



## STATEMENT OF ACCOUNTS

2007/08

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## STATEMENT OF ACCOUNTS

2007/08

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## STATEMENT OF ACCOUNTS 2007/08

### 1. EXPLANATORY FOREWORD

- 1.1 These Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007: A Statement of Recommended Practice 2007 (the SORP) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and conform to Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs) where these are applicable to local authorities except where specific mention is made.
- 1.2 The 2007 SORP requires in 2007/08 the replacement of the Fixed Asset Restatement Account and the Capital Financing account with a Capital Adjustment Account and a Revaluation Reserve. The closing balances of both the Capital Financing Account and the Fixed Asset Restatement Account were then netted off to the Capital Adjustment Account at 31 March 2007. The establishment of the Revaluation Reserve is being made prospectively and consequently the opening Revaluation Reserve balance at 1 April 2007 is zero.
- 1.3 The Authority's Accounts for the year ended 31 March 2008 are set out on pages 7 to 11 and are supported by the Statement of Accounting Policies which follow this Foreword. The Accounts also include at Section 9 Notes to the Statements (pages 12 to 17) to assist understanding.
- 1.4 The Authority was created and given powers under the Environment Act 1995 and came into existence on 1 April 1997. The main source of income is a National Park Grant from the Department for Environment Food and Rural Affairs (DEFRA) and this is supplemented by other Government grants. In 2007/08 the Authority received:
- a national park grant of £3,818,578 which includes an amount of £200,000 for a Sustainable Development Fund
  - A planning delivery grant of £136,987 from the Department for Communities and Local Government
  - a grant of £114,915 from the South West Regional Development Agency for a Sustainable Development Fund
- 1.5 The Statement of Accounts includes:
- Income and Expenditure Account (page 7): this shows the cost of providing services across the functional heads and how these services were financed from generated income and from government grant
  - Statement of Movements on the General Fund Balance (page 8): this shows the adjustments necessary to comply with accounting standards to determine the (surplus)/deficiency for the year and which has been added to the General Fund Balance.
  - Statement of Recognised Gains and Losses (STRGL) (page 8): this shows the change in the equity of the Authority and includes gains and losses which do not arise out of the operation of the Authority's activities and includes adjustments relating to the revaluation of assets or the actuarial revaluation of the pension fund
  - Balance Sheet (page 9): this details the assets and liabilities of the Authority at 31 March 2008

- Cash Flow Statement (page 10 to 11): this summarises the movement of cash arising from all the activities of the Authority
- 1.6 The Authority sets an annual balanced budget based on the National Park Grant, other Government Grants and the estimated income for goods and services provided. Additionally, the Authority either takes the lead role or actively participates in a range of partnership schemes to secure external funding. Actual expenditure against budget produced a surplus for the year of £21,496 which has been added to the General Fund Balance. During the year the Authority adopted a National Park Management Plan covering the period 2007-2012 and carried out a Staffing Complement Review to align its staffing resource to deliver the objectives of this Plan. The costs of this review have been covered within the year through savings on vacant posts.
- 1.7 In accordance with Financial Reporting Standard No17 (FRS17) balance sheet and funding status disclosures have been made by the Authority in respect of its pension obligations under the Local Government Pensions Scheme.
- 1.8 The Authority is debt free as at 31 March 2008.

**STATEMENT OF ACCOUNTS 2007/08****2. STATEMENT OF ACCOUNTING POLICIES****2.1 General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2007/08 financial year and its position at the year-end of 31 March 2008. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2007 – A Statement of Recommended Practice (the SORP).

**2.2 Basis of Recording Fixed Assets in the Balance Sheet**

The bases that have been used in valuing operational assets are:

Land and Buildings	Existing Use Value where there is sufficient evidence of market transactions
	Depreciated replacement cost where the asset is of specialist nature or where there is little or no evidence of market transactions
	Open Market Values
Vehicle Plant and Equipment	Net current replacement cost or net realisable value in existing use

The figures for Land and Buildings are based on a capital valuation of property assets as at 1 April 2004 carried out by the Somerset Property Services arm of Somerset County Council. Reassessment of Asset Valuations is taking place at intervals of no greater than five years. Valuation adjustments are accounted for via the Revaluation Reserve Arrangements will be made for the next review to be carried out at 1 April 2009. There are no material changes to the value of land and buildings since the last valuation,

Certain small items which have an expected life of more than the year of account (e.g. tools and equipment) are charged to the revenue account in the year of acquisition. A de minimus figure of £5,000 is used for capital purposes.

**2.3 Intangible Fixed Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the authority (eg software licences) is capitalised when it will bring benefits to the authority for more than one financial year. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits.

**2.4 Prior Period Adjustment**

Changes in accounting policies or the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and by adjusting the opening balance of reserves for the cumulative effect.

**2.5 Basis of Depreciation Provisions**

The asset values shown in the Balance Sheet, including those for vehicles, plant and equipment, are, where appropriate, written down annually either on a straight-line or annuity

basis to reflect the extent to which the assets have been consumed. Annual depreciation is charged to the Income and Expenditure account on all these assets as at 31 March.

Freehold land is not depreciated; however, assets with a known finite life, such as leasehold land and buildings, together with those with an estimated operational life including leasehold land and buildings are depreciated and charged to the Income and Expenditure account. Most of the buildings are depreciated over an estimated life of between 20 and 50 years.

Vehicles, Plant and Equipment are depreciated over 5 – 7 years.

## **2.6 Government Grants and Contributions (Revenue)**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (eg National Park Grant) are credited to the foot of the Income and Expenditure Account after Net Operating Expenditure.

## **2.7 Nature of Funds**

The Authority has established a number of funds for the management of its finances:

- Capital Adjustment Account represents the carrying value of fixed assets at 31 March 2007 which has been treated as a proxy for historic cost
- Revaluation Reserve represents the difference between depreciated historical cost and the carrying value of fixed assets.
- the Pension Reserve represents the net pension asset/liability;
- the Partnership Projects Reserve enables projects to go ahead in partnership with other agencies or to take advantage of external funding opportunities;
- the Major Projects Reserve comprises funds earmarked for the acquisition or development of land and property;
- the Revenue Earmarked Reserve comprises the sums earmarked for specific projects of a revenue nature;
- the Asset Management Fund in an internal leasing arrangement providing vehicles and equipment to service areas utilising the balances held in reserves.
- the General Fund Reserve is the sum set aside to meet unforeseen contingencies and provide working capital.

## **2.8 Basis for Inclusion of Debtors and Creditors at the Year End**

The Accounts follow the 'accruals' concept whereby amounts due to and from the Authority in respect of the financial year, but not actually settled at the year end are brought into the Accounts. The amounts so included are estimated for each line of expenditure or income, and any difference between the actual figures and those estimates are reflected in the Accounts the following year. The Authority's main source of income is Government grant and the balance of income is recognised in accordance with prevailing accounting policy, FRS 5.

## **2.9 Basis of Valuation of Stocks**

Stocks are stated at the lower of historical cost or net realisable value.

## 2.10 **Overheads and Support Services**

The Statement of Accounts and supporting notes have been compiled in accordance with the guidance set out in the Best Value Accounting Code of Practice. Capital charges and apportionable overheads have been allocated to each service area, as required under the Code. Corporate and Democratic Core and Unapportionable Central Overheads are disclosed separately in the accounting records maintained by the Authority.

Costs of Support Services (Finance, Personnel, Information Technology, General Administration and Legal Services) have been reallocated across the Functional Headings within the Revenue Account.

## 2.11 **Operating Leases**

Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

## 2.12 **Retirement Benefits**

The Statement of Recommended Practice (the SORP) requires the full recognition of Financial Report Standard 17 (FRS17) Retirement Benefits. As a participating employer of the Somerset County Council Fund the Statement of Accounts include a recognition of the net liability by showing pensions reserve in the balance sheet as determined by the Fund's Actuary. Full details of the disclosures required by FRS17 are shown in Section 9: Notes to the Statements (Paragraph 9.4).

## 2.13 **Contingent Liabilities**

Contingent Liabilities are not accrued in the accounting statements. Material contingent liabilities are disclosed as a note to the accounting statements if there is a possible obligation which may require a payment or a transfer of economic benefits.

## 2.14 **Investments**

Investments are carried at cost. If the value of an investment falls below its cost, the investment is written down to market value and a provision for the unrealised loss made in the Income and Expenditure Account if this is likely to be a temporary fall.



STATEMENT OF ACCOUNTS 2007/08

3. STATEMENT OF RESPONSIBILITIES

3.1 The Authority's Responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that Officer is the Chief Finance Officer,
- manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- approve the Statement of Accounts.

3.2 The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Authority's Statement of in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent, and
- complied with the local authority SORP

The Chief Finance Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

3.3 Declaration of the Chief Finance Officer:

I certify that this Statement of Accounts presents fairly the financial position of Exmoor National Park Authority at 31 March 2008 and its income and expenditure for the year ended 31 March 2008.

C W Burrows

Chief Finance Officer:  ..... Date 23 September 2008

3.4 Approved by Exmoor National Park Authority:

This Statement of Accounts was approved by resolution of the Resources and Performance Committee on 24 June 2008

M A Collins

Chairman:  ..... Date: 23 September 2008

**STATEMENT OF ACCOUNTS 2007/08**
**4 INCOME AND EXPENDITURE ACCOUNT**

<u>2006/07</u> Net Expenditure		Expenditure	Income	Net Expenditure
£		£	£	£
589,305	Conservation of Natural Environment	974,018	(301,267)	672,751
136,515	Conservation of Cultural Heritage	310,782	(115,572)	195,210
568,229	Recreation Management	549,518	(139,163)	410,355
671,776	Promoting Understanding	817,926	(200,688)	617,238
4,046	Traffic & Transport	0	0	0
855,996	Rangers, Estate Team & Volunteers	958,865	(72,137)	886,728
490,014	Development Control	542,659	(89,727)	452,932
487,903	Policy And Community	610,351	(79,416)	530,935
381,172	Corporate Management	347,228	(16,809)	330,419
68,000	Non Distributed Costs - Pensions	90,000	0	90,000
4,252,956	Cost of Services	5,201,347	(1,014,779)	4,186,568
(107,945)	Investment Income			(141,482)
24,000	Pensions Interest Cost and Expected Return On Pensions Assets			38,000
4,169,011	Net Operating Expenditure			4,083,086
(4,071,416)	Government Grants			(4,070,480)
97,595	(Surplus) / Deficit For Year			12,606



**5. STATEMENT OF MOVEMENTS ON THE GENERAL FUND BALANCE**

<b>2006/07</b>		<b>2007/08</b>
<b>£</b>		<b>£</b>
97,595	(Surplus) / Deficit for year on Income and Expenditure	12,606
	<u>Amounts included in Income and Expenditure Accounts but required to be excluded:-</u>	
(201,006)	Depreciation and Impairment of Fixed Assets	(356,104)
(165,347)	Government Grants Deferred Amortisation	147,228
	Net gain on sale of fixed assets	
(412,000)	Net charges for retirement benefits in accordance with FRS 17	(422,000)
(680,758)		(618,270)
	<u>Amounts not included in Income and Expenditure Accounts but required to be included:-</u>	
50,480	Capital expenditure charged in year	43,761
236,000	Employer's contributions payable to Somerset Pension Fund and retirement benefits payable to pensioners	312,000
(394,278)		(262,509)
	<u>Transfers to or from General Fund Balance:-</u>	
364,356	Net Transfer to / (from) earmarked reserves	241,013
(29,922)	Net (Surplus) / Deficit for Financial Year	(21,496)
(319,459)	Brought forward at 1 April	(254,809)
(47,059)	Planned Transfer from Reserve	
(97,269)	Adjustments with other Reserves	(25,000)
238,900	Purchase of Property	
(254,809)	Carried forward at 31 March	(301,305)

**6. STATEMENT OF RECOGNISED GAINS AND LOSSES (STRGL)**

<b>2006/07</b>		<b>2007/08</b>
<b>£</b>		<b>£</b>
97,595	Deficit for year on the Income and Expenditure Account	12,606
(675,000)	Actuarial Losses / (Gains) on the Pension Fund Assets and Liabilities	(538,000)
0	Revaluation of Assets	(41,250)
0	Profit on Sale of Asset	(5,350)
3	Rounding (FRS17)	999
(577,402)	Loss / (Gain) in Total Equity	(570,995)

### STATEMENT OF ACCOUNTS 2007/08

#### 7. BALANCE SHEET

Restated as at 31 March 2007 £			£	As at 31 March 2008 £
	<b>FIXED ASSETS</b>			
	<b>- TANGIBLE</b>			
8,331,311	Land & Buildings	<i>(see Notes 9.7 &amp; 9.8)</i>	8,190,485	
445,200	Vehicles & Plant	<i>(see Notes 9.7 &amp; 9.8)</i>	328,336	
8,776,511				8,518,821
	<b>- INTANGIBLE</b>			
9,431	Software Licences	<i>(see Note 9.7)</i>		6,287
8,785,942	<i>Total Fixed Assets</i>			8,525,108
	 <b>CURRENT ASSETS</b>			
94,473	Stocks	<i>(see Note 9.9)</i>	106,665	
1,888,857	Short Term Investments	<i>(see Note 9.10)</i>	2,093,788	
360,273	Debtors and Payments in Advance	<i>(see Note 9.11)</i>	342,650	
370,655	Cash & Bank	<i>(see Note 9.12)</i>	30,884	
2,714,258	<i>Total Current Assets</i>			2,573,987
	 <b>CURRENT LIABILITIES</b>			
(395,322)	Creditors and receipts in advance	<i>(see Note 9.13)</i>	(362,682)	
(435,341)	Bank Overdrawn	<i>(see Note 9.12)</i>	(70,109)	
10,669,537	<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(432,791) 10,666,304
	 Government Grant Deferred	<i>(see note 9.14)</i>		(141,893)
(289,121)	Pension Liability	<i>(see Note 9.4)</i>		(1,734,000)
(2,161,000)				
8,219,416	<b>TOTAL ASSETS LESS LIABILITIES</b>			8,790,411
	 Capital Adjustments	<i>(see note 9.14)</i>		8,343,929
	Revaluation Reserve	<i>(see note 9.14)</i>		39,286
(2,161,000)	Pension Reserve	<i>(see Note 9.4)</i>		(1,734,000)
320,635	Partnership Projects Reserve	<i>(see note 9.15)</i>		339,927
102,520	Major Projects Reserve	<i>(see note 9.15)</i>		208,520
1,275,526	Revenue - Earmarked Reserves	<i>(see note 9.15)</i>		1,366,248
(69,895)	Asset Management Fund	<i>(see note 9.16)</i>		(74,805)
254,809	General Fund Reserve	<i>(see note 9.15)</i>		301,306
8,219,416	<b>TOTAL EQUITY</b>			8,790,411

**STATEMENT OF ACCOUNTS 2007/08**
**8. CASH FLOW STATEMENT**

2006/07		2007/08
£		£
	<u>REVENUE ACTIVITIES</u>	
	Cash Outflows:	
2,764,177	Employment Costs	2,743,891
	Other Operating Costs	
<u>3,345,696</u>		<u>2,024,590</u>
<u>6,109,873</u>		<u>4,768,481</u>
	Cash Inflows:	
(3,525,466)	National Park Grant	(3,618,578)
(1,063,708)	Fees and Charges	(867,551)
	SDF Grant	
(200,000)		(200,000)
(91,542)	RDA Grant	(114,915)
<u>(254,408)</u>	Planning Delivery Grant	<u>(136,987)</u>
<u>(5,135,124)</u>		<u>(4,938,031)</u>
974,749	Net Cash (Inflow) Outflow from Revenue	(169,550)
	<u>RETURNS ON INVESTMENTS</u>	
	Cash Inflow:	
(107,945)	Interest Received	(141,482)
	<u>CAPITAL ACTIVITIES</u>	
	Cash Outflow:	
344,828	Acquisition of Fixed Assets	85,990
	Cash Inflow:	
(17,129)	Sale of Fixed Assets	(5,350)
<u>1,194,503</u>	NET CASH (INFLOW) OUTFLOW BEFORE FINANCING	<u>(230,392)</u>
	MANAGEMENT OF LIQUID RESOURCES	
(375,996)	Net increase (decrease) in temporary investments	204,931
<u>818,507</u>	NET CASH (INFLOW) OUTFLOW	<u>(25,461)</u>

RECONCILIATION OF REVENUE CASH FLOW

(29,922)	Deficit (Surplus) to General Fund Balance	(21,496)
(347,227)	Contributions (to) from earmarked reserves	(241,013)
(23,334)	Contribution to internal leasing	(31,969)
107,945	Interest Received	141,482
11,250	Sale of fixed Assets	
(17,945)	Increase (Decrease) in Stocks	12,192
(58,296)	Increase (Decrease) in Debtors etc	(17,623)
1,394,006	(Increase) Decrease in Creditors - Revenue	32,640
(61,730)	Capital expenditure funded from revenue	(43,761)
2	Adjustment for roundings	(2)
<u>974,749</u>		<u>(169,550)</u>

<b>2006/07</b>	<b><u>MOVEMENT IN CASH &amp; LIQUID RESOURCES</u></b>	<b>Balance as at</b>	<b>Balance as at</b>	<b>2007/08</b>
<b>Movement</b>		<b>01.04.07</b>	<b>31.03.08</b>	<b>Movement</b>
<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
	Movements in cash:			
(818,507)	Cash in hand and at bank	(64,686)	(39,225)	25,461
	Movement in Liquid Resources:			
(375,996)	Short Term Investments	1,888,857	2,093,788	204,931
<u>(1,194,503)</u>	Sub-Total	<u>1,824,171</u>	<u>2,054,563</u>	<u>230,392</u>

## STATEMENT OF ACCOUNTS 2007/08

### 9 NOTES TO THE ACCOUNTS

#### 9.1 GRANT INCOME

2006/07		2007/08
£		£
3,525,466	National Park Grant - DEFRA	3,618,578
200,000	Sustainable Development Fund - DEFRA	200,000
91,542	Sustainable Development Fund - RDA	114,915
254,408	Planning Delivery Grant – Communities & Local Government	136,987
<b>4,071,416</b>	<b>TOTAL</b>	<b>4,070,480</b>

#### 9.2 PUBLICITY AND ADVERTISING

The Authority is required to publish expenditure on publicity under Section 4(5) of the Local Government Act 1986 which is as follows:

2006/07		2007/08
£		£
25,335	Advertising Staff Vacancies	39,937
10,574	Other Advertising and Publicity	10,452
<b>35,909</b>	<b>TOTAL</b>	<b>50,389</b>

#### 9.3 EMPLOYEE REMUNERATION

The number of employees whose remuneration fell in each £10,000 bracket over £50,000 was:

2006/07		2007/08
-	£50,001 - £60,000	-
-	£60,001 - £70,000	-
1	£70,001 - £80,000	1

#### 9.4 PENSIONS

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme. It is contracted out of the State Second Pension. The calculations have been carried out by the Actuary as instructed by Somerset County Council, the Administering Authority to the Somerset County Council Pension Fund of which the Authority is an admitted body. The latest formal valuation of the fund was at 31 March 2007. The net pension position for the Authority as at 31 March 2008 is a liability of £1,734,000 and the following disclosures are made.

## 9.18 CONTINGENT LIABILITY

The Authority has made payments totalling £55,211 for conservation management agreements which fall within the European Union's definition of "State Aid" in relation to farming support. Advice received by the Authority is that these payments require retrospective approval from the EU and that the Department for Environment, Food and Rural Affairs has submitted an application to that effect. Should this approval not be forthcoming, this may result in a liability for the authority to repay government funding it has received in support of these payments. It is not possible at the time of these accounts to identify the expected timing of approval for these payments nor the likely outcome of the application.

## 9.19 POST BALANCE SHEET TRANSACTION

The Authority surrendered the leases to the National Trust for the car parks and toilets at Allerford, Bossington and Horner on 25 May 2008 and the necessary capital adjustments will be contained in the accounts for 2008/09.

## 9.20 AUDIT FEE NOTE

The Authority is required to disclose the external audit costs which are as follows:

2006/07	Details of Services	2007/08
£		£
13,500	External audit services under the Code of Audit Practice	
1,500	Certification of grant claims (estimated creditor)	} 14,738
nil	Other Services	nil

## **10. ANNUAL GOVERNANCE STATEMENT**

### **10.1. Scope of responsibility**

- 10.2 Exmoor National Park Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 10.3 In discharging this overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 10.4 Exmoor National Park Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained from the Chief Executive, Exmoor House, Dulverton, TA22 9HL. This statement explains how the Authority has complied with the code and also meets the requirements of regulations 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### **10.2 The purpose of the governance framework**

- 10.2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with the leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 10.2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority's policies and aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 10.2.3 The governance framework has been in place at Exmoor National Park Authority the year ended 31 March 2008 and up to the date of approval of the annual business plan and statement of accounts.

### **10.3. The Governance Framework**

#### **10.3.1 The key elements of the governance framework include:**

- a National Park Management Plan that contains a vision, priorities and a corporate strategy to meet national park purposes
- an annual review of the Authority's priorities as contained in the National Park Management Plan
- the production of an annual business plan that includes data on performance and objectives both achieved and planned

- committee papers that are linked to National Park Management Plan or Business Plan objectives
- a Scheme of Delegation which sets out the functions and workings of the Authority and the powers delegated to Committees and the Chief Executive
- formal codes of conduct which define the standards of personal behaviour of members and staff. The model code for members was adopted on 3 July 2007 and for staff whilst the model code has been adopted an update from Government is awaited
- standing orders, a scheme of delegation and financial regulations are in place
- responsibility for audit matters has been delegated to the Resources and Performance Committee
- the Solicitor and Monitoring Officer has a statutory responsibility supported by the Chief Finance Officer and financial regulations to ensure the legality of transactions, activities and arrangements the Authority enters into
- complaints procedures and a whistle-blowing policy are in place for members of the public, members, staff or contractors
- training, briefing and induction programmes are carried out for members
- a staff review and development process is in place which also identifies training needs
- wide consultation takes place with interested parties and an Exmoor Consultative and Parish Forum meets to engage with the community and a Local Access Forum considers access and rights of way issues. Numerous diverse organisations are represented on these consultative mechanisms
- extensive arrangements are in place for partnership working on a range of projects. Partnership working is crucial to the achievement of the priorities set out in the National Park Management Plan.

#### 10.4. Review of Effectiveness

10.4.1 Exmoor National Park Authority has responsibility for conducting at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Executive and Heads of Service within the authority who have responsibility for the development and maintenance of the governance environment, the annual report on internal audit, and also by comments made by the external auditors.

10.4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is:

- standing orders, the scheme of delegation and financial regulations which were reviewed, updated and approved during 2007
- additional delegation was given to the Resources and Performance Committee for performance management including sustainability and the business planning and performance framework
- annual reports to the Resources and Performance Committee in respect of internal audit which is a contracted service, and from the external auditors appointed by the Audit Commission.
- annual reports to the Resources and Performance Committee on risk management, performance indicators and treasury management
- a Standards Committee is in place which makes an annual report to the Authority
- an internal audit service is contracted from Somerset County Council Internal Audit Services which during 2007 merged with the South West Audit Partnership. An annual work programme is agreed with the Chief Finance Officer and the internal auditors produce an annual report covering their activities.
- the continuing implementation of the Improvement Plan following the performance assessment carried out during 2005/06
- the completion of a staffing complement review, an asset management review and a review of the management of the Authority's herds of Exmoor ponies.

10.4.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Resources and Performance Committee

and a plan to address weaknesses and ensure continuous improvement of the system is in place

**10.5. Significant governance issues**

10.5.1 In general the governance and internal control systems within the Authority are working effectively and have been reviewed by the Solicitor and Monitoring Officer and the Chief Finance Officer and been independently validated by the internal and external auditors.

10.5.2 During 2008/09 the Authority will be

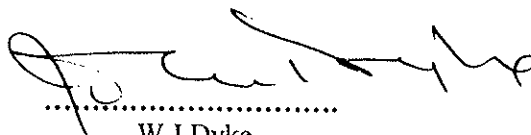
- establishing a National Park Management Plan Implementation Board to oversee progress in achieving the Management Plan targets and the accountability of the Authority and other lead organisations
- designating individual members to perform the role of 'Lead Member' in respect of specified subject areas
- considering the introduction of member job descriptions and assessment of member performance
- commissioning an independent review into members' allowances
- completing the review of contract standing orders and review the standing orders and the scheme of delegation and financial regulations
- introducing performance standards into the staff review and development process
- carrying out a Partnership review following the adoption of the National Park Management Plan which has now brought together a wide variety of new partners identified as lead organisations committed to achieving the targets for the National Park
- developing an external funding strategy
- developing the customer service standards and culture
- completing the review of the security arrangements for Information Technology including the adoption of security policy
- carrying out service reviews into legal services and the deployment of the Field Services Team

10.5.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed .....



Dr. N.M.Stone  
Chief Executive



W.J.Dyke  
Chairman

**Date .....19 June 2008.....**



## 11. INDEPENDENT AUDITOR'S REPORT

### Independent auditor's report to the Members of Exmoor National Park Authority

#### Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Exmoor National Park Authority for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority accounting statements comprise the Authority Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority Balance Sheet, the Authority Statement of Total Recognised Gains and Losses, the Authority Cash Flow Statement and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Exmoor National Park Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

#### Respective responsibilities of the Chief Finance Officer and auditor

The Chief Finance Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts. My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the Authority accounting statements, and consider whether it is consistent with the audited Authority accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements. My responsibilities do not extend to any other information.

#### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority accounting statements and related notes.

### ***Opinion***

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### ***Authority's Responsibilities***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

#### ***Auditor's Responsibilities***

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

#### ***Conclusion***

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Exmoor National Park Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

#### **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Alun Williams  
District Auditor  
3-6 Blenheim Court, Lustleigh Close, Exeter

September 2008