

New Forest National Park Authority Auditor's Annual Report

Year ended 31 March 2024

6 March 2025



New Forest National Park Authority
Lymington Town Hall,
Avenue Road,
Lymington,
SO41 9ZG

6 March 2025

Dear Authority Members

2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for New Forest National Park Authority. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Authority any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Authority meeting on 27 March 2025.

Yours faithfully

Simon Mathers

Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website ([Statement of responsibilities of auditors and audited bodies \(from 2023/24 audits\) - PSAA](#)). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Authority members and management of New Forest National Park Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Authority members and management of New Forest National Park Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Authority members and management of New Forest National Park Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary



Executive Summary

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2024 Code of Audit Practice (the Code) published in November 2024 and the supporting guidance of the National Audit Office (NAO) published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Authority and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

The 2024 Code paragraph 4.10 has suspended the requirement to issue an auditor's annual report by 30 November. It states that auditors may exercise judgement to determine when to issue their annual report including their commentary on arrangements to secure value for money.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we presented at the 3 June 2024 Resources, Audit and Performance Committee. We have complied with the NAO's 2024 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for

- expressing an opinion on the 2023/24 financial statements.
- Reporting by exception:
 - if the annual governance statement does not comply with relevant guidance or is not consistent with our understanding of the Authority;
 - any significant matters or written recommendations that are in the public interest; and
 - if we identify a significant weakness in the Authority's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (continued)

2023/24 Conclusions

Financial statements	<p>The audit of the financial statements for the year ended 31 March 2023 was not completed for the reasons set out in our disclaimer of opinion on those financial statements dated 29 November 2024.</p> <p>Our planned audit work in the current year was focused on transactions in the year and the current year end balance sheet.</p> <p>As a result of the disclaimer of opinion in the prior year, and the scope of our work which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:</p> <ul style="list-style-type: none">• in the balance sheet and accompanying notes: the opening balances and closing reserves position• in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet• in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet <p>We therefore issued a disclaimed 2023/24 audit opinion on 10 February 2025.</p>
Value for money (VFM)	<p>We had no matters to report by exception on the Authority's VFM arrangements. We have included our VFM commentary in Section 03.</p>
Consistency of the annual governance statement	<p>We were satisfied that the annual governance statement was consistent with our understanding of the Authority.</p>
Public interest report and other auditor powers	<p>We had no reason to use our auditor powers.</p>
Whole of Government Accounts	<p>We have not yet concluded the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission, as the NAO have not yet confirmed the final reporting position and whether any questions will be raised on individual returns. We cannot issue our Audit Certificate until these procedures are complete.</p>
Certificate	<p>We will be able to issue our certificate once the NAO have confirmed whether there are any additional group audit procedures required following the Whole of Government Accounts submission.</p>



Executive Summary (continued)

Value for Money

Scope

Auditors are required to be satisfied that New Forest National Park Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Authority committee reports;
- meetings with the Head of Resources (CFO);
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Authority management and the finance team.

Executive Summary (continued)

Value for Money (continued)


Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Authority based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2022/23 Interim Value for Money Report and have been updated for 2023/24.

In accordance with the NAO's 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures and whether we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Authority ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
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	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



02 Audit of the financial statements

Audit of the financial statements

Key findings

The Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

On 10 February 2025, we issued a disclaimed audit opinion on the financial statements, the basis for which is set out on page 6 of this report.

We reported our audit scope, risks identified and detailed findings to the 17 October 2024 Authority meeting in our Audit Results Report, for which a further update was provided to the 23 January 2025 Authority meeting. We outline below the key issues identified as part of our audit in relation to the significant risk areas. The findings for each of the accounts areas are set out in the Audit Results Report in Appendix A. We reported 1 area for improvement in the control environment in the Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error – Management override of controls	<p>Our work did not identify any material weaknesses in the design of controls or evidence of material misstatements, whether due to fraud or error. Our work did not identify any instances of inappropriate judgements being applied.</p> <p>Our work did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.</p> <p>We did not identify any unusual or unsupported journals, or other made in preparing the financial statements.</p>
Risk of fraud in revenue and expenditure recognition – inappropriate capitalisation of revenue expenditure	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatement may occur by the manipulation of expenditure recognition. From our risk assessment, we assessed that the risk manifests itself through the potential to inappropriately capitalise revenue expenditure to improve the financial position of the general fund.</p> <p>Our work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.</p>
Pension Liability / Asset Valuation (Other Risk / Area of Audit Focus)	<p>The Code of Accounting Practice requires extensive disclosures regarding the Authority's pension asset and liability balances. The accounting requires significant estimation and judgement, with management engaging an actuary to undertake the calculations on their behalf.</p> <p>We have assessed the work of the Pension Fund Actuary, relying on the work of PWC and the EY Actuarial team, as well as the EY Pensions Specialist. The work of our EY Pension Specialist identified a misstatement in the assumptions adopted by the Pension Fund Actuary such that a further IAS 19 report was required to be obtained by the Authority. This resulted in an adjustment being required of £310k which changed the previous reported liability to a net pension fund asset.</p>



03 Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

We identified no risks for the Authority's financial sustainability arrangements in our VFM planning.

In 2023/24, New Forest National Park Authority performed consistently, achieving an overall surplus, including a surplus on provision of services. In March 2023, the Authority had set a balanced budget for the year, forecasting a transfer of £22k to the Revenue Support Reserve. By the year end, the Authority had transferred £87k to earmarked reserves in addition to the £22k to the Revenue Support Reserve.

From 2023/24 and onwards, a key financial pressure remains the uncertainty surrounding the Authority's main source of income being the Department for Environment, Food and Rural Affairs (DEFRA) grant allocation. For 2024/25 onwards, this has been assumed to be a flat roll forward for the grant given in 2023/24 which has not reflected the recent increase in inflation. We can see that this has been considered by the Authority and is included in the February 2024 Risk Register which reflects that the uncertainty is seen as a high risk to the Authority. The Authority Risk Register also details the mitigations that New Forest National Park Authority have put in place to offset this risk.

The 2024/25 budget and MTFP includes the impact of inflation rate rises where the impact could be quantified. The budget remains balanced for 2024/25 and 2025/26, however, shortfalls are predicted for 2026/27 and 2027/28 of £223k and £292k respectively. The Authority has a good track record of successful financial planning and living within its means, and therefore has a good base to identify the solutions to these current proposed budget gaps.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Authority ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

We identified no risks for the Authority's governance arrangements in our VFM planning.

The New Forest National Park Authority has oversight of decision making and risk management, and provides regular updates to the Resources, Audit and Performance Committee. The Authority's risk management includes updating and maintaining the risk register, as well as identifying mitigations and countermeasures for each risk. When this is reported to the Resources, Audit and Performance Committee they will challenge the risks and countermeasures which provides assurance that all risks are included with appropriate mitigations.

In 2023/24, the Head of Internal Audit opinion contained a reasonable conclusion. This included reports on the following areas:

- Treasury Management, Income Collection and Banking: Reasonable Assurance
- Planning System: Reasonable Assurance
- Accounts Payable: Reasonable Assurance

The existence of the above arrangements demonstrates that there are sufficient controls in place.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

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

No significant weakness identified

We identified no risks for the Authority's improving economy, efficiency and effectiveness arrangements in our VFM planning.

The Chief Executive reports quarterly on performance to the Authority meeting structures around the themes from the Business Plan. During 2023/24, this was structured around the 2023-27 Business Plan where the themes were:

- Re:New Climate – Net Zero with Nature
- Re:New Nature – Nature Recovery
- Re:New Place – Thriving Forest
- Re:New People – An inclusive National Park
- Re:New Partnership – Team New Forest
- Re:New Organisation – Achieving Excellence

One of the reports produced and presented by the Authority is the year end outturn and treasury report which documents the key variances in income and expenditure compared to budget and the overall performance for the year. This demonstrates that the Authority reports on both qualitative and quantitative measures to assess performance. The qualitative indications are used to report performance based on key performance indicators (KPIs). We have obtained the 2023/24 year-end report and can see that most of the indicators have met or exceeded the set target. Where KPIs are rated red or amber at year-end, explanations have been provided.

The 2023/24 outturn report shows that the key variances in expenditure were favourable variances in employee costs and adverse variances in strategy and planning, sustainable communities fund and central costs. The key variances in income were favourable variances in respect of investment and interest income.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Arrangements in place

The Authority identifies financial pressures informally through executive meetings and formally by keeping updated budget and performance reports. This aims to ensure that the Authority is on track to meet budget requirements and if off track, measures are taken to ensure further funding is sought to meet budgetary needs. These reports are reported to the Resources, Audit and Performances Committee on a quarterly basis and include information on the budgetary review process and an analysis of all income and expenditure against budget throughout the year.

At Q3, the Authority's expenditure level was at 67% of the budget whilst the income outturn was at 69% of the budget. This shows a generally positive outlook of the Authority's commitment to meet budgetary commitments and the MTFP. Within the progress reports, the Authority tracks its deviation from the budget and identifies savings in respective budget lines; this allows it to design appropriate action points to address any material deviations from the plan.

Within the financial statements prepared by the Authority prior to audit, a surplus of £22k was reported, to be added to reserves, after a transfer of £167k to earmarked reserves.

A going concern note is also prepared within the accounts, and management provide a cashflow forecast which extends to at least 12 months from the signing of the opinion demonstrating their ability to carry on as a going concern.

The authority maintains a risk register that includes strategic, financial, and operational risks. This is monitored and updated by the internal auditor and submitted to the Resources, Audit and Performances Committee on a regular basis. The February 2024 risk register noted two risks that were designated as "Red" relating to the budget becoming insufficient and planning decisions being challenged through judicial review.

Risk 17 per the Risk Register states, "Planning decisions challenged through judicial review" and relates to the risk that the Authority has insufficient resources to defend judicial review challenges and as such there is a financial and reputational risk to the Authority if they were to lose their case. In response to this, the Authority recognises the need to obtain legal advice at each stage of the process and hold a financial reserve for this purpose.

Risk 9 per the Risk Register states, "Medium/Long-term core budget becomes insufficient due to cash and/or real-terms reductions in Defra grant - exacerbated by the strain on government finances. Failure to achieve steady external partnership funding" and relates to the fact that the Authority is heavily reliant on the DEFRA grant and therefore a potential reduction in this grant going forward is likely to have a significant impact on the Authority. Despite this, the DEFRA grant continues to run into FY 2024/25 and the 2024/25 MTFP notes that there are discussions within DEFRA to allocate a further £10m additional capital funding for National Parks and National Landscapes.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body plans to bridge its funding gaps and identifies achievable savings	<p>The Authority bases planned expenditure on the DEFRA grant, which makes up the vast majority of its funding. The amount is confirmed by government, and the Authority can adjust planned spending around this taking into account other locally generated income. The Authority has adequate resources to cover negative variances against budget and to continue to take forward its work programme and priorities.</p> <p>As noted above, a key area of risk is around the uncertainty related to the receipt of the DEFRA grant. New Forest National Park Authority have noted within their 2023/24 budget that this is the fifth year of this grant being “frozen” at £3.251m which equates to a loss of 45% in real terms, compared to if the grant were to have increased by inflation since inception of the grant settlement in 2010.</p> <p>In November 2023, the Authority was informed that they would receive a specific DEFRA capital grant in 2024/25.</p> <p>New Forest National Park Authority historically incur capital spend only to the extent that it is funded by existing financing. As a result, they often incur lower capital expenditure, being a total of £305k in 2023/24. Of this capital expenditure, £4k was funded from revenue resources, £80k from developers’ contributions and £220k from other capital grants and contributions. Some of these existing funding sources, especially the revenue resources, can be used to fund both capital and revenue expenditure, and therefore, has more flexibility in its use compared to the capital grant announced by DEFRA for 2024/25. As such, management elected to delay the 2023/24 capital expenditure to 2024/25 to enable the more restrictive financing from DEFRA to be utilised, freeing up the other more flexible sources of financing for other uses.</p> <p>The MTFP details sources of income and expenditure and shows budget gaps where income is not sufficient to fund expenditure. To reduce budget gaps, the Authority looks for further sources of income, such as additional income generation, either internally through the Fundraising Group or externally through the work of National Parks Partnerships Ltd. If the Authority is unable to generate the required additional income, management would apply cost cutting measures. The Authority does not have a formal savings programme, however, possible savings are considered as part of budget setting and quarterly reports show where savings have been made.</p> <p>The updated budget and MTFP set for 2024/25 sets out that the Authority expects a balanced budget for 2024/25 and 2025/26 and budget deficits of £223k and £292k in 2026/27 and 2027/28 respectively. Historically the Authority has used reserves to balance the budget and has obtained partnership funding to meet expenditure needs.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body plans to bridge its funding gaps and identifies achievable savings (continued)	<p>The Authority has also increased the minimum general fund reserve level to £350k in 2022/23 and beyond. In addition, to this reserve, the Authority has further reserves set aside with the following balances at 31 March 2024:</p> <ul style="list-style-type: none">• Financial Stability Reserve = £396k• Capital / Major Projects = £500k• Health & Wellbeing = £178k• Planning / Risk Reserve = £120k <p>These reserves are held as part of a total earmarked reserves balance at 31 March 2024 of £1,903k and demonstrates that the Authority has sufficient reserves set aside to cover budget shortfalls.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>As noted above, the vast majority of the Authority's funding comes from the DEFRA grant, which is currently notified to the Authority on an annual basis in advance of the commencement of the year being funded. New Forest National Park Authority plan their expenditure around this, i.e., if there is a lower grant, then that would result in fewer projects being funded. Additionally, the Authority will incur specific spend where funding streams are received from partners. The income and expenditure are matched through the budgeting process, to ensure that the expenditure should not significantly exceed the funding and create ongoing pressures for the Authority at the end of the partnership funding period.</p> <p>In order to further support a sustainable delivery of services, and fund long term projects, the Authority would require a longer-term National Park grant settlement from DEFRA and funding from other partners.</p>
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>As a National Park, there are certain goals that should be achieved by the Authority, which are set by the government. These are reflected within the Park's Business Plan which is in place until the end of 2027.</p> <p>The budget is prepared with reference to the Business Plan, as well as the Partnership Plan and the Work Programme for the year. The budget shows the planned spend under the Business Plan, with projects funded for each of the following themes, showing how the priorities are specifically tied to the Authority's budget:</p> <ul style="list-style-type: none">• Re:New Climate - Net Zero with Nature• Re:New Nature - Nature Recovery• Re:New Place - Thriving Forest

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system (continued)	<ul style="list-style-type: none">• Re:New People – An Inclusive National Park• Re:New Partnership - Team New Forest• Re:New Organisation – Achieving Excellence <p>New Forest National Park Authority plan projects which meet the National Park goals based on the funding levels of the DEFRA grant, and these projects are discussed within the Authority meeting. These projects also consider the wider ambitions of the National Parks Partnership Plan.</p> <p>Executive managers sit in all strategic meetings, where they are updated about the financial position, and operational performance, and are able to bring in their knowledge on setting the MTFP. The financial position includes treasury management and capital expenditure. As set out above, partnership and work programmes are incorporated on the MTFP.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>As discussed above, the vast majority of the Authority's funding comes from the DEFRA grant, which currently the Government confirm to New Forest National Park Authority every year. The majority of the expenditure is based upon this grant therefore any reduction will be countered by a reduction in planned projects. As set out above, there is a financial risk included on the risk register in relation to this DEFRA grant and with controls being identified to mitigate the risks, such as obtaining additional funding including through the partnership arrangements.</p>

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>New Forest National Park Authority regularly monitor risks, as demonstrated by the updates to the risk register and its consideration at the Resources, Audit and Performance Committee.</p> <p>The authority also has an internal audit function provided by Southern Internal Audit Partnership (SIAP) who provide an internal audit plan which is approved by the Resource, Audit, and Performance committee alongside the Internal Audit Charter. For 2023/24, this includes 4 main areas:</p> <ul style="list-style-type: none">• Planning• Accounts Payable• IT Disaster Recovery• Audit Management <p>Internal Audit then provides an interim and final internal audit report. The interim report for 2023/24 confirmed that the IT Disaster Recovery audit has been moved from the 2023/24 work programme to the 2024/25 work programme, to allow for the inclusion of the Treasury Management, Income Collection and Banking audit which was not sufficiently completed as part of the 2022/23 internal audit report and opinion.</p> <p>The interim report, and the final report, includes the work performed by the internal auditor including any applicable controls or fraud assessments. Where recommendations are identified, the progress against them is agreed with management by setting a date by which the recommendations will be actioned.</p> <p>The Internal Audit Opinion has a reasonable assurance conclusion for 2023/24 and has reported on the following areas:</p> <ul style="list-style-type: none">• Treasury Management, Income Collection and Banking – Reasonable• Planning System – Substantial• Accounts Payable – Reasonable <p>The existence of the above arrangements demonstrates that there are sufficient controls in place.</p>

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud (continued)	<p>The Authority has an established anti-fraud and corruption strategy which lays out how the Authority deals with fraud. This is published alongside the following policies which give a framework for identification and prevention of fraud:</p> <ul style="list-style-type: none">• Bribery and Corruption Policy• Anti-Money Laundering Policy• Member Code of Conduct• Staff Code of Conduct• Code of Corporate Governance <p>Those charged with governance and all officers also have access to training on fraud which is stipulated in the Learning and Development Policy.</p>
How the body approaches and carries out its annual budget setting process	<p>The vast majority of the Authority's funding comes from the DEFRA grant, which the Government confirm annually with New Forest National Park Authority, and the majority of expenditure is based upon this grant. Therefore, any reduction will be countered by a reduction in planned projects.</p> <p>The annual budget is prepared with reference to the DEFRA funding, which influences the projects that can be achieved, and partnership funding in place. These derive from the framework set by the Authority's Business Plan. In addition to this, the Authority works with partnerships for other key projects funded. Once funding is secured, then the associated spend is built into the annual budget relevant to the period of the partnership projects.</p>
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed	<p>A budget report is presented by the Chief Finance Officer each quarter, which is discussed and approved at the Resources, Audit, and Performance Committee meetings, to ensure the financial side of the Authority is supported by those charged with governance.</p> <p>Regular meetings are held by the Authority, and the minutes of these meetings are available online for the public to scrutinise.</p> <p>There is also an internal audit function which provides an interim report and a year-end report to confirm that authority's controls are in place and working properly as documented above.</p>

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed (continued)	<p>Quarterly reporting to the Resources, Audit and Performances Committee includes the performance progress reports. These reports include the performance against key performance indicators (KPI) and whether they are being achieved. Where the indicators are not rated green during the financial year, the Authority appropriately identifies any mitigating reasons or actions which can be implemented to ensure that this target is met by the end of the financial year.</p> <p>Statutory financial reporting is prepared at year-end based on the CIPFA requirements. The annual governance statement and the narrative statement confirm that the accounts are prepared in accordance with the relevant financial CIPFA code.</p>
How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee	<p>Regular meetings are held by the Authority and its committees, of which the meetings, agendas and minutes are open to the public. This gives New Forest National Park Authority an opportunity to discuss key issues, including with those charged with governance, based on decision making papers prepared by officers. The Members can then debate and challenge the issues in their discussions.</p> <p>For their specific role as supporting those charged with governance, the Resources, Audit and Performance Committee are informed by the Standing Orders. The internal audit function also provides an objective opinion on the Authority's performance. In-year Internal Audit performed reviews that resulted in an overall reasonable assurance opinion being issued.</p>
How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)	<p>The overarching framework for standards is the Authority's Code of Corporate Governance. Employees are made aware of the laws in relation to regulatory requirements. The Monitoring Officer provides information and advice to officers and Members of the Authority. There is a Code of Conduct covering behaviours, and arrangements are in place to capture gifts, hospitality and interests that should be declared including at public meetings.</p>

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How financial and performance information has been used to assess performance to identify areas for improvement	<p>The Authority produces quarterly budget reports and performance reports, which are discussed at the Resource, Audit, and Performance Committee meetings.</p> <p>The Q3 budgetary report showed that the Authority was on course to maintain spending within budget and at year-end achieved an overall surplus, which included a surplus on the provision of services.</p> <p>The Resources, Performance and Audit Committee also contains within its terms of reference the remit to monitor and review the performance of the Authority. It receives and reviews progress reports against the annual objectives for the year that are contained within the Business Plan.</p> <p>The Authority produces a year end outturn and treasury report which documents the key variances in income and expenditure compared to budget and overall performance for the year. This report confirms that the Authority received 101% of the budgeted income (reducing to 98% on inclusion of Authority-led Partnership Projects) and spent 101% of the budgeted expenditure (reducing to 98% on inclusion of Authority-led Partnership Projects).</p> <p>The key variances in expenditure were favourable variances in employee costs and adverse variances in strategy and planning, sustainable communities fund and central costs. The key variances in income were favourable variances in investment and interest income.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Authority maintains a risk register which allows it to address any risks that they are facing, which includes potential risks which could affect the Park's services. The risk register includes mitigating factors to address these risks.</p> <p>Performance reports are produced against the objectives of the Business Plans. The reports contain analysis of the current performance, and when actions are needed these are identified and enacted.</p>

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve	<p>The Authority participates in regular committee meetings which are available to the public to review. The public are also allowed to engage directly with the Authority during their meetings.</p> <p>The Park continues to adhere to the National Parks Partnership targets/standards, and we can see which of these that New Forest National Park Authority have aligned themselves with as the Partnership Plan is disclosed on the website within the meeting agendas.</p> <p>The Authority produces progress reports and budget control reports throughout the year which give the stakeholders, i.e. the public, employees etc an understanding of how the Authority is performing, such as through the budget reports.</p> <p>The annual financial statements are also available to the public during the inspection period, and once published as the audited document. The Narrative Statement and Annual Governance Statement provides transparent detail of in year performance for the public to view. There is a 'Transparency' section on the Authority website, which gives the public the ability to review and scrutinise the Authority expenditure. There is also a reasonable governance structure in place to ensure performance expectations are met.</p>
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>There are internal controls in place to ensure correct procurement, i.e. budget levels are set for certain employees; there are budget levels in capital purchases, if an item is above a set amount, a budget control officer must sign this off. Contracting and Procurement processes are set out in the Contract Standing Orders, which are published on the Authority's website.</p> <p>The Transparency section of the website publishes opportunities to provide goods and services, and links to the Procurement Strategy. Bids over £10k are published on the Authority's website where interested suppliers can bid for the services.</p> <p>There is an internal audit function that tests whether the controls in place are effective.</p> <p>There are regular committee meetings to discuss the Authority performance, and any issues can be raised here. The Authority confirms within its governance/narrative statement, that it has performed in accordance with relevant legislation.</p>

Appendix B – Summary of recommendations

Recommendations

Within our 2023/24 Audit Results Report, we included further findings and recommendations relating to the audit of the 2023/24 financial statements.

We further highlight these below, alongside the response from management.

All recommendations have been agreed by management.

Issue	Recommendation	Management response
Related Party Declarations	Member declaration forms should be completed on a timely basis to ensure that related parties are sufficiently disclosed.	Agreed – we will action and monitor this closely within our 2024/25 processes.

Appendix C – Independence - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Authority; and
- ▶ The Authority has an effective control environment
- ▶ The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Authority should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Authority are set out in the fee analysis on this page.

	2023/24	2022/23
	£	£
Total Fee – Scale Fee	40,100	14,829 Note 1
Scale fee adjustment – 2023/24	25,527 Note 2	
Total audit fees	65,627	TBC

All fees exclude VAT

(1) As set out in the joint statement on update to proposals to clear the backlog and embed timely audit issued by DHLUC (now MHCLG), PSAA has used its fee variation process to determine the final fee for 2022/23 VFM of £5,195 which has been accepted by the Authority. The determination of the final fee for 2022/23 work outside of VFM remains outstanding with PSAA.

(2) The 2023/24 work has been completed and we intend to submit a proposal to PSAA for a scale fee variation totalling £25,527. This final fee includes an adjustment for the following areas.

- Additional procedures to implement the revised ISA 315 (UK) auditing standard as originally set out in our Audit Planning Report, totalling £15,451.
- Additional procedures to consider the Authority's readiness for the implementation of IFRS 16 as originally set out in our in our Audit Planning Report, totalling £1,246.
- Work performed by EY Pensions to review the assumptions used in the Pensions Liability alongside additional work performed by the EY Audit Team to review the revised IAS 19 report requested from the Pension Fund Actuary, as a result of the misstatement detailed on page 11 of this report. In addition, we were required to engage with EY Pensions to review this revised IAS 19 report, due to the identification of a pension asset. This totals £8,829.

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