Agenda Item 14

Report PR22/23-24

Report to	**Policy & Resources Committee**
Date	**24 November 2022**
By	**Grant Thornton, External Auditor**
Title of Report	**External Audit Findings and Opinion**
Note	

Recommendation:	**The Committee 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 2022 at Appendix 1.**

1. External Audit – Audit Results Report

1.1 The National Audit Office's Code of Audit Practice (the Code) requires us to report to those charged with governance, which at the SDNPA is the Policy & Resources Committee, 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 2022 which is substantially complete at the date of drafting this report. There remain a small number of areas of ongoing audit work which we have highlighted in section 1 of our report.

1.2 Based on the work to date, our anticipated audit opinion on the financial statement will be unmodified. Subject to the clearance of the above mentioned outstanding work we aim to issue our signed audit opinion by the statutory publishing deadline of 30 November 2022.

1.3 It should be noted that the National Audit Office have revised the deadline for the completion of Value for Money work, so that this work is separate from the audit of the financial statements. This needs to be completed within 3 months of the completion of the financial statements audit. We plan to issue our Auditor's Annual Report by 30 January 2023.

GRANT THORNTON

External Auditor

South Downs National Park Authority

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Appendices	1. External Audit Progress Report and Sector Update

The Audit Findings for South Downs National Park Authority

Year ended 31 March 2022

South Downs National Park Authority

24 November 2022

Contents

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

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, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

Name : Darren Wells
For Grant Thornton UK LLP
Date : 24 November 2022

1. Headlines

This table 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 Authority's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion: • the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.	Our audit work was completed via a combination of on site and remote working during July-November. Our findings are summarised on pages 5 to 17. We have not identified any adjustments to the financial statements which would result in adjustment to the Authority's Comprehensive Income and Expenditure Statement. This reflects that the accuracy and completeness of the draft statement of accounts presented for audit were of a high quality. Audit adjustments are detailed in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix A. Our audit was started as planned on the 7 July, working papers were provided as requested and our samples were picked and shared with the Authority finance team principally in late July (40%) and early August (53%). A large proportion of the audit is dependent on audit sample testing and audit conclusions can only be safely drawn once all requested samples have been received, processed and evaluated. Typically, we agree with audited bodies a target response time of up to 5 days. The average response time this year for the audit was 26 days with a range across the total requested samples of 3 to 55 days. We note there are a number of factors contributing to this position, including: the capacity of the finance team to respond alongside other work commitments; a finance team staff resignation part way through the audit; August as a month when staff are taking leave; the experience of the audit team and their lack of knowledge of SDNPA which would have increased the demands on the finance team; and that the samples are larger than prior years, which is largely due to many figures in the accounts getting larger and therefore attracting larger samples in our non-statistical sampling approach. The increase in sample size and associated impact on returns and responses to audit queries has delayed completion of the audit. We will, as is customary, have a debrief with the finance team at the end of the audit to discuss and agree what both teams can do to improve sample processing efficacy and manage increased sample sizes given the capacity available to both teams. Part of the debrief will be a discussion with the Chief Finance Officer on a proposed audit fee variance for additional audit team resource needed to complete the audit that were outside of the audit team's control. A fee variance once discussed will be communicated to SDNPA and submitted to PSAA Ltd for evaluation. Our work is substantially complete and there are no matters of which we are aware from the work to date that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the following outstanding matters: • Closing a small number of audit queries outstanding; • From our management review of sampling work undertaken, we identified an additional sample of 5 s106 income items needed to be tested and that work is being completed; • Receipt of a third party investment confirmation from Santander to complete our investments work; • Senior Manager and Engagement Lead review of the completed audit sections which could potentially raise further queries for the Authority to respond to; • receipt of management representation letter; and • review of the final amended set of financial statements. We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited. We expect to clear all the above outstanding matters above by the statutory publishing deadline of 30 November 2022. We note from last year's meeting that the Committee was not comfortable approving the accounts whilst some audit work remained outstanding as reported in the Audit Findings Report. Due to the tight deadlines and capacity restrictions for all teams involved, it is common for the Audit Findings Report to highlight that some audit work remains outstanding. In our experience it is standard practice for Committees to delegate authority to the Section 151 officer to sign the statements subject to there being no material changes to the statements approved by those charged with governance at this meeting. If any material changes or issues arise from the remaining audit procedures to be completed, further approval from those charged with governance would be needed. This approach should allow the accounts being signed off by the statutory target date. Our anticipated audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now 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 not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix E to this report. We expect to issue our Auditor's Annual Report by 30th January 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our work to date has concluded that there are no risks of significant weakness in the Authority's arrangements.

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 expect to certify the completion of the audit upon the completion of our work on the Authority's VFM arrangements, which will be reported in our Annual Audi tor's report in January 2023 in accordance with the National Audit Office's revised deadline.

Significant Matters

As noted above, there have been significant delays in obtaining support for our audit samples to complete our sample testing, and in receiving responses to other audit queries. This has delayed completion of the audit significantly.

2. Financial Statements

Overview of the scope of our audit

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

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

Audit approach

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

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

We have not had to alter our audit plan, as communicated to you in May 2022.

Conclusion

We have substantially completed our audit of your financial statements and subject to the outstanding work on page 3 being resolved/completed, we anticipate issuing an unqualified audit opinion following the Policy and Resources Committee meeting on 24 November 2022, as detailed in Appendix D.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. The audit continues to be delivered by both the Authority and Audit teams partly remotely which does require alternative technology based ways of reviewing audit evidence to be adopted. However, by working on site for 2 days a week this has helped to mitigate some of the difficulties of auditing remotely.

2. Financial Statements

Our approach to materiality

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

We have revised the materiality due to the actual gross expenditure changing significantly from that at the planning stage resulting in a review of the appropriateness of the materiality figure.

We detail in the table adjacent our determination of materiality for the Authority.

	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	£0.330m	We have determined financial statement materiality based on a proportion of the gross expenditure of the Authority for the financial year.
Performance materiality	£0.247m	The maximum amount of misstatement the audit team could accept in an individual account or group of related accounts. This is less than materiality due to "aggregation risk".
Trivial matters	£0.0165m	We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance

2. Financial Statements - Significant risks

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

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

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: - evaluated the design effectiveness of management controls over journals; - analysed the journals listing and determined the criteria for selecting high risk unusual journals ; - identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. Our audit work has not identified any issues in respect of management override, though note this work is still subject to Manager and Director review.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. We considered all revenue streams of the Authority and we have rebutted this risk for all revenue streams. For revenue streams that are derived from Grants we have rebutted this risk on the basis that the income stream is primarily derived from grants from central government and that opportunities to manipulate the recognition of these income streams is very limited. For other revenue streams, we have determined from our experience as your auditor from the previous 3 years, and through our documentation and walkthrough of your business processes around revenue recognition that the risk of fraud arising from revenue recognition could be rebutted, because: there is little incentive to manipulate revenue recognition; opportunities to manipulate revenue recognition are very limited; the culture and ethical frameworks of local authorities, including South Downs National Park Authority, mean that all forms of fraud are seen as unacceptable.	There were no changes to our assessment reported in the audit plan. We carried out the following audit procedures: • evaluated your accounting policy for recognition of income for appropriateness and compliance with LG Code of Practice; • updated our understanding of your system for accounting for income and evaluated the design of the associated controls; • reviewed and sample tested material streams of income to supporting evidence corroborating the occurrence of the service/good delivered and the accuracy of the amount recognised; • reviewed and sample tested bank statements and other information outside of the general ledger before and after the year end date to supporting evidence corroborating revenue has been recorded in the correct financial year; and • evaluated and challenged significant estimates and the judgments made by management in the recognition of income. Subject to completion of the work set out on page 3, our audit work to date has not identified any issues respect of this risk.
Fraudulent expenditure recognition We considered the risk of material misstatement due to the fraudulent recognition of expenditure. We have considered each material expenditure area, and the control environment for accounting recognition. We were satisfied that this did not present a significant risk of material misstatement in the 2021/22 accounts as: - The control environment around expenditure recognition (understood through our documented risk assessment understanding of your business processes) is considered to be strong; - We have not found significant issues, errors or fraud in expenditure recognition in the prior 3 years' audits; - Our view is that, similarly to revenues, there is little incentive to manipulate expenditure recognition.	There were no changes to our assessment reported in the audit plan. We carried out the following audit procedures: • evaluated your accounting policy for recognition of expenditure for appropriateness and compliance with LG Code of Practice; • updated our understanding of your system for accounting for expenditure and evaluated the design of the associated controls; • reviewed and sample tested material streams of expenditure to supporting evidence corroborating the occurrence of the service/good obtained and the accuracy of the amount recognised; • reviewed and sample tested bank statements and other information outside of the general ledger before and after the year end date to supporting evidence corroborating expenditure has been recorded in the correct financial year; and • evaluated and challenged significant estimates and the judgments made by management in the recognition of expenditure. Subject to completion of the work set out on page 3, our audit work to date has not identified any issues respect of this risk.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of land and buildings The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the number involved and the sensitivity of this estimate to changes in key assumptions. Management engage the services of a professional valuer each year to estimate the current value of this asset. We therefore identified valuation of land and buildings as a significant risk, particularly focused/pin-pointed on the valuers' key assumptions and inputs to the valuations. valuers' key assumptions and inputs to the valuations.	We have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met and discuss this basis where there are any departures from the Code; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • assessed how management have challenged the valuations produced internally, by professional valuers and by independent property managing consultants to assure themselves that these represent the materially correct current value; • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register. Subject to completion of the work set out on page 3, our audit work to date has not identified any issues respect of this risk.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of the pension fund net liability The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£4.7 million in the Authority's balance sheet at 31 March 2021) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement. We have pinpointed this significant risk to the assumptions applied by the professional actuary in their calculation of the net liability. We have concluded that there is not a significant risk of material misstatement due to the source data used by the actuary in their calculation (we would reconsider this if it becomes apparent at the year-end that there significant special events relating to the source data (such as bulk transfers, redundancies or other significant movements of staff) which would need to be given special consideration during the audit. Despite not being considered a significant risk we still carry out testing and consideration of the source data to obtain sufficient and appropriate audit evidence that there is no material misstatement.	For the significant risk, 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 evaluated the design of the associated controls; • evaluated the instructions issued by management to their management expert (the actuary Hymans Robertson) 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; • 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. We have also: • 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. In obtaining our assurances from the auditor of West Sussex Pension Fund as to processes/controls operating at the fund that would impact the information provided to the actuary valuing the Authority's pension liability, we were informed that the investment assets were overstated. This is due to a timing difference where the Pension Fund provides an earlier valuation of assets in order to allow the actuary to provide an IAS19 valuation to bodies in line with accounts reporting timetables. They would only update assets where the confirmed valuations later on are materially different to the earlier asset valuations provided. In this case the Authority's share of the difference in asset valuations would lead to a £33k understatement in the net pension liability. This was discussed with management who preferred not to adjust the account for this as it is well below materiality. We agreed this is reasonable, and the misstatement has been taken to unadjusted audit misstatements in Appendix B. Subject to completion of the work set out on page 3, our audit work to date has not identified any further issues respect of this risk.

2. Financial Statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £9.2m	The Authority revalues its other land and buildings on an annual basis. The Authority has in the year 2021/22 purchased ownership of the Seven Sisters Country Park and assets within those areas, and has spent significant amounts on enhancing these assets. Therefore at the valuation date of 31 March 2022 the Authority has significantly more assets which were revalued by Savills as your professional valuer. Other land and buildings comprises £9.2m of other land and buildings which are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority engaged Savills to complete the valuation of properties as at 31 March 2022 on an annual basis. 100% of total assets were revalued during 2021/22. Management have, in discussion and through the expertise of their professional valuer, considered alternative assumptions in order to address the significant estimation uncertainty around these valuations. This was primarily through the consideration of alternative uses for the assets and alternative levels of service potential, and then by considering a range of valuations based on a range of comparable sales which the professional valuer is aware of.	We deepened our risk assessment procedures performed including understanding processes and controls around the identification and determination of estimates. This included understanding methods, assumptions and data used. We considered the source of the inherent risk associated with the accounting estimate. We assessed the work of management's experts; in particular, their competency, objectivity and expertise. We confirmed their objectivity and expertise. We noted no changes to the valuation method or departures from the RICS code in the valuation. We assessed the valuation methods and assumptions applied by the professional valuer. We reviewed the completeness and accuracy of the underlying information used to determine the estimate. We applied valuation indices as provided by our own auditor's expert valuer to calculate our own point estimate of the valuation movement for the land and building assets in year. Assessed the reasonableness of the disclosures related to accounting estimates. In the work to date on this accounting estimate, we have not found any significant issues which would lead us to conclude that the estimate is not materially correctly made. However note that this work is still subject to review by our Senior Manager and Engagement Lead which could raise further queries.	

Assessment

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

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £4.023m	The Authority recognises and discloses the retirement benefit obligation in accordance with the measurement and presentational requirement of IAS 19 'Employee Benefits'. The Authority's net pension liability at 31 March 2022 is £4.023mm (2020-21 £4.691m) comprising the Authority's share of the West Sussex Pension Fund assets and liabilities. The Authority has engaged an actuary valuation expert Hymans Robertson for the 2021/22 year to provide actuarial valuations estimate of the Authority's asset and liabilities derived from this scheme. A full valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods, which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £668k net actuarial loss during 2021/22 (2020/21: £4.178m loss).	• We assessed management's actuarial expert and concluded they are clearly competent, capable and objective in producing the estimate; • We carried out analytical procedures to conclude on whether the Authority's share of LGPS pension assets and liabilities was reasonable. We concluded the Authority's share of assets and liabilities was analytically in line with our expectations; • We engaged an auditor's actuary expert to challenge the reasonableness of the estimation method used and the approach taken by the actuary to verity the completeness and accuracy of information used. We were satisfied that the actuary was provided with complete and accurate information about the workforce, and that the method applied was reasonable; • The auditors' expert provided us with indicative ranges for assumptions by which we have assessed the assumptions made by management's expert. As set out below all assumptions were within the expected range and were therefore considered reasonable:	Currently no issues highlighted, but subject to completion of the outstanding audit procedures detailed on page 3.

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.75%	2.7-2.75%	●
Pension increase rate	3.15%	3.15-3.3%	●
Salary growth	3.65%	3.65-3.8%	●
Life expectancy – Males currently aged 45 / 65	21.9 years retiring today 22.8 retiring in 20 years	20.5 -23.1 years retiring today 21.9- 24.4 retiring in 20 years	●
Life expectancy – Females currently aged 45 / 65	24.2 years retiring today 25.9 retiring in 20 years	23.4-25 years retiring today 24.9-26.4 retiring in 20 years	●

- We have reviewed the particular local judgements by the actuary/management around salary growth and life expectancy. We are challenging this with the actuary and Authority to obtain corroboratory evidence/explanation as to the reasonableness of the assumption adopted.
- We have contacted the auditor of the pension fund accounts to obtain assurances over the completeness and accuracy of information which has been provided to the actuary for determining the estimate. We have also carried out testing back to support held by the Authority.
- In our review and testing of the methods and assumptions underlying the estimate we have particularly focussed on any changes year on year to assess and challenge whether this is reasonable.
- We assessed the reasonableness of the Authority's share of LPS pension assets.
- We assessed the reasonableness of increase/decrease in estimate.
- We reviewed the adequacy of disclosure of estimate in the financial statements.

Assessment

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

2. Financial Statements - matters discussed with management

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

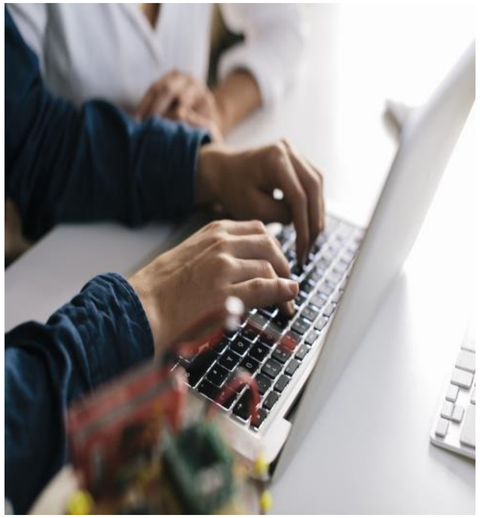
Significant matter	Commentary	Auditor view and management response
Significant events or transactions that occurred during the year – purchase of Seven Sisters National Park and borrowing taken on to fund that purchase.	We discussed with management the accounting treatment of these very material items in the accounts for 2021/22, including the: - Accounting entries for the Seven Sisters National Park addition at carrying value and then subsequent revaluation to fair value at 31 March 2022; and - Accounting entries for the borrowing taken on from the County Council in order to make this purchase.	We were satisfied that the accounting treatments were in accordance with IFRS and the Code, subject to completion of review of the audit file by the Senior Manager and Engagement Lead.

2. Financial Statements - other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Policy and Resources Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send confirmation requests in respect of your bank, investments and loans balances. This permission was granted for all institutions and the requests were sent. All of these requests were returned with positive confirmation, except we are outstanding a confirmation response from Santander at the current date as detailed in outstanding work on page 3.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements

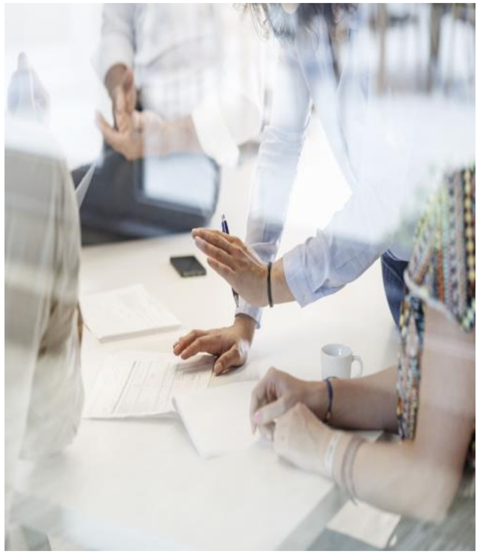
Our responsibility

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

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the 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 • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We have issued an unmodified opinion in this respect – refer to appendix D.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. • Note that work is not required as the Authority does not exceed the threshold.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021/22 audit of the Authority in the audit report, as detailed in Appendix D, due to incomplete VFM work and completion of and work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.



3. Value for Money arrangements

Approach to Value for Money work for 2021/22

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

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

Improving economy, efficiency and effectiveness

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

Financial Sustainability

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

Governance

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

Potential types of recommendations

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

Statutory recommendation

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

Key recommendation

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

Improvement recommendation

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

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix E to this report. We expect to issue our Auditor's Annual Report by 30 January 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any risk of significant weakness.

4. Independence and ethics

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

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

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

Details of fees charged are detailed in Appendix C.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk).

Audit and non-audit services

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

Appendices

A. Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2020/21 financial statements, which resulted in 1 recommendation being reported in our 2020/21 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	CIL receipts – cut off of payments to Parish Councils • We tested post year end payments and we picked up material payments (£309k) which were CIL payments to Parish Councils. The was for a proportion of the CIL collected from the developer which the Authority pays to the Parish Councils. • This was recognised as expenditure in the 2021/22 year, but according to the Code and further government guidance around CIL treatment this should have been recognised in the same period that the CIL receipt was recognised and at the point where the obligation to pay had arisen (effectively the same date the revenues would be recognised). • This has resulted in a material audit adjustment to the financial statements.	**Recommendation from auditors:** We would recommend that management review and make improvements to its processes to ensure that CIL payments are recognised in the correct period. **Update on management action:** A review was completed on the CIL process and an accrual was actioned to ensure the correct amount was accounted for in the correct financial year.

Assessment

✓ Action completed

X Not yet addressed

B. 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

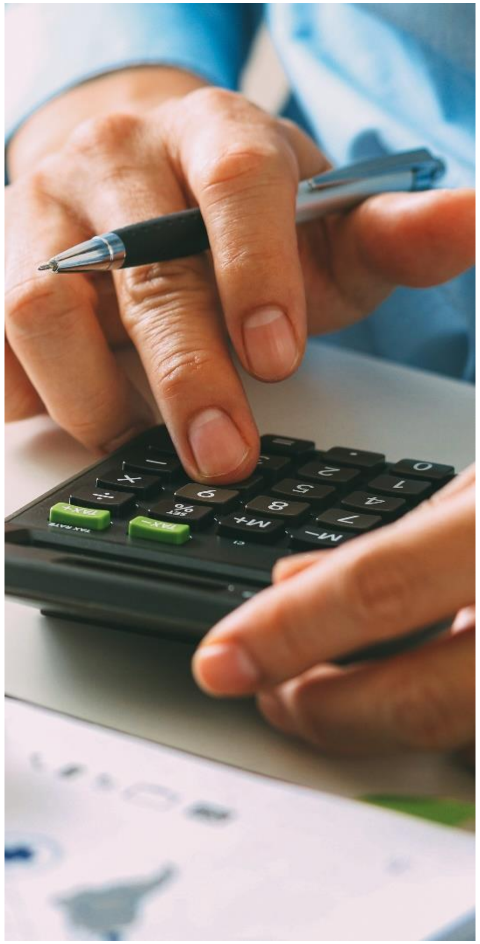
No adjusted misstatements have been identified for the year ending 31 March 2022, in our work to date.

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 omission	Auditor recommendations	Adjusted?
Various minor casting/disclosure amendments	We identified a small number of minor casting and disclosure issues. **Management response** Agreed and these were amended in the accounts.	✓
Other Employee Remuneration Note	The salary bandings in this Note were incomplete. **Management response** This has been agreed and adjusted.	✓
Other long term liabilities/borrowing	The new borrowings in the year £805k were combined with other long term liabilities in the Balance Sheet. As the borrowings were material individually, they should have been shown in the Balance Sheet and other disclosure notes as an individually disclosed material borrowing. **Management response** This has been agreed and adjusted.	✓

B. Audit Adjustments



Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Policy and Resources Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement (£)	Statement of Financial Position (£)	Impact on total net expenditure (£)	Reason for not adjusting
Net pension liability understatement We identified that the net pension liability in the accounts was understated due to the actuary using earlier investment assets as part of the estimate process. The earlier valuation of the investments was overstated compared to the final valuations. Once this is apportioned to the Authority's share of the net pensions liability, this error was well below our performance materiality. See page 10 for further details on the nature of the error.	CR Remeasurement net defined pension liability £33.2k Note: The remeasurement impact would be in other comprehensive income so does not impact the deficit on provision of services. The impact would be in the pensions reserve.	DR Net pension liability (£33.2k)	CR £33.2k	The difference is not material
Overall impact	£33.2k	(£33.2k)	£33.2k	

C. Fees

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

Audit fees	Proposed fee	Final fee
Authority Audit	21,675	TBC
Total audit fees (excluding VAT)	£21,675	£TBC

The fees did not reconcile to the draft financial statements. The fees were based on the Public Sector Audit Appointments (PSAA) scale fee prior to a £1,100 uplift recently confirmed:

- fees per financial statements: £21k
- reconciling item: PSAA scale fee uplift 2021/22 onwards: £1.1k
- Total fees: £22k (rounded to nearest £1k)

Fees otherwise remain at the same level as for 2020/21. Note the final fee is TBC; as set out on page 3 there were some delays on the audit which would require a fee variance which we will discuss with your s151 officer on completion of the audit. All fee variances are subject to scrutiny and approval by PSAA.

D. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Authority with an unmodified audit 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') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies The notes to the financial statements include the Notes to the Comprehensive Income and Expenditure Statement, the Notes to the Movement in Reserves Statement and the Other Notes to the Core Financial Statements including the Accounting Policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Chief Finance Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

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

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.

The responsibilities of the Chief Finance Officer with respect to going concern are described in the 'Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE 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 and our knowledge of the Authority, 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.

D. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Authority with an unmodified audit report.

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

Responsibilities of the Authority, the Chief Finance Officer and Those Charged with Governance for the financial statements

As explained 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 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Policy and Resources Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

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.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2020/21, The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972 and the Local Government Act 2003.
- We enquired of senior officers and the Policy and Resources Committee, concerning the Authority's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, 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's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of: fraudulent revenue and expenditure recognition; management override of controls and the risk of management bias in accounting estimates. We determined that the principal risks were in relation to:
  - Large and unusual manual journal entries;
  - Material accounting estimates which were subject to significant management judgement, a high level of estimation uncertainty and high sensitivity to small changes in assumptions.
- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Chief Finance Officer has in place to prevent and detect fraud;
  - journal entry testing, with a focus on large and unusual and high risk journals particularly manual journals, made during the year and the accounts production stage;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations;
  - testing income and expenditure recognition; 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.
- The audit team discussed the risk of the Authority's potential non-compliance with relevant laws and regulations, the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions liability valuations.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the local government sector;
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation;
    - guidance issued by CIPFA, LASAAC and SOLACE;
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

D. Audit opinion

Our audit opinion is included below.

We anticipate we will provide the Authority with an unmodified audit 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 2022.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

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, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. 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 – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for South Downs National Park Authority for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor's Annual Report'
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

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. 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:

Darren Wells, Key Audit Partner

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

London

Date:

E. Audit letter in respect of delayed VFM work

Commercial in confidence

Grant Thornton

Our ref: SDNPA 2021/22 VFM

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Chair of Policy and Resources Committee
The Policy and Resources Committee
South Downs National Park Authority
Financial Services,
3rd Floor, Bartholomew House,
Bartholomew Square,
Brighton
BN1 1JE

24 November 2022

Dear Chair of Policy and Resources Committee as TCWG]

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 30 January 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Darren Wells

Director

grantthornton.co.uk