

Address:

4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

Telephone:

0845 146 1010

Email:

info@audit-scotland.gov.uk

Website:

www.audit-scotland.gov.uk

Audit Committee meeting of 23 June 2015

15 June 2015

Loch Lomond and The Trossachs National Park Authority 2014/15 Audit

1. International Standard on Auditing (UK and Ireland) 260 (ISA 260) requires auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We are drawing to your attention matters for your consideration before the financial statements are approved and certified. We also present for your consideration our proposed annual report on the 2014/15 audit which identifies significant findings from the financial statements audit. The section headed "Significant findings from the audit in accordance with ISA260" in the attached annual audit report sets out the issues identified. This report will be issued in final form after the financial statements have been certified.
2. Our work on the financial statements is now substantially complete. Subject to the satisfactory conclusion of any outstanding matters and receipt of a revised set of financial statements for final review, we anticipate being able to issue an unqualified auditor's report (audit certificate) on 23 June 2015 (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
3. In presenting this report to the audit committee we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.
4. We are required to report to those charged with governance all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature and request that these misstatements be corrected. Management agreed to adjust the one material error identified during the audit. However, management have not adjusted a small number of immaterial errors. Further details on the monetary errors identified during the audit are outlined in the Annual Audit Report at paragraphs 21 to 25.
5. As part of the completion of our audit we seek written assurances from the Chief Executive as Accountable Officer on aspects of the financial statements and judgements and estimates made. A template letter of representation under ISA580 is attached at Appendix B. This should be signed and returned by the Accountable Officer with the signed financial statements prior to the independent auditor's opinion being certified.

Outstanding matters

6. There is one area where we still require additional information, which is identified below:

- Final confirmation that an appeal has not been lodged against the decision of the Inner House of the Court of Session in the case Michael Leonard v Loch Lomond and The Trossachs National Park Authority before the date for signing and certifying the annual report and accounts. If an appeal were lodged, a contingent liability should be disclosed in the annual report and accounts.

Asif A Haseeb (Engagement Lead)

APPENDIX A: Proposed Independent Auditor's Report

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

I have audited the financial statements of Loch Lomond and The Trossachs National Park Authority for the year ended 31 March 2015 under the National Parks (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2014/15 Government Financial Reporting Manual (the 2014/15 FReM).

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Auditor General for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of Accountable Officer and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors. I am also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Scope of the audit of the financial statements

An audit involves 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. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements, irregularities, or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2015 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 FReM; and
- have been prepared in accordance with the requirements of the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

Opinion on regularity

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

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Parks (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

I have nothing to report in respect of these matters.

Asif A Haseeb
Audit Scotland
8 Nelson Mandela Place
GLASGOW
G2 1BT

June 2015

Appendix B: ISA 580 - Letter of Representation

<Signed copy to be provided on headed paper with signed 2014/15 financial statements>

Asif A Haseeb
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Building
Glasgow
G2 1BT

Dear Asif

Loch Lomond and The Trossachs National Park Authority

Annual Accounts 2014/15

1. This representation letter is provided in connection with your audit of the financial statements of Loch Lomond and The Trossachs National Park Authority ("the Park Authority") for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Park Authority, as at 31 March 2015 and its comprehensive net expenditure for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of senior management and the Board, the following representations given to you in connection with your audit of the Park Authority for the year ended 31 March 2015.

General

3. I acknowledge my responsibility and that of the Park Authority for the financial statements. All the accounting records requested have been made available to you for the purposes of your audit. All material agreements and transactions undertaken by the Park Authority have been properly reflected in the financial statements. All other records and information have been made available to you, including minutes of all management and other meetings.
4. The information given in the Annual Report to the financial statements, including the Strategic Report, Directors' Report and Remuneration Report, presents a balanced picture of the Park Authority and is consistent with the financial statements.
5. I am not aware of any misstatements other than those identified in the auditor's Annual Audit Report. I note that all material errors have been adjusted, however there are a small number of unadjusted errors that are not material.

Regularity of Financial Transactions

6. The financial transactions of the Park Authority are in accordance with the relevant legislation and regulations governing its activities and expenditure and income were incurred or applied in accordance with applicable enactments and guidance issued by the Scottish Ministers.

Financial Reporting Framework

7. The financial statements have been prepared in accordance with 2014/15 Government Financial Reporting Manual, and in accordance with the requirements of the National Parks (Scotland) Act

2000 and directions made thereunder by the Scottish Ministers including all relevant presentation and disclosure requirements.

8. Disclosure has been made in the financial statements of all matters necessary for them to show a true and fair view of the transactions and state of affairs of the Park Authority for the year ended 31 March 2015.

Accounting Policies & Estimates

9. All material accounting policies adopted are as shown in the Statement of Accounting Policies included in the financial statements. The continuing appropriateness of these policies has been reviewed since the introduction of IAS 8 and on a regular basis thereafter, and takes account of the requirements set out in the 2014/15 Government Financial Reporting Manual.
10. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. There are no changes in estimation techniques which should be disclosed due to their having a material impact on the accounting disclosures.

Going Concern

11. The Board has assessed the Park Authority's ability to carry on as a going concern, as identified in the Statement of Accounting Policies, and have disclosed, in the financial statements, any material uncertainties that have arisen as a result.

Related Party Transactions

12. All transactions with related parties have been disclosed in the financial statements. I have made available to you all the relevant information concerning such transactions, and I am not aware of any other matters that require disclosure in order to comply with the requirements of IAS24, as interpreted by the 2014/15 Government Financial Reporting Manual.

Events Subsequent to the Date of the Statement of Financial Position

13. There have been no material events since the date of the Statement of Financial Position which necessitate revision of the figures in the financial statements or notes thereto including contingent assets and liabilities.
14. Since the date of the Statement of Financial Position no events or transactions have occurred which, though properly excluded from the financial statements, are of such importance that they should be brought to your notice.

Corporate Governance

15. I acknowledge as Accountable Officer my responsibility for the corporate governance arrangements. I confirm that I have disclosed to the auditor all deficiencies in internal control of which I am aware.
16. The corporate governance arrangements have been reviewed and the disclosures I have made are in accordance with the 2014/15 Government Financial Reporting Manual. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2015, which require disclosure.

Fraud

17. I have considered the risk that the financial statements may be materially misstated as a result of fraud. I have disclosed to the auditor any allegations of fraud or suspected fraud affecting the financial statements. There have been no irregularities involving management or employees who have a significant role in internal control or that could have a material effect on the financial statements.

Assets

18. The assets shown in the Statement of Financial Position at 31 March 2015 were owned by the Park Authority, other than assets which have been purchased under operating leases. Assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Millarrochy Bay Visitor Centre

19. The Park Authority has capitalised Millarrochy Bay Visitor Centre on its Statement of Financial Position. I can confirm that, to the best of my knowledge, the plan shown on the land certificate is an error, and that the Visitor Centre has been built within land that is either owned or leased by the Park Authority.
20. Notwithstanding the error in the Park Authority's land certificate, I can confirm that I am not aware of any competing title or any other issues which would lead to the ownership of the Millarrochy Bay Visitor Centre being in doubt. As such, I can confirm that I believe this asset should continue to be recognised on the Statement of Financial Position.

Categorisation of Leases

21. The Park Authority has undertaken a desktop review of all of the leasehold land and buildings recognised in LLTNPA's Statement of Financial Position. I confirm that all of the assets apart from two are operating leases. Luss Pier, Pier Shop/Toilets and Gateway Orientation Centre are finance leases.
22. I can confirm that the Park Authority, or its predecessor bodies, built the capitalised buildings on the following leases: Balmaha Path - Inchcailloch Bridge; Firkin Point Visitor Centre; Inveruglas Visitor Centre; Loch Lubnaig; Drumkinnon Bay Pontoon and Falls of Falloch Viewpoint. These are the assets held by the Park Authority under operating leases. As such, the Park Authority is correct to recognise these buildings as Property, Plant and Equipment in its Statement of Financial Position.

Liabilities

23. All liabilities have been provided for in the books of account, including the liabilities for all purchases to which title has passed prior to 31 March 2015.

Carrying Value of Assets and Liabilities

24. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with 2014/15 Government Financial Reporting Manual. There are no plans or intentions that are likely to affect the carrying value of classification of the assets and liabilities within the financial statements.

Provisions

- 25.** Provisions have been made in the financial statements for all material liabilities which have resulted or may be expected to result, by legal action or otherwise, from events which had occurred by 31 March 2015 and of which the Park Authority could reasonably be expected to be aware. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the present obligation at 31 March 2015.

Yours sincerely

Gordon Watson
Chief Executive and Accountable Officer