

Cairngorms National Park Authority

Report to those charged with governance on the 2007/08 audit



July 2008



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Summary

Introduction

1. International Standard on Auditing (ISA) 260 requires auditors to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
2. ISA 260 requires us to highlight:
 - relationships that may bear on our independence and the integrity and objectivity of the appointed auditor and audit staff
 - the overall scope and approach to the audit, including any expected limitations, or additional requirements
 - expected modifications to the audit report
 - management representations requested by us
 - unadjusted misstatements, other than those that are clearly trivial
 - material weaknesses in internal control identified during the audit
 - qualitative aspects of accounting practice and financial reporting, including accounting policies
 - matters specifically required by other auditing standards to be communicated to those charged with governance and any other matters that are relevant to the audit.
3. This report sets out for the Audit Committee's consideration the matters arising from the audit of the financial statements for 2007/08 that require reporting under ISA 260. We are drawing to your attention those matters we think are worthy of note, and so that you can consider them before the financial statements are approved and certified. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. This report has been prepared for the use of Cairngorms National Park Authority and no responsibility to any third party is accepted.

Status of the Audit

4. Our work on the financial statements is now substantially complete. The issues arising from the audit were discussed with the head of corporate services and the finance manager on 3 July 2008. All matters were satisfactorily resolved.



Matters to be reported to those charged with governance

Conduct and scope of the audit

5. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Audit Plan presented to the Audit Committee on 19 March 2008 and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in March 2007.

Audit opinion & representations

6. Subject to the receipt of a revised set of accounts for final review, we anticipate being able to issue an unqualified auditor's report within one week of the accounts being signed by the Accountable Officer (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
7. All errors identified during the audit have been corrected in the accounts and therefore there are no unadjusted misstatements to bring to your attention.
8. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the accounts and judgements and estimates made. A draft letter of representation under ISA 580 has been provided to the Accountable Officer. This should be returned and signed by the Accountable Officer with the signed accounts prior to the independent auditor's opinion being certified.

Accounting and internal control systems

9. No material weakness in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the accounts.

Matters arising

10. In our view, there are no other issues which we require to bring to your attention regarding the appropriateness of accounting policies or accounting estimates and judgements, the timing of transactions, the existence of material unusual transactions or the potential effect on the financial statements of any uncertainties.



Outstanding information

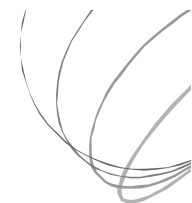
11. **Final grant-in-aid letter** – A copy of the final grant in aid letter from the Scottish Government is to be provided to audit.
12. **Internal Audit Annual Report** – A copy of the annual report from Internal Audit is to be made available in support of the Statement of Internal Control.

Acknowledgements

13. We would like to express our thanks to the staff of Cairngorms National Park Authority for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.



July 2008



APPENDIX A – Proposed Independent Auditor’s Report

Independent auditor’s report to the members of Cairngorms National Park Authority, the Auditor General for Scotland and the Scottish Parliament

I have audited the financial statements of Cairngorms National Park Authority for the year ended 31 March 2008 under the National Parks (Scotland) Act 2000. These comprise the Operating Cost Statement and Statement of Recognised Gains and Losses, Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 123 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Board, Chief Executive and auditor

The Board and Chief Executive are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. The Chief Executive is also responsible for ensuring the regularity of expenditure and receipts. These responsibilities are set out in the Statement of Accountable Officer’s Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland.

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. I report to you whether, in my opinion, the information which comprises the Foreword included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.



In addition, I report to you if, in my opinion, the body has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

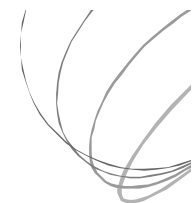
I review whether the Statement on Internal Control reflects the body's compliance with the Scottish Government's guidance, and I report if, in my opinion, it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the body's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only National Park Board Members and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Public Finance and Accountability (Scotland) Act 2000 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board as required by the Code of Audit Practice approved by the Auditor General for Scotland. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of expenditure and receipts included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Board and Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the body'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 financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.



Opinion

Financial statements

In my opinion

- the financial statements give a true and fair view, in accordance with National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, of the state of affairs of Cairngorms National Park Authority as at 31 March 2008 and of the excess of expenditure over income, recognised gains and losses and cash flows for the year then ended
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers
- information which comprises only the Foreword included in the Annual Report is consistent with the financial statements.

Regularity

In my opinion in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Signature

Stephen O'Hagan CPFA
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Date