



**Cairngorms**  
National Park Authority  
Ùghdarras Pàirc Nàiseanta a'  
**Mhonaidh Ruaidh**

Paper 1 Annex 1

13 March 2026

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# Paper 1

# Annex 1



Annual Audit Plan  
Cairngorms National Park Authority – Year ending 31 March 2026

March 2026

Audit and Risk Committee  
Cairngorms National Park Authority  
14 The Square  
Grantown-On-Spey  
PH26 3HG  
4 March 2026

Forvis Mazars  
100 Queen Street  
Glasgow  
G1 3DN

Dear Audit and Risk Committee Members,

### **Annual Audit Plan – Year ending 31 March 2026**

I am pleased to present our Annual Audit Plan (“AAP”) for Cairngorms National Park Authority (CNPA) for the year ending 31 March 2026.

This document will be presented at the Audit and Risk Committee meeting on 13 March 2026. If you would like to discuss any matters in more detail, please contact me on 0781 6354 994.

This report provides an overview of the planned scope and timing of our audit, including the significant and enhanced audit risks we have identified. In addition, as it is a fundamental requirement that we are, and are seen to be, independent of the Park Authority this report also summarises our considerations and conclusions on our independence.

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

- Reaching a mutual understanding of the scope of our audit and our respective responsibilities,
- Sharing information to assist each of us with fulfilling our respective responsibilities,
- Providing you with constructive observations arising during our audit, and
- Ensuring that we gain an understanding of your attitude and views in respect of the risks facing the Park Authority which may affect our audit, including the likelihood of those risks materialising and how they are monitored and managed.

Forvis Mazars LLP – 100 Queen Street, Glasgow, G1 3DN – Tel: 0141 227 2400 – [www.forvismazars.com/uk](http://www.forvismazars.com/uk)

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## Annual Audit Plan – Year ending 31 March 2026 (continued)

This report, which we have 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.

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.

During the meeting, we would be grateful for your views/ knowledge on the following specific matters:

- Whether you have identified any other risks (business, laws & regulation, fraud, going concern, etc.) that may result in material misstatements in the financial statements.
- If you are aware of any significant communications between the Park Authority and its regulators.
- If there are any matters that you consider warrant particular attention during our audit and/ or any areas where you would like additional procedures to be undertaken.

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 The 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,

A handwritten signature in black ink that reads "T. Reid".

Tom Reid

**Forvis Mazars LLP**

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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 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.

# Executive summary

## Audit timeline (page 14)

Planning and risk assessment	February 2026
Presentation of Annual Audit Plan	13 March 2026
Interim work	February to March 2026
Fieldwork	July to August 2026
Completion	September to October 2026
Presentation of Annual Audit Report and Independent Auditor's Report	2 October 2026

## Fees (page 32)

Audit fees	£17,400
Non-audit fees	N/A
<b>Total fees</b>	<b>£17,400</b>

## Audit risks and other significant matters (pages 21 - 26)

Risk	Significant risk	Enhanced risk	Risk evolution	Page
Management override of controls	●	○	=	Page 23
Risk of fraud in income recognition	●	○	=	Page 24
Risk of fraud in expenditure recognition	●	○	=	Page 25
New finance system	●	○	=	Page 26

## Materiality (pages 17 - 20)

<b>Total Gross Expenditure : £13,989,000</b>		
Materiality	Performance materiality	Reporting threshold
<b>£279,780</b>	<b>£195,846</b>	<b>£8,393</b>

## Our independence (page 34)

We are independent of the Park Authority in accordance with the ethical requirements that are relevant to our audit in the UK, including the FRC's Ethical Standard

## Engagement and responsibilities summary

# Engagement and responsibilities summary

We are appointed to perform the external audit of Cairngorms National Park Authority (CNPA) for the year to 31 March 2026. 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 2025/26 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 Chief Executive and Accountable Officer is responsible for the assessment of CNPA'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 Chief Executive and 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 including 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 CNPA's internal control.



### Wider scope and Best Value

We are also responsible for reviewing and reporting on the wider scope arrangements that CNPA 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.

# 02

Your audit engagement team

# Your audit team



**Tom Reid**  
**Engagement Director**  
[Tom.Reid@mazars.co.uk](mailto:Tom.Reid@mazars.co.uk)  
07816 354 994



**Caleb Oguche**  
**Engagement Manager**  
[Caleb.Oguche@mazars.co.uk](mailto:Caleb.Oguche@mazars.co.uk)  
07974 124 504



**Gregor Chalmers**  
**Team Leader**  
[Gregor.Chalmers@mazars.co.uk](mailto:Gregor.Chalmers@mazars.co.uk)  
07977 570 378

# 03

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 use the work performed by internal audit when designing the nature, extent, and timing of our audit procedures. We will discuss with internal audit the progress of their work and their findings prior to commencing our controls evaluation procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by them and perform our own procedures to determine the adequacy of that work for our audit.

# Audit scope, approach, and timeline (continued)

## Management’s and our experts

Management makes use of experts in specific areas when preparing the CNPA’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 for senior management team pension benefits disclosed in the Remuneration and Staff Report	Capita	We have identified Deloitte as an auditor’s expert. Deloitte perform an annual review of the approach adopted by Capita in its calculation of CETV pension values..

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to CNPA that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We are not aware, from our planning procedures and enquiries of management, that CNPA uses any service organisations.

# 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 24 for details of significant risk
Board and staff costs	No	No	No	Yes	Standard risk
Operational plan expenditure	Yes	No	No	Yes	See page 25 for details of significant risk
Other operating costs	Yes	No	No	Yes	See page 25 for details of significant risk
Depreciation, amortisation and impairment charges	No	No	No	Yes	Standard risk
Tangible assets	No	No	No	Yes	Standard risk
Right of use assets	No	No	No	Yes	Standard risk
Intangible assets	No	No	No	Yes	Standard risk
Trade and other receivables	No	No	No	Yes	Standard risk
Cash and cash equivalents	No	No	No	Yes	Standard risk
Trade and other payables	Yes	Yes	No	Yes	See page 25 for details of significant risk

## Audit scope, approach, and timeline (continued)

### Audit approach for significant financial statement areas (continued)

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

Financial statement area (Disclosures)	Significant risk	Key judgement area or enhanced risk	Testing of controls	Substantive Procedures	Comments
Statement of Cash Flows	No	No	No	Yes	Standard risk
Related party transactions	No	No	No	Yes	Standard risk
Capital commitments, contingent assets and contingent liabilities	No	No	No	Yes	Standard risk
Performance Report	No	No	No	Yes	Standard risk
Governance Statement	No	No	No	Yes	Standard risk
Remuneration and Staff Report	No	No	No	Yes	Standard risk
Statement of Changes in Taxpayers' Equity	No	No	No	Yes	Standard risk

## 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 the 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 the 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 operating 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, which is the audited 2024/25 financial statements, we anticipate overall materiality for the year ended 31 March 2026 to be in the region of £280k (£280k in the prior year), and performance materiality to be in the region of £196k (£196k in the prior year). This represents 70% of headline materiality (70% in 2024/25). The choice of this percentage reflects our assessment that:

- this is our fourth-year auditing CNPA, and we have a strong understanding of its business processes and control environment;
- the financial reporting process appears stable, but involves significant journal adjustments;
- the entity has a strong control environment;
- significant errors were detected in previous audits, but these were not of a recurring nature;
- management has previously been willing to correct errors identified during previous audits.

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

### CNPA's single-entity financial statements

	2025/26 £'000s	2024/25 £'000s
Overall materiality	280	280
Performance materiality	196	196
Clearly trivial	8	8
Specific Materiality	We have applied a lower specific materiality for the audited elements of the remuneration and staff report. This has been set at £5,000 to capture any movements between bandings.	

# 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 £8,393, based on 3% of overall materiality. If you have any queries about this, please raise these with the Engagement Director, 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 categorise and report misstatements above the reporting threshold to 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 data-bbox="593 746 2109 882" style="list-style-type: none"><li>• 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</li><li>• Risks relating to other assertions and arising from significant events or transactions that occurred during the period.</li></ul>
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. You should assess this risk as part of your oversight of the financial reporting process.	In line with our methodology, we plan to address the management override of controls risk through performing audit work over: <ul style="list-style-type: none"> <li>accounting estimates: by evaluating the methods and assumptions used by management to develop the estimate;</li> <li>journal entries: testing journals that meet our fraud risk criteria and other adjustments made in preparing the financial statements; and</li> <li>significant transactions: considering and testing any significant transactions outside the normal course of business or otherwise unusual.</li> </ul>

# Significant risks and other key judgement areas (continued)

## Audit risks and planned responses (continued)

### Significant risks (continued)

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
2	Risk of fraud in revenue 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 Scottish Government resource allocations. 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 this income. We consider that the risk of fraud in income recognition therefore only applies to CNPA's other material income streams, which are project income and other income, through incorrect recognition at year end. We have not extended the risk to trade and other receivables because these balances arise from routine, easily reconcilable invoicing and prepayments. We did not identify any errors from our prior year testing of these balances. There is also limited judgement involved, reducing the risk of misstatement.</p> <p>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 over and understate income.</p>	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> <li>evaluating the design and implementation of controls over CNPA's income recognition; and</li> <li>substantive testing of project income and other income recognised pre and post year end to identify if it has been recognised in the correct accounting period.</li> </ul>

## Significant risks and other key judgement areas (continued)

### Audit risks and planned responses (continued)

#### Significant risks (continued)

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
3	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 bodies, the risk of material misstatement due to fraud related to expenditure may in some cases be greater than the risk relating to revenue recognition.</p> <p>Board members and staff costs are well forecast and agreeable to underlying payroll systems, so there is less opportunity to manipulate this expenditure stream. In addition, depreciation and amortisation 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 material non-pay expenditure including operational plan expenditure and other operating costs.</p> <p>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 over and understate non-pay expenditure. This would most likely occur through incorrect recognition of expenditure at year end and judgements made in accruing expenditure and recognising deferred income.</p>	<p>We plan to address this risk by:</p> <ul style="list-style-type: none"> <li>evaluating the design and implementation of controls over CNPA's expenditure recognition;</li> <li>substantive testing of operational plan expenditure and other operating costs to identify if it has been posted in the correct accounting period; and</li> <li>reviewing year end accruals and deferred income to verify that they have been completely and accurately recorded.</li> </ul>

# Significant risks and other key judgement areas (continued)

## Audit risks and planned responses (continued)

### Significant risks (continued)

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
4	New finance system	No	Yes	No	CNPA transitioned to a new finance system, Access Financials, in early April 2025. CNPA’s finances were processed entirely through the new system from 7 April 2025. There are significant risks associated with implementing a new system and migrating data from a legacy system. This includes the risk that data transferred is incomplete, inaccurate, or incorrectly mapped, which could result in a material misstatement in the financial statements.	<p>We will address this risk by:</p> <ul style="list-style-type: none"> <li>• reviewing the design and implementation of IT general controls within Access Financials</li> <li>• reconciling the closing trial balance from the legacy system, Sage 200, to the opening trial balance in Access Financials</li> <li>• reconciling the closing and opening accounts payable and accounts receivables subledger balances between Sage 200 and Access Financials</li> <li>• our IT specialists performing a project governance review of the data migration from Sage 200 to Access Financials.</li> </ul>

## 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 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 CNPA 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.

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 CNPA'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 as it meets the qualitative criteria set out in the Code and is not an excluded body. Our judgement aligns with the Audit Scotland supplementary guidance. 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.

### Wider scope risks

The Code of Audit Practice requires us to consider the significant audit risks in areas defined in the Code as the wider scope audit.

Although we have not fully completed our planning and risk assessment work, we have not identified any wider scope audit risks to date. If we identify any wider scope risks as our work progresses, we will report details of them to the Audit and Risk Committee on completion of our planning and risk assessment work.

### Our work to follow-up on previous recommendations

As part of the 2024/25 audit, we identified one recommendation for CNPA's financial sustainability arrangements. The table below sets out the risks identified, our previous recommendations and the work we intend to carry out as part of our 2025/26 audit.

Previously identified risks in arrangements	Relevant reporting criteria	Our 2024/25 recommendations	Planned procedures for 2025/26
<b>Corporate cost reduction- Level 2</b> The Scottish Government has commissioned CNPA on its ability to deliver a 20% reduction in corporate/administrative costs by 2029/30, when compared to the 2024/25 base. While this requirement applies across the central government sector, reducing corporate costs to meet the Scottish Government's expectations, without compromising service delivery, is likely to be very challenging for CNPA.	Financial sustainability	Management should develop a clear plan for reducing its corporate costs. This includes exploring and developing savings options as part of a longer-term financial strategy.	As part of our follow up procedures, we will: <ul style="list-style-type: none"><li>• review CNPA's savings plans and the extent to which planned savings were achieved in 2025/26;</li><li>• review CNPA's 2025/26 outturn and its revenue and capital estimates for 2026/27 to assess the financial sustainability of its current position.</li></ul>

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Audit fees and other services

## Audit fees and other services

Our fees (exclusive of disbursements) for the audit of CNPA's financial statements for the year ending 31 March 2026 are outlined below.

This includes details of a fee variation from the expected fees set by Audit Scotland, which are available on the Audit Scotland website:

[Audit Scotland expected fees for 2025/26 audits.](#)

Area of work	2025-26 Proposed Fee	2024-25 Actual Fee
Auditor remuneration	£30,260	£29,150
Pooled costs	(£100)	(£280)
Sectoral cap adjustment	(£12,760)	(£12,190)
Additional fees	-	£8,072
Additional work required due to the implementation of a new finance system in 2025/26. This includes: <ul style="list-style-type: none"> <li>• reviewing controls within Access Financials</li> <li>• testing the completeness and accuracy of the data migration from Sage 200 to Access Financials</li> <li>• performing a project governance review of the data migration from Sage 200 to Access Financials.</li> </ul>	£11,957	£0
<b>Total fees</b>	<b>£29,357</b>	<b>£24,752</b>

We have not provided any non-audit services to CNPA 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 CNPA that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of CNPA 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 CNPA, 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.

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 identified safeguards will be communicated 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 2026;
- Our Annual Audit Report in October 2026; and
- Our independent auditor's report in October 2026.

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
With respect to misstatements: <ul style="list-style-type: none"> <li>• Uncorrected misstatements and their effect on our audit opinion;</li> <li>• The effect of uncorrected misstatements related to prior periods;</li> <li>• A request that any uncorrected misstatement is corrected; and</li> <li>• In writing, corrected misstatements that are significant.</li> </ul>	Annual Audit Report
With respect to fraud communications: <ul style="list-style-type: none"> <li>• Inquiries with The Audit and Risk Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity;</li> <li>• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and</li> <li>• A discussion of any other matters related to fraud.</li> </ul>	Annual Audit Report and discussion at Audit and Risk Committee  Audit planning and clearance meetings
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"> <li>• Non-disclosure by management;</li> <li>• Inappropriate authorisation and approval of transactions;</li> <li>• Disagreement over disclosures;</li> <li>• Non-compliance with laws and regulations; and</li> <li>• Difficulty in identifying the party that ultimately controls the entity.</li> </ul>	Annual Audit Report
<p>Significant findings from the audit including:</p> <ul style="list-style-type: none"> <li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>• Significant difficulties, if any, encountered during the audit;</li> <li>• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;</li> <li>• Written representations that we are seeking;</li> <li>• Expected modifications to the audit report; and</li> <li>• 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 CNPA or the Audit and Risk Committee in the context of fulfilling their responsibilities.</li> </ul>	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 the 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"> <li>• Whether the events or conditions constitute a material uncertainty;</li> <li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and</li> <li>• The adequacy of related disclosures in the financial statements.</li> </ul>	<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, key steps to assess and conclude on our firm's system of quality management, including:</p> <ul style="list-style-type: none"> <li>• Ensuring there is an appropriate assignment of responsibilities,</li> <li>• Establishing and reviewing quality objectives each year, ensuring our firm's quality objectives align with our strategies and priorities,</li> <li>• Identifying, reviewing, and updating quality risks each quarter, taking into consideration multiple input sources (such as FRC/ ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.),</li> <li>• Identifying, designing, and implementing responses to strengthen our firm's internal control environment and overall quality, and</li> <li>• Evaluating our quality responses and remediating control gaps or deficiencies.</li> </ul> <p>We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: <a href="https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports">https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports</a>.</p>	<p>Annual Audit Plan</p>

# Appendix A: Key communication points (continued)

Required communication	Where addressed
<p>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:</p> <ul style="list-style-type: none"> <li>• Significant delays in management providing information that we require to perform our audit.</li> <li>• An unnecessarily brief time within which to complete our audit.</li> <li>• Extensive and unexpected effort to obtain sufficient, appropriate audit evidence.</li> <li>• Unavailability of expected information.</li> <li>• Restrictions imposed on us by management.</li> <li>• Unwillingness by management to make or extend their assessment of the entity’s ability to continue as a going concern when requested.</li> </ul> <p>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).</p>	<p>Annual Audit Report and audit clearance meetings</p>

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

### **HM Treasury changes to non-investment asset valuation**

#### **2025-26 Government Financial Reporting Manual (FReM)**

Following a thematic review of non-current asset valuations for financial reporting in the public sector, HMT has made a number of changes to its requirements for the valuation frequency, valuation methodology and classification of non-investment property assets. The changes are effective from 1 April 2025 as set out in the 2025-26 FReM and include:

- A change to the requirements regarding revaluation frequency. Rather than adhering to paragraph 34 of IAS 16 which requires an asset to be revalued whenever its carrying value differs materially from its fair value, entities will be required to revalue assets on a quinquennial basis, i.e. every five years, supplemented by annual indexation in the intervening years. This requirement can be adhered to either as part of a full revaluation or as part of a rolling programme. The FReM requires bodies to use the best index available to them. Should management determine that there is no appropriate index to use, then the quinquennial valuation is supplemented by a valuation in the third year.
- The requirement to consider indicators of impairment under IAS 36 remains, so management will still be required to undertake an annual assessment of whether there are indicators of impairment, and where these are present, it may be necessary to undertake valuations outside of the 5-yearly valuation programme.

Whilst management will no longer need to consider annually whether it is necessary to revalue non-investment assets, they will need to be satisfied that they have appointed a suitably qualified valuer to undertake the valuation of assets whenever they fall due either as part of a full valuation or a rolling programme. If local indices are used, management will need to have sufficient evidence to demonstrate these indices are appropriate and relevant to the entity's circumstances, and to provide this evidence to the auditor.

### **Effective for accounting periods beginning on or after 1 January 2027**

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

The standard was UK-adopted in December 2025, and the date of incorporation into the FReM is not confirmed, though expected to be within the 2028/29 financial year. It is not yet confirmed what interpretations and adaptations HMT will determine are necessary for implementation in the public sector. We have provided an outline of the main changes arising from IFRS 18 as unadapted and without interpretation and will provide an update on the expected impact on the CNPA as and when detail is available as to when and how the standard is incorporated into the FReM.

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.

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

### Effective for accounting periods beginning on or after 1 January 2027 (continued)

#### IFRS 18 Presentation and Disclosure in Financial Statements

- **New categories and subtotals for inclusion within the statement of profit or loss**
  - Income and expenses are to be classified into three new defined categories: operating, investing and financing, in addition to the income taxes and discontinued operations categories.
  - All companies are to present new defined subtotals – operating profit and loss, and profit or loss before financing and income taxes.
- **New reporting requirements on Management Performance Measures (MPMs)**
  - New requirements are introduced for management-defined performance measures (MPMs), which may also be called Alternative Performance Measures (APMs). These are described as subtotals of income and expenses that an entity: (a) uses in public communications outside financial statements; (b) uses to communicate to users of financial statements management's view of an aspect of the financial performance; and (c) are not listed within IFRS 18 or specifically required to be presented or disclosed by another IFRS Accounting Standard.
  - All MPMs are required to be disclosed in a single note in the financial statements setting out:
    - an explanation of why the MPM is reported, and
    - a reconciliation to a directly comparable GAAP measure within IFRS 18 or another IFRS Accounting Standard.
- **Enhanced requirements for aggregation & disaggregating information**
  - Enhanced requirements are set out for the aggregation and disaggregation of items based on similar and dissimilar characteristics. Items that have dissimilar characteristics must be disaggregated when the resulting information is material. Guidance is also included on how to describe items within the financial statements, requiring an entity to label items presented or disclosed as 'other' only if a more informative label cannot be found.
  - New guidance is provided on whether information should be reported in the primary financial statements or the notes. This includes guidance on presentation and disclosure of expenses classified in the operating category, alongside introducing more prescribed requirements for an entity that classifies expenses by function as well as the requirement to disclose expenses by nature in a single note for certain amounts - depreciation, amortisation, employee benefits, impairment and write-downs of inventories

Many principles and requirements have been brought forward from IAS 1 to IFRS 18 such as frequency of reporting, comparative information, offsetting, capital disclosures and the requirements for the statement of financial position and for the statement of changes in equity.

# Contact

## Forvis Mazars

**Tom Reid**

Director

Tel: +44(0) 7816 354 994

[Tom.Reid@mazars.co.uk](mailto:Tom.Reid@mazars.co.uk)

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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