



Draft Audit Findings (ISA 260) Report for Lake District National Park Authority

Year ended 31 March 2025

24 September 2025



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Dear Members of the Governance Committee

Audit Findings for Lake District National Park Authority for the 31 March 2025

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

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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-).

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

Elizabeth Luddington

Director
For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Lake District National Park Authority (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

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

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

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

Our audit work was completed during July-September as planned. Our findings are summarised on pages 15 to 26. We have not identified any adjustment to the financial statements. We have identified 3 unadjusted misstatements which are detailed on page 36 and a number of disclosure misstatements detailed on pages 34 & 35.

Audit adjustments are detailed from page 32. We have also raised recommendations for management as a result of our audit work. These are set out at page 37. Our follow up of recommendations from the prior year's audit are detailed at page 38.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion in Appendix C or material changes to the financial statements, subject to the following outstanding matters:

- receipt and review of requested assurances from the auditor of Cumbria Pension Fund;
- finalisation of queries in relation to Operating Expenditure and Cash Flows,
- final review of the audit file by the Engagement Manager and Engagement Lead, including reviews of the above areas (regular reviews have been taking place throughout the audit);
- receipt of management representation letter – Appendix B; and
- review of the final set of financial statements, including confirming the other information published together with the financial statements remains consistent post any audit adjustments.

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

Our anticipated financial statements audit report opinion will be unmodified. We anticipate signing your accounts once the above outstanding matters have been concluded following your Governance Committee on 24 September 2025.

Headlines

Value for money (VFM) arrangements

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

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

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

We have completed our VFM work, which is summarised on page 45 and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report.

We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Headlines

Statutory duties

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

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

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

We have completed the majority of work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge our duties as auditors in relation to consolidation returns under paragraph 2.11 of the Code.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

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

Headlines

National context – audit backlog

Government proposals around the backstop

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

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

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

Headlines

Implementation of IFRS 16

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

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

Introduction

IFRS 16 updates the definition of a lease to:

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

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

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

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

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

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

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

Impact on the Authority

The impact on the authority financial statements is as follows.

- a material impact on the balance sheet
- additional accounting policies and disclosures in the financial statements
- related internal controls that required tailoring to reflect changes in accounting policies and processes
- identification of ‘low value’ and ‘short-term’ leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Details of our assessment, the work undertaken, and key observations regarding the implementation of IFRS 16 can be found on page 21.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated 16 April 2025, we determined materiality at the planning stage as [£0.431m] based on 2.4% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. We have maintained the threshold stated in our Audit Plan as we deemed the movement insignificant.

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

Basis for our determination of materiality

- We have determined materiality at £0.431m based on professional judgement in the context of our knowledge of the Authority, including consideration of the level of misstatement which could reasonably be expected to influence the economic decisions of users of the financial statements.
- We have used 2.4% of gross expenditure as the basis for determining materiality.

Performance materiality

- We have determined performance materiality at £0.302m, this is based on 70% of headline materiality. We have maintained the threshold stated in our Audit Plan.

Specific materiality – Senior Officer Remuneration

- This balance is material by nature due to the sensitivity of the disclosure. Materiality has been set at £0.009m. We have maintained the threshold stated in our Audit Plan.

Reporting threshold

- We will report to you all misstatements identified in excess of £0.22m, in addition to any matters considered to be qualitatively material.

Our approach to materiality

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

	Authority (£)	Qualitative factors considered
Materiality for the financial statements	£0.431m	In determining materiality, we have considered the level of misstatement which could reasonably be expected to influence the economic decisions of users of the financial statements. Materiality has been set at £0.431m being 2.4% of your 2023/24 gross expenditure.
Performance materiality	£0.302m	Performance materiality has been set at £0.302m being 70% of your headline materiality.
Specific materiality for Senior Officer Remuneration	£0.009m	This balance is material by nature due to the sensitivity of the disclosure. Materiality has been set at £0.009m.
Reporting threshold	£0.022m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements

Overview of significant and other risks identified

Overview of audit risks

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

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

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

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	High	●
The revenue cycle includes fraudulent transactions	Significant	↔	✓	Medium	●
The expenditure cycle includes fraudulent transactions	Significant	↔	✓	Medium	●
Valuation of the pension fund net balance	Significant	↔	✗	High	TBC - ●
Valuation of land and buildings and investment property	Significant	↔	✗	High	●
Implementation of IFRS 16	Other	↔	✗	Medium	●

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

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

Significant risks

Risk identified

Management override of controls

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

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

Audit procedures performed

We have:

- evaluated the design effectiveness and implementation of management controls over journals;
- analysed the journals listing and determined the criteria for selecting high risk unusual journals;
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration;
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Key observations

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

In the previous year we had a recommendation that the Authority reviews the users with system admin rights to ensure that only necessary users have system admin rights. We acknowledge management's response that the finance team is relatively small with varied work patterns, so it is essential that users have permissions to allow efficient administration, including cover for absences and that access is limited to appropriately senior members of the finance team, so we have closed our recommendation.

Significant risks

Risk identified

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue

We identified and completed a risk assessment of all revenue streams for the Authority. We rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams except for commercial income. We assessed these revenue streams as being at a greater risk of being manipulated and as such identified a significant risk of fraud in these revenue streams.

Where we have rebutted the risk of fraud in revenue recognition for all revenue streams except for commercial income this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.

Audit procedures performed

Where the risk has been rebutted, we do not consider this to be a significant risk for the Authority and standard audit procedures have been carried out.

For commercial income we have:

- evaluated the Authority's accounting policy for recognition of income for appropriateness and compliance with the Code;
- updated our understanding of the system for accounting for the income and evaluated the design of associated processes and controls;
- agreed on a sample basis relevant income and year end receivable/income accruals to invoices and cash payments or other supporting evidence; and
- carried out testing on sample basis of invoices issued in the period prior to and following 31 March 2025 to determine whether income has been recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Key observations

Our audit work is complete, and we have noted any material adjustments or findings in relation to the recognition or completeness of revenue.

We are satisfied that judgements made by management are appropriate and have been determined using a consistent methodology.

Significant risks

Risk identified

Valuation of the Pension Fund net balance

The Authority's share of the pension fund net benefit balance, as reflected in its Balance Sheet as the Liability related to defined benefit pension scheme, 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 (£0.713m) in the Authority's Balance Sheet at 31 March 2025 and the sensitivity of the estimate to changes in key assumptions.

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

Audit procedures performed

- We have:
- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluated the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority 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;

Key observations

Our detailed review of the estimation process and assumptions can be found on page 24 in the key judgement and estimates section.

We have reviewed the IFRIC 14 assessment provided by the Actuary (Mercer). IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required for onerous funding commitments. The Actuary has calculated secondary contributions in perpetuity rather than over the funding horizon, which would be the recommended approach. We have re-performed the IFRIC 14 calculations and consider the position to be reasonable and appropriate.

(continued)

Significant risks

Risk identified

Valuation of the Pension Fund net balance

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

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.

Our consulting actuary has indicated that a +/-0.1% change in the discount rate, inflation or salary increase would have approximately +/-1 - 1.5% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS19 estimate due to assumptions used in their calculation.

Regarding these assumptions, we have therefore identified valuation of the Authority's pension fund net balance as a significant risk.

Audit procedures performed

- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of Cumbria Local Government Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Key observations

We cannot conclude our audit until we have received and considered the IAS19 letter from the PF auditor.

Significant risks

Risk identified

Valuation of land and buildings and investment property

The Authority revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of numbers involved, and the sensitivity of this estimate due to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

We therefore identified the closing valuation of land and buildings and investment property, as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

- 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;
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;
- tested revaluations made during the year to see if they had been input correctly into the Authority's asset register;
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and
- for all assets not formally revalued, evaluated the judgement made by management or others in determination of current value of these assets.

Key observations

We have noted no material adjustments or significant findings in relation to the Valuation of land and buildings and investment property. We have identified two immaterial unadjusted misstatements, which are detailed on page 36. The first results in an understatement of depreciation and a corresponding overstatement of PPE, and the second results in an understatement of PPE.

We have raised one medium level recommendation regarding the fact that the Authority does not carry out a formal assessment on their assets which have not been revalued in the financial year.

There is a risk that these assets could have a material change in value since they were last formally revalued which would result in a material error in the balance sheet.

Other risks

Risk identified

IFRS 16 implementation

IFRS 16 Leases became mandatory for all Local Government bodies from 1 April 2024. As a result, the distinction between operating and finance leases for lessees has been removed. Now all leases, apart from those that are deemed low value or short term, are accounted for on balance sheet by lessees. IFRS 16 has preserved the distinction between finance and operating lease accounting for lessors.

In the public sector, the definition of a lease has been extended to include the use of assets for which little, or no consideration is paid, often called “peppercorn” rentals. This is one instance where the right of use asset and its’ associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value. Any difference between market value and the present value of expected payments is accounted for as income. This has similarities with the treatment of donated assets.

Key judgements include

- determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority’s threshold for capitalising owned assets;
- determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term; and
- the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

We have therefore identified completeness of the identification of relevant leases and valuation as a risk.

Audit procedures performed

We have:

- reviewed the Authority’s IFRS 16 implementation processes to identify relevant transactions such as peppercorn leases and leases that have “rolled over” at the end of the term;
- reviewed the proposed accounting policy;
- reviewed the reconciliation of 31/03/2024 IAS17 operating lease commitment disclosure to 01/04/2024 IFRS16 lease liabilities; and
- assessed how leases with options to extend or terminate have been identified and the likelihood of these options to be exercised.

Key observations

We have noted no material adjustments or significant findings regarding the implementation of IFRS 16.

The Authority did not accrue for an in-year lease payment related to a lease that commenced partway through the financial year (October 2024). Consequently, lease liabilities disclosed at year-end were understated. The accounts have been adjusted to correct the known factual error of £4,680. However, based on our extrapolation of the potential error across all operating leases, the total estimated error is £29,501. As a result, the remaining £24,821 has been recorded as an unadjusted error. These are detailed on pages 33 and 36, respectively

Other findings

Other findings – key judgements and estimates

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

Assessment:

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

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
<p>Valuation of land and buildings £21.862m at 31 March 2025</p>	<p>Other land and buildings comprises specialised assets which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end.</p>	<p>We have reviewed and assessed the details supporting the estimates and judgements in this area, considering:</p>	<p>● Green</p>
<p>Valuation investment properties £5.888m at 31 March 2025</p>	<p>The Authority has engaged their internal valuation team to complete the valuation of properties as at 31/03/2025 on a five yearly cyclical basis. 95% of total assets were revalued during 2024/25.</p> <p>Investment properties must be included on the balance sheet at fair value (the price that would be received in an orderly transaction between market participants at the measurement date). The fair value of the Authority’s Investment Property is measured annually at the reporting date in line with the code.</p>	<ul style="list-style-type: none"> • the qualifications, skills and experience of the management’s expert (Valuer); • the completeness and accuracy of the underlying information used to determine the estimates; • the consistency of estimates against relevant indices; • the reasonableness of the increase in the estimates; and • the adequacy of disclosure regarding the estimates. <p>The valuation method remains consistent with the prior year. Our testing of the underlying assumptions and valuations has been completed, and we have not identified any significant issues regarding the valuation of Land and Buildings or Investment Properties, although as noted on page 20 there are two unadjusted misstatements linked to the Authority’s assets.</p>	

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment																								
Valuation of the Pension Fund net balance £0.713m at 31 March 2025	<p>The Authority’s net pension surplus at 31 March 2025 is nil (PY nil) for the funded benefits scheme and for unfunded benefits a deficit of £0.713m (PY £0.809m). The Authority uses Mercer to provide actuarial valuations of the Authority’s assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed as at 31 March 2022. Given the significant value of the net pension balance, small changes in assumptions can result in significant valuation movements. There has been a £0.416m net actuarial loss during 2024/25.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed management’s expert; assessed the actuary’s approach taken and undertaken detailed work to confirm the reasonableness of the approach; used PwC as auditor’s expert to assess the actuary and the assumptions made by them – see the below table; <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>5.8%</td> <td>5.7-5.9%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.7%</td> <td>2.6-2.7%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>4.1%</td> <td>3.85-4.1%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>22.8</td> <td>21.1-23.2</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>25.7</td> <td>25.2-26.1</td> <td>●</td> </tr> </tbody> </table>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.8%	5.7-5.9%	●	Pension increase rate	2.7%	2.6-2.7%	●	Salary growth	4.1%	3.85-4.1%	●	Life expectancy – Males currently aged 45/65	22.8	21.1-23.2	●	Life expectancy – Females currently aged 45/65	25.7	25.2-26.1	●	TBC - ● Green
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.8%	5.7-5.9%	●																								
Pension increase rate	2.7%	2.6-2.7%	●																								
Salary growth	4.1%	3.85-4.1%	●																								
Life expectancy – Males currently aged 45/65	22.8	21.1-23.2	●																								
Life expectancy – Females currently aged 45/65	25.7	25.2-26.1	●																								




(continued)

Other findings – key judgements and estimates





Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of the Pension Fund net balance (cont.)		<ul style="list-style-type: none">• confirmed the completeness and accuracy of the underlying information used to determine the estimate;• reviewed the impact of any changes to valuation method;• assessed the reasonableness of the Authority's share of LGPS pension assets;• assessed the reasonableness of the increase/decrease in the estimate; and• assessed the adequacy of disclosures for the estimate in the financial statements. <p>We have no concerns regarding the competence, capabilities, or objectivity of the actuary engaged by Management. To assess the actuary and the assumptions they have made, we have relied on the work of PwC as our auditor's expert.</p> <p>As noted on page 21, we are waiting for IAS19 assurances from the pension fund auditor to be able to finalise our work.</p>	TBC - ● Green

Other findings – Information Technology

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

IT application	Level of assessment performed	ITGC control area rating				Related significant risks/other risks
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Sun Systems	ITGC assessment (design, implementation and operating effectiveness)	 Amber	 Amber	 Green	 Green	Management override of controls

Assessment:

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

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	<ul style="list-style-type: none">We have previously discussed the risk of fraud with the Governance 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	<ul style="list-style-type: none">We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	<ul style="list-style-type: none">We are not aware of any significant incidences of non-compliance.
Written representations	<ul style="list-style-type: none">We draw your attention to the draft Letter of Representation which is included at Appendix B.
Confirmation requests from third parties	<ul style="list-style-type: none">We requested from management permission to send confirmation requests to the Authority’s banking and treasury partners. This permission was granted, and the requests were sent. These requests were returned with positive confirmation.
Disclosures	<ul style="list-style-type: none">Our review found no material omissions in the financial statements.
Significant difficulties	<ul style="list-style-type: none">We have not encountered any significant challenges during the audit.
Other matters	<ul style="list-style-type: none">Our review of the Expenditure and Funding Analysis identified that the draft outturn report presented to the Resources Committee on 5 June 2025 did not include the figures reported in the Draft Accounts. The final outturn report, which will include the reported figures, is scheduled to be presented to the Authority Committee in September 2025. As a matter of best practice, the draft outturn report should be presented to the Committee alongside the draft financial statements.

Other responsibilities

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 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

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

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix C.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none">• if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,• if we have applied any of our statutory powers or duties.• where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>We have nothing to report on these matters.</p>

Other responsibilities

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that work is not required as the Authority does not exceed the threshold.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge our duties as auditors in relation to consolidation returns under paragraph 2.11 of the Code.</p>

Audit adjustments

Audit adjustments

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

Impact of adjusted misstatements

No adjusted misstatements have been identified at the date of issuing our report. We will provide an update to management and the Governance Committee should any issues be identified from the remaining testing.

Audit adjustments

Misclassification and disclosure changes

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

Disclosure	Misclassification or change identified	Adjusted?
Investment Property	Two casting errors were identified in the Investment Property disclosure for the comparable amounts (2023/24), where the disclosed figures did not align with the audited 2023/24 financial statements. Both errors have been corrected to reflect the accurate audited figures.	✓
Cash Flow Statement	The Cash Flow Statement originally disclosed in the draft financial statements omitted multiple lines and incorrectly presented the Net increase/(decrease) in cash and cash equivalents as a negative figure. This has been corrected.	✓
Capital Expenditure and Financing	The total disclosed for the comparable amount (2023/24) did not align with the audited 2023/24 financial statements. This error has been corrected to reflect the accurate audited figure.	✓
Grants Received in Advance	From our review of the entire Grants Received in Advance population, we identified three items, totalling £180k, that were incorrectly classified as Grants Received in Advance. These items have been removed from the Grants Received in Advance disclosure and are now reported solely under Short-term Creditors.	✓
Property Plant and Equipment	The note has been updated to remove a superfluous line, and a footnote has been added to explain a £56k variance in Land and Buildings. This variance arises from the implementation of IFRS 16, which resulted in one asset being reclassified as a Right-of-Use Asset.	✓
Property, Plant and Equipment	We identified 3 Land and Building assets with a NBV of £40k which should have been categorised as Equipment.	x

Audit adjustments (cont.)

Disclosure	Misclassification or change identified	Adjusted?
Movement in Reserves Statement	The total disclosed for the comparable amount (2023/24) relating to Unusable Reserves did not align with the audited 2023/24 financial statements. This error has now been corrected to reflect the accurate audited figure.	✓
Financial Instruments	We identified several items that did not meet the definition of a Financial Instrument but were erroneously included as either a Financial Asset or Financial Liability within the Financial Instruments disclosure note.	✓
Defined Benefit Pensions Schemes	The asset ceiling was incorrectly disclosed as £15m instead of £16.5m. Additionally, the figures provided in the sensitivity analysis were also incorrect.	✓
Throughout	As a result of our review of the accounts we identified a number of minor presentational and disclosure improvements. Management have amended the accounts for these matters.	✓

Audit adjustments

Impact of unadjusted misstatements

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

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
We identified 3 assets which were incorrectly depreciated over their economic life rather than the term of their lease resulting in an understatement of depreciation and an overstatement of Property, Plant and Equipment (PPE).	Dr - Depreciation 40	Cr - PPE (40)	40	0
We identified that updated income and expenditure data became available after the data had been provided to the external valuer. This resulted in minor variances in the data used to underpin the valuations. Upon re-performing the calculations, we confirmed that incorporating the updated information would increase the valuation of Land and Buildings by £39k. As a result, these assets are understated by £39k in the Financial Statements.	0	Dr - PPE 39 Cr - Revaluation Reserve (39)	0	0
We identified one instance where the Authority failed to accrue for an in-year lease payment for a lease that commenced partway through the financial year (October 2024). As a result, the lease liabilities disclosed at year-end were understated. The known factual error is £4,680, which is below triviality. As our testing is performed on a sample basis, we perform an extrapolation of the potential error across all operating leases, which would be £29,501 and therefore over triviality so reported here.	Dr - Operating Lease Expense 30	Cr - Accruals (30)	30	30
Overall impact of current year unadjusted misstatements	70	(70)	70	30

Action plan

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

Assessment	Issue and risk	Recommendations
● Medium	<p>Our work on the valuation of land and buildings has identified that the Authority does not carry out a formal assessment on their assets which have not been subject to revaluation in the financial year.</p> <p>There is a risk that these assets could have a material change in value since they were last formally revalued which would result in a material error on the balance sheet.</p>	<p>We recommend that the Authority undertakes an annual assessment of the assets that have not been subject to the valuation exercise to assure themselves that there has not been a material movement in value at the balance sheet date since their last formal.</p> <p>Management response</p> <p>An informal assessment is undertaken at valuation meetings between finance staff and the valuers. This does on occasion result in a desktop exercise to confirm whether there may have been material movements in specific categories of assets not due to be valued. However, management are happy to formalise and quantify this on an annual basis.</p>
● Medium	<p>Our review of cash processes identified that the IT Manager is authorised to approve payments through the bank. While two authorisers are required to process payments, the group of authorised individuals includes five senior Finance personnel and the IT Manager. The IT Manager has been included as a backup to cover for absences. However, we consider the inclusion of the IT Manager as an authorised signatory for bank payments to be a segregation of duties issue and a control deficiency.</p>	<p>We recommend that the Authority reviews the authorisation access rights regarding cash and bank.</p> <p>Management response</p> <p>The IT Manager was given access as a back-up when the Finance team had only 3 senior personnel to undertake these tasks. Management are happy to review this access.</p>

Key

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

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in 2 recommendations being reported in our 2023/24 Audit Findings Report. We have detailed the status of these recommendations below.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Management response accepted	<p>Our work on IT general controls identified high number of finance users with system admin rights. A total of 5 out of 8 finance users have system admin access which gives them rights to make changes within the system such as adding or deleting users. While these rights do not grant them superuser rights to make changes on the system, the ability to make the changes within the system poses a risk if this is granted to a high number of users. This increases risk of unauthorised activity and management override of controls.</p> <p>Recommendation</p> <p>We recommend that the Authority reviews the users with system admin rights to ensure that only necessary users have system admin rights.</p>	<p>Management do not accept this recommendation. The finance team is relatively small with varied work patterns, so it is essential that users have permissions to allow efficient administration, including cover for absences. Access is limited to appropriately senior members of the finance team. It is not judged that this leads to an increased risk of inappropriate activity or management override of controls.</p> <p>Audit Response</p> <p>We acknowledge Management's response, and we are satisfied through our work on Management Override of Controls that there have not been any instances of management override, fraud or error.</p>

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>The Authority has included a disclosure in Note 4 ‘Accounting Standards that have been issued but have not yet been adopted’ in relation to the impact of IFRS 16 leases – due to be applicable in local authority accounts from 1 April 2024. However, the Authority has excluded low value assets incorrectly, determined based on the lease cost rather than asset value, from the disclosure.</p> <p><u>Recommendation</u></p> <p>We recommend that the Authority reviews the full lease population to ensure asset values for all leases are considered, in order for a comprehensive implementation of IFRS16 in full in the 2024/25 accounts.</p>	<p>Management accept the recommendation. We are aware of the need to obtain right of use asset valuations for assets of potentially significant value on below market rate lease payments. This work has yet to be completed but will be done as part of the wider work required for implementation of IFRS16.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Partially implemented	<p>In 2022/23 our sample testing of useful economic lives identified errors in the asset lives applied. As a result of these errors, management reviewed the fixed asset register to quantify the total error across the full asset base because of incorrect asset lives being used.</p> <p><u>Recommendation</u></p> <p>We recommend the Authority reviews the useful economic lives of assets held in the fixed asset register to ensure these remain accurate and appropriate.</p> <p>In 2023/24 no errors were noted in our testing of useful economic lives specifically, however, the Authority continues to have several assets with nil NBV which are still in use.</p> <p><u>2024/25 Update</u></p> <p>Our review of Property, Plant, and Equipment (PPE) identified that the Authority has several fully depreciated assets recorded in the Fixed Asset Register. Through our testing, we confirmed that these assets are still operational and in use by the Authority and, therefore, should not have been disposed of. This finding indicates that the Useful Economic Lives (UEL) assigned to these assets did not accurately reflect the expected usage and economic consumption of the asset.</p>	<p><u>Ongoing recommendation</u></p> <p>We recommend that the Authority reviews the Useful Economic Lives (UEL) assigned to its assets in the Fixed Asset Register to ensure they are reasonable and accurately reflect the assets' expected usage and consumption.</p> <p><u>Management response</u></p> <p>An extensive review is undertaken annually, and management are satisfied that all assets with a nil NBV are still owned by the Authority. An estimate of the likely value of assets with nil NBV was undertaken in 2023/24. The estimated value was deemed to be low as it largely relates to smaller items of older equipment.</p>

Assessment

- ✓ Action completed
- ✗ Not yet addressed

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>The payroll system which oversees costs of £9,733k is managed by Bury Council. From discussions with management our understanding is that management receive no formal assurance over the operation of controls at Bury Council.</p> <p><u>Recommendation</u></p> <p>We recommend that the Authority formally requests and receives a level of assurance over the operation of the payroll system. Following discussions with management we understand they have compensatory controls in place which they believe mitigates the risk. We will reconsider the recommendation as part of the Authority's expected change in payroll provider in 2024/25.</p>	<p>Management did not accept this recommendation. The service provided by Bury relates to processing of payroll data provided to them by the LDNPA People Team. Significant validation checking is performed by LDNPA on the system output for every payment run, including comparison of month-on-month payments, seeking assurances on variations and cross checking to expected known changes. This means significant testing is performed on every pay run, which mitigates the need for assurance over the operation from the payroll provider.</p> <p><u>Audit Response</u></p> <p>We have considered this recommendation as part of our risk assessment and planning procedures for 2024/25. We are satisfied that the Authority has implemented appropriate compensatory controls, including significant validation checks on all payment runs, to mitigate the potential risk.</p>

Assessment

- ✓ Action completed
- ✗ Not yet addressed

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>We note that the Authority maintains an ICT risk register as part of its risk management arrangements, however, it does not have a formal policy covering cyber risk and currently does not hold accreditation with Cyber Essentials. High profile cyber-attacks undermine trust in an organisation and shatter hard won reputations and consumer trust. Over 80% of the cyber-attacks we read about could have been prevented through good simple cyber hygiene. Understanding and managing cyber risk is fundamental to any Authority's growth journey.</p> <p><u>Recommendation</u></p> <p>We recommend the Authority proactively looks at its cyber preparedness and puts in place appropriate policies and safeguards</p>	<p>Management acknowledges the importance of cyber security. We have policies aimed at good cyber security hygiene and regularly push out training to all users relating to cyber security risks. The authority has moved the vast majority of servers to an off-site data centre managed by a third party and has also made significant progress with Cyber Essentials certification. We expect to meet all the criteria for certification before the end of the calendar year. We have also put in place the relevant insurance to help mitigate the impact of a cyber event, should one arise.</p> <p>Management response</p> <p>The Authority subsequently achieved Cyber Essentials certification. In addition, revised ICT policies were approved by Resources Committee on 2nd September 2025 which included a new section on procedures to address risks around cyber-crime. The Authority acknowledges that this is an increasingly important issue with an increased amount of ICT staff time now devoted to addressing cyber risks.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Follow up of prior year recommendations (cont.)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>We have reviewed the IT General Controls for the in-scope financial systems. Our review identified some deficiencies in the processes in place during the period under review:</p> <ul style="list-style-type: none">• there are no periodic reviews of user access• our review identified cases where user access was not removed on a timely basis. <p>Robust IT General Controls are essential to mitigate risks to the integrity of the financial systems. We understand that since June 2023, finance receives notification of leavers and therefore who requires removal from the finance system, facilitating timely removal from the finance system.</p> <p>Recommendation We recommend the Authority reviews the security and access procedures and change management processes and puts in place appropriate policies and controls in line with best practice</p> <p>Our 2023/24 work did not identify any issues in relation to timely removal of leavers. The testing undertaken in 2023/24 identified that in some cases there is no documentation trail for new access & access change requests and there is no periodic reviews of user access rights. This suggests an ongoing need to focus on and action this issue.</p>	<p>Management acknowledge the importance of control over access changes in the system. Although no inappropriate or erroneous changes have been identified, we accept that improved documentation to support user changes would help improve controls and this will be introduced.</p>

Assessment

✓ Action completed

X Not yet addressed

Value for Money arrangements

Value for Money arrangements

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

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

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



Improving economy, efficiency and effectiveness

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



Financial sustainability

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



Governance

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

In undertaking this work we have not identified any significant weaknesses in arrangements.

Independence considerations

Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services. The fees reconcile to the financial statements.

Total audit and non-audit fee

Scale fee as set by PSAA	£56,863
IFRS 16 *Subject to approval by PSAA	£2,000
Total audit fee	£58,863

The above fees are exclusive of VAT

The Scale fee agrees to the financial statements (Note 18).

*The IFRS 16 fee is subject to approval by PSAA.

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Independence considerations

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

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

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

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters.	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan

	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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

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

Respective responsibilities

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

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

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Management letter of representation (Draft)

[**To be prepared on client letterhead**]

Grant Thornton UK LLP

11th Floor,
Landmark St Peter's Square,
1 Oxford St,
Manchester,
M1 4PB

[**To be dated the same as the opinion**]

Dear Grant Thornton UK LLP

Lake District National Park Authority Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Lake District National Park Authority ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

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

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of the pension fund net balance and the valuation of land and buildings and investment properties. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the financial statements:

- a. there are no unrecorded liabilities, actual or contingent;
- b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

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

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

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

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

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

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

- a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
- b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

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

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

B. Management letter of representation (Draft)

Information Provided

xv. We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

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

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

xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

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

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

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

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

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

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

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Authority's Governance Committee at its meeting on 24 September 2025.

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

C. Audit opinion

Our anticipated audit report will be unmodified. Below is our draft audit opinion.

Independent auditor's report to the members of Lake District National Park Authority

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Lake District National Park Authority (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material 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 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 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 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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 Head of Resources' 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 Head of Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's 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 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Head of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Head of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon. The Head of Resources is responsible for the other information. In our evaluation of the Head of Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's 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 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Head of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Head of Resources with respect to going concern are described in the relevant sections of this report.

C. Audit opinion

Other information

The other information comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon. The Head of Resources is responsible for the other information. Our Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Head of Resources

As explained more fully in the Statement of Responsibilities the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Resources. The Head of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Head of Resources 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 Head or Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003.

C. Audit opinion

- We enquired of management and the Governance committee, concerning the Authority’s policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Governance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority’s financial statements to material misstatement, including how fraud might occur, by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and the risk of fraudulent transactions in commercial revenue streams . We determined that the principal risks were in relation to:
 - Journals posted by Senior Officers
 - Material Journals after the year-end
 - Material accruals after the year-end
 - Journals posted by members of the ICT team
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on journals posted by Senior Officers, material journals after year-end, material accruals after year-end and journals posted by members of the ICT team.
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the Authority’s share of the pension fund, its Land and Building and Investment Property Valuations; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the risk of fraudulent transaction in commercial revenue streams. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner’s assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team’s:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government sector
 - understanding of the legal and regulatory requirements specific to the Authority including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Authority’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority’s control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

C. Audit opinion

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

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

Responsibilities of the Authority

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

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

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

We are not required to consider, nor have we considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

We have documented 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 have considered 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 Lake District National Park Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the Authority’s consolidation returns and we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Luddington, Key Audit Partner

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

Manchester

[**Date**]



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