



Annual Audit Plan

Cairngorms National Park Authority - Year ending 31 March 2025

February 2025

The Audit and Risk Committee
Cairngorms National Park Authority
14 The Square
Grantown on Spey
PH26 3HG
21 March 2025

Forvis Mazars
100 Queen Street
Glasgow
G1 3DN

Dear Audit and Risk Committee Members

Annual Audit Plan – Year ending 31 March 2025

We are pleased to present our Annual Audit Plan for Cairngorms National Park Authority for the year ending 31 March 2025. This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing Cairngorms National Park Authority which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

Forvis Mazars LLP – 100 Queen Street - Glasgow – G1 3DN Tel: 0141 227 2400 - www.forvismazars.com/uk

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21 March 2025

Annual Audit Plan – Year ending 31 March 2025 (continued)

This report also contains appendices that outline our key communications with you during the audit, and forthcoming accounting issues and other issues. Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me.

This document will be presented at the Audit and Risk Committee meeting on 21 March 2025. If you would like to discuss any matters in more detail, please contact me on 07816354994.

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland’s Code of Audit Practice (“the Code”) and for the sole benefit of Audit and Risk Committee. Except where required by law or regulation, it should not be used, quoted or made available to any other parties without our prior written consent.

Yours faithfully,
Signed:

T. Reid d (Audit Director)
Forvis Mazars

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Appendix A – Key communication points

Appendix B - Current year updates, forthcoming accounting and other issues

This document is to be regarded as confidential to Cairngorms National Park Authority. It has been prepared for the sole use of the Audit and Risk Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

Engagement and responsibilities summary

Engagement and responsibilities summary

We are appointed to perform the external audit of Cairngorms National Park Authority for the year to 31 March 2025. The scope of our engagement is set out in the Code of Audit Practice, issued by the Auditor General and the Accounts Commission available from the Audit Scotland website: [Code of audit practice | Audit Scotland \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk). Our responsibilities are principally derived from the Public Finance and Accountability (Scotland) Act 2000 and the Code of Audit Practice, as outlined below and overleaf.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with applicable law and UK adopted international accounting standards as interpreted and adapted by the 2024/25 Government Financial Reporting Manual.



Our audit does not relieve management or the Audit and Risk Committee as Those Charged With Governance, of their responsibilities.

The Accountable Officer, is responsible for the assessment of Cairngorms National Park Authority's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- a) whether a material uncertainty related to going concern exists, and
- b) the appropriateness of the Accountable officer's use of the going concern basis of accounting in the preparation of the financial statements.

Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.



As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel and internal audit, on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Engagement and responsibilities summary (continued)



Internal control

Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We are responsible for obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Cairngorms National Park Authority's internal control.



Wider scope and Best Value

We are also responsible for reviewing and reporting on the wider scope arrangements that the Cairngorms National Park Authority has in place and its arrangements to secure Best Value. We discuss our approach to wider scope and Best Value work further in the '*Wider scope and Best Value*' section of this report.

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Your audit engagement team

Your audit team



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Team Leader

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We will utilise the external expert Deloitte on this engagement in the following area:

Review of the approach adopted by MyCSP in its calculation of Cash Equivalent Transfer Values (CETVs) pension entitlements and obtaining assurance over the operation of CETV calculator used by MyCSP in providing information on pension benefits for inclusion in Remuneration Reports. The National Audit Office (NAO) has commissioned Deloitte to support auditors to make this consideration. We have inquired with Audit Scotland about the availability of Deloitte's report for this financial year and are awaiting its response.

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Audit scope, approach, and timeline

Audit scope, approach, and timeline (continued)

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the terms of our engagement. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality and misstatements'* section of this report.

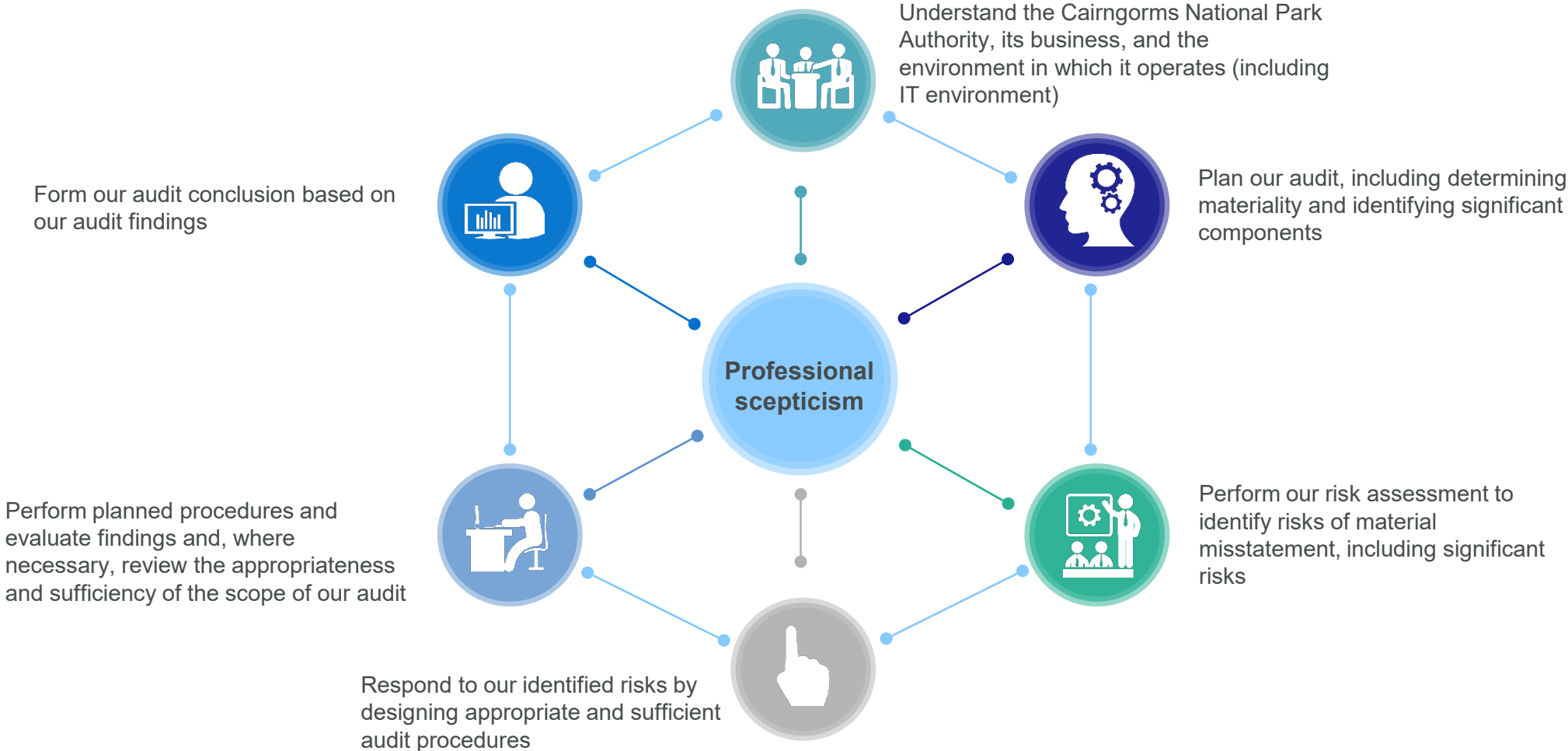
The diagram on the next page outlines the procedures we perform at the different stages of our audit. We have also provided, later in this report, a table setting out the procedures we perform for the significant financial statement areas.

Reliance on internal audit

Where possible we will seek to utilise, the work performed by internal audit to modify the nature, extent and timing of our audit procedures. We will meet with internal audit to discuss the progress and findings of their work prior to the commencement of our controls evaluation procedures. Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Audit scope, approach, and timeline

Risk-based approach



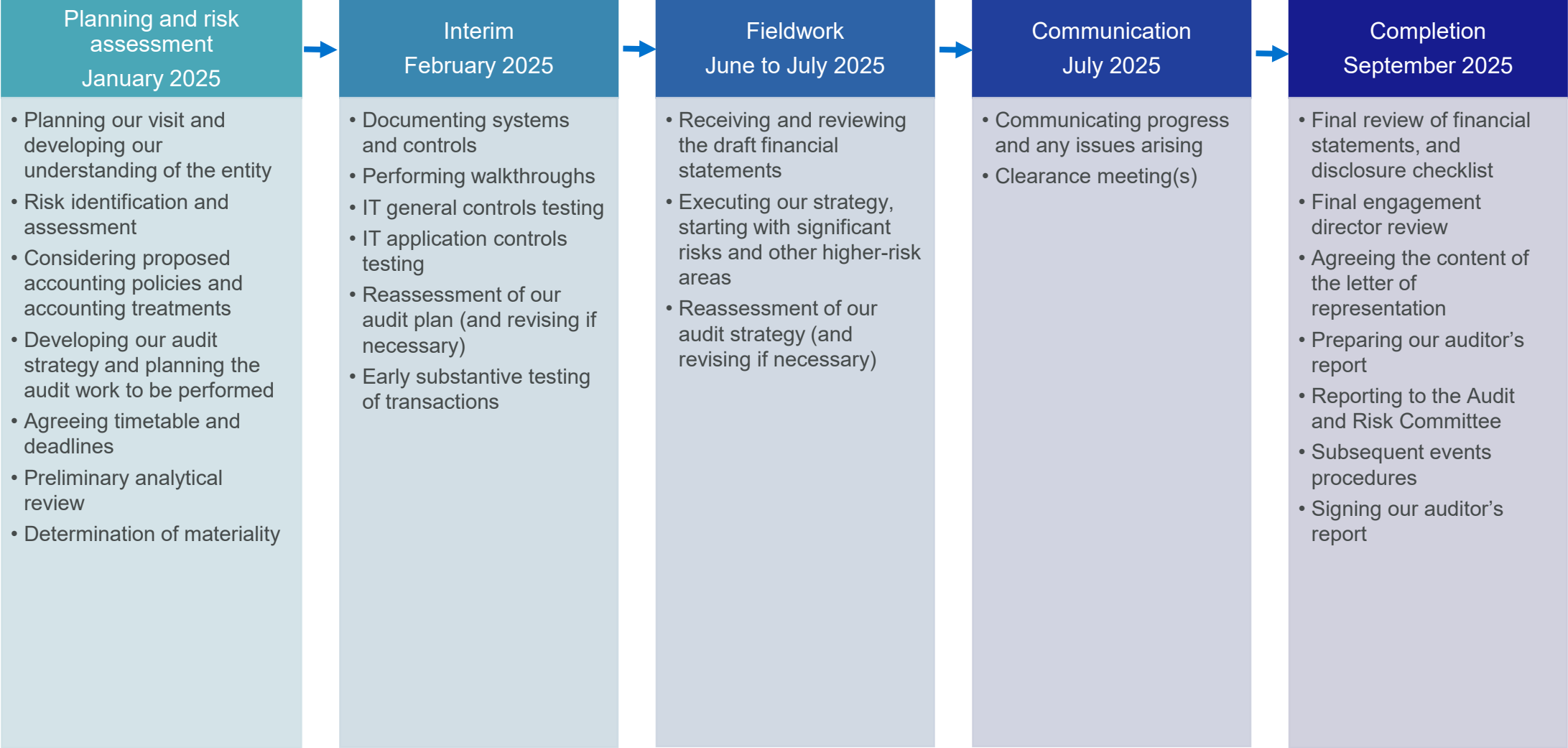
Audit scope, approach, and timeline (continued)

Management’s and our experts

Management makes use of experts in specific areas when preparing the Cairngorms National Park Authority’s financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management’s expert	Our expert
Cash equivalent transfer values of pensions as disclosed in the Remuneration and Staff Report	MyCSP	Deloitte have been commissioned by the NAO to review the reports provided by MyCSP for our audit. We have inquired with Audit Scotland about the availability of Deloitte’s report for this financial year. We are awaiting its response.

Audit scope, approach, and timeline



Audit scope, approach, and timeline (continued)

Audit approach for significant financial statement areas

Our audit approach on significant financial statement areas is set out below.

Financial statement area	Significant risk	Key judgement area or enhanced risk	Testing of controls	Substantive procedures	Comments
Operational plan income	Yes	No	No	Yes	See page 27 for details of significant risk
Board and staff costs	No	No	No	Yes	
Operational plan expenditure	Yes	No	No	Yes	See page 26 for details of significant risk
Other operating costs	Yes	No	No	Yes	See page 26 for details of significant risk
Depreciation, amortising, and impairment charges	No	No	No	Yes	
Tangible Assets	No	No	No	Yes	
Right of Use Assets	No	No	No	Yes	
Trade and other receivables	Yes	No	No	Yes	See page 27 for details of significant risk
Cash and cash equivalents	No	No	No	Yes	
Trade and other payables	Yes	No	No	Yes	See page 26 for details of significant risk

Audit scope, approach, and timeline (continued)

Audit approach for significant financial statement areas

Our audit approach on significant financial statement areas is set out below.

Financial statement area	Significant risk	Key judgement area or enhanced risk	Testing of controls	Substantive procedures	Comments
Statement of Cash Flows	No	No	No	Yes	
Related Parties	No	No	No	Yes	
Performance Report	No	No	No	Yes	
Governance Statement	No	No	No	Yes	
Remuneration and Staff Report	No	No	No	Yes	
Taxpayers' equity	No	No	No	Yes	
Leases	No	No	No	Yes	
Financial Instruments	No	No	No	Yes	
Contingent Liabilities	No	No	No	Yes	
Pensions	No	No	No	Yes	

Audit scope, approach, and timeline (continued)

Follow up on significant deficiencies in internal control

There were no significant deficiencies noted in the prior year however, set out below are the other deficiencies in internal control that we identified during our prior period audit. We request that you and management provide an update on the action taken to address these deficiencies.

Description of Deficiency	Potential effects	Recommendation
<p>Information and Data Security – Level 3</p> <p>CNPA has not obtained Cyber Essentials Plus accreditation as at 31 March 2024. Cyber Essentials is a Government backed scheme designed to help protect organisations against a range of the most common cyber-attacks. Cyber Essentials Plus includes a hands-on technical verification.</p>	<p>CNPA may be exposed to attempts to harm or exploit its computer systems.</p>	<p>23/24 recommendation CNPA should work to obtain Cyber Essentials Plus accreditation.</p> <p>Management update We have now achieved Cyber Essentials Plus accreditation.</p> <p>Planned procedures We will confirm that CNPA has achieved Cyber Essentials Plus accreditation and review its progress in renewing this.</p>
<p>IT policies – Level 3</p> <p>We identified from our testing that CNPA does not have formal policies covering change management and user access, including review of generic and privileged access to its main financial systems.</p>	<p>The absence of clear policies and procedures over user access to financial systems increases the risk of unauthorised access to CNPA’s systems.</p>	<p>CNPA should develop policies for review of change management and user access.</p>

Audit scope, approach, and timeline (continued)

Follow up on other deficiencies in internal control (continued)

Description of Deficiency	Potential effects	Recommendation
<p>Complex General Ledger Structures – Level 2</p> <p>CNPA has complex and time-consuming general ledger structures and accounting processes, as evidenced by the following features:</p> <ul style="list-style-type: none"> • Use of multiple ‘companies’, which means CNPA performs manual consolidation to produce a result for the whole organisation from the five companies set up in the SAGE financial ledger system • Inconsistencies in the Chart of Accounts for the five companies • Requisitions for procurement prepared in Excel • Reporting and payroll processing require manual input into the SAGE system. <p>We note that management have sought and received approval for the acquisition of a new accounting system, with approval provided in June 2024.</p>	<p>The processes currently in place result in duplication of efforts, are time-consuming and strenuous for the finance team, and could lead to errors in information processing.</p>	<p>We recommend that CNPA ensures that any new accounting system meets its needs and addresses the issues identified above. CNPA should also ensure there is a clear project plan for implementing the new system.</p> <p>Management update CNPA is progressing with the implementation of a new accounting system to meet its requirements.</p> <p>Planned procedures We will review CNPA’s progress in implementing the new system and provide an update in our Annual Audit Report.</p>

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to Audit and Risk Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable

diligence;

- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements (continued)

Materiality (continued)

We consider that total operating expenditure is the key focus of users of the financial statements. We have therefore determined our initial materiality levels using total expenditure as the benchmark.

We expect to set a materiality threshold of 2% of total operating expenditure.

As set out in the table below, based on currently available information from 2023/24 signed financial statements we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £291k (£291k in the prior year), and performance materiality to be in the region of £203k (£203k in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

Cairngorm National Park Authority's single-entity financial statements

	2024/25 £'000s	2023/24 £'000s
Overall materiality	291	291
Performance materiality	203	203
Clearly trivial	9	9
Specific materiality: We assess the Remuneration and Staff Report as sensitive given users' interest in this specific area of the Annual Report. We propose to set materiality in this area at 1 band within the tables in the Remuneration and Staff Report i.e. an error that moved a disclosure by one band would be assessed as material.	Remuneration and staff report – 1 Band	Remuneration and staff report – 1 Band

Materiality and misstatements (continued)

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Audit and Risk Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £9k, based on 3% of overall materiality. If you have any queries about this, please raise these with Tom Reid.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Audit and Risk Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

Reporting

In summary, we will categorize and report misstatements above the reporting threshold to the Audit and Risk Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Definitions

Following the risk assessment approach set out in the 'Audit scope, approach, and timeline' section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

Risk Level	Definition
Significant	A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.
Enhanced	An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to: <ul style="list-style-type: none">• Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and• Risks relating to other assertions and arising from significant events or transactions that occurred during the period.
Standard	A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas (continued)

Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to the Audit and Risk Committee.

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
1	Management override of controls	Yes	No	Yes	Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	In line with our methodology, we plan to address the management override of controls risk by: <ul style="list-style-type: none"> • reviewing the key areas within the financial statements where management has used judgement and estimation techniques and consider whether there is evidence of unfair bias; • examining any accounting policies that vary from the Government Financial Reporting Manual; • testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; and • considering and testing any significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas (continued)

Significant risks (continued)

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
2	Risk of fraud in expenditure recognition	Yes	No	Yes	<p>Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom highlights that, as most public-sector bodies are net spending entities, the risk of fraud related to expenditure may be greater than that related to revenue recognition.</p> <p>Payroll expenditure is well forecast and agreeable to underlying payroll systems, so there is less opportunity to manipulate this expenditure stream. In addition, depreciation represents the allocation of the cost of an asset over its useful economic life. These costs are stable, and we do not consider them at risk of material misstatement. Therefore, in our judgement, the risk applies to non-pay expenditure including operational plan expenditure and other operating costs.</p> <p>Cairngorms National Park Authority (CNPA), as a Non-Departmental Public Body, is required by the Scottish Government to closely manage its annual outturn. It requires approval to overspend, and the Scottish Government reserves the right to retain any underspends. This means there is an incentive for management to misstate expenditure. This would most likely occur through incorrect recognition of expenditure at year end and manipulating accruals.</p>	<p>In line with our methodology, we plan to address this risk by:</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of controls and procedures over non-pay expenditure which mitigate the risk of expenditure being recognised in the wrong period; • Focussed substantive testing of non pay expenditure recognised pre and post year end to identify if it has been posted in the correct accounting period; and • Review of accruals and payables, where material, around the year end to verify that they have been completely and accurately recorded.

Significant risks and other key judgement areas (continued)

Significant risks (continued)

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
3	Risk of fraud in income recognition	Yes	No	Yes	<p>As set out in International Standard on Auditing (UK) 240: The auditor's responsibilities relating to fraud in an audit of financial statement, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements.</p> <p>CNPA receives grant in aid funding through resource allocations direct from the Scottish Government. While material, this funding is well forecast and can be agreed directly to Scottish Government funding letters. We consider the opportunity and incentive to manipulate this funding is low and rebut the presumed risk around revenue recognition for the revenue resource allocation.</p> <p>We consider that the risk of fraud in income recognition therefore only applies to CNPA's other income streams, which are operational plan and other income. CNPA's financial performance targets are primarily set based on its year end outturn position, so we consider the risk to apply to year end revenue transactions and receivable balances.</p>	<p>In line with our methodology, we plan to address this risk by</p> <ul style="list-style-type: none"> • Evaluating the design and implementation of controls and procedures over operational plan and other income streams; • Focussed substantive testing of non grant in aid income recognised pre and post year end to identify if it has been posted in the correct accounting period; and • Sample testing of receivable balances held at year end through agreement to invoices and/or other supporting records.

Significant risks and other key judgement areas (continued)

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, we would like to seek the Audit and Risk Committee's views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between Cairngorms National Park Authority and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

Internal audit function

We do not expect to use the work of the internal audit function for the purpose of our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit to determine whether any findings will have an impact on our risk assessment and planned audit procedures.

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Wider scope and Best Value

Wider scope and Best Value

The framework for wider scope work

The Code of Audit Practice sets out the four areas that frame the wider scope of public sector audit. We are required to form a view on the adequacy of the Cairngorms National Park Authority's arrangements in four areas:

1. **Financial management**
2. **Financial sustainability**
3. **Vision, leadership, and governance**
4. **Use of resources to improve outcomes**

Financial management

Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively. Auditors consider whether the body has effective arrangements to secure sound financial management.

Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs. Auditors consider the extent to which audited bodies have shown regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so that it can continue to deliver services.

Vision, leadership and governance

Audited bodies must have a clear vision and strategy, and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation. Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. They also consider the effectiveness of governance arrangements for delivery.

Use of resources to improve outcomes

Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. Auditors consider the clarity of the arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of equalities, and deliver continuous improvements in priority services.

Wider scope and Best Value (continued)

Less complex bodies

The Code of Audit Practice allows an alternative audit approach where an audited body is considered less complex due to its size and limited financial activity. Audit Scotland has prepared guidance on quantitative and qualitative factors to consider in assessing whether a body is less complex. We have reviewed these criteria and concluded that CNPA is a less complex body due to its size and limited financial activity. Our judgement aligns with the Audit Scotland supplementary guidance which emphasizes factors such as limited financial transactions, straightforward governance structures, and minimal risk exposure. Our wider scope work will therefore be limited to reviewing the Governance Statement and concluding on the financial sustainability of CNPA and the services it delivers over the medium to longer term.

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Audit fees and other services

Audit fees and other services

Our fees for the audit of Cairngorms National Park Authority's financial statements for the year ended 31 March 2025, are outlined below.

At this stage of the audit, we are not planning any divergence from the expected fees set by Audit Scotland, which is available on the Audit Scotland website: [Audit Scotland expected fees for the 2024/25 audits.](#)

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Auditor remuneration	£29,150	£27,980
Pooled costs	(£280)	£300
Sectoral cap adjustment	(£12,190)	(£11,920)
Total fee	£16,680	£16,360

We have not provided any non-audit services to Cairngorms National Park Authority during the year.

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Confirmation of our independence

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and Cairngorms National Park Authority that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of Cairngorms National Park Authority and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to Cairngorms National Park Authority, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with me in the first instance.

Confirmation of our independence

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Framework Agreement issued by Audit Scotland available from the Audit Scotland website: [Audit Scotland Framework Agreement \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk).

Any emerging independence threats and associated safeguards we identify or put in place will be communicated to you in our Annual Audit Report.

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

Appendix A: Key communication points

We value communication with you, as a two-way feedback process is at the heart of our client service commitment. ISA (UK) 260 Communication with Those Charged with Governance and ISA (UK) 265 Communicating Deficiencies In Internal Control To Those Charged With Governance And Management specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Annual Audit Plan in March 2025;
- Our Annual Audit Report in September 2025; and
- Our independent auditor's report in September 2025.

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Annual Audit Plan

Our responsibilities in relation to the audit of the financial statements;

- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Annual Audit Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix A: Key communication points

ISA (UK) 260 Communication with Those Charged with Governance, ISA (UK) 265 Communicating Deficiencies In Internal Control To Those Charged With Governance And Management and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Annual Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Annual Audit Plan
<p>With respect to misstatements:</p> <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion; • The effect of uncorrected misstatements related to prior periods; • A request that any uncorrected misstatement is corrected; and • In writing, corrected misstatements that are significant. 	Annual Audit Report
<p>With respect to fraud communications:</p> <ul style="list-style-type: none"> • Inquiries with Audit and Risk Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity; • Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • A discussion of any other matters related to fraud. 	<p>Annual Audit Report and discussion at the Audit and Risk Committee meetings.</p> <p>Audit planning and clearance meetings</p>
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Annual Audit Report

Appendix A: Key communication points (continued)

Required communication	Where addressed
<p>Significant matters arising during the audit in connection with the entity’s related parties including, when applicable:</p> <ul style="list-style-type: none"> • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity. 	Annual Audit Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to Cairngorms National Park Authority or the Audit and Risk Committee in the context of fulfilling their responsibilities. 	Annual Audit Report
Significant deficiencies in internal controls identified during the audit.	Annual Audit Report

Appendix A: Key communication points (continued)

Required communication	Where addressed
<p>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off)} and inquiry of Audit and Risk Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that the Audit and Risk Committee may be aware of.</p>	<p>Annual Audit Report and Audit and Risk Committee meetings</p>
<p>With respect to going concern, events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty; • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and • The adequacy of related disclosures in the financial statements. 	<p>Annual Audit Report</p>
<p>Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management:</p> <ul style="list-style-type: none"> • Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm’s strategies and priorities • Identify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.) • Identify, design, and implement responses as part of the process to strengthen our firm’s internal control environment and overall quality • Evaluate responses and remediate control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our most recent evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>	<p>Annual Audit Plan</p>

Appendix B: Current year updates, forthcoming accounting & other issues

Applicable for IFRS Reporters

Current and forthcoming accounting issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2023

IFRS 17 *Insurance Contracts* (issued May 2017) and Amendments to IFRS 17 *Insurance Contracts* (Issued June 2020)

- IFRS 17 *Insurance Contracts* (IFRS 17) is a new standard that will replace IFRS 4 *Insurance Contracts* (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities. The amendments, issued subsequently in June 2020, do not change the fundamental principles of IFRS 17 and are aimed at helping companies implement the standard and make it easier for them to explain their financial performance. The EU has endorsed the adoption of IFRS 17, although with some changes to the version issued by the IASB. In May 2022, the UK Endorsement Board (UKEB) adopted the standard and the associated amendments.

Amendments to IFRS 17 *Insurance Contracts*: Initial Application of IFRS 17 and IFRS 9 (Issued December 2021)

- The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis. The amendments have been UK-adopted and endorsed by the EU.

Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements: Disclosure of Accounting Policies* (Issued February 2021)

- The amendments set out notable new requirements for accounting policy disclosures that change the requirements for entities to disclose material accounting policy information, rather than significant accounting policies, and not to disclose immaterial accounting policy information, explaining that accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material. Earlier application is permitted. The amendments have been UK-adopted and endorsed by the EU.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (Issued February 2021)

- The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events. Earlier application is permitted. The amendments have been UK-adopted and endorsed by the EU.

Appendix B: Current year updates, forthcoming accounting & other issues (continued)

Applicable for IFRS Reporters

Current and forthcoming accounting issues (continued)

New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2023

IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)

- IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements.

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Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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