

Report to **South Downs National Park Authority**
Date **9 December 2025**
By **Grant Thornton, External Auditor**
Title of Report **External Audit Findings and Opinion**
Note

Recommendation: **The Authority is recommended to receive and consider the findings as set out in The Audit Findings for South Downs National Park Authority, Year ended 31 March 2025 at Appendix I.**

I. Introduction

- I.1 The National Audit Office's Code of Audit Practice (the Code) requires us to report to those charged with governance, which at on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified. Our Audit Results Report summarises the findings of the audit for the year ending 31 March 2025 which is substantially complete at the date of drafting this report.
- I.2 Based on the work undertaken the audit opinion on the financial statement is unmodified.

GRANT THORNTON

External Auditor

South Downs National Park Authority

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Appendices: 1. Report on the audit of the financial statements
2. Audit Findings Report

Independent auditor's report to the members of South Downs National Park Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of South Downs National Park Authority (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including material accounting policy information. 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 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2025 and of the group's expenditure and income and the Authority's 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 2024/25; 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 (2024) ("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 group and 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 group and 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 or the group 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 2024/25 that the Authority's and group'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 group and 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 2024) 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 group and Authority and the group and 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 and the group'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.

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 Annual Governance Statement and 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 November 2024 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 2024/25, 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 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 2024/25, 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 and the group'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 and the group 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 group and 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 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, and the Local Government Act 2003).
- We enquired of management and the Policy and Resources Committee, concerning the group and 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 Policy and Resources 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 and group'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 IAS19 net asset.
- 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 net defined benefit pensions asset; 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 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.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the group and Authority's 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 in which the group and Authority operates
 - understanding of the legal and regulatory requirements specific to the Authority and group 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 and group'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 and group's control environment, including the policies and procedures implemented by the Authority and group 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.

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 2025.

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 have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. 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 South Downs National Park Authority for the year ended 31 March 2025 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

Pete Barber, Key Audit Partner

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

Bristol

09 December 2025



Audit Findings (ISA 260) Report for South Downs National Park Authority

Year ended 31 March 2025

26 November 2025



South Downs National Park Authority
South Downs Centre
North Street, Midhurst
West Sussex
GU29 9DH

26 November 2025

Dear Craig Garoghan

Audit Findings for South Downs National Park Authority for the 31 March 2025

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.

Chartered Accountants

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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.

Peter Barber

Director
For Grant Thornton UK LLP

Chartered Accountants

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01 Headlines and status of the audit

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of South Downs National Park Authority (the ‘Authority’) and the preparation of the group and Authority’s financial statements for the year ended 31 March 2025 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 group and Authority’s financial statements give a true and fair view of the financial position of the group and 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) and, 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.

We commenced our post-statements audit in late September 2025 and finalised all work by late November 2025. Our findings are summarised on pages 16 to 30. We have not identified any adjustments impacting on the provision of services in the Authority’s Comprehensive Income and Expenditure Statement. There is also no overall impact on reserves.

Audit adjustments are detailed at page 36 onwards. We have also raised recommendations for management as a result of our audit work. These are set out at page 59. Our follow up of recommendations from the prior year’s audit are detailed at page 66. We have identified non-material adjustments to the group Comprehensive Income and Expenditure Statement, but these do not impact on the Authority general fund balance. Please refer to page 42 and 43 for details.

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the 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 financial statements audit report opinion will be unmodified. We anticipate signing your accounts following the presentation of this report and approval of the revised statements at the full authority meeting on 9 December 2025.

Headlines

Value for money (VFM) arrangements

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

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

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

We have completed our VFM work, which is summarised on page 72, and our detailed commentary is set out in the separate 2024/25 Auditor's Annual Report, which is presented alongside this report. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Headlines

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.

We have completed all work required under the code.

Significant matters

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

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Please note that SDNPA have not been subject to any backstop measures and all prior year audits have been signed before the deadlines. However, the committee should familiarise themselves with the dates as above and ensure that the draft accounts continue to be delivered on time to facilitate timely and efficient audits.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

We have performed a full review of the IFRS16 accounting applied by the authority. The right of use assets for the authority are not material to the audit. However, we have still performed testing to ensure that the leases included in managements calculations are complete, and that none have been excluded. Our testing has not identified any issues. Management has accurately included all relevant leases and correctly included all relevant disclosures in their accounts.

02 Group audit

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

South Downs National Park Authority consolidate into their accounts a wholly owned subsidiary called South Downs Commercial Operations Ltd (SDCOL). They are consolidated as they are material to the Authority. The primary operation of the company is for the management of the Seven Sisters Park and to manage the commercial activities in line with the operating agreement between them and the national park. They were incorporated in July 2021.

As reported in the prior year, SDCOL has not been audited in line with the Companies Act provision in section 479, this highlights that a small company audit exemption cannot be taken by a company when the company is part of a group who are above the small company threshold.

As no audit has been undertaken, we are unable to take assurance over the group figures from a component auditor. Grant Thornton has therefore agreed to step in and audit the material SDCOL balances. On review, the material balances only includes their income.

In the table below we have summarised our findings following our audit of the material group balances, and the consolidation procedures undertaken by the Authority.

Component	Risk of material misstatement to the group	Auditor	Responsible Individual	Status	Comments
South Downs Commercial Operation Ltd	Yes	Grant Thornton UK (Auditing material balances only)	Peter Barber	All work on group income and the consolidation procedures have been completed.	We have not identified any significant issues. Below in the report at page 42 and 43 we have reported some errors identified in the group movement in reserves statement relating to missing entries. In addition, errors were noted in the group consolidation entries. Management has corrected for all such identified errors. Overall, we are satisfied that the group statements are materially accurate.

03 Materiality

Our approach to materiality

As communicated in our Audit Plan dated June 2025, we determined materiality at the planning stage as £450k based on 2.5% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. Materiality has been updated based on the actual gross expenditure for the year to £480k as set out below.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £480k based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.
- We have used 2.5% of gross expenditure as the basis for determining materiality.
- In arriving at the materiality, we have considered various benchmarks including the key users of the financial statements and the performance measures they are interested in, the business environment, the control environment including any known control issues and frauds which may make misstatement more likely, and other sensitivities such as changes in regulations.
- The basis of our materiality remains unchanged from the prior year except for one change relating to the use of 2.5% (PY 2%). This has created a higher materiality for the audit and has been changed following updated internal guidance on setting materiality levels.

- Group materiality has been set based on the group expenditure per the group accounts statements. This is set at £493k and is always maintained at a level above the single entity materiality.

Performance materiality

- We have determined performance materiality at £336k, this is based on 70% of headline materiality (PY 75%). We have revised the performance materiality percentage compared to the prior year to reflect the high number of errors reported in the prior years audit findings report. The use of 70% remains unchanged from our audit plan.
- Performance materiality for the group audit is capped at the same level as above being £336k. This is to ensure that we perform the same level of scrutiny across the group and single entity balances.

Specific materiality

- We have set a specific lower materiality of £10k relating to the disclosure for senior officer's remuneration. This is the same approach as taken in the prior year. The rationale for this is that the senior officer's disclosure is a politically sensitive area in which key users of the financial statements are interested in. The £10k level applied relates to each individual officer rather than the value of the senior remuneration note as a whole.

Reporting threshold

- We will report to you all misstatements identified in excess of £24k, in addition to any matters considered to be qualitatively material.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Group (£)	Authority (£)	Qualitative factors considered
Materiality for the financial statements	£493k	£480k	<ul style="list-style-type: none"> • Key users of the financial statements and which performance measures key stakeholders for the entity are interested in • Business environment • Control environment (e.g. known issues, frauds that could make misstatement more likely) • Other sensitivities (e.g. Changes in regulations)
Performance materiality	£336k	£336k	<ul style="list-style-type: none"> • Our experience from prior period audits e.g. a significant numbers of errors or findings. • Any known changes in the business activities which could lead to more complex accounting. • Any changes relating to the control environment including internal audit findings, changes in IT infrastructure or other known changes.
Specific materiality for Senior Officer Remuneration	£10k	£10k	<ul style="list-style-type: none"> • Key users of the financial statements and which performance measures key stakeholders for the entity are interested in. • The £10k threshold applies to the disclosures for an individual officer rather than the value of the senior remuneration note as a whole.
Reporting threshold	£24k	£24k	<ul style="list-style-type: none"> • This is set at a level in which we have judged those charged with governance would be interested in. We have deemed this to be 5% of headline materiality.

04 Overview of significant and other risks identified

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Risk 1 - Management override of controls	Significant	↔	✓	Low	●
Risk 2 - Valuation of land and buildings	Significant	↔	✗	Medium	●
Risk 3 – Valuation of the pension fund net asset	Significant	↔	✗	High	●
Risk 4 – Introduction of IFRS16 (Accounting for leases)	Other	↔	✗	low	●

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Audit procedures performed

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

Key observations

Our audit work has not identified any issues in respect of management override of controls.

In total we have selected 42 journals for testing using a risk-based approach. All journals tested were found to be valid business-related journals with valid and appropriate supporting documentation.

We have noted no material adjustments or findings in relation to override of controls.

We have not identified any issues in relation to the significant estimates made by management throughout the audit.

Significant risks

Risk identified

Valuation of PPE land and buildings:

The valuation of land and buildings, as reflected in the Authority's balance sheet as Property, Plant and Equipment (PPE), represents a significant estimate in the financial statements.

Audit procedures performed

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.

Key observations

Our work in this area has been completed, and no significant issues have been noted.

We have an unadjusted misstatement in relation to one car park asset which has been reported in detail at page 54.

In addition, we have identified one non-significant control deficiency which have been detailed on page 59.

However, our overall assessment is that the land and building valuations overall are fairly stated.

Significant risks

Risk identified

Valuation of net pension asset:

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

The pension fund net asset is considered a significant estimate due to the size of the numbers and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code. We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

However, the Authority has had to consider the potential impact of ‘IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset’. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk. **(continued on following page)**

Audit procedures performed

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;
- (continued on following page)**

Key observations

Our audit work has not identified any significant issues with respect to the valuation of the pension fund net asset. We have received the assurance letter from the West Sussex Pension Fund auditor which has not identified any issues for reporting.

IFRIC14:

In addition to that reported above, we have identified that although the financial statements reports a net nil position, this is because an asset ceiling has been applied in line with IFRIC14. We have therefore reviewed the actuaries IFRIC14 assessment in line with national guidance which was released in September 2024. Our review did not identify any issues. For clarity, the net position per the balance sheet of nil is net of the applied asset ceiling adjustment of £13.899m. Our procedures have concluded that this is reasonable and correctly calculated.

(continued on following page)

Significant risks

Risk identified

Valuation of net pension asset (continued):

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.

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.

Audit procedures performed

- 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 West Sussex 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.

Key observations

One area which we did identify relates to the lack of disclosure with regard to the Virgin Media legal case. Although we are satisfied that this currently has no impact on the Authority, we have recommended that management include narrative disclosure for this in line with best practice. Management have agreed to add this in. Please refer to page 46 for full details.

Significant risks

Risk identified

The revenue cycle includes fraudulent transactions:

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

The expenditure cycle includes fraudulent transactions:

Practice Note 10 (PN10) states that as most public bodies are net spend bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

Audit procedures performed

We have identified and completed a risk assessment of all revenue streams for the Authority. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk and the underlying nature of the transactions, or immaterial nature of the revenue streams both individually and collectively.

We have considered the risks and concluded that there is little incentive, pressures or opportunity for management to perpetrate a fraud in this area.

We have completed a risk assessment of all expenditure streams for the Authority. We have considered whether there is a risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk and the underlying nature of the transactions, or immaterial nature of the expenditure streams both individually and collectively.

We have considered the risks and concluded that there is little incentive, pressures or opportunity for management to perpetrate a fraud in this area.

Key observations

Our testing of income cut off has not identified any issues to bring to your attention. We have not identified anything which has caused us to reconsider our rebuttal of this area.

Our testing of expenditure cut off has not identified any issues to bring to your attention. We have not identified anything which has caused us to reconsider our rebuttal of this area.

Other risks

Risk identified

IFRS 16 - Valuation of right-of-use assets and lease liability

Until April 2024, local authorities were required to classify leased assets as either finance leases or operating leases. This classification depended on which party bore the majority of the risks and rewards of ownership. The distinction was crucial because assets under finance leases were considered capital and recorded on the authority's balance sheet, whereas costs associated with operating leases were expensed over the lease term.

Effective from 1 April 2024, with the implementation of IFRS 16 by local government, the differentiation between operating and finance leases for lessees has been abolished. Consequently, all leases, except those identified as low value or short term, are now recognised on the balance sheet by lessees.

Under IFRS 16, lessees are required to recognise both a right-of-use asset and a corresponding liability for the present value of the total lease payments anticipated over the lease term. Initially, the right-of-use asset and the liability are generally recognised at the same amount, unless there have been any pre-lease payments. Subsequent to initial recognition, the right-of-use asset is measured in a manner consistent with owned assets of a similar nature, while the liability is adjusted for interest and changes in expected payments due to indices such as the Retail Price Index (RPI) and reduced by lease payments made.

In the public sector, the definition of a lease has been expanded to encompass assets utilised with minimal or no consideration, commonly referred to as "peppercorn" rentals as well as assets and liabilities from PFI arrangements. For these rentals, the right-of-use asset is initially recognised at market value, and any discrepancy between this value and the present value of expected payments is accounted for as income, similar to the treatment of donated assets.

Key observations

We have:

- evaluated the policies and controls implemented by management to ensure complete and accurate accounting for and reporting of IFRS 16-related balances;
- assessed the appropriateness of management's judgments in identifying low-value leases in accordance with the Authority's capitalisation policy;
- reviewed existing lease terms to determine their support for the calculation of associated lease liabilities;
- reviewed and tested the recognition of right of use assets and lease liabilities;
- evaluated the Authority's accounting treatment of existing leases as a lessee;
- assessed the competence, capabilities, and objectivity of the valuation experts engaged by management, to value peppercorn leases; and
- evaluated management's processes, instructions issued to valuation experts, and the scope of work agreed with the experts.

Our detailed review of the Authority's arrangements for identifying all right of use assets that may be subject to IFRS 16 has provided sufficient assurance over the completeness assertion.

This work confirmed that the Authority does not have a material value of right of use assets recognised on the balance sheet as a result of the implementation of the new standard. This aligns with our expectation given that Authority did not have a high number of operating leases as lessee under the previous accounting standard.

05 Other findings

Other findings – accounting policies

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	The revenue recognition policies included within the financial statements are appropriate and in accordance with the Code.	No matters to report.	● GREEN
Expenditure recognition	The expenditure recognition policies included within the financial statements are appropriate and in accordance with the Code.	No matters to report.	● GREEN
Valuation methods	Valuation methods are appropriate and in accordance with the Code.	No matters to report.	● GREEN
Other critical policies	All accounting policies are appropriate and in accordance with the Code.	No matters to report.	● GREEN

Assessment:

- Red = Marginal accounting policy which could potentially be open to challenge by regulators
- Amber = Accounting policy appropriate but scope for improved disclosure
- Green = Accounting policy appropriate and disclosures sufficient

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors. We have used the below key as part of our assessment of the key judgements and estimates. Please refer to the following pages for our detailed commentary.

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

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Valuation of land and buildings £9.909m at 31 March 2025</p>	<p>Other land and buildings comprises of £1.464m specialised assets such as visitor complex and barns, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to delivery the same service provision. The remainder of other land and buildings (£8.444m) such as agricultural land, short and long-let barns and cottages, car parks and offices are not specialised in nature and are required to be valued at existing use value (EUV). The Authority has engaged Savills (UK) Limited to complete the valuation of properties as at 31 March 2025 on an annual basis. All assets were revalued during 2024/25.</p> <p>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.</p> <p>The total year end valuation of land and buildings was £9.909m, a net decrease of £0.461m from 2023/24 (£9.448m).</p>	<p>We have:</p> <ul style="list-style-type: none"> 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 <p>Our work in this area has been completed, and we have not identified any significant issues to bring to your attention.</p>	<p>● Green</p> <p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment																								
<p>Valuation of net pension asset</p> <p>£000m at 31 March 2025</p> <p>Please note that although the pensions nil per the balance sheet, this is because an asset ceiling has been applied in the IAS19 report.</p> <p>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.</p> <p>(continued)</p>	<p>The Authority’s total net pension asset at 31 March 2025 is £000m (PY £000m) comprising the West Sussex Pension Fund defined benefit pension scheme obligations.</p> <p>The Authority uses Hymans Robertson to provide actuarial valuations of the Authority’s assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was based on data at the 31 March 2022 and completed in 2023. Given the significant values of the net pension fund assets and liabilities, small changes in assumptions can result in significant valuation movements. There has been a £146k net actuarial loss during 2024/25. In the prior year, the was a gain £58k.</p>	<p>In considering the estimate we have:</p> <ul style="list-style-type: none"> Assessed the management’s expert Assessed the actuary’s approach taken, and deemed it to be reasonable Use of PwC as auditor’s expert to assess actuary and assumptions made by actuary – please see the table below: <table border="1" data-bbox="952 554 2015 1043"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.85%</td> <td>5.8% - 5.85%</td> <td>Reasonable</td> </tr> <tr> <td>Pension increase rate</td> <td>2.7%</td> <td>2.7% - 2.8%</td> <td>Reasonable</td> </tr> <tr> <td>Salary growth</td> <td>4.2%</td> <td>3.7%*</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>Current 21 Future 22.7</td> <td>Not given for Hymans**</td> <td>Reasonable</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>Current 24.8 Future 25.7</td> <td>Not given for Hymans**</td> <td>Reasonable</td> </tr> </tbody> </table> <p>*Per PWC the most likely range is CPI + 1%, however most employers will follow the latest triennial valuations. For South Downs this was 4.2%. Therefore, our view is that this is reasonable.</p> <p>**No range given, auditor has performed alternate procedures and deemed reasonable.</p> <p>(continued)</p>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.85%	5.8% - 5.85%	Reasonable	Pension increase rate	2.7%	2.7% - 2.8%	Reasonable	Salary growth	4.2%	3.7%*	Reasonable	Life expectancy – Males currently aged 45/65	Current 21 Future 22.7	Not given for Hymans**	Reasonable	Life expectancy – Females currently aged 45/65	Current 24.8 Future 25.7	Not given for Hymans**	Reasonable	<p>● Green</p> <p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious</p>
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.85%	5.8% - 5.85%	Reasonable																								
Pension increase rate	2.7%	2.7% - 2.8%	Reasonable																								
Salary growth	4.2%	3.7%*	Reasonable																								
Life expectancy – Males currently aged 45/65	Current 21 Future 22.7	Not given for Hymans**	Reasonable																								
Life expectancy – Females currently aged 45/65	Current 24.8 Future 25.7	Not given for Hymans**	Reasonable																								

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Valuation of net pension asset</p> <p>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.</p> <p>An asset ceiling has been applied in the IAS19 report and as part of our procedures we have reviewed the asset ceiling.</p>	<p>Please see previous slide for commentary</p>	<ul style="list-style-type: none"> Assessed the completeness and accuracy of the underlying information used to determine the estimate Reviewed the Impact of any changes to valuation method Considered the reasonableness of the Authority’s share of LGPS pension assets. Considered the reasonableness of 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. <p>Upon review of the West Sussex Pension Fund auditors' letter of assurance, we were made aware of an asset overstatement at the pension fund due to timing differences in the information used to prepare the pension fund accounts. The impact for SDNPA is not material. Please see page 53 for full details.</p> <p>Overall, we are satisfied that the net pension asset is fairly stated.</p>	<p>● Green</p> <p>We consider management’s process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Civica Financials	ITGC assessment (design effectiveness)	● Green	● Green	● Green	● Green	No other risks
i-Trent	ITGC assessment (design effectiveness)	● Green	● Green	● Green	● Green	No other risks

Assessment:

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

06 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Policy and Resources 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 and is included in the Full Council papers.
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.
Disclosures	Our review found no material omissions in the financial statements. We have identified disclosure amendments all of which management has agreed to correct, please refer to section 7.
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	We did not identify any significant difficulties during the audit.

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). 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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> • The use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>(continued)</p>

Other responsibilities

Issue

Commentary

Going concern

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:

- 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; and
- management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No material inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Authority does not exceed the ‘Minor Bodies’ threshold. Therefore, no work is required by the Authority or us as auditors.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2024/25 audit of South Downs National Park Authority in the audit report.</p>

07 Audit adjustments

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. Note that the below impact both the group financial statements and the single entity equally. Pages 42 and 43 below show the adjustments impacting the group statements only.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>Trial balance agreement to the accounts:</u></p> <p>When undertaking the initial trial balance agreement, we identified that management undertakes a manual adjustment at year end to remove interest receivable income from the cost of services corporate strategy income and show the amounts within financing and investment income. The correct adjustment would be to debit corporate strategy income and credit financing and investment income. However, management had incorrectly debited corporate strategy expenditure. The impact of this is that the corporate services income is overstated and the corporate services expenditure is overstated, with the net impact being nil.</p>	<p>DR Corporate Services Income £838k</p> <p>CR Corporate Services Expenditure £838k</p>	<p>£0k</p>	<p>£0k</p>	<p>£0k</p>

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>Review of the reserve's movements:</u></p> <p>It was identified that an entry related to REFCUS funding had been completely omitted from the accounts. The value of this was £397k and has a direct impact both useable and unusable reserves but a nil impact overall on the balance sheet.</p> <p>Note that this is a funding entry related to REFCUS spend and there is also a disclosure update made to the capital financing note 11, the capital adjustment account note 9, and the adjustments between accounting and funding basis note 6 because of this. These are recorded separately in the disclosure adjustments section.</p>	£0k	DR Capital Grants Unapplied £397k CR Capital Adjustment Account £397k	£0k	£0k
<p><u>Borrowings:</u></p> <p>We identified that short-term borrowings amounting to £35,000 was classified by the authority as revenue grants received in advance. This should be classified as a short-term borrowing in line with the CIPFA code. This is a classification change only and has a net nil impact on the balance sheet.</p>	£0k	DR Revenue Grants Received in Advance £35k CR Short Term Borrowings £35k	£0k	£0k

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<u>Grants received in advance testing:</u>	£0k	DR Grants Received in Advance £153k CR Short Term Creditors £153k	£0k	£0k
We identified one sample item that should have been classified as a short-term creditor. The sample in question related to a specific project being the Midhurst shoring up works.				
This item was tested in the prior year, the amount in question of £153k should have been classified as a creditor in line with the prior years AFR. However, this has incorrectly been classified as a GRIA.				
Note that this is a creditor because this represents an amount in which SDNPA are expected to pay back to the supporting authorities WSCC and CDC in relation to their contributions made to the Midhurst works.				

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>Debtors:</u></p> <p>When undertaking our work on this area management informed us that they had identified an error in the debtors note from an internal review.</p> <p>Management identified an error whereby a payment for £125k which was made in April 2025 had been accounted for as a payment in advance in 2024-25. This was therefore debited to debtors given that prepaid expenditure is an asset.</p> <p>However, this was an error, as the amount was paid post year end. Therefore, an adjustment is required to both debtors and creditors, this is to remove the debtor as it is not a payment in advance, and to remove the creditor as this is not a year end creditor given that the amount relates to 2025-26. We have reviewed the relevant invoice and agree with managements adjustment.</p>	£0k	DR Short Term Creditors £125k CR Debtors (Prepayments) £125k	£0k	£0k

Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>Revenue Grant Income:</u></p> <p>Our testing in this area identified three samples which contained elements of income which contained conditions that defined the grant had to be used for capital expenditure purposes. As a result, these were incorrectly classified as revenue grants</p> <p>Management performed a full review of the revenue grant population to identify all instances of this error. In total it was found that revenue grants contained £227k of capital grants in error.</p> <p>£74k of this error related to amounts which needed to be recognised in capital grants. The remaining £153k relates to spend on the Centurion Way and Egrets Way REFCUS projects, where management has overstated the income and expenditure related to these projects. Therefore, this is removed from both grant income and service expenditure with a net nil impact.</p>	<p>DR Revenue Grants £227k</p> <p>CR Capital Grants £74k</p> <p>CR Expenditure £153k</p>	<p>DR Capital Adjustment Account (CAA) £153k</p> <p>CR Capital Grants Unapplied £153k</p>	<p>£0k</p>	<p>£0k</p>
Overall impact	£0k	£0k	£0k	£0k

Audit adjustments (Group only Adjustments)

The below adjustments include those which only impact the group financial statements and do not have an impact on the single entity.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>Group Consolidation Adjustments</u></p> <p>Through our work on the movement in reserves notes, we have identified that the comprehensive income in expenditure in the group CIES of £1,710k is not consistent with the amount per the group mirs of £1,431k, representing a variance between the two statements of £279k. In line with group accounting these figures should be consistent. Upon querying this issue, management confirmed that this has been caused because the incorrect debtor and creditor figures were being used to calculate the intra company balances with the authority's subsidiary SDCOL. Management confirmed they will amend the issue.</p> <p>Note that the adjustments shown right are the simplified net adjustments to correct the group balance sheet and CIES. We have confirmed these adjustments to be correct through our work on the group consolidation adjustments.</p>	<p>DR Countryside and Policy Management Expense £464k</p> <p>CR Countryside and Policy Management Income £8k</p>	<p>DR Short Term Debtors £29k</p> <p>CR Short Term Creditors £206k</p>	<p>£456k increase</p>	<p>£177k decrease</p> <p>Note –The difference between the £456k and £177k as above which is £279k. This is because the £279k was already correctly accounted for in the reserves, but the primary statements were incorrect.</p>

Audit adjustments (Group only Adjustments)

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>Debtors:</u></p> <p>Management identified an error where an amount of £48k which was adjusted for in the single entity accounts before the accounts publication was not included in the group; statements. This caused a discrepancy between the group accounts and the single entity accounts which should have contained consistent figures.</p>	£0k	DR Debtors £48k CR Capital Grants Received in advance £48k	£0k	£0k
Overall impact	DR £456k	CR £177k	£456k increase	£177k decrease

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	Misclassification or change identified	Adjusted?
Central review of draft financial statements	<p>In our initial review of the draft financial statements, we identified the following disclosure errors:</p> <ul style="list-style-type: none"> 1 - Throughout the accounts a number of spelling, grammar and formatting issues were identified. 2 - Note 11, capital investment and capital financing, we identified that the prior years comparatives are incorrect and do not include late adjustments agreed in the prior years audit. In addition, the figure for revenue expenditure funded from capital under statute is missing from the note. 3 - In the financial instruments note 12 we identified that the financial assets table had incorrect prior year comparatives. 4 - In note 15 grant expenditure we identified an incorrect prior period comparative in the table titled 'capital grants and contributions with conditions attached' 5 - We identified several incorrect prior year comparatives in the pension note 20. 6 - We identified an incorrect prior year comparative relating to the group loan within the group accounts section. 	✓
Audit Manager and Engagement Lead review of the accounts	<p>As part of our standard procedures, we review the draft accounts and raise queries based on our wider knowledge of the sector. The following disclosure updates were agreed as part of this:</p> <ul style="list-style-type: none"> 1 - Estimation Uncertainty note 3: We noted that depreciation was included within this note but based on materiality this should not be included as it is not a material estimation uncertainty. Management have agreed to remove. 2 - Note 3 critical judgements We noted that this note includes both critical judgements and estimation uncertainty. We challenged management as to whether they should be separate notes. Management has agreed to separate the two out within the same note using clear headings. We deem this reasonable. 3 - Group accounts balance sheet, investment in subsidiary and long-term debtors to be removed as these are zero value. 	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Review of the Narrative Report	<p>Our review of the narrative report identified the following:</p> <p>1 - Page 7 of the narrative report refers to a National Park Authority meeting in July 2025. Given that this meeting will have taken place by the time the accounts are signed off, additional narrative could be added to reflect this and the meeting outcomes.</p> <p>2 - The narrative report and associated other information contains several hyperlinks throughout. These could be removed and replaced with text with no hyperlink capacity to avoid the reader being taken to potentially incorrect information not in line with the accounts.</p> <p>3 - We noted that in the narrative report page 6, the segment for strategic projects is named as strategic investment fund elsewhere in the accounts. Management have agreed to update so that strategic projects is correctly named throughout the accounts.</p> <p>4 - A misstatement has been noted in the narrative report page 6. It is stated that £731k underspend represents 5.68% of the revised service net budget of £12,646k. However, this should be 5.78%.</p> <p>5 - When reviewing the financial information in the narrative report, we noted that on page 5 it states that the national park grant allocation has reduced by 21% since the prior year. This is not mathematically correct and should state 8.2% reduction.</p>	✓
Review of the Annual Governance Statement	<p>Our review of the AGS identified the following errors:</p> <p>1 - Paragraph 5.1 refers to 2023-24 but should say 2024-25.</p> <p>2 - Paragraph 5.2 refers to 2024-25 but should say 2025-26.</p> <p>3 - Paragraph 3.51 states that the auditor 'Places reliance on the work of internal audit'. This should be amended as audit do not place reliance on internal audit work.</p> <p>4 - Paragraph 3.75 contains a typographical error and should state 'National Park'. The word 'Park' has been omitted.</p> <p>5 - Paragraph 5.2 contains a typographical error where the word 'Authority' was incorrectly spelled as 'Authoritto'.</p> <p>6 - Annex A contains a typographical error under the heading 'Suggestions for improvement'</p> <p>7 - The value stated for the national park capital grant from DEFRA should be updated to reflect £2m as reported in the July Authority capital budget paper. This was incorrectly disclosed as £1.974m.</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
<p>Critical Judgements note 3</p>	<p>Following our initial work on reviewing the group accounts management has agreed to add the following into the critical judgements note 3:</p> <p><i>The Authority had to make a critical judgement regarding the effects of Group Accounting. The decision for Group Accounting depends on the assessed materiality on the annual financial results of an entity controlled by the Authority. In this instance the Authority had a controlling interest in South Downs Commercial Operations Ltd. Despite only trading until 9 October 2025 (6 months of the financial year) it has been concluded that the annual turnover has a material impact for the readers of the accounts. In addition to this judgement not applying the Group Accounting policy would even where the amounts are not considered material would not provide the full picture of the activities of the Authority for the year. Further information can be found in the Group Accounts section of this document.</i></p>	✓
<p>Note 20 - Pension Assets</p>	<p>As part of our approach to reviewing the actuary's methodology, we have identified that the actuary has not included any allowance in their calculations for the Virgin Media Ltd v NTL Pension Trustees II Ltd. Although we agree that this is a reasonable approach, we have determined that best practice is for a disclosure to be included in the accounts for this area. Management have agreed to include additional narrative in their pension note regarding this.</p> <p>For context, the case affects defined benefits schemes that provided contracted out benefits before 2016. Changes to this scheme between 1996 and 2016 required an actuarial certificate in line with Section 37 of the Pension Scheme Act 1993 and that changes without this certificate could be considered void. The case was taken to the Court of Appeal in 2024 and the original ruling was upheld.</p> <p>In June 2025 the government said it would introduce legislation to give affected pension schemes the ability to retrospectively obtain the written actuarial confirmation that historic benefit changes met the necessary standards. This has not yet been passed.</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 20 - Pension Assets	On the table on page 43 titled 'Reconciliation of movements in the fair value of scheme assets and the defined benefit obligation', the prior period comparatives for fair value of scheme assets and present value of funded obligations have been misstated. These are showing as £3,592k and £15k respectively but should be £29,925k and £20,945k in line with the prior years audited accounts.	✓
Note 20 - Pension Assets	Per page 42 of the accounts, the amount showing as the prior year comparative for 'reversal of charges made to the surplus/deficit on the provision of services for post employment benefits is showing as £2,478k in error. Management have kept the 2022-23 comparative here in error, the correct figure is £1,126k.	✓
Note 10 – Property, Plant and Equipment	<p>Given that the right of use assets (ROUA) figures are not in the FAR (reported as a recommendation). We have agreed the amounts in note 10 back to the leases note 16 in the draft accounts. We have also noted that the figures for the right of use assets in note 10 are not consistent with the figures in the authority's leases note 16. The year end NBV is consistent between both notes, however the in-year movements have differences in additions and depreciation.</p> <p>We have raised this point with management who have confirmed that on review both the ROUA note, and the PPE note need to be updated. It appears that the PPE note has not pulled through the ROUA additions from the leases note of £42k.</p> <p>In addition, the depreciation charge has been incorrectly disclosed in note 16 as £46k which was in fact the accumulated depreciation, this was showing as in year depreciation in the ROUA note and the true in year depreciation was 16k. Management has therefore agreed to update both notes to ensure consistency. This has no impact on the overall totals for ROUA reported in the balance sheet. This is a disclosure error between the notes.</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 10 – Property, Plant and Equipment	<p>When undertaking a consistency check of the land and building revaluation movements in the PPE note 10 with other areas of the accounts, we identified a disclosure error in the note 10 revaluation movements. The following was noted:</p> <p>1 - Reversal of previous revaluation losses of £13k was showing as a negative figure when it should have been positive.</p> <p>2 - Revaluation losses (depreciation) was showing as £54k but should have been £28k.</p> <p>These were both because of a formula error which pulled through the incorrect figures. Note that this error has no impact on the overall revaluation losses which is net £15k so this is just a disclosure point only.</p>	✓
Financial Instruments note 12	<p>We noted that the Financial Liabilities table included £1,892k of S106 Revenue Receipts in Advance, that cannot be classed as financial instruments. As per module 7, paragraph A9 of the CIPFA code: "Amounts relating to such things as council tax, non-domestic rates, general rates, etc are outside the scope of the accounting provisions as they are statutory debts and do not arise from contracts." S106 funding arises from statutory obligations, and do not meet the definition of a financial instrument under IFRS 9, which requires a contractual basis for recognition. Therefore, this will need to be excluded from the financial instrument's disclosure.</p>	✓
Debtors note 13	<p>Management identified several misclassifications within the debtors note 13, totalling £1.123m debit entries and £1.250m credit entries. The changes are noted below. Note that these just represent misclassifications between the lines within the note and therefore is disclosure only. There is no impact on the primary financial statements. This has been caused by management error in compiling the note and the adjusted figures do agree to management working papers.</p> <p>HMRC debtors £201k (Was £662k)</p> <p>Local authorities £8k (Was £620k)</p> <p>Section 106 £47k (Was £98k)</p> <p>Central Government £614k (Was £48k)</p> <p>Other debtors £709k (Was £637k)</p> <p>Bad debt provision £0k Was £485k)</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Review of the reserves notes	<p>During the review of the reserve's movements, we asked management to fill in our reserves movements checker which determines whether all the entries relating to reserves throughout the accounts are consistent with each other, it was identified by management that there was an error in both the capital adjustment account in note 9 and the adjustments between accounting and funding basis in note 6.</p> <p>The error has occurred because an amount of £261k had been posted to the ledger as 'capital investment charged against the general fund'. However, this should have been posted as 'capital grants and contributions credited to the CIES that have been applied to capital financing'. When this adjustment is made, the amount showing in the capital adjustment account reconciles with the capital grants and contributions as per the CIES of £2,073k. This has no impact on the overall balance in the CAA and crucially does not impact the primary statements.</p> <p>This update has a similar impact on note 6, whereby the figure for 'Reversal of entries included in the CIES in relation to capital expenditure' is increased by £261k to £1,797k. It was identified that the £261k has been omitted from the original draft note 6 although it was included in the management working papers as 'Capital investment charged against the general fund balance' in error. This original omission has caused a casting error in the note which was picked up as part of our central review of the accounts.</p>	✓
Review of the reserves notes	<p>Within note 6 Adjustments between accounting and funding basis under regulation, we queried with management an amount for £1,799k described as non-current asset sale proceeds. Upon inspection it was identified that this item had been incorrectly described in the note, and it should have stated £1,804k relating to revenue expenditure funded from capital under statute REFCUS (credit balance) and a £5k debit balance relating to non-current asset proceeds.</p>	✓
Review of the reserves notes	<p>It was noted that the capital financing requirement note was missing the revenue expenditure funded from capital under statute REFCUS figure for both 2024-25 and the prior year. REFCUS for the year is £1,804k and so is a material disclosure omission. Management has updated the note 11 to include this.</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Review of the reserves notes	<p>When reviewing note 11 'Capital investment and capital financing' management has identified the following corrections to be made:</p> <p>1 - £42k of External contributions were incorrectly classified and should have been included under capital contributions.</p> <p>2 - £261k of capital grants and contributions (mentioned previously) should also have been included in the capital contributions, this was completely omitted from the note in the draft.</p> <p>3 - £397k of REFCUS related funding was omitted from the note and was omitted from note 6 and note 9 (mentioned previously in the adjusted misstatements section), these should be included under capital contributions.</p> <p>4 - £1,146k of REFCUS related grant funding was also omitted from the note and should have been included in capital contributions.</p> <p>The overall impact of this is that the capital contributions in note 11 goes from £623k originally to £2,470k. Management has made this correction, and we have confirmed the entries as accurate. The totals of (£261k + £1,146k + £397k = £1,804k) which is the REFCUS value, then the remaining 42k is a misclassification in the note. Note that the £397k is an adjustment which has been recorded separately in our AFR – Please refer to the adjusted misstatements section.</p>	✓
Review of the reserves notes	<p>As part of our review, it was identified that the capital financing note 11 was missing the opening balance adjustment line relating to the right of use assets ROUA. This is therefore £183k which should have been entered. This figure is then consistent with the updated leases and PPE notes which discloses this opening balance for ROUA.</p>	✓
Review of the reserves notes	<p>We noted that the MRP total in note 11 'Capital investment and capital financing' stated as £54k was not consistent with note 6 or note 9 where it was stated as £117k. Upon investigation this was because a £62k charge relating to IFRS16 lease liability was not pulled through to note 11. This has been updated in note 11. This is disclosure only.</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Review of the reserves notes	<p>When reviewing note 11 'Capital investment and capital financing' we noted that the opening balance should have been £2,026k and not £1,906k as stated. Management noted that there was an error in the prior years accounts as £120k borrowing was included, which served to reduce the capital financing requirement, however, this shouldn't have been included as we agree that SDNPA does not have any of their capital spend financed by borrowings.</p> <p>In the original draft management corrected the prior year figures. However, as this is not material management should correct the error in year through an opening balance adjustment line. This brings the opening balance back down to the correct amount of £1,906k in line with the prior years audited closing balance. Note that as this is a prior year error it is reasonable to correct in year in line with proper accounting treatment.</p>	✓
Review of the reserves notes	<p>Within note 11 'Capital investment and capital financing', the movement in capital financing requirement does not come back to the £105k movement. This was missing detail on the repayment of the SDNPA loan of £30k and the right of use asset movements of £34k. This is now included in the amended note. This is a disclosure amendment only.</p>	✓
Review of the reserves notes	<p>When reviewing note 11 'Capital investment and capital financing', we identified that prior year's comparatives were not in line with the prior years audited accounts. This is because management corrected a £120k prior year error relating to the incorrect inclusion of borrowings in the financing part of the note. This has now been corrected in year in line with proper accounting which states that where an error is not material, they should be corrected in year. Following this. the comparatives now are in agreement with the prior years audited accounts.</p> <p>We also noted that £66k was included in reserves financing in the note but this should have been under revenue contributions in line with the prior year note. This has also been corrected.</p>	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Review of the reserves notes (Group)	<p>We identified that the group MIRS statement shows a total group opening reserves balance of £21,910k which is not consistent with the balance sheet which states £21,522k. The balance sheet is correct and therefore management has agreed to update the MIRS.</p> <p>Also noted that the MIRS states the total comprehensive income and expenditure as £1,043k but should be £1,431k. This also will be updated.</p>	✓
Review of the reserves notes (Group)	<p>In line with paragraph 3.4.2.56 of the CIPFA code, where an authority prepares group accounts, they are required to ensure that the group general fund balance is consistent with the single entity general fund. This is because the general fund is a statutory account and cannot be two separate numbers. To do this the authority must include a line titled 'adjustments between group accounts and authority accounts' which represents the balancing figure between the group and single entity and is essentially the subsidiary net profit or loss. Once this is removed, the two general funds will be consistent. This adjustment was missing from the group mirs causing an £82k inconsistency. £36k of this amount related to the prior period where the same error was made, as this is not material this has been corrected in year in line with proper accounting practices.</p> <p>Paragraph 3.4.2.58 of the code also mandates that the authority include lines in the mirs titled 'authority share of subsidiary reserves' and 'minority interests'. In the case of SDNPA minority interest is zero because SDCOL is a 100% fully owned subsidiary. Both issues above are disclosure updates and only impact the MIRS statement.</p>	✓
Group Accounts	<p>We identified that on page 49 of the draft within the group accounts, an amount is stated as £214k being the prior period net assets of the group. However, this should be £422k per the prior year's financial statements for South Downs Commercial Operations Limited (SDCOL) on companies House. Management has agreed to update this.</p>	✓

Unadjusted Errors

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The 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
<p><u>Pension Assets:</u></p> <p>Per correspondence from the auditor of West Sussex Pension Fund, they confirmed that an exception was noted in their procedures with regards to the pension fund assets. This issue was due to a timing difference between the completion of the financial statements and the availability of the latest asset valuations at the time of accounts closedown. As a result of the latest information not being available until after the reporting date, it was identified that as at the 31st March 2025 the assets were overstated. For South Downs, the overstatement was calculated as £81,718 which is below our performance materiality. As a result, no adjustment is deemed necessary.</p> <p>A reduction in the asset would serve to increase the liability. In reality this would have no impact on the accounts due to the impact of the asset ceiling. However, we record the actual value here for completeness.</p>	<p>DR IAS19 Remeasurements (OCI)* £82k</p> <p><i>*Other Comprehensive Income</i></p>	<p>CR Pension Asset £82k DR Pension Reserve £82k</p>	<p>£82k decrease to IAS19 gains in OCI</p>	<p>£0k</p>

Unadjusted Errors

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Impact on general fund
	£'000	£'000	£'000	£'000
<u>PPE Land and Building Valuations:</u>	CR Revaluation Gains (OCI)* £164k	DR Land and Buildings £164k	£0k	£0k
<p>Management has made us aware of an error on two of the revalued assets. This relates to assets AR00020 Friston main car park and AR00021 Seven Sisters South car park. The valuer from Savills contacted the authority on 8 September 2025 to confirm that the two assets have been incorrectly recorded in the valuers report as £1,185k and £805k respectively. However, the values should have been £1,069k and £726k. This means that in total the assets have been overstated by £195k.</p> <p>During testing, a further error was identified on these assets relating to the incorrect car park income used in the valuations. This caused an understatement of the assets of £359k which creates a net understatement on the assets of £164k i.e. (£195k less £359k = £164k understated .</p> <p>Management have elected to not adjust for this error on the basis of it not being material.</p>	*Other Comprehensive Income	CR Revaluation Reserve £164k		

Unadjusted Errors

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>PPE Land and Building Valuations:</u></p> <p>We have identified two assets which are valued on a depreciated replacement cost (DRC) basis, this is for asset AR0006A Visitors centre and AR0018A Exceat New Barn. When testing the obsolescence rates used by the valuer compared to government obsolescence data, we identified minor differences in the rates used. Overall, the valuer used a lesser obsolescence rate which could cause a £36k overstatement in the two assets identified.</p> <p>We identified one land asset AR00019 Seven Sisters country park agricultural land. When testing the land area, we identified a minor discrepancy in the area when compared to our internal recalculations. This could cause a £4k understatement in the asset value.</p> <p>In combination these issues could cause an immaterial £31k overstatement in asset value.</p>	<p>DR Revaluation Gains (OCI)* £32k</p> <p><i>*Other Comprehensive Income</i></p>	<p>DR Revaluation Reserve £32k</p> <p>CR Land and Buildings £32k</p>	<p>£0k</p>	<p>£0k</p>

Unadjusted Errors

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Impact on general fund
	£'000	£'000	£'000	£'000
<u>Income Cut Off Testing:</u>	CR Car Parking Income £35k	DR Short Term Debtors £35k	£35k decrease	£35k increase
<p>We identified one error whereby SDNPA did not accrue for car park income that related to both the 24/25 and 25/26. When challenged, management confirmed that no accrual was posted as they could not accurately determine how much related to March 2025, and as such would not be accurate. Regardless of this, the auditor determined that by a weighted average approach, the error was approximately £8k. This was extrapolated across the population whereby the total estimated error was determined to be £35k.</p> <p>This is therefore an understatement of both income and debtors. We have raised a separate control deficiency for this, please refer to page 64.</p>				
<u>Operating Expenditure Testing:</u>	DR Expenditure £81k	CR Short Term Creditors £81k	£81k increase	£81k decrease
<p>During our testing we identified five samples which related to accrual estimates at year end. On review we found that the difference between the estimates and the actuals paid post year end was £81k understatement of expenditure and year end accruals. We have recorded a misstatement but in our view is that management have made reasonable estimates. Note this error is projected.</p>				

Unadjusted Errors

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<p><u>Review of the PPE note:</u></p> <p>We identified that management are not depreciating in year additions in line with the code. Our recalculation shows that the potential missing depreciation charge in year is £29k on the assumption that all additions are made halfway through the year. Management has agreed this calculation as reasonable, and we have raised a control point on this. Please refer to page 62.</p>	DR Depreciation Expense £29k	CR PPE Accumulated Depreciation £29k	£35k increase	No impact as depreciation is reversed out through the Capital Adjustment Account (CAA)
<p><u>Debtors:</u></p> <p>We identified a miscoding of £48k in our sample testing. This amount represents a brought forward balance from 23/24, which related to unspent grant. This amount should have been coded to the new account for FiPL (Farming in Protected Landscapes) to offset the credit balance of grant amount not spent. Management have confirmed that they will correct this error in 25/26, but that it will remain unadjusted in 24/25 since it is not material.</p>	DR Capital Grants £48k	CR Debtors £48k	£48k increase	£48k decrease
Overall impact of current year unadjusted misstatements	Net Debit on CIES £73k	CR £73k	£73k increase	£50k increase to revaluation reserve and pension reserve £123k decrease to general fund

Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24, and the resulting impact upon the 2024/25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 financial statements. The Committee is required to approve management's proposed treatment of all items recorded within the table below.

In summary, four unadjusted errors were reported in the prior year, and three of these do not impact 2024-25. A summary of these is below:

1 – An error was noted following receipt of the pension fund assurance letter that assets had been overstated due to timing differences in the information received. The overstatement was £106k. This has no impact on 2024-25 as the pension asset is reevaluated by actuaries every year. A similar error has been reported in 2024-25.

2 – We noted understatements in land and buildings of £32k relating to obsolescence rates and differences noted on land values. This again has no impact on 2024-25 given that the authority revalue all land and building assets every year. Any errors relating to this area have been reported above for 2024-25.

3 – An error was noted on our grants received in advance testing, where there has been an overstatement due to a credit note received post year end. We confirmed that management corrected this in year so the closing balance of GRIA is now accurate.

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
Error 4 – Creditors: We identified under accruals in prior years creditors which impacts the current years financials.	CR Expenditure £25k*	DR Creditors £25k	£25k decrease	£25k increase	Not material
	*To remove impact of 2023-24 expenditure				
Errors 1 – 3 : as detailed above and in prior year AFR.	£0k	£0k	£0k	£0k	
Overall impact of prior year unadjusted misstatements	CR £25k	DR £25k	£25k decrease	£25k increase	
Cumulative impact of prior year and current year unadjusted misstatements on 2024-25	DR £48k	CR £48k	£48k increase	£98k decrease	

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>● Medium</p>	<p><u>Land and Building valuations:</u> When undertaking our sample selection, we identified two assets AR002A Exceat saltmarsh farmhouse and AR004A Granary Barn which were included on the FAR at a nil value. The nil value is correct as the assets were disposed of in the prior year. However, when reviewing the valuers report we identified that these assets were included despite not being owned by the authority. This created a discrepancy between the valuer's report and the accounts.</p>	<p>Whilst this is not an error in the accounts, we note that internal audit in their report titled 'Asset management' raised that the Brighton based finance team maintain their own asset register separate to the authority and there is no reconciliation between these two records to ensure additions and disposals are all captured. We therefore recommend that management seek to implement internal audits recommendation which will likely help prevent future discrepancies in the fixed asset records.</p> <p>Management response The action is progressing; however, it has not been fully implemented. Due to capacity and vacancies within the team.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment	Issue and risk	Recommendations
<p style="text-align: center;">● Medium</p>	<p><u>Review of the movements in reserves notes:</u></p> <p>In our work we have identified a significant number of errors in the MIRS and supporting notes. These range from a missing funding entry for revenue expenditure funded from capital under statute (REFCUS) for £397k which has required an adjustment to the accounts to correct, as well as numerous missing values or incorrect values in the relevant notes, incorrect prior year comparatives or missing comparatives, as well as incorrect opening balances used in the MIRS statement. The majority are disclosure in nature, and the only error which impacts the primary statements is the REFCUS entry as stated above as there is an impact on reserves.</p> <p>We also have identified errors in the group financial statements. Our MIRS checker identified that the total comprehensive income and expenditure between the group CIES and group MIRS were not consistent. Upon investigation, management has confirmed that this is the result of errors when removing the inter company balances between the authority and the subsidiary SDCOL. This error has also been made in the prior year though not material in value.</p>	<p>It should be noted that it was management who has identified many of the errors. However, we recommend a thorough review of these notes before the draft accounts are published in future periods. The quantum of errors has caused a significant increase in audit time to close this area of work which has not been budgeted for in our audit plan.</p> <p>Management response</p> <p>Noted action will be implemented for the financial year ending 31 March 2026.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p><u>Trial Balance to accounts reconciliation:</u></p> <p>When undertaking the TB to accounts agreement we identified that management had posted the pension asset ceiling journal for £13,899k to the 2025-26 ledger rather than the 2024-25 ledger.</p> <p>Although there was no impact on the 2024-25 accounts due to the accounts being manually adjusted for the asset ceiling value, we have reported this as a finding given the material nature of the misposting and the risk of material misstatement.</p>	<p>We recognise that this error had no impact on the draft financial statements and was quickly picked up by management. However, given the material amount involved, we recommend management implement a secondary check of material year end postings to avoid the same or similar errors occurring.</p> <p>Management response</p> <p>The error had been picked up and corrected in a secondary review of the statements by the management team.</p>
<p>● Low</p>	<p><u>Review of the Fixed Asset Register:</u></p> <p>When comparing the FAR to the PPE note 10, we noted that the Authority has not included the right of use assets in the fixed asset register (FAR). ROUA are new in 2024-25 under IFRS16. This standard allows for clearer financial reporting by recognising the control an entity has over its leased assets, where previously assets would be classified as operating leases and not shown on the balance sheet.</p> <p>Our view is that these assets should also be included in the Authority's fixed asset register given that they make up part of the PPE note 10.</p>	<p>We recommend that going forward management should ensure that the right of use assets are included within their fixed asset register.</p> <p>Management response</p> <p>Noted action will be implemented for the financial year ending 31 March 2026.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p><u>PPE Note Review:</u></p> <p>We have performed a review of the fixed asset register (FAR) and noted that the Authority does not depreciate additions in the year of purchase but will apply a charge in the first full year of owning any given asset.</p> <p>We have challenged management on this treatment in that it is not compliant with the CIPFA code or IAS16 which both suggest that depreciation should be applied on an asset from the time in which it comes into use.</p>	<p>We are satisfied that managements treatment does not cause a material misstatement in the accounts. However, continuing this treatment will cause understatements in the depreciation charged to the CIES. We recommend that management depreciate all additions going forward from when the assets come into use. Management should also ensure their accounting policy is updated to reflect this change.</p> <p>Management response</p> <p>Noted action will be implemented for the financial year ending 31 March 2026.</p>
<p>● Low</p>	<p><u>Review of Nil NBV assets:</u></p> <p>Management have performed a review in 2024-25 and have confirmed that all assets held at nil NBV are still in operational use. In total there are 18 assets with a total value of £460,328 gross value on the FAR. Given that this value is close to our audit materiality of £480k, there is potential for the total fully depreciated assets going above materiality in future years. If these assets continue to remain in use, management will need to consider whether these assets are being depreciated too quickly and if the UEL policy needs to be updated.</p>	<p>We recommend that management review their accounting policy on VPE assets to ensure their policy accurately reflects the economic life of their assets.</p> <p>Management response</p> <p>A review of the Accounting Policy will be undertaken and updates considered.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p>Additions and Disposal Policy:</p> <p>As identified from our review of internal audit reports, in this case 'Asset Management'. We understand that there is no documented Additions and Disposals Policy. It was, however, noted that the Facilities and Property Manager (SDNPA) plans to create an Asset Strategy and that this will include an Additions and Disposal Policy. At present the approval of disposals depends on the asset, for example the Lead Ranger would manage the disposal of tools in their area, however, this authority is not documented. It would, therefore, be considered prudent to develop an Additions and Disposals Policy which should include who has the authority to approve disposals, any limitations to their authority, and how the disposal should be documented.</p> <p>A lack of documentation regarding disposal practices has the following risks:</p> <ul style="list-style-type: none"> • reduces transparency and consistency in the disposal of Authority assets; • could lead to a lack of clarity regarding who has the authority to dispose of assets, resulting in unauthorised disposals. <p>The Facilities and Property Manager (SDNPA) will obtain the B&HCC Additions and Disposal Policy. If suitable, the Policy will then be adapted for use by SDNPA.</p>	<p>No issues were identified as part of our audit procedures in 2024-25. However, we recommend that management seek to review this recommendation and ensure there is a proper approved policy in place for asset disposals.</p> <p>Management response</p> <p>Noted action will be implemented for the financial year ending 31 March 2026.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p><u>Starters, Leavers and Changes in Circumstances testing:</u> During our testing of starters, leavers and change in circumstances it was identified that the starters forms/contracts were not signed by the employees to which they related. When this was discussed with management, they stated that they did not hold digital records of signed contracts due to the employees having difficulties electronically signing the documents.</p>	<p>We recommend that signed forms relating to all starters are available for audit. There is a danger that if forms are not signed, then they may not be legally binding for the authority.</p> <p>Management response Noted action will be implemented for the financial year ending 31 March 2026.</p>
<p>● Low</p>	<p><u>Year end income cut off testing:</u> As part of our work on testing income cut off from the bank, we identified for one sample item which related to car parking income, management did not accrue for car park income received from Ringo. For context, the income received from Ringo did not indicate what period the income relates to. In this case the income related to a period between March and April 2025. Though not material, our view is that management should seek to make an estimate for the amount of income which relates to 2024-25. For context, managements accrual deminimus is £1k and in this case by not making an accrual this is likely to not be in line with this policy. We identified a similar issue on our group income testing relating to car park income for one sample item.</p>	<p>We recommend management should seek to understand from the parking providers when income relates to or they should make informed estimates so that income is recognised in the correct year.</p> <p>Management response Noted action will be implemented for the financial year ending 31 March 2026.</p>

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

Assessment Issue and risk

● **Low** Listings for transaction testing provided to audit:
 Over the course of the audit, we have had to reselect various samples due to the listings which we were provided containing line items which were contra entries and therefore netted to zero, or in other cases were in relation to prior years amounts which had been accrued for and reversed in year.
 We expect a certain amount of resampling to occur, however in 2024-25 we found that there was a significant volume of resamples which has increased the audit time taken to complete the work.

● **Low** Revenue funded from Capital Under Statute (REFCUS) Testing:
 We identified one sample which related to payroll expenditure charged against the 'Farming in protected landscapes' project. Management were unable to provide additional information such as supporting sign off sheets from project managers, supporting records of what the individuals worked on or anything else in support. Management were able to obtain email confirmation from the project manager in response to our request, but no other information was available.

Recommendations

To avoid this in the future, we recommend that management ensures the initial listings provided to audit clearly indicate contra entries which can be manually removed from the listings. Our audit tools will only identify equal and opposite contras and so managements assistance will be required to identify these.
 If possible, management should also clearly show where larger entries form part of an in year actual payment against a prior year accrual. This would allow audit to more clearly focus the testing on actual in year transactions.
 We appreciate this cannot be done for 100% of the listing but management should attempt to do this for the larger items in all listings.

Management response

Noted action will be implemented for the financial year ending 31 March 2026.

We recommend that management implement better record keeping in relation to capitalised payroll costs. Records of what the individuals worked on, and relevant sign off by project managers should be made clear so that the costs can be appropriately supported as capital/ refcus in nature.

Management response

Noted action will be implemented for the financial year ending 31 March 2026.

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority’s 2023/24 financial statements, which resulted in nine recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented seven of the nine recommendations raised in the prior year. The remaining two will be followed up on again during the 2025-26 audit.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>South Downs Commercial Operations Ltd (SDCOL) (Medium Risk):</u></p> <p>Through discussions with management, we have identified that the subsidiary 'South Downs Commercial Operations Ltd' has not received an audit either in the prior year or for the 2024-25 financial year. Management initially stated that SDCOL did not require an audit as they are below the audit threshold.</p> <p>However, the Companies Act provision in section 479 highlights that a small company audit exemption cannot be taken by a company when the company is part of a group who are above the small company threshold.</p> <p>We deem this to be a medium risk given that Grant Thornton have stepped in to audit the SDCOL material balances. However, by not having an audit the Authority are failing to comply fully with the Companies Act.</p>	<p>We previously recommended that an auditor be found ahead of the 2024-25 year, however this was not possible following a nil response to managements tender exercise. This has meant that Grant Thornton has picked up the audit of the material subsidiary balances as part of our audit.</p> <p>We recognise that the decision has been taken to bring the services delivered by SDCOL back in house and the company was made dormant from October 2024. As a result, it is highly unlikely that SDNPA will need to produce group accounts in 2025-26 and beyond.</p> <p>We therefore consider this issue to be closed on the basis that group consolidation will not be required going forwards.</p>

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Fully Depreciated Assets (Medium Risk):</p> <p>A review of the Authority fixed asset register (FAR) has identified a material value of assets at cost which have been fully depreciated and therefore have a nil net book value. The value of fully depreciated assets is £405k at cost/ gross book value. This consists of 19 assets with a value of £384k relating to vehicles and £21k relating to equipment. Management has confirmed that there is no formal review of these assets to ensure they are still in operational use.</p> <p>Although there is a net nil impact on the balance sheet, there is a risk that the Property, Plant and Equipment (PPE) note shows values for gross value and accumulated depreciation which are materially misstated. This is misleading to the readers of the accounts.</p>	<p>We previously recommended that management introduce a more robust process to identify the fully depreciated assets which are no longer in operational use. These should be removed from the FAR. Evidence should be maintained that such a review has taken place.</p> <p>Our work in this area in 2024-25 has identified that management have now reviewed all such assets and confirmed that all remain in operational use. We therefore consider this recommendation to be closed.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p><u>Property, Plant and Equipment (Medium Risk):</u></p> <p>In our test of source data used in the land and building valuations, where the valuer used GIA through their own measurement of the assets, the valuer had not provided us with the floor plans/drawings that could evidence this. We were only provided with a spreadsheet with the dimensions of each asset.</p>	<p>We previously recommended that the Authority ensures that all valuers are able to support all floor areas with appropriate backing information. This should be written into the terms of engagement with the valuers.</p> <p>Our testing in 2024-25 found that the same issue has arisen and we were still not provided with the appropriate backing floor plans. We therefore consider this area still open.</p> <p>Management Response:</p> <p>Noted action will be implemented for the financial year ending 31 March 2026.</p>
✓	<p><u>Post Year End Cut Off (Low Risk):</u></p> <p>Our testing of post year end expenditure has identified two instances where an expenditure amount has not been appropriately recorded in the correct financial year. These have resulted in trivial misstatements in the accruals and expenditure balances. Despite the overall impact of the errors being trivial in value, there is potential for similar errors to be made in future periods which result in higher value misstatements.</p>	<p>We previously recommended that greater review of year end accruals is put in place as well as appropriate training around year end to avoid similar errors occurring.</p> <p>Our testing in 2024-25 did not identify any issues in relation to expenditure cut off. We therefore consider this area to be closed.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Capital Commitments (Low Risk):</u></p> <p>Our review of the Authority's capital commitments identified one commitment with a value of £49,540 which could not be supported with a signed contract. The amount is in relation to 'Agricultural Machine Hire Ltd' for unblocking and rebuilding services. If a contract is not in place, then there is a risk the work performed will be inadequate and not delivered to required specifications.</p>	<p>We previously recommended that management ensure that all future commitments of a capital nature are supported with appropriate signed contract documentation going forwards.</p> <p>Our testing in 2024-25 did not identify any issues in relation to capital commitments. We therefore consider this area to be closed.</p>
✓	<p><u>Group Considerations (Low Risk):</u></p> <p>When reviewing the group entities at the Authority, we noted that management did not produce a group considerations working paper. Following discussion with management a working paper was produced and reviewed by the audit team. No issues were noted with the Authority's group determination. However, if this is not considered each year and the considerations documented, there is a risk that an inappropriate group determination could be made, potentially causing material misstatement to the financial statements.</p>	<p>We previously recommended that management review their group structure each year and ensure their considerations are documented and updated for each financial period.</p> <p>In 2024-25 management provided us with their group consideration briefing paper in advance of the draft accounts publication. We note that management should continue to produce this document going forward to provide clarity over the situation with SDCOL for which the services have now been brought back in house. We consider this area to be closed.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<p>✓</p>	<p><u>Grants Received in Advance (GRIA) (Low Risk):</u></p> <p>As part of our GRIA testing, we identified trivial variances between the samples and the figures obtained via our calculations for the opening balances, received in year amounts and utilised in year amounts.</p> <p>These variances were identified in two samples. Although the closing balance was found to be accurate on both samples, management confirmed that the variances were due to their own working paper not including line items where the closing balance was nil.</p> <p>Overall, we are satisfied that there is no error within these samples and the variances identified are as a result of issues with managements working paper. However, this highlights that there is a risk of managements workings not showing accurate in year movements within the GRIA. This issue has also been partially caused by the fact that the draft statements did not show any GRIA as it had been incorrectly classified as part of creditors. Therefore, a working paper had not previously been prepared for audit.</p>	<p>We previously recommended that management maintains accurate records for their year end balances of grants received in advance. This should show the opening balance, in year spend and receipts, and the closing balance. Managements working paper should also include all items which had an opening balance but a nil closing balance at year end. This information should be made available for audit.</p> <p>Our testing in 2024-25 did not identify any issues in relation to this area. Management maintained workings for their grants received in advance which were available to audit. We note that management should continue to do this going forward given that grants received in advance is a key financial statement balance of a material nature. Overall, we consider this area closed.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p><u>Community Infrastructure Levy (CIL) (Low Risk):</u></p> <p>Our planning work has identified that the monthly CIL reconciliation control is not implemented as designed. Instead, management at the Authority have completed reconciliations as necessary but not monthly. The Authority do ensure that an annual reconciliation is performed. By not performing a monthly reconciliation, there is a risk that errors can go undetected and unresolved for long periods of time, potentially causing misstatements in the CIL balance.</p>	<p>We previously recommended that management ensures that monthly reconciliations are completed.</p> <p>We have not identified any issues in this regard during our 2024-25 planning procedures. We therefore consider this area to be closed.</p>
X	<p><u>Policy Documentation (Low Risk):</u></p> <p>Through our inquiries of management, we identified that the Authority has policies in place for anti fraud and corruption (June 2016) and officer codes of conduct (October 2019). Management has confirmed that these are the most recent versions of these policy documents.</p>	<p>Although no issues were noted with these policies, we recommended that management ensures a regular review of these policies to ensure they are up to date, in particular with fraud and corruption which is an everchanging area with new types of fraud being perpetrated on an annual basis and new developments in technology.</p> <p>In 2024-25 we identified that these policies were still to be updated. Therefore, this recommendation is still open.</p> <p>Management Response:</p> <p>The Policy & Resources Committee held on 20 November 2025 approved an Anti-Fraud and Corruption Policy for SDNPA.</p>

08 Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor’s Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR accompanies this audit findings report

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have not identified any significant weaknesses in arrangements. Please refer to the auditor's annual report for the full details of our findings.

09 Independence considerations

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, there are no independence matters to be reported 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. 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.

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

Matter	Conclusions
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 or with respect to investments held.
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	There are no none audit services therefore there are no contingent fee arrangements in place.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority, senior management or staff.

Fees and non-audit services

The following table below sets out the total fees for audit services that we have been engaged to provide. No non audit services are provided, therefore the only fee relates to the audit scale fee. Note that in the prior year, the fee also included separate amounts for both ISA 315 and additional fees relating to the IFRIC14 pensions work. We can confirm that for 2024-25 these fees are now incorporated into the audit scale fee.

We are not proposing to charge any additional fees for the 2024-25 audit.

We have confirmed that the fee as stated below of £59,689 reconciles back to the Authority accounts audit fees note 22.

Audit fees	Final fee
South Downs National Park Authority (Scale Fee)	£59,689
Total	£59,689

Appendices

A. Communication of audit matters with 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 matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
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		●

A. Communication of audit matters with those charged with governance

Our communication plan

	Audit Plan	Audit Findings
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, as a minimum a requirement exists for our findings to be distributed to all the company directors and 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 those charged with governance.

B. Our team and communications

Grant Thornton core team

Pete Barber

Engagement Lead

- Key contact for senior management and the Policy and Resources Committee
- Overall quality assurance

Oscar Edwards

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Eyad Freites

In-charge Accountant

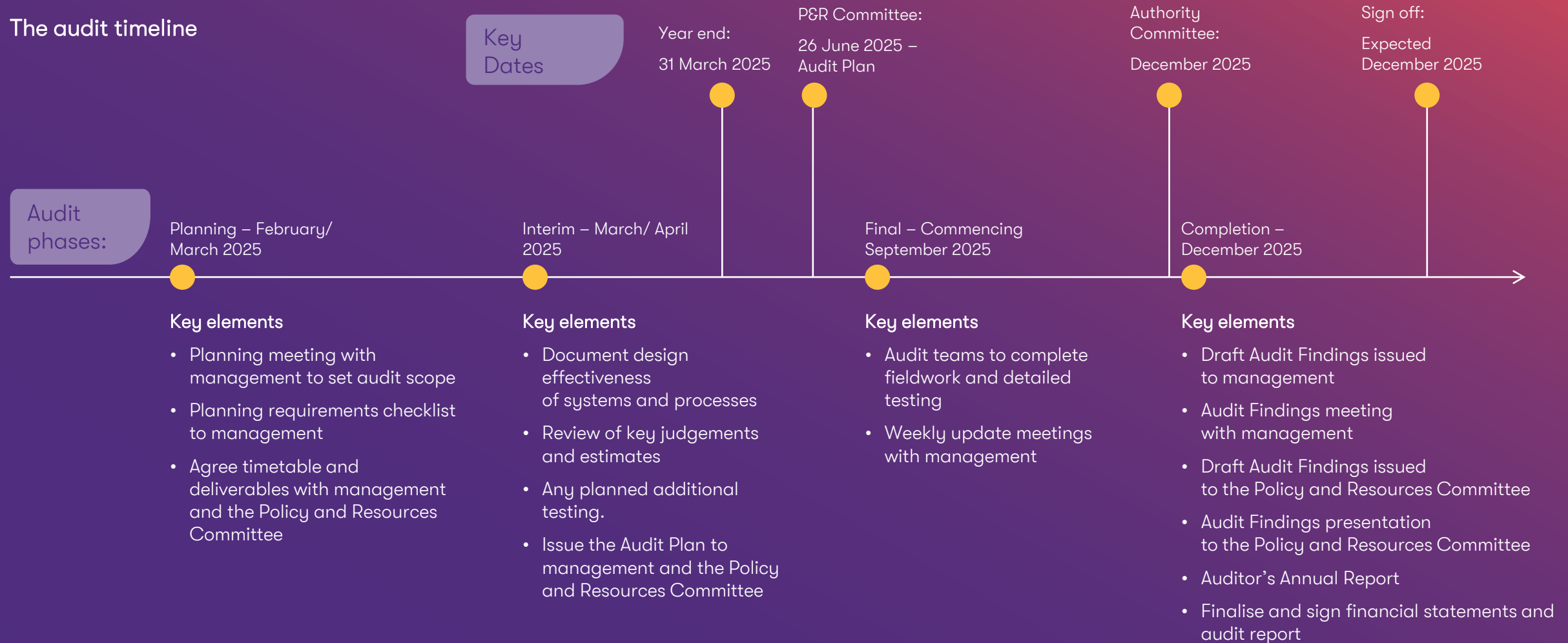
- Audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings Report • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

C. Logistics

The audit timeline



D. Management letter of representation – included as separate agenda item.

E. Audit opinion – included as separate agenda item.



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