Local Audit Grant (DLUHC)	-	5
South West Coast Path – New Stretch	-	5
Feed in Tariff Contributions	9	5
Community Support Grant (NPE)	-	2
Woodlands – Plantlife	3	-
Sowing the Seeds – Natural England	5	-
Other	27	49
Total	**1,084**	**1,863**

Notes to Support the Movement in Reserves Statement

Note 20: Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

2023/24	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments to Revenue Resources:				
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs	(89)	-	-	89
Holiday pay	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(6)	-	71	(65)
Total Adjustments to Revenue Resources	**(95)**	**-**	**71**	**(24)**
Adjustments between Revenue and Capital Resources:				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(151)	-	-	**151**
Transfer of sales proceeds credited as part of the gain/loss on disposal	-	-	-	**-**
Total Adjustments between Revenue and Capital resources	**(151)**	**-**	**-**	**151**
Adjustments to Capital Resources:				
Application of Capital Grants to finance Capital Expenditure		-	(71)	**71**
Application of Capital Receipts to finance Capital Expenditure	-	-	-	**-**
Total Adjustments to Capital Resources	**-**	**-**	**(71)**	**71**
Total Adjustments	**(246)**	**-**	**-**	**246**

2022/23	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments to Revenue Resources:				
Amounts by which income & expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs	786	-	-	(786)
Holiday pay	(17)	-	-	17
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	185	-	175	(360)
Total Adjustments to Revenue Resources	**954**	**-**	**175**	**(1,129)**
Adjustments between Revenue and Capital Resources:				
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(124)	-	-	**124**
Transfer of sales proceeds credited as part of the gain/loss on disposal	-	-	-	**-**
Total Adjustments between Revenue and Capital resources	**(124)**	**-**	**-**	**124**
Adjustments to Capital Resources:				
Application of Capital Grants to finance Capital Expenditure		-	(175)	**175**
Application of capital Receipts to finance Capital Expenditure	-	-	-	**-**
Total Adjustments to Capital Resources	**-**	**-**	**(175)**	**175**
Total Adjustments	**830**	**-**	**-**	**(830)**

Note 21: Transfers to/ from Earmarked Reserves

The Authority’s reserve balances are continually reviewed to determine the appropriate level and use. We regularly establish new reserves, assess the appropriate level of existing reserves or cancel reserves that have met their objective. Our reserves are made up as follows:

- General Reserve (unallocated) – this is the minimum level required to maintain working balances (in accordance with CIPFA guidance).
- Partnership Fund Reserves (allocated) – these sums are set aside to meet one- off priorities that assist in the delivery of the Partnership Plan.
- Earmarked Reserves (allocated) – these consist of ring-fenced grants and contributions received from third parties, sums set aside for capital schemes and commitments against future obligations.
- Capital Grants – these include funds received from external organisations towards investment in assets.
- Capital Receipts Reserve – holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure

It can therefore be seen that the majority of our Reserve Balances are “allocated”. The following table sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

	Balance at 31 March 2022 £000	Transfers between Reserves £000	Transfers In 2022/23 £000	Transfers Out 2022/23 £000	Increase/ Decrease (-) in useable Reserves 2022/23 £000	Balance at 31 March 2023 £000	Transfers between Reserves £000	Transfers In 2023/24 £000	Transfers Out 2023/24 £000	Increase/ Decrease in useable Reserves 2023/24 £000	Balance at 31 March 2024 £000
Earmarked Reserves	**2,452**	457	371	(570)	**258**	**2,710**	-	877	(391)	**486**	**3,196**
Partnership Fund Reserves	**265**	(38)	93	(169)	**(114)**	**151**	-	35	(116)	**(81)**	**70**
General Fund Balance	**316**	(419)	455	-	**36**	**352**	-	-	(125)	**(125)**	**227**
Capital Grants Unapplied	**-**	-	175	(175)	**-**	**-**	-	71	(71)	**-**	**-**
Capital Receipts Reserve	**-**	-	-	-	**-**	**-**	-	-	-	**-**	**-**
Total Useable Reserves	**3,033**	**-**	**1,094**	**(914)**	**180**	**3,213**	**-**	**983**	**(703)**	**280**	**3,493**

Notes to Support the Balance Sheet

Note 22: Property, Plant and Equipment

Movements on Balances

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Assets Under Construction £000	Total £000
Cost or Valuation 1 April 2023	**19,857**	**263**	**70**	**0**	**20,190**
Additions	48	174	**-**	**-**	**222**
De-recognition – Disposals	-	-	-	-	**-**
Revaluation Increase/ decrease (-):					
- to Revaluation Reserve	169	-	-	-	**169**
- to Surplus/Deficit on the provision of service	21	-	-	-	**21**
Other movement in cost of valuation	77	-	-	-	**77**
Cost or Valuation 31 March 2024	**20,172**	**437**	**70**	**0**	**20,679**
Accumulated depreciation 1 April 2023	**-**	**(169)**	**(9)**	**-**	**(178)**
Depreciation Charge	(106)	(48)	(3)	-	**(156)**
Derecognition - Disposals	-	-	-	-	**-**
Depreciation written out to the Revaluation Reserve	35	-	-	-	**35**
Depreciation written out to the Surplus/ Deficit on the provision of services	71	-	-	-	**70**
Total Depreciation at 31 March 2024	**0**	**(217)**	**(12)**	**-**	**(229)**
Net Book Value at 1 April 2023	**19,857**	**94**	**61**	**-**	**20,012**
Net Book Value at 31 March 2024	**20,172**	**220**	**58**	**-**	**20,450**

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Infrastructure £000	Assets Under Construction £000	Total £000
Cost or Valuation 1 April 2022	**19,487**	**224**	**70**	**0**	**19,781**
Additions	191	39	**-**	**-**	**230**
De-recognition – Disposals	(161)	-	-	-	**(161)**
Revaluation Increase/ decrease (-):	-	-	-	-	**-**
- to Revaluation Reserve	374	-	-	-	**374**
- to Surplus/Deficit on the provision of service	(34)	-	-	-	**(34)**
Other movement in cost of valuation	-	-	-	-	**-**
Cost or Valuation 31 March 2023	**19,857**	**263**	**70**	**0**	**20,190**
Accumulated depreciation 1 April 2022	**-**	**(137)**	**(6)**	**-**	**(143)**
Depreciation Charge	(101)	(32)	(3)		**(136)**
Derecognition - Disposals	-	-	-	-	**-**
Depreciation written out to the Revaluation Reserve	28	-	-	-	**28**
Depreciation written out to the Surplus/Deficit on the provision of services	73	-	-	-	**73**
Total Depreciation at 31 March 2023	**-**	**(169)**	**(9)**	**-**	**(178)**
Net Book Value at 1 April 2022	**19,487**	**87**	**64**	**-**	**19,638**
Net Book Value at 31 March 2023	**19,857**	**94**	**61**	**-**	**20,012**

Depreciation
The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Land and Buildings: 40-80 years
- Vehicles, Plant, Furniture and Equipment: 5-10 years
- Infrastructure: 25 years

Revaluations

The Authority carries out a valuation programme which ensures all Property, Plant and Equipment is measured at fair value in accordance with IAS16 and revalued at least every five years. We are currently revaluing assets every year to ensure that the values stated are materially correct. The valuation date is the 31st March. For 2023/24 the valuation was carried out by Jenny Bryant MRICS and Registered Valuer while employed by the NPS Group Limited in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors – the RICS Valuation – Global Standards January 2020, Chartered Institute of Public Finance and Accountancy (CIPFA) accounting code and the International Financial Reporting Standards (IFRS) and the RICS Code of Measuring Practice.

	Land & Buildings £000	**Heritage Assets £000**	**Infrastructure Assets £000**	**Property, Plant and Equipment £000**	**Total £000**
Carried at Historical Cost	8,662	12	58	220	8,952
Valued at Current Value at 31 March 2024	11,510	42	0	0	11,552
Total	20,172	54	58	220	20,504

There were no capital commitments at the 31 March 2024.

Note 23: Heritage Assets

	Heritage Assets £000
Cost or Valuation 1 April 2023	**131**
Additions	-
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	(77)
- to Surplus/ Deficit on the provision of service	-
Cost or Valuation 31 March 2024	**54**
Cost or Valuation 1 April 2022	**92**
Additions	-
Revaluation Increase/ decrease (-):	
- to Revaluation Reserve	39
- to Surplus/ Deficit on the provision of service	-
Cost or Valuation 31 March 2023	**131**

One Heritage asset (Simonsbath Sawmill) was reclassified to operational land and buildings from Heritage Asset due to the property being rented out during the year.

Note 24: Financial Instruments

Financial instruments are defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets: Amortised Cost

31 March 2023 £000		31 March 2024 £000
2,302	Funds held by Somerset Council	2,543
-	Cash in hand and at bank	8
1,323	Contractual Debtors	1,410
3,625	**Total**	**3,961**

Financial Liabilities: Amortised Cost

31 March 2023 £000		31 March 2024 £000
(354)	Contractual Creditors	(407)
(354)	**Total**	**(407)**

Interest and Investment Income:

The (gains) and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments is as follows:

31 March 2023 £000		31 March 2024 £000
(55)	Interest Income	(156)
(55)	**Total**	**(156)**

Financial assets and liabilities are carried in the Balance Sheet at amortised cost. Their fair value has been assessed by calculating the present value of the cash flows that will take place over the remaining life of the instrument using the following assumptions:

- The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount
- The fair value of cash deposits is taken to be the cash balance as at 31 March

Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due
- Liquidity risk – the possibility that the Authority may not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Chief Finance Officer, under policies approved by the Authority. The Authority has adopted the CIPFA Code of Practice for Treasury Management and as part of this approves an annual Treasury Management

Strategy and Practices which sets out the policies on borrowing, investment, credit risk and interest rate exposure.

Credit Risk and Expected Credit Loss Allowances
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Authority's Annual Investment Strategy and investment solely with Somerset Council.

Amounts arising from expected credit losses would normally be established for investments and debtors based upon estimates of the losses that might be incurred if those owing money to the Authority fail to pay it back. As our primary counter party is a public body and as statute prevents a local authority from default, we have concluded that the expected credit loss is not material and therefore no allowance has been made.

The Authority's standard terms and conditions for payment of invoices (trade receivables) are 28 days from invoice date. Low risk, no history of default and with signed agreements in place with third parties, we have concluded that the expected credit loss is not material therefore no allowance has been made.

Liquidity Risk
The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available when needed. Surplus cash is invested using an overnight clearing system operated by Somerset Council.

All trade and other payables are due to be paid in less than one year. The Authority currently has no borrowings and so there is no significant current or future risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk
The Authority is currently debt free and does not have any investments in equity shares or financial assets or liabilities denominated in foreign currencies. Market Risk is therefore limited to Interest Rate Risk on our cash investments.

- Interest Risk

In terms of short-term cash investments, the variable rate of interest earned on surplus funds moves during the year and any assumptions in annual budgets are made cautiously based on current market and treasury forecasts. A 1% movement in interest rates would result in approximately £25,000 more or less than budget if investments were held for a year.

Note 25: Debtors

31 March 2023 £000		**31 March 2024 £000**
528	Central government bodies	488
13	Other local authorities	161
171	Public corporations and trading funds	158
630	Other entities and individuals	663
(133)	Bad Debts	(139)
1,209	**Total**	**1,331**

Note 26: Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2023 £000		**31 March 2024 £000**
6	Bank Current Accounts	8
2,302	Funds held by Somerset Council	2,543
2,308	**Total Cash and Cash Equivalents**	**2,551**

Note 27: Creditors

31 March 2023 £000		31 March 2024 £000
(51)	Other local authorities	(132)
(52)	Public corporations and trading funds	(54)
(303)	Other entities and individuals	(275)
(406)	**Total**	**(461)**

Note 28: Provisions

31 March 2023 £000		31 March 2024 £000
-	Provisions	-
-	**Total**	**-**

Note 29: Capital Grants

31 March 2023 £000		31 March 2024 £000
-	**Balance at 1 April**	**-**
(175)	Capital grants received	(71)
175	Capital grants used to finance spend	71
-	**Balance at 31 March**	**-**

Note 30: Unusable Reserves

31 March 2023 £000		31 March 2024 £000
(11,354)	Revaluation Reserve	(11,538)
(8,788)	Capital Adjustment Account	(8,967)
1,928	Pensions Reserve	1,226
40	Accumulated Absences Account	40
(18,174)	**Total Unusable Reserves**	**(19,239)**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2022/23 £000		2023/24 £000
(11,017)	**Balance at 1 April**	**(11,354)**
(622)	Upward revaluation of assets	(474)
211	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the provision of Services	269
(411)	**Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	**(205)**
20	Difference between fair value depreciation and historical cost depreciation	21
54	Accumulated gains on assets sold or scrapped	-
74	**Amount written off to the Capital Adjustment Account**	**21**
(11,354)	**Balance at 31 March**	**(11,538)**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings form the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 22 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £000		2023/24 £000
(8,712)	**Balance at 1 April**	**(8,788)**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
136	Charges for depreciation and impairment of non-current assets	157
(67)	Revaluation gains on Property, Plant and Equipment	(92)
(20)	Difference between fair value depreciation and historical cost depreciation	(21)
69	Revenue expenditure funded from capital under statute	0
106	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(8,488)		**(8,744)**
-	Adjusting amounts written out of the Revaluation Reserve	-
(8,488)	**Net written out amount of the cost of non-current assets consumed in the year**	**(8,744)**
	Capital financing applied in the year:	
(175)	Use of Capital Grants to finance capital expenditure	(71)
-	Use of Capital Receipts to finance capital expenditure	-
(125)	Capital Expenditure charged against the General Fund	(152)
(8,788)	**Balance at 31 March**	**(8,967)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000		**2023/24 £000**
12,242	**Balance at 1 April**	**1,928**
(11,100)	Remeasurement of net defined liability	(613)
1,356	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CI & E	545
(570)	Employer's pensions contributions and direct payments to pensioners payable in the year	(634)
1,928	**Balance at 31 March**	**1,226**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2022/23 £000		**2023/24 £000**
57	**Balance at 1 April**	**40**
(57)	Settlement or cancellation of accrual made at the end of the preceding year	(40)
40	Amounts accrued at the end of the current year	40
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements.	-
40	**Balance at 31 March**	**40**

Note 31: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The Authority remains Debt Free throughout the periods contained in this Statement of Accounts and therefore does not have incurred expenditure yet to be financed.

	2022/23 £000	**2023/24 £000**
Capital Investment		
Property, Plant & Equipment	**231**	**223**
Revenue Expenditure Funded from Capital under Statute	69	0
Sources of finance		
Capital Receipts	-	-
Government Grants and other contributions	175	71
Sums set aside from revenue	125	152

Note 32: Impairment Losses

The Authority did not recognise any impairment losses during 2023/24 (2022/23 £0k). Impairment losses are recognised as part of the valuation of the authority’s non-current assets.

Note 33: Defined Benefit Pension Schemes

Participation in Pension Schemes:

As part of the terms of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Authority participates in the Local Government Pension Scheme that is administered locally by Somerset Council. This is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Pension Fund Committee, at Somerset Council, oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers. As administering authority to the Fund, Somerset Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation of the Fund was carried out as at 31 March 2023 and contributions have been set for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks

In addition, as many unrelated employers participate in the Somerset Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers. All of the risks above may also benefit the employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers. The Authority's Pension Fund liability does not represent an immediate call on reserves; it is a snap-shot valuation in time, based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term.

The Court of Appeal judgment on the McCloud and Sargeant cases, relate to age discrimination against the age-based transitional provisions put into place when the new judicial pension arrangements were introduced in 2015. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore the Actuary has made an allowance which is consistent with the method adopted at the last actuarial valuation.

Transactions Relating to Post-Employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid out as pensions. However, the charge we are required to make is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movements in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year:

	2022/23 £000	**2023/24 £000**
Service Cost		
• Current Service Cost • Past Service Costs (including curtailments)	1,036 -	456 -
Total Service Cost	**1,036**	**456**
Financing and Investment Income and Expenditure		
• Net interest on the defined liability • Administration expenses	311 9	77 12
Total Net Interest	**320**	**89**
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**1,356**	**545**
Remeasurement of the Net Defined Liability Comprising:		
• Return on plan assets excluding amounts included in net interest • Experience (gain)/loss on defined benefit obligation • Actuarial losses arising from changes in demographic assumptions • Actuarial losses arising from changes in financial assumptions • Changes in effect of asset ceiling • Other actuarial gains & losses on assets	750 2,430 (2,308) (11,944) - (28)	(1,332) 62 (242) (165) 1,064 -
Total re-measurements recognised in Other Comprehensive Income	**(11,100)**	**(613)**
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	**(9,744)**	**(68)**
Movement in Reserves Statement		
• Reversal of net charges made to the Surplus for the Provision of Services for post employment benefits in accordance with the Code	**(1,356)**	**(545)**
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employer's contributions payable to scheme	**570**	**634**

Pension Assets and Liabilities in Relation to Post-Employment Benefits Recognised in the Balance Sheet

	2022/23 £000	2023/24 £000
Present value of funded obligation	(18,154)	(18,079)
Fair value of employer assets	16,412	18,085
Present value of unfunded obligation	(186)	(168)
Impact of Asset Ceiling	-	(1,064)
Net Liability Arising from Defined Benefit Obligation	**(1,928)**	**(1,226)**

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	2022/23 £000	2023/24 £000
Opening Balance at 1 April	**(28,786)**	**(18,340)**
Current service cost	(1,036)	(456)
Interest cost	(743)	(855)
Change in financial assumptions	11,944	165
Change in demographic assumptions	2,308	242
Experience (gain) on defined benefit obligation	(2,430)	(62)
Estimated benefits paid net of transfers in	528	1,192
Past service costs, including curtailments	-	-
Contributions by scheme participants	(146)	(156)
Unfunded pension payments	21	23
Closing Balance at 31 March	**(18,340)**	**(18,247)**

Reconciliation of the Movements in Fair Value of the Scheme (plan) Assets:

	2022/23 £000	2023/24 £000
Opening Balance at 1 April	**16,544**	**16,412**
Interest on assets	432	778
Return on assets less interest	(750)	1,332
Other actuarial gains/(losses)	28	-
Administration expenses	(9)	(12)
Contributions by employer including unfunded	570	634
Contributions by scheme participants	146	156
Estimated benefits paid plus unfunded net of transfers in	(549)	(1,215)
Closing Balance at 31 March	**16,412**	**18,085**

The liabilities show the underlying commitments that the authority has to pay post-employment (retirement) benefits. In prior years the pension fund liability had a substantial impact on the net worth of the authority as recorded in the Balance Sheet. However, the £10m reduction in the deficit over the course of 2022/23 significantly reduced the pension fund's impact on the balance sheet. Pensions Reserve totalled (£1,226k) in 2023/24 (2022/23 (£1,928k)) of the total reserves of £22,764k (2022/23 £21,387k).

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2022/23		2023/24	
	£000	%	£000	%
Equities	12,241	75%	13,351	74%
Gilts	587	4%	775	4%
Other Bonds	1,705	10%	2,172	12%
Property	1,317	8%	1,265	7%
Cash and cash equivalents	562	3%	522	3%
Total	**16,412**	**100%**	**18,085**	**100%**

- The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Authority in the year to 31 March 2025 is £573k.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years' dependant on assumptions about mortality rates, salary levels, etc. The LGPS liabilities have been assessed by Barnett and Waddingham, an independent firm of actuaries, estimates for the Somerset Council Fund being based on the latest full valuation as at 31 March 2023. The deficit is assumed to be repaid over a period of 16 years. This is based on membership data provided as part of the recent valuation.

The principal assumptions used by the actuary have been:

Mortality assumptions	**2022/23**	**2023/24**
Retiring today: • Men • Women	 21.4 23.2	 21.1 23.0
Retiring in 20 years: • Men • Women	 22.7 24.7	 22.4 24.4
Rate of Inflation (CPI)	2.85%	2.90%
Rate of increase in salaries	3.85%	3.90%
Rate of increase in pensions	2.85%	2.90%
Rate for discounting scheme liabilities	4.80%	4.90%
Take-up of option to convert annual pension into retirement lump sum	50%	50%
Take-up of active members to pay 50% contributions for 50% benefits	10%	10%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2022/23.

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	17,951	18,247	18,551
Projected service cost	428	441	456
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	18,276	18,247	18,219
Projected service cost	442	441	441
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	18,528	18,247	17,973
Projected service cost	455	441	427
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	18,926	18,247	17,596
Projected service cost	457	441	426

Note 34: Contingent Liability

Devon County Council agreed as part of its Investing in Devon Programme to grant the sum of £600,000 to support the refurbishment, improvement and adaptation of Lynmouth Pavilion. A contingent liability exists as part of the grant conditions require that in the event of the premises ceasing to be used as a visitor and interpretation centre and learning hub during the period of 20 years from the date of completion of the Project the Grantee shall repay the Grant to the Council but subject to a reduction of five per cent for each complete year which has elapsed following the date of completion of the project. With the completion date being the 8 August 2013 at the balance sheet date a contingent liability exists for £300,000.

Notes to Support the Cash Flow Statement

Note 35: Cash Flow Statement – Adjustments to surplus or deficit on the Provision of Services for non-cash movements

2022/23 £000		2023/24 £000
(97)	Depreciation and Amortisation	(120)
(34)	Impairment and Downward Valuations	54
(786)	Actuarial Charges for Retirement Benefits	89
-	Increase/(Decrease) in Inventory	10
857	Increase/(Decrease) in Debtors	129
(133)	(Increase) in Bad Debt Provision	(7)
(9)	(Increase) in Creditors & Receipts in Advance	(95)
(69)	Revenue Expenditure funded from Capital under Statute (Refcus)	-
(161)	Carrying amount of Non-Current Assets de-recognised	-
(432)		**60**

Note 36: Cash Flow Statement – Investing Activities

2022/23 £000		2023/24 £000
299	Purchase of property, plant and equipment, investment property and intangible assets	223
-	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-
299	**Net cash flows from investing activities**	**223**

Note 37: Leases

Finance Leases

The Authority does not hold any Lease considered to be a Finance Leases as either Leasee or lessor.

Operating Leases

The Authority has entered into leases in relation to land holdings in prior years. The future minimum lease payments due under non-cancellable leases in future years are:

2022/23		2023/24
8	<12 Months	5
2	1-5 Years	2
3	5 Years +	4
13		**11**

The Authority leases out property for the fulfilment of National Park Purposes. The future annual minimum lease payments receivable under non-cancellable leases in future years are:

2022/23 £000		2023/24 £000
73	<12 Months	39
7	1-5 Years	10
77	5 Years +	141
157		**190**

EXMOOR NATIONAL PARK

ANNUAL GOVERNANCE STATEMENT

1. Scope of responsibility

1.1 Exmoor National Park Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3 Exmoor National Park Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code can be obtained from the Chief Executive, Exmoor House, Dulverton,TA22 9HL. This statement explains how the Authority has complied with the Local Code of Corporate Governance and also meets the requirements of regulation 4(2) of the Accounts and Audit (England) Regulations 2015 and the amended regulations for 2021 in relation to the publication of statement on internal control.

2. The purpose of the governance framework

2.1 The governance framework comprises the systems and processes, and the culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and the leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies and aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 A governance framework has been in place at Exmoor National Park Authority for the year ended 31 March 2024 and up to the date of approval of the Corporate Plan and statement of accounts.

3. The Governance Framework

3.1 The key elements of the governance framework include:

- A National Park Partnership Plan that contains a vision, priorities and a corporate strategy to meet National Park purposes;
- The production of a Medium Term Financial Plan taking account of the anticipated level of National Park Grant;

- The production of a Corporate Plan that includes data on performance and objectives both achieved and planned;
- Committee papers that are linked to National Park Partnership Plan or Corporate Plan objectives and in compliance with equality and human rights legislation;
- Standing orders and financial regulations to regulate the conduct of the Authority's affairs;
- A Scheme of Delegation which sets out the functions and workings of the Authority and the powers delegated to Committees and the Chief Executive;
- Formal codes of conduct which define the standards of personal behaviour of members and staff. The code for Members was initially adopted in 2012 along with the establishment of a Standards Committee comprising 5 Authority members and the appointment of an "Independent Person" under the provisions of the 2011 Localism Act. A further process was the provision of guidance on the registration of interests. This was reviewed and refined in August 2012 with recommendations to Authority for standards arrangements and for the provision of member training on the new standards regime;
- Responsibility for audit matters are retained by the Authority;
- A Solicitor and Monitoring Officer who has a statutory responsibility supported by the Chief Finance Officer and financial regulations to ensure the legality of transactions, activities and arrangements the Authority enters;
- Financial management arrangements of the Authority which conform with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) ;
- A Complaints procedure and a whistle-blowing policy in place for members of the public, members, staff or contractors;
- An Anti Fraud, Corruption and Bribery Policy;
- An ICT Acceptable Use Policy;
- Risk Management Policy, Registers and Business Continuity and Disaster Recovery systems which are approved, in place and subject to annual regular review;
- Extensive arrangements for partnership working on a range of projects. Partnership working is crucial to the achievement of the priorities set out in the National Park Partnership Plan.
- A staff performance and development review process which identifies training and development needs;
- Training, briefing and induction programmes for members; and
- Wide consultation with interested parties and an Exmoor Consultative and Parish Forum meets to engage with the community and a Local Access Forum considers access and rights of way issues. Numerous diverse organisations are represented on these consultative mechanisms.

4. Review of Effectiveness

4.1 Exmoor National Park Authority has responsibility for conducting at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Executive and Heads of Section within the Authority who have responsibility for the development and maintenance of the governance environment, the annual report on internal audit, and by the Annual Governance Report of the external auditors. The annual review of the effectiveness of the governance framework is undertaken by the Standards Committee and the Authority approve this Annual Governance Statement.

The Standards Committee now also undertake an annual self-assessment of effectiveness.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is:

- The adoption of an updated Code of Corporate Governance in March 2017 with an annual review by the National Park Authority carried out by the Authority's Solicitor and Monitoring Officer to ensure compliance with the Code and audited by the Chief Finance Officer;
- Adoption of Standing Orders, the scheme of delegation and financial regulations which are periodically reviewed, updated and approved;
- Reports to the Authority on performance management including sustainability and the corporate planning and performance framework;
- Annual reports presented to the Authority in respect of internal audit which is a contracted service, and from the external auditor appointed by the PSAA;
- Annual reports presented to the Authority on risk management, performance indicators and treasury management; and
- An internal audit service is contracted from the Devon Assurance Partnership and an annual work programme is agreed with the Chief Finance Officer with the internal auditors producing an annual report covering their activities for presentation to the Authority.

5. Significant governance issues

5.1 In general the governance and internal control systems within the Authority are working effectively and have been reviewed by the Solicitor and Monitoring Officer and the Chief Finance Officer and are independently validated by the internal and external auditors. As a consequence of certain Internal Audit findings, the Authority has undertaken a review of Safeguarding policies and practices. These changes were confirmed with Internal Audit during 2023/24.

5.2 During 2024/25 the Authority will be:

- Develop a new National Park Partnership Plan;
- Progressing work arising from the five year review of the Local Plan including on affordable housing delivery, climate change and a new Design Guide; also making preparations for the introduction of new statutory Biodiversity Net Gain requirements for planning;
- Working with Defra to deliver the National policy agenda on climate, nature and engagement with communities;
- Monitoring new legislation and changes in policy to ensure that account is taken of the impact on National Parks and National Park communities;
- Continuing to operate within limited resources while increasing revenue from alternative sources;
- Continuing to develop customer service standards and culture;
- Monitoring the performance of the Corporate Plan;
- Continue to engage and communicate flexibly while making best use of technology;
- Implement an Anti-Money Laundering policy;
- Ensure capital investment decisions are fully debated by FAPAP in advance of budgetary decisions being made by Authority;
- Continue to adapt the Farming in Protected Landscapes panel and model of decision making;

- Understand the implications of the new Somerset Unitary on the Authority's decision making; and
- Implementing a new financial information system to ensure that ENPA's requirements are fully met.

5.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed ………………………………………… ……………………………………...

S Bryan, Chief Executive A Davis, Chairman

Date: 5th November 2024

Draft Independent auditor's report to the members of Exmoor National Park Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Exmoor National Park Authority (the 'Authority') for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief

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Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Exmoor National Park Authority Committee concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit and the Exmoor National Park Authority Committee whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journal entries outside the normal course of business and significant management estimates, including land and building valuations and the valuation of the pension fund net liability. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on unusual and high-risk journals made at the year-end accounts production stage,
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and the defined benefit pensions liability and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher

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than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. 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.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Exmoor National Park Authority for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's 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 and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Grace Hawkins, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date:

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