



# Annual Audit Report

**Cairngorms National Park Authority – year ended 31 March 2024**

September 2024

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

September 2024

Forvis Mazars  
100 Queen Street  
Glasgow  
G1 3DN

Dear Committee Members and the Auditor General for Scotland,

### **Annual Audit Report – Year ended 31 March 2024**

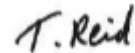
We are pleased to present our Annual Audit Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions and findings from our considerations of the wider scope audit specified in the Code of Audit Practice 2021 namely, financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Annual Audit Plan, which we presented to you on 19 April 2024. We have reviewed our Annual Audit Plan and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of Cairngorms National Park Authority's team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on +44 7816354994.

Yours faithfully



Tom Reid (Audit Director)

Forvis Mazars LLP

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Our reports are prepared in accordance with Terms of Appointment Letter from Audit Scotland dated 18 May 2022 through which the Auditor General for Scotland has appointed us as external auditor of the Cairngorms National Park Authority (CNPA) for financial years 2022/23 to 2026/27. We undertake our audit in accordance with the Public Finance and Accountability (Scotland) Act 2000, as amended; and our responsibilities as set out within Audit Scotland's Code of Audit Practice 2021.

Reports and letters prepared by appointed auditors and addressed to CNPA are prepared for the sole use of CNPA and made available to Audit Scotland and the Auditor General for Scotland. We take no responsibility to any member or officer in their individual capacity or to any other third party.

01

Executive Summary

# Executive summary

## Audit conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in Audit Scotland's Code of Audit Practice 2021. Our responsibilities and powers are derived from our appointment by the Auditor General under the Public Finance and Accountability (Scotland) Act 2000 and as outlined in our Annual Audit Plan, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Annual Audit Plan, which include:

- Management override of controls;
- Fraud over expenditure recognition; and
- Fraud over recognition of revenue.

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. Section 7 outlines our work on Cairngorms National Park Authority (CNPA)'s arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, there are matters remaining outstanding as outlined in section 2.

We will provide an update to you in relation to the matters outstanding through issuing our final annual audit report.



### Audit opinion

We expect to issue an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Regularity

We expect to issue an unqualified opinion, without modification, that in all material respects, the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers. Our proposed audit opinion is included in the draft auditor's report in Appendix B.

## Executive summary (continued)

### Conclusions from our audit testing and audit opinion (continued)



#### **Matters on which we report by exception**

We are required by the Auditor General for Scotland to report to you if, during the course of our audit, we have found that adequate accounting records have not been kept; the financial statements and the audited part of the Remuneration and Staff Report are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



#### **Other information**

We are required to report on whether the other information (comprising of the Performance Report and the Accountability Report and the unaudited parts of the Remuneration and Staff Report), is materially inconsistent with the financial statements; is materially inconsistent with our knowledge obtained in the course of the audit; or is materially misstated.

No inconsistencies have been identified and we have issued an unmodified opinion in this respect.



#### **Governance Statement and Performance Report**

We are required to report on whether the information given in the Governance Statement and Performance Report is consistent with the financial statements; and has been properly prepared in accordance with with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers. We have no matters to report in respect of the Governance Statement or the Performance Report.

# Executive summary (continued)

## Wider Scope conclusions

As auditors appointed by the Auditor General of Scotland, our wider scope responsibilities are set out in Audit Scotland's Code of Audit Practice 2021. The Code requirements broaden the scope of the 2023/24 audit and allows us to use a risk-based approach to report on our consideration of the CNPA's performance and make recommendations for improvement and, where appropriate, conclude on CNPA's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

It remains the responsibility of CNPA to ensure proper financial stewardship of public funds, it complies with relevant legislation and establishes effective governance of their activities. CNPA is also responsible for ensuring that it establishes arrangements to secure continuous improvement in performance and, in making those arrangements, ensures resources are being used to improve strategic outcomes and demonstrate the economy, efficiency, and effectiveness throughout the use of its resources. These arrangements should be proportionate to the size and type of the NDPB, appropriate to the nature of the NDPB and the services and functions that it has been created to deliver.



### Wider Scope

We anticipate having no risks in arrangements to report in relation to the financial management; financial sustainability; vision, leadership and governance; and use of resources to improve outcomes arrangements that CNPA has in place.

Further detail on our Wider Scope work is provided in section 7 of this report including any significant risks identified.

02

Status of the audit



## Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

Audit area	Risk of material adjustment or significant change	Description of the outstanding matters
<b>Cash equivalent transfer values of pensions as disclosed in the Remuneration and Staff Report</b>	Medium	We are completing the audit procedures for this area set out in our Annual Audit Plan. We could not complete this work earlier in the audit due to a delay in MyCSP providing the required information to CNPA.
<b>Audit quality control and completion procedures</b>	Medium	<p>Our audit work is undergoing final stages of review by the Engagement Lead and further quality and compliance checks. In addition, there are residual procedures to complete, including updating post balance sheet event considerations to the point of issuing the opinion, obtaining final management representations and agreeing adjustments to the final set of accounts.</p> <p>The main areas where reviews are ongoing are journals and income and expenditure testing, and conclusions on IT General Controls.</p>
<b>Annual Report and Accounts and letter of representation</b>	Low	We will complete our final review of the annual report and accounts upon receipt of the signed version of the accounts and letter of representation.

### Status

**High** - Likely to result in a material adjustment or a significant change to disclosures in the financial statements.

**Medium** - Potential to result in a material adjustment or a significant change to disclosures in the financial statements.

**Low** - Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

03

Audit Approach

# Audit Approach

## Changes to our audit approach

We have made the following change to the audit approach we communicated in our Annual Audit Plan, issued on 31 March 2024 and presented to the Audit and Risk Committee on 19 April 2024:

In the Annual Audit Plan we identified fraud over expenditure recognition as a significant risk. However, further audit procedures and inquiries and consideration of results from our prior year testing, has led us to rebut this significant risk. We have identified an enhanced risk for operational plan expenditure due to the risk of error or judgement in the recognition of this type of expenditure.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £0.263m using a benchmark of 2% of total expenditure. Our Performance materiality was set at £0.184m.

Based on the final financial statement figures and other qualitative factors, the final overall materiality we applied was £0.291m, our final performance materiality was £0.203m, and our final clearly trivial threshold was £9k.

## Use of experts

There have been no changes to our use of experts outlined in our Annual Audit Plan, with no issues arising which we are required to report to you.

## Service organisations

There have been no changes to CNPA's use of service organisations outlined in our Annual Audit Plan, with no issues arising we are required to report to you.

04

Significant findings

# Significant findings

## Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Annual Audit Plan;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 17 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit.

# Significant findings

## Management override of controls

### Description of the risk

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.

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### How we addressed this risk

We addressed this risk by:

- reviewing the key areas within the financial statements where management has used judgement and estimation techniques and considering 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.

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### Audit conclusion

We are completing our review procedures, but at this stage have no issues to report.

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# 4. Significant findings (continued)

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**Fraud over recognition of revenue**

**Description of the risk**

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.

CNPA has material operational plan income. The nature of this income means there is an increased risk of fraud in its recognition.

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**How we addressed this risk**

We addressed this risk by undertaking substantive procedures, specifically testing a sample of transactions and examining relevant supporting documents, to ensure operational plan income is recorded appropriately in the financial statements.

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**Audit conclusion**

Our review procedures in this area are ongoing, but at this stage we have no issues to report.

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# 4. Significant findings (continued)

## Enhanced Risk/Key areas of management judgement

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<b>Expenditure recognition</b>	<p data-bbox="491 332 802 361"><b>Description of the risk</b></p> <p data-bbox="491 386 2379 448">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 bodies, the risk of fraud related to expenditure may be greater than the risk relating to revenue recognition.</p> <p data-bbox="491 486 2379 582">A significant amount of CNPA’s expenditure is salaried staff costs, depreciation and impairment. Staff costs are well controlled and made up of low value individual transactions. However, CNPA has material operational plan expenditure. The nature of this expenditure means there is an increased risk that it is incorrectly recognised which could result in a material misstatement in the financial statements.</p> <hr/> <p data-bbox="491 608 876 636"><b>How we addressed this risk</b></p> <p data-bbox="491 654 2379 715">We addressed this risk by undertaking substantive procedures, specifically testing a sample of transactions and examining relevant supporting documents, to ensure operational plan expenditure is recorded appropriately in the financial statements.</p> <hr/> <p data-bbox="491 741 728 769"><b>Audit conclusion</b></p> <p data-bbox="491 793 1105 822">Our review procedures in this area are ongoing.</p>
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## Significant findings (continued)

### **Qualitative aspects of CNPA's accounting practices**

We have reviewed CNPA's accounting policies and disclosures and concluded they comply with the Government Financial Reporting Manual (FReM) 2023/24, appropriately tailored to CNPA's circumstances. The unaudited annual report and accounts received from CNPA were of a good quality.

### **Significant matters discussed with management**

During our audit no significant matters arose for discussion with management.

### **Significant difficulties during the audit**

During the course of the audit we did not encounter any significant difficulties and we had the full cooperation of management. We will hold a lessons learned meeting with officers following the conclusion of the audit to identify how we can improve the audit process in 2024/25.

## Significant findings (continued)

### Wider responsibilities – statutory reporting

We are required to notify the Auditor General when circumstances indicate that a statutory report may be required.

- Section 22 of the Public Finance and Accountability (Scotland) Act 2000 allows us to prepare a report to bring to the attention of the Scottish Parliament and the public, matters of public interest arising during the audit of CNPA.

We confirm no such reports have been prepared.

- Section 23 of the Public Finance and Accountability (Scotland) Act 2000 allows us to initiate an examination into the economy, efficiency and effectiveness with which CNPA and their officeholders have used their resources in discharging their functions.

We confirm that no such examinations have been initiated.

# 05

Internal control conclusions

# Internal control conclusions

## Overview of engagement

As part of our audit, we obtained an understanding of CNPA's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of CNPA's internal controls, we are required to communicate to the Audit and Risk Committee any significant deficiencies in internal controls that we identified during our audit.

## Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered CNPA's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CNPA's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies in CNPA's internal controls that we have identified as at the date of this report are in set out on the following pages.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit and Risk Committee.

We have not identified any significant deficiencies in CNPA's internal controls as at the date of this report.

## Other observations

We also record our observations on CNPA's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

## Internal control conclusions (continued)

### Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

#### Description of deficiency

##### Information and Data Security – Level 3

CNPA has not obtained Cyber Essentials Plus accreditation for 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.

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#### Potential effects

CNPA may be exposed to attempts to harm or exploit its computer systems.

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#### Recommendation

CNPA should work to obtain Cyber Essentials Plus accreditation.

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#### Management response

Work towards accreditation is almost complete. The basic Cyber Essentials accreditation has been achieved; audit of the Authority's systems toward Cyber Essentials Plus accreditation is underway.

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## Internal control conclusions (continued)

### Description of deficiency

#### Complex General Ledger Structures

CNPA has complex and time-consuming general ledger structures and accounting processes, as evidenced by the following features:

- Use of multiple 'companies', which means CNPA performs manual consolidation to produce a result for the whole organisation from the six 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.

We note that management have sought and received approval for the acquisition of a new accounting system, with approval provided in June 2024.

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### Potential effects

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.

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### Recommendation

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.

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### Management response

The system chosen, Access Financials, will meet the needs of the Authority. Currently we are working through the implementation project plan with the aim of going live on the new system in January 2025.

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# Internal control conclusions (continued)

## Follow up on previous internal control points (reported in 2022/23 Annual Audit Report)

### Description of deficiency

CNPA was the victim of fraud in 2022/23 due to inadequate procedures for confirming changes in supplier bank details.

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### Potential effects

Hostile actors could exploit this control weakness leading to financial loss for CNPA.

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### Recommendation

CNPA has enhanced its controls for confirmation of supplier bank details, including requests for change of details. This includes introducing call-back procedures and a new supplier set up form. We recommend that management ensure its new controls over confirmation of payment requests and changes in bank details are operating effectively.

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### 2023/24 update

Complete. We reviewed the changes introduced by CNPA in the planning and interim phase of the 2023/24 audit and confirmed that the new controls were operating.

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## Follow up on previous internal control points (reported in 2022/23 Annual Audit Report)

### Description of deficiency

Complex and time-consuming general ledger structures and accounting processes currently exist within the entity, as evidenced by the following features:

- 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.
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### Potential effects

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.

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### Recommendation

Management has prepared a paper outlining the improvements required to the ledger system. We recommend that CNPA implements new accounting systems that simplify processes.

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### 2023/24 update

Ongoing. Management sought and received approval for the acquisition of a new accounting system, with approval provided in June 2024. CNPA plans to implement the new system in 2024/25. See internal control recommendation on page 22.

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# Internal control conclusions (continued)

**Follow up on previous internal control points  
(reported in 2022/23 Annual Audit Report)**

**Description of deficiency**

Weakness in cyber security governance and controls in that there is an absence of robust processes in place at CNPA to assess vulnerability to cyber security risk.

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**Potential effects**

Hostile actors could exploit this control weakness leading to loss of information or financial loss for CNPA similar to the incident that occurred within the financial year under review.

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**Recommendation**

We recommend that CNPA design and implement formal governance and risk management functions over cyber risk.

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**2023/24 update**

In progress. See internal control recommendation on page 21.

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# 06

Summary of misstatements

# Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £9k.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Annual Audit Plan, issued on 31 March 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

## Unadjusted misstatements

None identified

## Adjusted misstatements

None identified.

## Disclosure misstatements

We identified the following adjustments during our audit that have been corrected by management:

**Performance report:-** Inclusion of additional information to cover disclosures required by the FReM:-

- Detail on indicators (including trend information), quantitative information, and prior year information in relation to performance against key deliverables.
- Summary of the principal risks faced by the CNPA and how these individual risks have been mitigated.

**Governance Statement:-** Amendments made in response to the following points:-

- Additional commentary in the Governance Statement to indicate whether any significant findings or weaknesses have been identified from the sources relevant for reviewing effectiveness of risk management.

**Remuneration and Staff Report:-** Amendments made in response to the following points:-

- Providing additional narrative to explain the restatement of consultancy costs.

There were also adjustments to the annual report and accounts for other minor disclosure, consistency or presentational matters.

07

Wider scope and Best Value

# Commentary on Wider Scope

## Overall Summary



# Commentary on Wider Scope

## Wider scope summary

As auditors appointed by the Auditor General for Scotland, our wider scope responsibilities are set out in the Code of Audit Practice 2021. The Code requirements broaden the scope of the 2023/24 audit and allow us to use a risk-based approach to report on our consideration of CNPA's performance and make recommendations for improvement and, where appropriate, conclude on CNPA's performance.

The Code's wider scope framework is categorised into four areas:

- financial management;
- financial sustainability;
- vision, leadership and governance; and
- use of resources to improve outcomes.

The Code of Audit Practice allows an alternative audit approach where an audited body is considered less complex due its size and limited financial activity. In the Annual Audit Plan, we documented our judgement that CNPA is a less complex body. We have reviewed this assessment and confirmed that it remains appropriate. We therefore restricted our wider scope work to:

- a review of the Governance Statement
- concluding on the financial sustainability of CNPA and the services that it delivers in the medium to longer term.

	Reporting criteria	Commentary page reference	Identified risks?	Actual risks identified?	Other recommendations made?
	Financial sustainability	31	No	No	No
	Governance Statement	33	No	No	No

# Commentary on Wider Scope

## Financial sustainability

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.



## Financial sustainability (continued)

### Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Financial planning	<p>CNPA reported net expenditure for 2023/24 of £11.8 million (2022/23: £10.4 million). This reflects a cash underspend of £53k against the Scottish Government resource limit for the year, and included underspends of £480k and £859k on operational plan costs and Peatland spend respectively.</p> <p>CNPA has also worked to achieve efficiency savings through workforce management by reviewing recruitment needs and making use of fixed term contracts where appropriate. Currently staff costs account for approximately 38% of CNPA's budget. In this regard CNPA had in-budget savings of £248k for the year 23/24.</p> <p>CNPA operates under yearly budgets, although it also submits longer term (5 year) forecasts to the Scottish Government and responds to spending review commissions from the Scottish Government on an ongoing basis.</p>	<p>CNPA has a clear approach to determine its budget requirements. CNPA operated within its budget in 2023/24.</p> <p>CNPA responds to spending review commissions from the Scottish Government on an ongoing basis.</p>	No significant issues identified.

Commentary on Wider Scope

Governance Statement





## Governance Statement (continued)

### Our overall assessment

Area assessed	Our findings	Our judgements	Risks identified
Governance Statement	<p>We confirmed that the Governance Statement:</p> <ul style="list-style-type: none"><li>• is consistent with the financial statements;</li><li>• includes the information required by the FReM and the Scottish Public Finance Manual (SPFM);</li><li>• is consistent with our knowledge obtained through the audit;</li><li>• does not contain any misleading information.</li></ul> <p>CNPA made minor amendments to the Governance Statement following our review.</p>	<p>We are required to report on whether the information given in the Governance Statement is materially inconsistent with the financial statements; has not been properly prepared in accordance with The National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; or is materially misstated. We have no matters to report in respect of the Governance Statement.</p>	<p>No significant issues identified.</p>

# Commentary on Best Value

Best Value



# Best Value

## Best Value in central government bodies

The Scottish Public Finance Manual (SPFM) explains that accountable officers have a specific responsibility to ensure that arrangements have been made to meet their Best Value obligations. The duty of Best Value as set out in the SPFM is:

- To make arrangements to secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and, in making those arrangements and securing that balance; and
- To have regard to economy, efficiency, effectiveness, the equal opportunities requirements and to contribute to the achievement of sustainable development.

Ministerial guidance for Accountable Officers in public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

The seven Best Value characteristics have been recently regrouped to reflect the key themes which will support the development of an effective organisational context from which public services can deliver key outcomes and ultimately achieve Best Value:

1. Vision and leadership
2. Governance and accountability
3. Effective use of resources
4. Partnerships and collaborative working
5. Working with communities
6. Sustainability
7. Fairness and equality

We have used a risk-based approach that is proportionate to the size and type of the body, to assess whether CNPA has made proper arrangements for securing Best Value. We have also followed up on previously reported Best Value findings, where applicable, and have assessed the pace and depth of improvement implemented by CNPA.

# Best Value

## Best Value in central government bodies – continued

CNPA works to operate in line with Best Value principles for example in promoting efficient, economic and effective use of staff and other resources as shown by its targeted savings in these areas. In 2023/2024 CNPA launched phase four of its Organisational Development Strategy to continue to improve its work processes, organisational environment, and delivery of services. CNPA also conducted an independent staff survey in the course of the year and shared results with the staff.

Overall, we have concluded that CNPA has reasonable arrangements in place to secure Best Value.

# Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

E: Wider scope ratings

# Appendix A: Draft management representation letter

Tom Reid  
Forvis Mazars LLP  
100 Queen Street  
Glasgow  
G1 3DN  
September 2024

Dear Tom

Cairngorms National Park Authority - Audit for the Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Cairngorms National Park Authority for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the National Parks (Scotland) Act 2000 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the National Parks (Scotland) Act 2000 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Accountable Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

# Appendix A: Draft management representation letter

## **Accounting records**

I confirm that all transactions undertaken by the Authority have been properly recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all management and Board meetings, have been made available to you.

## **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

## **Accounting estimates, including those measured at fair value**

I confirm that the methods, significant assumptions and the data used by the Authority in making the accounting estimates, including those measured at fair value are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

## **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the National Parks (Scotland) Act 2000 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

## **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

# Appendix A: Draft management representation letter

## **Fraud and error**

I acknowledge my responsibility as Accountable Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error. I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

## **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the National Parks (Scotland) Act 2000 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

## **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

## **Charges on assets**

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## **Future commitments**

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## **Valuation of land, buildings and dwellings**

I confirm that I am satisfied that the key assumptions feeding into the assessment of the assets are appropriate based on my review.



# Appendix A: Draft management representation letter

## **Right of Use assets and lease liabilities**

I confirm that I have satisfied myself that the key judgments and assumptions made in valuing Right of Use assets and corresponding lease liabilities are reasonable and in accordance with IFRS 16. I am satisfied that assumptions around lease terms of implicit leases are reasonable.

## **Ultimate parent company**

I confirm that the ultimate parent company for Cairngorms National Park Authority is the Scottish Government Environment and Forestry Directorate.

## **Other Matters**

I confirm in relation to the following matters that:

- COVID-19 – I have assessed the continued impact of the COVID-19 Virus pandemic on the Authority and the financial statements, including the impact of mitigation measures and uncertainties, and am satisfied that the financial statements and supporting notes fairly reflect that assessment.
- Ukraine – I confirm that I have carried out an assessment of the potential impact of the continued conflict in Ukraine on the Authority and there is no significant impact on the Authority's operations from restrictions or sanctions in place.
- I confirm that I have assessed the impact on the Authority of the on-going Global Banking challenges, in particular whether there is any impact on the Authority's ability to continue as a going concern, and on the post balance sheet events disclosures.

## **Actuarial assumptions**

I confirm that I have satisfied myself that the key actuarial assumptions used in valuing the pension scheme liability are reasonable.

## **Going concern**

To the best of my knowledge there is nothing to indicate that the Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

## **Performance related allocations**

I confirm that I am not aware of any reason why the Authority's funding allocation limits would be changed.

## **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the National Parks (Scotland) Act 2000 and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM) require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## **Governance Statement**

I am satisfied that the Governance Statement fairly reflects the Authority's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the Governance Statement.

# Appendix A: Draft management representation letter

## **Annual Report**

The disclosures within the Annual Report and the Remuneration and Staff Report fairly reflect my understanding of the Authority's financial and operating performance over the period covered by the financial statements.

## **Other Representations**

I confirm that all provisions required under IAS 37 have been included in the financial statements.

## **Unadjusted misstatements**

I confirm that there are no uncorrected misstatements.

Yours faithfully

Grant Moir

Chief Executive and Accountable Officer

# Appendix B: Draft audit report

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

## Reporting on the audit of the financial statements

### Opinion on the financial statements

We have audited the financial statements in the annual report and accounts of Cairngorms National Park Authority for the year ended 31 March 2024 under the National Parks (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- have been prepared in accordance with the requirements of the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

# Appendix B: Draft audit report

## **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern basis of accounting**

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland Website](#).

## **Risks of material misstatement**

We report in our separate Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

## **Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

# Appendix B: Draft audit report

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

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

## Appendix B: Draft audit report

### **Responsibilities for regularity**

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

### **Reporting on other requirements**

#### **Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report**

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### **Other information**

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

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

We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

#### **Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

## Appendix B: Draft audit report

### **Matters on which we are required to report by exception**

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

### **Use of our report**

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 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Tom Reid (Audit Director)  
For and on behalf of Forvis Mazars LLP  
Forvis Mazars LLP  
100 Queen Street  
Glasgow – G1 3DN

## Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Annual Audit Plan and therefore we remain independent.



## Appendix C: Confirmation of our independence (continued)

### Fees for work as CNPA's auditor





We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Annual Audit Plan presented to the Audit and Risk Committee dated 31 March 2024, presented on 19 April 2024. Having substantially completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2023/24 fees	2022/23 fees
Auditor remuneration	£27,980	£26,390
Pooled costs	£300	(£420)
Contribution to PABV costs	£0	£0
Audit support costs	£0	£750
Sectoral cap adjustment	(£11,920)	(£11,290)
<b>Total fees</b>	<b>£16,360</b>	<b>£15,430</b>



### Fees for other work

We confirm that we have not undertaken any non-audit services for CNPA in the year.

## Appendix D: Other communications

	Other communication	Response
	Compliance with Laws and Regulations	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
	External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
	Related parties	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ol>
	Going Concern	<p>We have not identified any evidence to cause us to disagree with the Accountable Officer that CNPA will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

## Appendix D: Other communications (continued)

	Other communication	Response
	Subsequent events	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
	Matters related to fraud	<p>We have designed our audit approach to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement due to fraud. In addition, we have assessed the adequacy of CNPA’s arrangements for preventing and detecting fraud or other irregularities as part of the wider scope audit and concluded that they are sufficiently designed and implemented.</p> <p>We will obtain written representations from management, and where appropriate Those Charged With Governance, confirming that:</p> <ul style="list-style-type: none"> <li>a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b) they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> <li>i. Management;</li> <li>ii. Employees who have significant roles in internal control; or</li> <li>iii. Others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>

# Appendix E: Wider scope ratings

We need to gather sufficient evidence to support our commentary on CNPA’s arrangements and to identify and report on any risks. We will carry out more detailed work where we identify significant risks. Where significant risks are identified we will report these to CNPA and make recommendations for improvement. In addition to local risks, we consider challenges that are impacting the public sector as a whole.

We have assigned priority rankings to each of the risks identified to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. The table below describes the meaning behind each rating that we have awarded to each wider scope area based on the work we have performed.

Rating	Description
<b>Level 1</b>	The identified risk and/or significant deficiency is critical to the business processes or the achievement of business strategic objectives. There is potential for financial loss, damage to reputation or loss of information. The recommendation should be taken into consideration by management immediately.
<b>Level 2</b>	The identified risk and/or significant deficiency may impact on individual objectives or business processes. The audited body should implement the recommendation to strengthen internal controls or enhance business efficiency. The recommendations should be actioned in the near future.
<b>Level 3</b>	The identified risk and/or significant deficiency is an area for improvement or less significant. In our view, the audited body should action the recommendation, but management do not need to prioritise.

# Contact

## Forvis Mazars

### Tom Reid

Audit Director

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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](http://www.auditregister.org.uk) under reference number C001139861. VAT number: GB 839 8356 73

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