Audit Findings for Lake District National Park Authority

Year ended 31 March 2026

September 2026

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Dear Members of the Governance Committee

Audit Findings for Lake District National Park Authority for the 31 March 2026

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-2025-.pdf (grantthornton.co.uk).

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

Matt Derrick

Director
For Grant Thornton UK LLP

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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 2026 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's 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 11 to 18. We have not identified any adjustments to the financial statements, resulting in an adjustment to the Authority's Comprehensive Income and Expenditure Statement or Usable Reserves.

We have also raised recommendations for management, set out on pages 23-24, and reported our follow up of prior year recommendation on pages 25-26.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, subject to the following outstanding matters:

- receipt and review of the requested assurances from the auditor of Cumbria Pension Fund;
- finalisation of our work on the Expenditure and Funding Analysis;
- receipt of management representation letter;
- review of the final set of financial statements; and
- final review of the audit file by the Engagement Manager and Engagement Lead.

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 the Authority and with the audited financial statements.

Our anticipated financial statements audit report opinion will be unmodified. We anticipate issuing the auditor's report once the above matters have been concluded following your Governance Committee on 23 September 2026.

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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:

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

We have completed our VFM work. A summary is provided on page 27, with detailed commentary in the separate Auditor's Annual Report presented alongside this report. We are satisfied that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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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
- certify the closure of the audit.

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

We have completed the majority of our 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 because confirmation has not been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller and Auditor General, and therefore no further work is required to be undertaken in order to discharge the auditor's duties 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 2026.

Significant matters

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

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Our approach to materiality

As communicated in our Audit Plan dated 15 April 2026, we determined materiality at the planning stage as £0.469 million based on 2.5% 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 £0.469m 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 the users of the financial statements.

We have used 2.5% of gross expenditure as the basis for determining materiality.

Performance materiality

We have determined performance materiality at £0.352m based on 75% of headline materiality.

We have maintained the threshold stated in our Audit Plan.

Specific materiality

This balance is material by nature due to the sensitivity of the disclosure. Materiality has been set at £0.008m. We revised the threshold set in our Audit Plan due a significant change (19%) when based on the Draft Account figures.

Reporting threshold

We will report to you all misstatements identified in excess of £0.024m, in addition to any matters considered to be qualitatively material.

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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	£0.469m	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 £0.469m being 2.5% of your prior year (2024/25) gross expenditure.
Performance materiality	£0.352m	Performance materiality has been set at £0.352m being 75% of your headline materiality.
Specific materiality for Senior Officer Remuneration	£0.008m	This balance is material by nature due to the sensitivity of the disclosure. Materiality has been set at £0.008m.
Reporting threshold	£0.024m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements

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Overview of audit risks

The below table summarises the significant 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	G
The revenue cycle includes fraudulent transactions	Significant	↔	✓	Medium	G
The expenditure cycle includes fraudulent transactions	Not Significant	↔	✓	Medium	G
Valuation of the pension fund net balance	Significant	↔	×	High	A
Closing valuation of Land & Buildings and Investment Properties	Significant	↔	×	High	G

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

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

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Significant risks

Risk identified	Audit procedures performed	Key observations
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: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals; • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; • gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness with regard to corroborative evidence; and • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.	Our audit work did not identify any issues relating to management override of controls. However, we identified that the Section 151 Officer posted a small number of journals during the year. Given the seniority of this role, we would not expect them to be posting journals. We have therefore raised a recommendation detailed in the Action Plan to address this. We also note that 6 of 9 finance system users (previously 5 of 8 in 2024/25) hold system administrator access. This issue was raised previously and management's response was accepted at the time; on further consideration, we have raised a recommendation in the Action Plan for management to implement a control to regularly review the administrative actions of users with elevated access. No material adjustments or findings were identified in relation to management override of controls."We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no evidence of management bias across the financial statements.

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Significant risks

Risk identified	Audit procedures performed	Key observations
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 this revenue stream as being at greater risk of being manipulated and as such we have identified a significant risk of fraud in these revenue streams. Where we rebutted the risk of fraud in revenue recognition for revenue streams this was due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.	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 debtors/income accruals to invoices and cash payments or other supporting evidence; and • carried out testing on a sample basis of invoices issued around 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.	Our work in respect of the revenue cycle, including fraudulent transactions, is complete. Our substantive testing of invoices identified an error. This arose because a budget holder did not notify finance in a timely manner of the need to raise an accrual. As a result, income of £14,550 was recognised in the incorrect accounting period: understating income for 2025-26, with a corresponding overstatement in 2026-27. We have raised a recommendation in the Action Plan. To obtain appropriate assurance, we extended our sample and undertook further testing. No further errors were identified.

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Significant risks

Risk identified	Audit procedures performed	Key observations
The expenditure cycle includes fraudulent transactions Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure. We identified and completed a risk assessment of all expenditure streams for the Authority. We considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This was due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the expenditure streams both individually and collectively.	We have: • evaluated the Authority's accounting policy for recognition of expenditure for appropriateness and compliance with the Code; • updated our understanding of the system for accounting for the expenditure and evaluated the design of associated processes and controls; • agreed on a sample basis relevant expenditure and year end creditors and accruals to invoices or other supporting evidence; and • carried out testing on a sample basis of invoices received in the period around 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.	Our audit work is complete, and we have not noted any material adjustments or findings in relation to the recognition or completeness of expenditure. We are satisfied that judgements made by management are appropriate and have been determined using a consistent methodology.

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Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of Pension Fund net balance The Authority's share of the pension fund net asset, as reflected in its Balance Sheet as the net defined asset (£11.551m), represents a significant estimate in the financial statements. The net position comprises a gross pension liability of £51.567m million, offset by gross pension assets of £70.904m million, and adjusted by £7.786m in respect of the impact of the asset ceiling under IFRIC 14, (see below). The gross liability, determined at Authority level, is subject to significant actuarial judgement and estimation uncertainty, and is therefore the element giving rise to the significant risk. 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 the methods and models used do not in themselves give rise to a significant risk of material misstatement. (continued on following page)	We have: • updated our understanding of the processes and controls put in place by management to ensure 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 - Mercer) 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 balance and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report, including confirmation of the scope of the actuary's work and whether the application of IFRIC 14 has been considered; (continued on following page)	Our audit work is almost complete. 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 calculated secondary contributions in perpetuity, rather than over the funding horizon as recommended. As a result, management requested the Actuary redo the calculation correctly; this resulted in a material adjustment to the financial statements which is set out on page 21. We are awaiting assurances from the auditor of the Cumbria Pension Fund regarding the controls surrounding the validity and accuracy of membership, contributions and benefits data sent to the actuary by the pension fund, and the valuation of fund assets in the pension fund financial statements. This is expected imminently. We will update the Committee once this outstanding work has concluded.

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Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of Pension Fund net balance (continued) The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. However, the actuarial assumptions used are the responsibility of the entity, based on the advice from the actuary. Small changes in the key assumptions (such as 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 xx% change in the discount or inflation rate would have approximately xx% effect on the gross liability. We have therefore identified valuation of the Authority's gross pension liability as a significant risk.	• obtained assurances from the auditor of Cumbria Pension Scheme as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension scheme and the fund assets valuation in the pension fund financial statements: and • following the publication of the triennial valuation of Cumbria Pension Scheme as at 31 March 2025, considered the impact on the pension fund net balance.	

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Significant risks

Risk identified	Audit procedures performed	Key observations
Closing valuation of Land & Buildings and Investment Properties The valuation of Land & Buildings and Investment Properties represents a significant estimate in the financial statements. The Code for 2025/26 requires indexation in the intervening years between revaluations. The Authority adopted this for the first time this year. We consider it a significant estimate due to its size, complexity and sensitivity to changes in key assumptions. We therefore identified it as a significant risk for the audit.	We have: • evaluated management's processes and assumptions for the calculation of the valuation 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 valuation expert and discussed with the valuer 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; • evaluated the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets have then been substantively tested to ensure the valuations are reasonable; • tested a selection of other asset revaluations made during the year to ensure they have been input accurately into the Authority's asset register, Revaluation Reserve and Comprehensive Income and Expenditure Statement; and • Evaluated the appropriateness of key indices used by the Authority and checked the basis of accounting entries.	We have noted no material adjustments or significant findings in relation to the closing valuation of Land & Buildings and Investment Properties. We identified an asset not held in line with the Authority's accounting policy, resulting in depreciation being charged over an incorrect Useful Economic Life. The impact of this was trivial. As a result, a recommendation originally raised in 2022/23 remains open; this is detailed in our follow-up of prior year recommendations on pages 25–26.

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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. The table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

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

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Communication requirements

Issue	Commentary
Matters in relation to fraud	• 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	• We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	• The principal laws and regulations with which the local authority complies include, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003. We are not aware of any significant instances of non-compliance.
Written representations	• We draw your attention to the draft Letter of Representation which is included at Appendix B.
Confirmation requests from third parties	• 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	• Our review found no material omissions in the financial statements.
Significant difficulties	• We have not encountered any significant challenges during the audit.
Other matters	• No such matters to report.

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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 these 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.

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Other responsibilities

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

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Audit adjustments

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

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
A pension asset was incorrectly recognised due to an error in the IFRIC 14 asset ceiling calculation. Following recalculation using the appropriate funding horizon, no economic benefit is available from the surplus. The recognised pension asset of £11.551m has therefore been derecognised and an unfunded pension liability of £688k recognised, resulting in a £12.239m adverse movement in the Pension Reserve. This is recognised as a remeasurement loss in Other Comprehensive Income and Expenditure, which is then reversed out through the Pensions Reserve in the Movement in Reserves Statement – so there is no impact on the general fund.	Dr - Remeasurement of net pension liability (OCI) £12.239m	Cr - Pension Asset £11.551m Cr - Pension Liability £0.688m	0	Dr - Pension Reserve £12.239m**
Overall impact	£12.239m	£12.239m	0	£12.239m**

** Reverses the CIES remeasurement charge through the Pensions Reserve in the Movement in Reserves Statement, so there is no overall impact on the general fund.

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Audit adjustments

Impact of unadjusted misstatements

No unadjusted misstatements have been identified at the date of issuing our report.

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?
Note 10	Right-of-use assets were erroneously excluded from the 'total capital outturn for the year' column, causing the note not to cast correctly.	✓
Note 12	We identified that travel and subsistence expenses of £565 for an elected member had not been included in Note 12 (Members' Allowances), understating the total expenses figure by £565. Although this is trivial in monetary terms, we have included it here given the sensitivity of the disclosure.	✓
Note 16	Employee contributions into the scheme were shown as £496,000, rather than £396,000 per the actuary's report.	✓
Note 25	The carrying value of liabilities was incorrectly stated as £2,260,000 rather than £1,260,000 resulting in an overstatement of total creditors within the financial instruments disclosure note.	✓
Accounting policies	We identified that depreciation is not charged in the year of addition and is documented within the accounting policies. Management has agreed to update the accounting policy documentation to formally reflect this treatment.	✓
Throughout	A number of typographical errors have been identified throughout the financial statements.	✓

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Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2024/25, and the resulting impact upon the 2025/26 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2025/26 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 surplus/deficit of the provision of services £'000	Impact on general fund £'000	Reason for not adjusting
3 assets depreciated over economic life vs lease term, overstating PPE £40k (2024/25). Balance sheet-only; no CIES/GF impact.	0	Cr – PPE (40)	0	0	Below triviality
Revised valuer data understated Land & Buildings £39k (2024/25) via Revaluation Reserve. Balance sheet-only; no CIES/GF impact.	0	Dr – PPE 39 / Cr – Reval. Reserve (39)	0	0	Below triviality
£30k lease accrual omitted (Oct 2024). Reverses in 2025/26 – overstates net expenditure, understates General Fund £30k.	Cr – Lease Expense (30)	Dr – Accruals 30	30	30	Below triviality
Impact of prior year unadjusted misstatements on the current year's financial statements	**(30)**	**(10)**	**30**	**30**	
Cumulative impact of prior year and current year unadjusted misstatements on 2025/26 financial statements	(30)	(10)	30	30	

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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	An accrual for income of £14,550 was not notified to finance in a timely manner by the relevant budget holder, resulting in income being recognised in the incorrect accounting period (understated 2025-26 / overstated 2026-27). Without timely communication between budget holders and finance, there is a risk of material misstatement through incorrect period-end cut-off.	We recommend that guidance is issued to budget holders on accrual identification and notification deadlines ahead of each period-end close, including a clear escalation route where information is provided late. Consideration should be given to a formal sign-off/checklist process for budget holders to confirm all known accruals have been communicated prior to the close of each reporting period. **Management response** Management accepts the recommendation. Significant effort goes into identification of accruals, and the audit findings provide assurance that this process is substantially effective. We will however consider strengthening the guidance and reiterating the importance of budget holders identifying accruals at year end.
Medium	The Section 151 Officer can both prepare and approve journals, with no independent review or system control to separate these duties. Unilateral posting by the most senior finance officer increases the risk of undetected error or deliberate manipulation, particularly around manual adjustments.	We recommend that the Section 151 Officer should no longer post journals directly. Journal preparation and posting should be restricted to appropriately delegated finance staff, with the S151 Officer's role limited to review and approval. **Management response** Management accepts the recommendation. The S151 Officer was previously the Financial Services Manager and has been transitioning out of operational financial processes while the technical accounting post was vacant. This post has now been filled reducing the need for operational support.

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

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Action plan (Continued)

Assessment	Issue and risk	Recommendations
Medium	Our work identified that 6 of the 9 finance system users currently hold system administrator access. This issue was reported in the prior year ISA 260 (5 of 8 users in 2024/25), and management explained that the finance team is relatively small with varied working patterns, meaning it is essential that users have permissions to allow efficient administration. We accepted this response. Management has confirmed that, now the team is fully staffed, user access is being reviewed, and administrator rights will be reduced to three designated roles. While this action should mitigate the risk, we recommend that management implement a control to regularly review the administrative actions performed by those with elevated rights throughout the year, regardless of how many users hold such access, provided those users also perform a function within the finance team.	We recommend that management implement a control to regularly review the administrative actions performed by users with elevated system access throughout the year. This review should apply regardless of the number of users holding administrator rights, provided those users perform a function within the finance team, and should be evidenced to demonstrate the review has taken place. **Management response** Management accepts the recommendation. The S151 Officer will consider the format and frequency and implement periodic review of administrators, subject to the audit information available in the finance system.

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

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Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2024/25 financial statements, which resulted in 3 recommendations being reported in our 2024/25 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
✓	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. 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.	We recommended that the Authority undertake an annual assessment of assets not subject to the valuation exercise, to assure itself that there has not been a material movement in value at the balance sheet date since their last formal valuation. The introduction of indexation in the CIPFA Code mitigates this risk, and we are therefore happy to close this recommendation.
✓	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.	We recommended that the Authority review the authorisation access rights for cash and bank. The IT Manager had been given access as a back-up, at a time when the Finance team had only three senior personnel available to undertake these tasks; this access has now been removed.

Assessment

✓ Action completed

X Not yet addressed

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Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Partially implemented	2022/23: sample testing identified errors in the useful economic lives (UELs) applied to assets. 2023/24: no UEL errors were noted, but several fully depreciated (nil NBV) assets remained in use. 2024/25: our PPE review found fully depreciated assets still in operational use, indicating UELs did not reflect actual usage. 2025/26 Update We have identified an asset not held in line with the Authority's accounting policy resulting in depreciation being charged over an incorrect Useful Economic Life. The impact of this was trivial.	Ongoing recommendation We recommend the Authority ensures all Useful Economic Lives (UELs) applied to assets in the Fixed Asset Register are in line with its accounting policy and are reviewed regularly to remain accurate and appropriate. Management response Management accept the recommendation. Significant effort goes into accounting for non-current assets, including ensuring UELs are appropriate. The audit findings provide assurance that this process is substantially effective, however, we will review UELs in preparation for the next year end process.

Assessment

✓ Action completed

X Not yet addressed

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Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2026

The National Audit Office issued its latest Value for Money guidance to auditors in March 2026. 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 2025-26. 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.



Governance

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



Financial sustainability

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



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.

In undertaking this work we have not identified any significant weaknesses in arrangements. We have identified one improvement recommendation to enhance economy, efficiency and effectiveness, which is detailed in our Auditor's Annual Report.

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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.

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Fees and non-audit services

The following tables below sets out the total fees for the audit. We do not perform any non-audit services for Lake District National Park.

Audit fees	£
Audit of Authority	(£) 58,455
Additional Fee – IFRIC14	(£) 2,948
Total	(£) 61,403

Total audit and non-audit fee	
(Audit fee) £61,403	(Non-audit fee)£ Nil

The above fees are exclusive of VAT and out of pocket expenses.
The fees agree to the financial statements.

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

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Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
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		●

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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.

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B. Management letter of representation

[Prepare on client letterhead]
Grant Thornton UK LLP
[Date]
Dear Grant Thornton UK LLP

Lake District National Park Authority

Financial Statements for the year ended 31 March 2026

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 2026 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 2025/26 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

We have fulfilled our responsibilities, as set out in Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, 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 2025/26 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

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.

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.

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

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B. Management letter of representation (continued)

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include. 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 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.

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.

Except as disclosed in the financial statements:

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

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.

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.

The financial statements are free of material misstatements, including omissions.

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

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

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B. Management letter of representation (continued)

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:

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

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

Information Provided

We have provided you with:

- 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;
- additional information that you have requested from us for the purpose of your audit; and
- unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

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

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

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.

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B. Management letter of representation (continued)

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:

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

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.

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.

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.

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

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

Narrative Report

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

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

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C. Audit opinion

9-503 Local authority (non-PIE and no group) independent auditor's report 2025/26

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 2026, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement the Balance Sheet and the Cash Flow Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2026 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 2025/26; 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.

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C. Audit opinion (continued)

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 2025/26 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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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C. Audit opinion (continued)

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, 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

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C. Audit opinion (continued)

- 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 2025/26, 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 of 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.

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C. Audit opinion (continued)

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.
- 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. We determined that the principal fraud risks were in relation to:
- Management override of controls, specifically: journals posted by senior management; material journals posted around and after the year end (31 March 2026); and journals posted to manipulate the results for the year ended 31 March 2026.
- The revenue cycle, specifically the commercial revenue stream, including fraudulent transactions.
  - Our audit procedures to address the principal fraud risks included:
  - 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 management; material journals posted around and after the year end (31 March 2026); and journals posted to manipulate the results for the year ended 31 March 2026; and

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C. Audit opinion (continued)

- 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 the events and transactions reflected in the financial statements, the less likely we would become aware of it or recognise non-compliance.
  - We communicated relevant laws and regulations and potential fraud risks to all engagement team members. 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.

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C. Audit opinion (continued)

  - 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.

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 2026.

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

Responsibilities of the Authority

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the relevant guidance issued by the Comptroller and Auditor General. 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;

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C. Audit opinion (continued)

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

Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

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

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Lake District National Park Authority for the year ended 31 March 2026 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 that the audit of the Whole of Government Accounts is complete for the year ended 31 March 2026. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Use of our report

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

[Signature]

Matthew F Derrick, Key Audit Partner

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

Carlise

[Date]

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