

1 April 2009

Mr Kevin Bishop
 Chief Executive
 Dartmoor National Park Authority
 Parke
 Bovey Tracey
 Newton Abbot
 Devon
 England
 TQ13 9JQ

Dear Kevin,

Annual audit fee 2009/10

Further to our discussions with Lorna Brown, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Dartmoor National Park Authority. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees, as shown in the table below.

Area of work	DNP
Audit and inspection: Planning, liaison and reporting	✓
Audit: Accounts and systems	✓
Audit: Value for Money Conclusion	✓
Audit: Risk-based performance audit work	None identified.
Other: Certification of grant claims and returns	As appropriate.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The Audit Commission has recently clarified the interpretation of its published fee scales. In law it is the Commission that sets the audit fees for all bodies within its regime through the annual scales of fees and, if everything is equal, the fee payable by any audited body is the scale fee. The publication of scales of fees fixes the fee for all bodies covered by them.

However the Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work was required than envisaged by the scale fee to reflect the actual work that auditors need to do to meet their statutory responsibilities. It will do this on the basis of auditor's assessment of risk and the scale and complexity of the audit at the particular body.

The Authority's audit fee has been below the Audit Commission recommended scale fee in recent years (11% below in 2008/09). With the increased quality standards and changes in financial reporting requirements the expectations on audit are increasing and it is not possible to maintain the audit fee at this level.

The total fee for the audit for 2009/10 is £21,575 (exclusive of VAT) which compares to the planned fee of £18,950 for 2008/09. A summary of this is shown in the table below. The scale fee for Dartmoor National Park Authority is £21,575.

Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements including WGA	13,500	10,900
VFM Conclusion	8,075	8,050
Total audit fee	21,575	18,950

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued later in the audit year. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Director of Finance and then prepare a report outlining the reasons why the fee needs to change for discussion with the audit and governance committee.

My value for money conclusion will be based upon a review of these three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The criteria relevant for 2009/10 are detailed in Appendix 2. We have not yet identified any significant risks in relation to the value for money conclusion.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Rachel McKechnie – Audit Manager 0844 798 5686

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Bill Sanderson the Head of Operations Southern Region, (b-sanderson@audit-commission.gov.uk).

Yours sincerely



Alun Williams, District Auditor
cc Director of Finance
cc Chair of the Audit Committee

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit and Governance Committee.

Table 1

Planned output	Indicative date
Audit plan	March 2009
Annual governance report	September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2010
Final accounts memorandum (to the Director of Finance)	September 2010
Annual audit letter	September 2010

Appendix 2: Use of Resources

From 2008/09 the KLOE for the use of resources assessment will form the set of criteria for the VFM conclusion. The Commission specifies which of these KLOE will form the 'relevant criteria' for the VFM conclusion for each type of body each year. The specified KLOE for the National Park for 2008/09 and 2009/10 are included in the table below.

KLOE	2008/09	2009/10
Managing finances		
1.1 Financial planning and financial health	✓	✓
1.2 Understanding costs and achieving efficiencies	✓	✓
1.3 Financial reporting	✓	✓
Governing the business		
2.4 Risk management and internal control	✓	✓
Managing resources		
3.1 Natural resources		✓
3.2 Asset management	✓	

Auditors are required to apply a yes/no judgement against the criteria to indicate whether the audited body has proper arrangements in place or not. Criteria with a 'no' judgement will automatically apply in the following year, regardless of whether they are specified. Equally there may be circumstances in which the criterion has not been specified but the auditor becomes aware of issues or new risks arising in relation to that KLOE. In such cases, the auditor will undertake appropriate risk-based work necessary to discharge their statutory functions, and reflect the results of this work in their VFM conclusion.

KLOE 3.1

Is the organisation making effective use of natural resources?

This KLOE will apply for the first time in 2009/10. Below is an extract from the guidance issued to auditors to help them apply the Code criteria proportionately when arriving at a VFM conclusion. The guidance includes the characteristics of performance that auditors might expect to see to give a 'yes' judgement.

Getting the basics right – what might you expect to see?

The body is developing a strategy to reduce its own use of natural resources and its impact on the environment. The development of its strategy is based on a clear understanding of its own:

- carbon emissions;
- water use; and
- consumption of other resources.

The body shows evidence of working with others across its area in developing its strategy. It is also engaging with staff and gaining their commitment to and ownership of the organisation's approach to reducing its impact on the environment. It has identified some initiatives to support its strategy and reduce its impact on the environment and is producing plans to deliver them.

The body is establishing systems and processes to manage its own performance to:

- reduce its use of energy, fuel, water and raw materials through reducing demand and using more efficient approaches or products;
- reduce the waste it produces and reusing and recycling resources wherever possible; and
- manage habitats to increase biodiversity (as applicable).

The body is incorporating targets into its arrangements and establishing the systems it needs to monitor progress in achieving these targets.