



Loch Lomond and The Trossachs National Park Authority

2015/16 Annual audit
report to Members and
the Auditor General for
Scotland

June 2016

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Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively (www.audit-scotland.gov.uk/about/).

Asif A Haseeb, Engagement Lead, Audit Scotland is the appointed external auditor of Loch Lomond and The Trossachs National Park Authority for the period 2011/12 to 2015/16.

This report has been prepared for the use of Loch Lomond and The Trossachs National Park Authority and the Auditor General for Scotland and no responsibility to any member or officer in their individual capacity or any third party is accepted.

The information in it may be used by the Auditor General in support of her wider responsibilities, including reporting to the Scottish Parliament.

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Key messages

Audit of financial statements

- Unqualified independent auditor's report on the 2015/16 financial statements.
- Working papers were of a high standard and officers provided good support which enabled the audit team to complete on-site fieldwork by the planned target date.
- Two accounting adjustments and minor presentational and disclosure changes required to the financial statements presented for audit.

Financial Position

- We are satisfied that the Park Authority have sufficient financial management arrangements in place.
- All financial targets in 2015/16 were met.
- A surplus of £0.039 million was achieved against total Department Expenditure Limit (DEL).

Governance & accountability

- The Park Authority have sound governance arrangements in place with Board and Committee meetings held openly and advertised on their website.
- Systems of internal control operated effectively during 2015/16.
- An effective internal audit function and robust anti-fraud arrangements are in place.

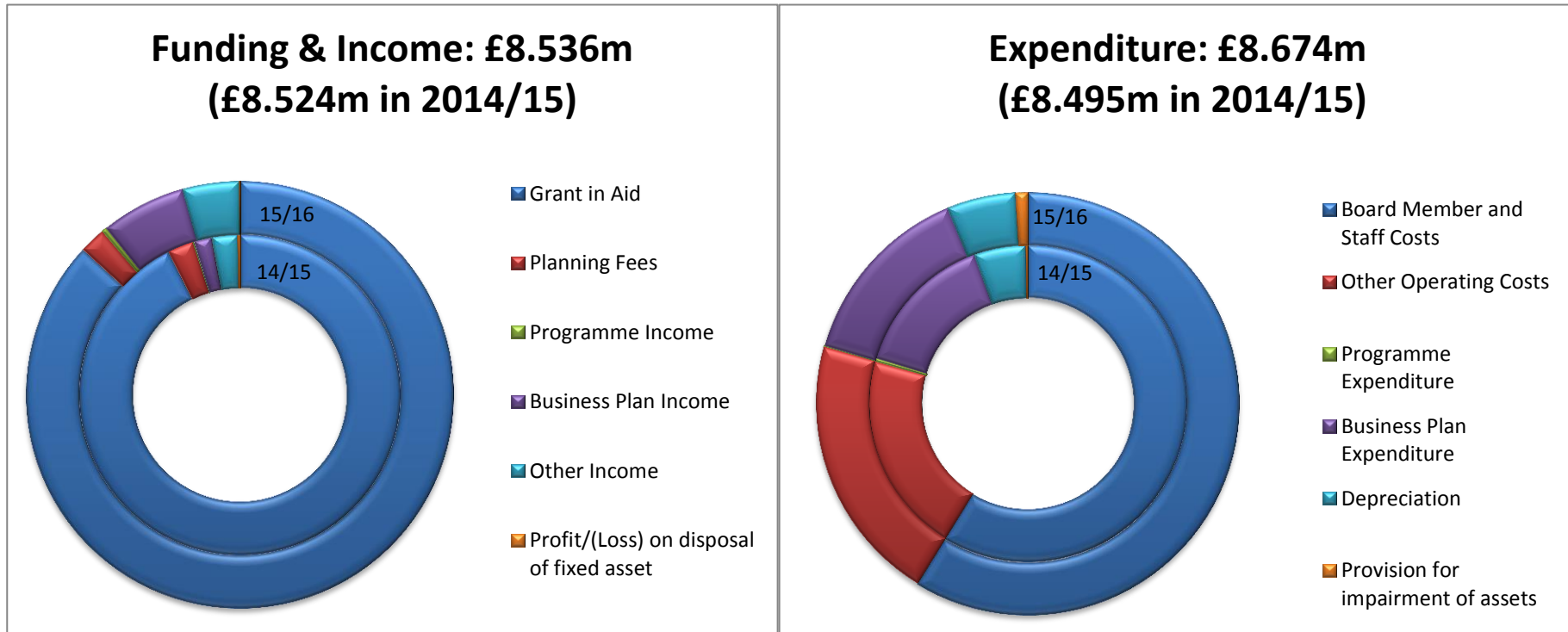
Best Value

- Management have undertaken a Best Value Review which considered Scottish Government guidance and a two year action plan is in place to ensure that the Park Authority continue to improve.

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of Loch Lomond and The Trossachs National Park Authority (“the Park Authority”).
2. The board and the Accountable Officer are responsible for:
 - acting within the law and ensuring the regularity of transactions by putting in place appropriate systems of internal control
 - maintaining proper accounting records
 - preparing financial statements which give a true and fair view of the financial position of the Park Authority as at 31 March 2016 and its expenditure and income for the year then ended
 - publishing with their financial statements an annual report, comprising a performance report and accountability report.
3. Our responsibility, as the external auditor, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management with the oversight of those charged with governance. This does not relieve management of their responsibility for the preparation of financial statements.
5. [Appendix I](#) sets out the audit risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.
6. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports are summarised at [appendix II](#) and [appendix III](#).
7. [Appendix IV](#) is an action plan setting out our recommendations to address the high level risks we have identified from the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the Park Authority understands its risks and has arrangements in place to manage them. The Audit Committee should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
8. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
9. 2015/16 is the final year of the current five year audit appointment. From 2016/17 the auditor of the Park Authority will be Grant Thornton LLP. In accordance with agreed protocols and International Standards on Auditing we will be liaising with the incoming auditors as part of this transition.

Audit of the 2015/16 financial statements



The financial statements show that Scottish Government core grant-in-aid funding was £7.428 million in 2015/16 (£7.896 million in 2014/15). Income from activities totalled £1.108 million, of which the largest amount related to Business Plan Income of £0.548 million. Overall expenditure increased by £0.179 million from £8.495 million in 2014/15 to £8.674 million in 2015/16. This is mainly attributed to an increase in staff costs £0.1 million, business plan expenditure £0.067 million and other operating costs £0.038 million. This is offset by a number of small cost savings during the 2015/16 financial year.

Audit opinions

Financial Statements	<ul style="list-style-type: none">• The financial statements of the Park Authority for 2015/16 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.• We confirm that the financial statements have been properly prepared in accordance with the 2015/16 FReM and the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions.
Regularity	<ul style="list-style-type: none">• In all material respects, the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance.
Other prescribed matters	<ul style="list-style-type: none">• The part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.• The information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Submission of financial statements for audit

10. We received the unaudited financial statements on 16 May 2016, in accordance with the agreed timetable. They were substantially complete but did not include the Chief Executive's Statement on Performance and anticipated legal cost figures. However, management advised that these would be provided at a later date and was made available to audit on 30 May 2016 and included in the revised set of the financial statements received on 1 June 2016.
11. The working papers provided for audit were of a good standard and were received on 16 May 2016, in accordance with the agreed timetable. However, the working papers provided did not contain all the required information and further information was provided as needed and was received on 18 May 2016. Park Authority staff provided support to the audit team which enabled us to complete our on-site fieldwork by the planned target date of 20 May 2016.

Overview of the scope of the audit of the financial statements

12. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit Committee on 31 March 2016.
13. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken any non-audit related services. The 2015/16 agreed

fee for the audit was £10,200 and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

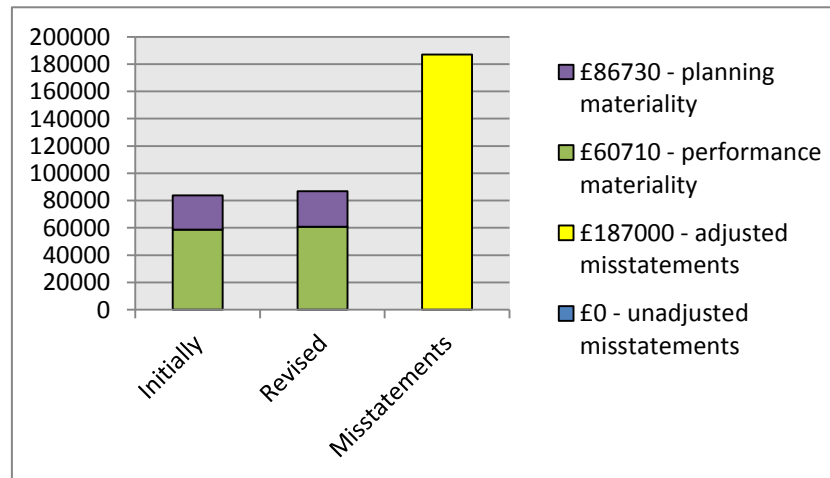
14. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance.
15. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

16. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit procedures. We assess the materiality of uncorrected misstatements, both individually and collectively.
17. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

18. We summarised our approach to materiality in our Annual Audit Plan. We revised our planning materiality for 2015/16 on receipt of the unaudited accounts to £86,700 (1% of Total Expenditure).
19. We also set a lower level, known as performance materiality, when defining our audit procedures. This is determined to ensure that uncorrected and undetected audit differences do not exceed our materiality level. Performance materiality was set at £60,700 (i.e. 70% of materiality). We report all misstatements greater than £1,000.

Exhibit 1: Overall materiality misstatements



Source: 2015/16 Park Authority Unaudited Accounts

Evaluation of misstatements

20. We have identified two misstatements (Land at Rowardennan and Luss Toilet Block) in the unaudited financial statements which related to the accounting treatment of non-current assets. Management had informed us of these two specific additions on 3 May 2016. Further details of the misstatements are provided in paragraph 24.
21. A number of presentational adjustments were also identified during the course of our audit. These were discussed with management who agreed to amend the financial statements.
22. The total value of adjustments (£187,000) exceeded our overall performance materiality level of £60,710. However, we considered that the Luss Toilet Block issue is an isolated issue which does not indicate that further systematic errors exist within the account area or more pervasively within the financial statements. We considered the impact of these misstatements on our audit approach and decided that further audit procedures were not required.

Significant findings from the audit

23. International Standard on Auditing 260 (ISA 260) requires us to communicate to you significant findings from the audit as detailed below:
 - The auditor’s views about significant qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and disclosures

- Significant difficulties encountered during the audit
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management
 - Written representations requested by the auditor
 - Other matters which in the auditor's professional judgement, are significant to the oversight of the financial reporting process.
24. The following table details those issues or audit judgements that, in our view, require to be communicated to those charged with governance in accordance with ISA 260.

Table 1: Significant findings from the audit

Significant findings from the audit in accordance with ISA260

Accounting Treatment of Luss Toilet Block

The Park Authority have agreed to buy the land for Luss Toilet Block from Argyll & Bute Council. As highlighted in paragraph 20, management had informed us of this addition on 3 May 2016. The substance of the situation is that the Park Authority own this building as they operate, maintain and receive income from the toilet block and have given grants in the past to Argyll & Bute Council to build the toilet block. However as set out in the Memorandum of Understanding, Argyll & Bute Council own the asset and it was agreed that the toilet block would be transferred to the Park Authority at a cost of £5,000. This is considerably lower than the value of the land and buildings (£190,000). The Park Authority had accounted for this as an addition of £5,000 to its non-current assets and immediately revalued the asset upwards at £190,000. The Park Authority should have accounted for this as an addition of £190,000 as the asset has never been recognised in the Park Authority’s accounts or in its fixed asset register. Management agreed to adjust this misstatement and we are content that the accounts now reflect the substance of the transaction.

Accounting Treatment of Land at Rowardennan

The Park Authority undertook a review of its assets during 2015/16 following our recommendation in 2014/15. As a result of the review, the Authority identified an asset which should have been included in its fixed asset register but had been excluded due to an oversight. As mentioned in paragraph 20, management had informed us of this addition on 3 May 2016. The asset related to land at Rowardennan which was transferred to the Authority a number of years ago. The Park Authority had not included this as an addition but as an upwards revaluation adjustment for £2,000. Management should have accounted for this as an addition of £2,000 as the asset has never been recognised in the Park Authority’s accounts or in its fixed asset register. Officers agreed to adjust this misstatement and we are content that the accounts now reflect the substance of the transaction.

Significant findings from the audit in accordance with ISA260

Ownership of Assets

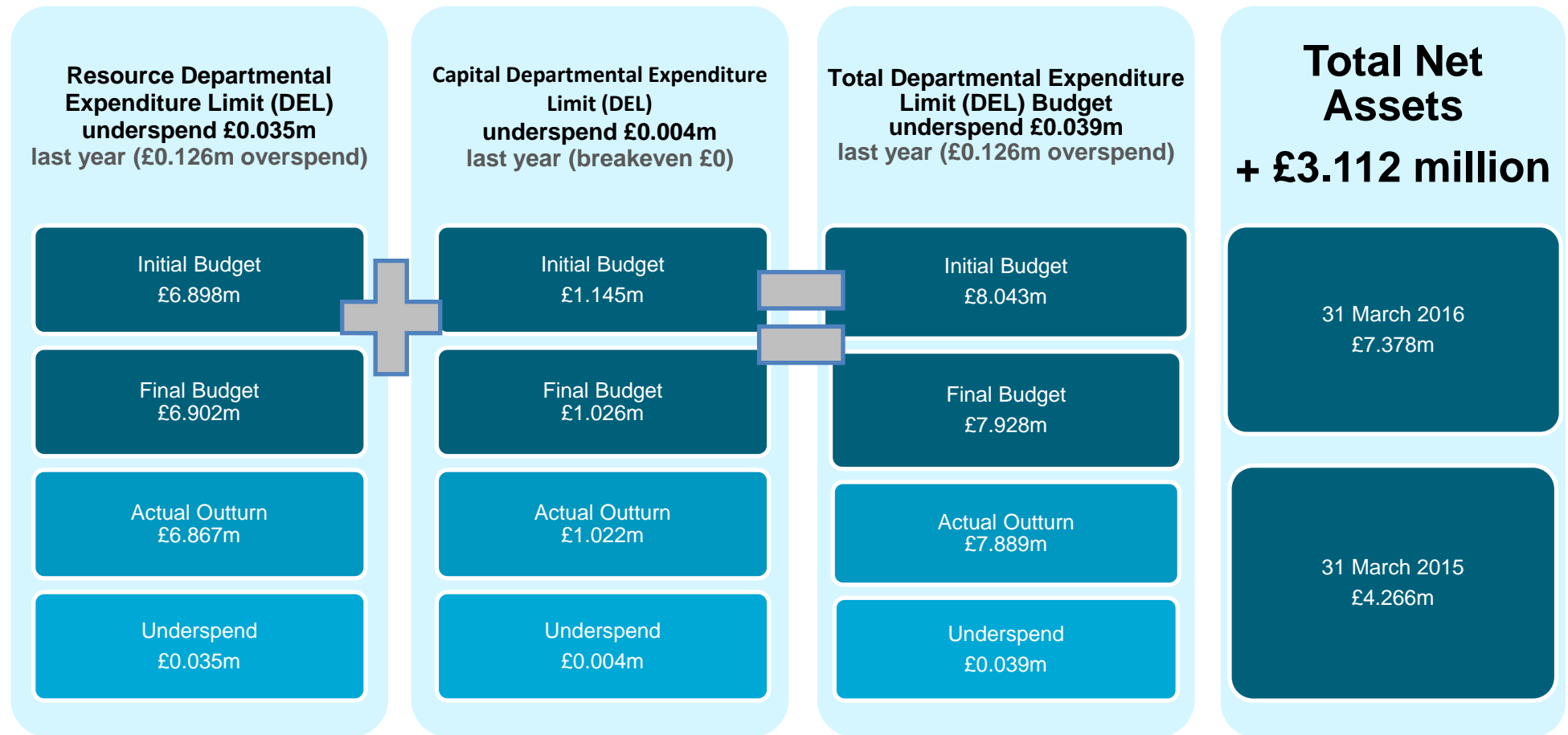
Management are in negotiations with the landowners to rectify an error in the lease of land at Milarrochy Bay Visitor Centre and Balmaha Path. We considered that, as there was currently no dispute over the ownership of these assets, the Park Authority could continue to recognise these assets in its Statement of Financial Position.

Appendix IV – Action Plan No. 1

Future accounting and auditing developments

25. HM Treasury have issued the 2016/17 Government Financial Report Manual (FReM). This applies EU adopted IFRS and Interpretations in effect for accounting periods commencing on or after 1 January 2016 (i.e. the Park Authority's 2016/17 annual accounts).
26. We have reviewed the 2016/17 FReM and there are no significant changes from the 2015/16 FReM.

Financial management and sustainability



27. The main financial objective for the Park Authority is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers.

Financial Planning

28. The Park Authority, as a Non-Departmental Public Body (NDPB) of the Scottish Government, receives almost all of its funding directly from the Scottish Government.
29. As funding from the Scottish Government is the Park Authority's primary source of income there is a greater degree of certainty over future funding streams than for some other public sector organisations who are involved in income generating activities. Therefore, the main focus for the Park Authority is achieving a balanced financial plan to remain within their annual allocation.

Financial management

30. As auditors we need to consider whether bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:
- the officer responsible for finance has sufficient status to be able to deliver good financial management
 - standing financial instructions and standing orders are comprehensive, current and promoted within the body
 - reports monitoring performance against budgets are accurate and provided regularly to budget holders

- monitoring reports do not just contain financial data but are linked to information about performance
- audit committee members provide a good level of challenge and question significant variances.

31. Based on our accumulated knowledge, our review of Senior Management Team meeting papers and through our attendance at the Audit Committee we conclude that the Park Authority have sufficient financial management arrangements in place.

2015/16 financial position

32. On an income and expenditure basis, the financial statements show a deficit of £0.550 million. This is the difference between the net expenditure for the year as shown in the Statement of Comprehensive Net Expenditure of £7.565 million, capital spend of £0.913 million and the annual funding received from the Scottish Government of £7.928 million. However, this deficit includes a number of non-cash items and requires a number of adjustments for budget purposes. Removing these balances show a surplus of £0.039 million at 31 March 2016.
33. The Statement of Financial Position at 31 March 2016 shows an increase in net assets of £3.112 million from £4.266 million in 2014/15 to £7.378 million in 2015/16. This position is largely attributable to the reduction in the pension liability which has decreased from £4.952 million in 2014/15 to £2.260 million in 2015/16.

34. The financial position of the Park Authority remains stable with the body operating within its available funding and reporting an excess of assets over liabilities.

2016/17 budget

35. The arrangements for budget setting and monitoring in place at the Park Authority are satisfactory, with management monitoring income and expenditure against budget and reporting financial results on a regular basis to the Board.
36. In previous years, the Park Authority has over-programmed its budget from a capital perspective. This was to allow for slippage in the activity plans and to enable investment to proceed quickly if additional resources are received. However for 2016/17, the Park Authority have over-programmed its budget by a marginal £0.007 million. This is a result of the Your Park project in 2016/17, which has an operational start date of 1 March 2017, therefore, it was deemed not appropriate to over-programme on a capital basis as that may create additional risk to the successful delivery of the project by end of February 2017.
37. The 2016/17 revenue budget was approved by the Board at its meeting on 14 March 2016. The budget has been prepared on the assumption of Grant in Aid resource allocation funding for 2016/17 allocated to the Park Authority by the Scottish Government being £6.270 million, a small decrease from 2015/16 (£0.128 million). Income from public bodies, planning fees, generated income, sale of goods, property rental income and interest received has been

budgeted at £0.670 million. This brings total budgeted income for 2016/17 to £6.940 million.

Contingent Asset

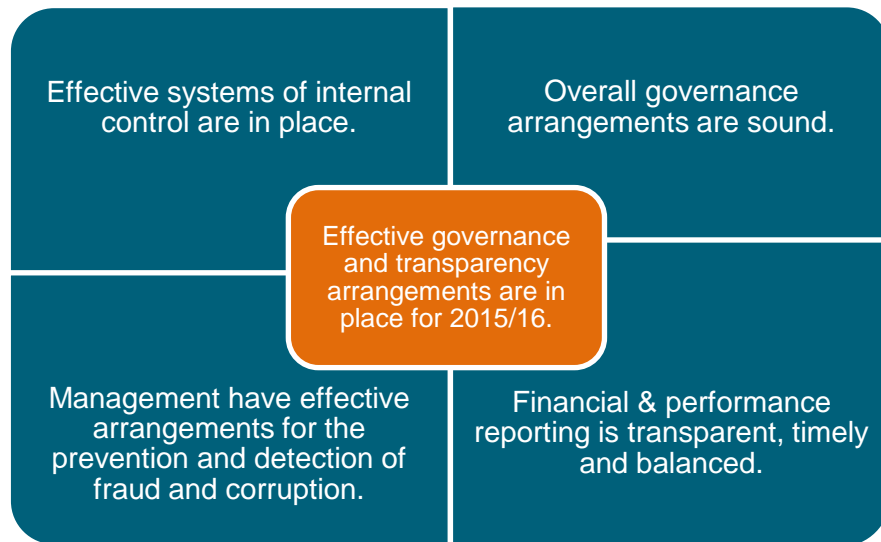
38. The Park Authority continued to disclose a contingent asset in the 2015/16 accounts for three monetary bonds totalling £1.332 million. Scotgold Resources Limited submitted a planning application for the development of a gold and silver mine in Cononish Glen. As a condition of the planning application being successful, Scotgold must fully reinstate the development site at the end of the mining operating period of ten years. In order to ensure this is done, Scotgold will lodge bonds of £1.332 million which will become receivable by the Park Authority if they fail to reinstate the land. In this case, the Park Authority would use the bonds to undertake the reinstatement work. Management should ensure that, if they are required to reinstate the land, sufficient funds are available.

Contingent Liabilities

39. The Park Authority is involved in two legal disputes which may result in a future liability and these are disclosed as contingent liabilities.
40. There is a legal dispute with the landowner of Drumlean Estate over access rights. The Park Authority lost the initial court case last year and are currently appealing against the initial decision and the appeal is being heard in the new Sherriff Appeal Court. If the Park Authority loses the case, the costs could be up to £20,000.

41. The Park Authority have raised an action to remove the tenants from Luss Visitor Centre, following a breach of the lease terms. The former tenants are defending the action to remove them. The costs have not yet been quantified, but could be in the region of £20,000.
42. Management should ensure that, if they lose the on-going legal cases, sufficient funds are available to meet the financial liabilities.

Governance and transparency



Corporate governance

43. The Board and Chief Executive (as Accountable Officer) are responsible for establishing arrangements for ensuring the proper conduct of the affairs of the Park Authority and for monitoring the adequacy of these arrangements.
44. During 2015/16, the Board had 17 Members including the Convener. It comprises those who are directly appointed by Scottish

Ministers, those locally elected and those nominated to the Board by the five councils in the park area

45. The Park Authority has two committees in operation which are required to meet regularly throughout the year, namely the Audit Committee and the Planning and Access Committee. The Park Authority has other groups in operation, these include the Remuneration Committee, Delivery Group and Strategy Group.
46. The Audit Committee has the direct responsibility for overseeing the Park Authority's arrangements for corporate governance and provides the Accountable Officer with assurance as to the Park Authority's compliance. The committee considers all internal and external audit reports and ensures any issues raised are addressed.
47. We concluded that the Park Authority has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

Transparency

48. The Scottish Government's On Board guidance (<http://www.gov.scot/Publications/2015/04/9736/0>) for board members of public bodies was updated and reissued in April 2015. On Board states that boards should demonstrate high standards of corporate governance at all times including openness and transparency in decision making. It recommends boards should consider:
 - holding an annual open meeting

- holding board meetings in public unless there is a good reason not to
 - publishing summary reports and/or minutes of meetings
 - inviting evidence from members of the public in relation to matters of public concern
 - consulting stakeholders and users on a wide range of issues
 - making corporate plans and the annual report widely available.
49. Audit Scotland also believes in transparency of financial reporting within the Annual Report and Accounts including:
- A clear reconciliation between expenditure and the outturn against Scottish Government Resource budgets.
 - Identification and explanation of any significant movements in budget during the year.
50. In May 2016, the Park Authority received a communication under the organisation's Whistleblowing policy. The complaint raises a range of matters but does not appear to concern any financial transactions made during 2015/16. The Park Authority have made a disclosure to this effect in the 2015/16 Annual Report and Accounts.
51. Overall we concluded that the Park Authority is open and transparent. In particular, we note that the Board and its Committees hold meetings in public and these are advertised on the Park Authority's website.

Internal control

52. During 2015/16 we carried out a review of the main financial systems (general ledger, payroll, trade payables, trade receivables and cash income & banking), focusing on the key controls in place within each system.
53. No material weaknesses in the accounting and internal control systems were identified during the 2015/16 audit which could adversely affect the organisation's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
54. We reported our findings to management on 11 March 2016 and presented the report at the Audit Committee on 31 March 2016.

Internal audit

55. Internal audit provides the audit committee and Accountable Officer with independent assurance on the overall risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.
56. Internal audit is provided by KPMG LLP. This is the last year of KPMG's current internal audit contract and the internal audit arrangements for 2016/17 onwards are to be provided by West Dunbartonshire Council.

57. Our review of internal audit concluded that they operate in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place. This enabled us to place reliance on the work of internal audit as outlined in our annual audit plan presented to the Audit Committee on 31 March 2016.

Shared Services

58. The Park Authority continues to work with Cairngorms National Park Authority on progressing shared services. The two park authorities currently work together on procurement, IT services, Geographic Information Systems (GIS) and health and safety.
59. The Park Authorities hold regular meetings to monitor progress and to discuss options for shared services going forward. The Park Authority should ensure that where appropriate and effective, shared services are considered for service delivery.

Arrangements for the prevention and detection of fraud

60. The Park Authority is responsible for establishing arrangements to prevent and detect fraud and other irregularity. We reviewed and assessed these arrangements and have concluded that there are effective arrangements for the prevention and detection of fraud.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

61. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. We consider whether bodies have adequate arrangements in place and have concluded that appropriate arrangements exist within the Park Authority.

Correspondence referred to the auditor by Audit Scotland

62. As part of our wider Code responsibilities we are required to consider issues raised and follow these up as part of our risk based approach to the audit if they fall within our remit.
63. Early in 2015/16 we received an item of correspondence from a member of the public raising concerns about the governance arrangements within the Park Authority. Following a review of the correspondence and the relevant supporting documentation provided by management we confirmed that the governance arrangements were appropriate and no material issues in relation to governance and transparency at Park Authority have been identified.

Best Value

Arrangements for securing Best Value

64. Accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value.
65. The Park Authority have considered Scottish Government guidance on Best Value and have been proactive in their approach. The Park Authority are compliant with the guidance and have put in place a two year action plan to ensure that the Park Authority continue to improve. The Park Authority have made progress against the action plan in 2015/16 and are on course to achieve all outcomes in 2016/17.

National performance audit reports

66. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2015/16, a number of reports were issued as outlined in [Appendix III](#).

Workforce Management

67. As part of our 2015/16 audit activity we conducted a review of workforce management arrangements across all our audited bodies. This work was a follow-up to the *Scotland's Public Sector Workforce* report published by Audit Scotland in November 2013.

68. We discussed the Park Authority's current workforce management arrangements with the Director of Corporate Services. Through these discussions we established that the Park Authority use the Annual Operational Plan, Corporate Plan and National Park Partnership Plan to identify and plan workforce requirements on an annual basis. The Park Authority's workforce is small and this also allows some aspects to be managed informally. However we consider that these elements do not meet the full requirements of an organisation-wide workforce plan.
69. In line with good practice, the Park Authority should develop a workforce plan proportionate to its size and nature that includes:
 - projections of short, medium and long term workforce requirements (i.e. staff numbers, skills and expertise, and costs),
 - arrangements for staff appraisal and training,
 - plans for succession planning, and
 - arrangements for joint working or shared resources with other public sector bodies.

Appendix IV – Action Plan No. 2

Acknowledgements

70. We would like to express our thanks to the staff and members of the Park Authority for their help and assistance during the audit of this year's financial statements, and throughout the course of the five year audit appointment.

Appendix I: Significant audit risks

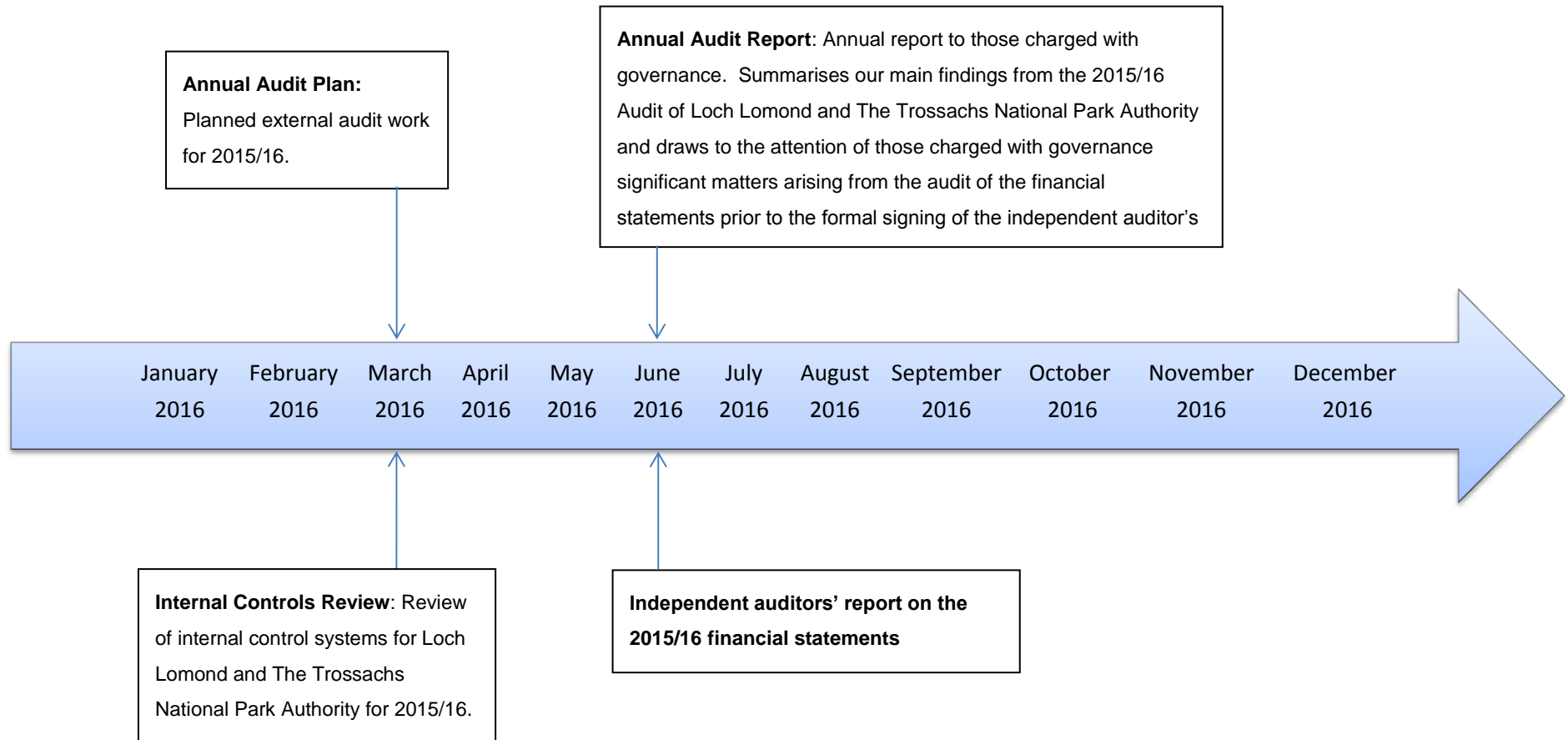
The table below sets out the audit risks we identified during the planning stage of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p> <p><i>This risk is exacerbated by the lack of second officer checks of journals posted.</i></p>	<ul style="list-style-type: none"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of any significant transactions that are outside the normal course of business. 	<p>Our testing did not identify any instances of management override of controls during 2015/16.</p>

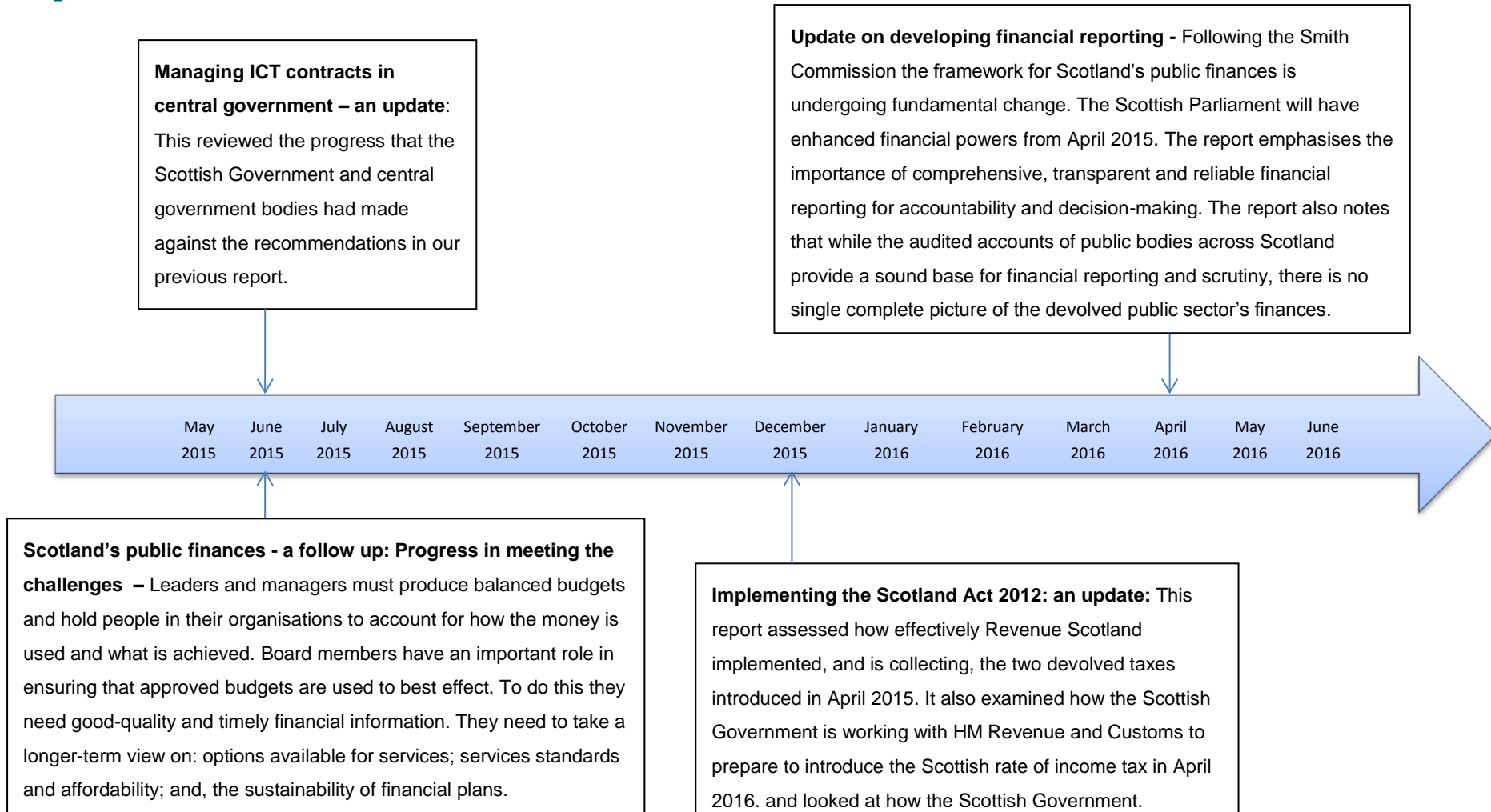
Audit Risk	Assurance procedure	Results and conclusions
<p>Millarrochy Bay Visitor Centre</p> <p>Management are in negotiations with the landowner to rectify an error in the lease of land at Milarrochy Bay.</p> <p><i>Until the lease is amended there is a risk that non-current assets are overstated in the financial statements.</i></p>	<ul style="list-style-type: none"> We discussed the ownership of Milarrochy Bay Visitor Centre with management to establish the correct accounting treatment of the asset. We reviewed the title deeds of a number of assets which were not tested in previous years to establish that the Park Authority have the right to capitalise these assets. 	<p>Management are currently in negotiations to lease the land at Milarrochy and negotiations are at an advanced stage.</p> <p>Our testing did not identify any assets whereby the Park Authority do not own or lease the land that the asset is built on.</p>
<p>Capitalisation of Leasehold Assets</p> <p>In 2014/15, the Park Authority incorrectly capitalised £228,000 of land held under operating leases. £209,000 of this was derecognised in 2014/15 with the remaining £19,000 in respect of Loch Lubnaig to be derecognised in 2015/16.</p> <p><i>There is a risk that net expenditure is understated and non-current assets overstated in the 2015/16 financial statements.</i></p>	<ul style="list-style-type: none"> We reviewed the 2015/16 accounts to ensure that the remaining £19,000 in respect of Loch Lubnaig has been derecognised. 	<p>Our review identified that the accounts had correctly derecognised the remaining £19,000 in respect of Loch Lubnaig.</p>
<p>Capitalisation of Staff Costs</p> <p>In 2014/15, the Park Authority capitalised staff costs and an error was identified.</p> <p><i>There is a risk that staff costs are understated and non-current assets overstated in the 2015/16 financial statements.</i></p>	<ul style="list-style-type: none"> We reviewed capitalised staff costs in the 2015/16 working papers to consider whether staff costs have been correctly accounted for in line with the relevant accounting standards. 	<p>Our review identified that the Park Authority had correctly capitalised staff time.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Restructuring of Annual Report</p> <p>The 2015/16 FReM has been extensively re-written and includes significant changes to the form and content of the annual report and accounts.</p> <p><i>There is a risk that the Park Authority's 2015/16 financial statements will not reflect the revised FReM requirements.</i></p>	<ul style="list-style-type: none"> • We met with management in February 2016 to discuss the required changes and their proposals for the revised Annual Report layout and content. • We reviewed the Annual Report included within the unaudited financial statements against the requirements of the 2015/16 FReM as part of the financial statements audit. 	<p>Our review did not identify any significant departures from the requirements of the 2015/16 FReM. However, a number of minor presentational and disclosure issues were identified as a result of the new Performance Report and Accountability Report requirements. Management reflected the required changes in the final version of the accounts.</p>
<p>Wider dimension issues and risks</p>		
<p>Financial Planning</p> <p>In 2014/15, the Park Authority overspent its Resource Department Expenditure Limit by £126,000 and does not have any long-term financial plans in place.</p> <p><i>There is a risk that the Park Authority will overspend its budget in future years.</i></p>	<ul style="list-style-type: none"> • We reviewed the 2015/16 accounts to identify whether the Park Authority have overspent against its Resource Department Expenditure Limit. 	<p>Our review identified that the Park Authority have overspent against its Resource Department Limit by £7,000.</p>

Appendix II: Summary of local audit reports 2015/16



Appendix III: Summary of Audit Scotland national reports 2015/16



Appendix IV: Action plan

No.	Paragraph ref.	Issue/Recommendation	Management action/response	Responsible officer / Target date
1.	24	<p>Ownership of Assets</p> <p>Issue: Management are in negotiations with the landowners to rectify an error in the lease of land at Milarrochy Bay Visitor Centre and Balmaha Path.</p> <p>Recommendation: The Park Authority should ensure they obtain variations to the lease of land that the assets are built on.</p>	We are in negotiations with the landowners and are confident of completing this during 2016/17.	Estates Manager / 31 March 2017
2.	68	<p>Workforce Plan</p> <p>Issue: The Park Authority do not currently have an organisation-wide workforce plan.</p> <p>Recommendation: The Park Authority should develop a workforce plan that is proportionate to its size and nature.</p>	This will be developed following the completion of the National Park Partnership Plan and Corporate Plan for 2017-2022.	Director of Corporate Services / 31 December 2017