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## Report to those charged with governance on the 2013/14 audit

Committee :	Loch Lomond and The Trossachs National Park Authority Audit Committee
Date:	24 June 2014
Location:	Loch Lomond and The Trossachs National Park Authority Audit Head Office
From:	Asif A Haseeb

### Background

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.
2. This report sets out for the Audit Committee's consideration the matters arising from our audit of the financial statements for 2013/14 that require to be reported under ISA 260. We are drawing to your attention those matters we think are worthy of note, so that you can consider them before the financial statements are approved and certified. It should be noted that the audit opinion reflects recent discussions with management and is subject to satisfactory conclusion of any outstanding matters.
3. We also present for your consideration our proposed annual report on the 2013/14 audit which identifies significant findings from our audit. This report is attached at Appendix C and will be issued in final form after the financial statements have been approved and certified.

### Status of the work

4. Our work on the financial statements is now complete. The issues arising from the financial statements audit were included in a matters arising schedule issued to the Corporate Services Director and the Finance Manager on 3 June 2014.
5. We received the unaudited financial statements on 21 May 2014, one day ahead of the agreed timetable. The working papers were of a high standard and officers provided excellent support to the audit team which enabled us to complete our on-site fieldwork by the planned target date of 30 May 2014.

### Fraud

6. In presenting this report to the Audit Committee we seek confirmation from those charged with governance of any instances of fraud that have arisen that should be brought to our attention.

## **Audit opinion and representations**

7. We received a revised set of financial statements on 4 June 2014 and carried out a final review. This was concluded satisfactorily. Therefore, we expect to issue an unqualified independent auditor's report (audit certificate) on 24 June 2014 (the proposed report is attached at Appendix A). There are no anticipated modifications to the audit report.
8. 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 which we regard as errors less than £1,000. We have no unadjusted misstatements to bring to your attention.
9. A number of presentational adjustments were identified within the financial statements during the course of our audit. These were discussed with senior management who agreed to amend the unaudited financial statements.
10. As part of the completion of our audit we seek written assurances from the Accountable Officer on aspects of the financial statements and judgements and estimates made. A letter of representation template under ISA580 is attached at Appendix B. This should be copied onto headed notepaper, signed and returned by the Accountable Officer prior to the independent auditor's report (audit certificate) being certified.

## **Accounting and internal control systems**

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

## **Acknowledgements**

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

## 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 2014 under the National Parks (Scotland) Act 2000. The financial statements comprise of the Statement of Comprehensive Net Expenditure, 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 2013/14 Government Financial Reporting Manual (the 2013/14 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 the 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 2014 and of its net operating cost 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 2013/14 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

XX June 2014

## Appendix B: ISA 580 - Letter of Representation

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

(Date)

Dear Asif

### **Loch Lomond and The Trossachs National Park Authority - 2013/14 Financial Statements**

1. This representation letter is provided in connection with your audit of the financial statements of Loch Lomond and The Trossachs National Park Authority (LL&TTNPA) for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of LL&TTNPA, as at 31 March 2014 and its comprehensive net expenditure and application of funding for the year then ended.
2. I confirm to the best of my knowledge and belief, and having made appropriate enquiries of the Directors and Board, the following representations given to you in connection with your audit of LL&TTNPA for the year ended 31 March 2014.

### **General**

3. I acknowledge my responsibility and that of LL&TTNPA 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 LL&TTNPA 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 LL&TTNPA and is consistent with the financial statements.
5. I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. I am not aware of any uncorrected misstatements other than those identified in the auditor's report to those charged with governance (ISA 260).

### **Regularity of Financial Transactions**

6. The financial transactions of LL&TTNPA 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 the 2013/14 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 LL&TTNPA for the year ended 31 March 2014.

### **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 2013/14 Government Financial Reporting.
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 and Directors have assessed the LL&TTNPA's ability to carry on as a going concern, as identified in the Statement of Accountable Officer's Responsibilities, 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 IAS 24, as interpreted by the 2013/14 Government Financial Reporting.

### **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 2013/14 Government Financial Reporting Manual. There have been no changes in the corporate governance arrangements or issues identified, since the 31 March 2014 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 2014 were owned by the LL&TTNPA, 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.

### **Liabilities**

19. 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 2014.

### **Carrying Value of Assets and Liabilities**

20. The assets and liabilities have been recognised, measured, presented and disclosed in accordance with 2013/14 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**

21. 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 2014 and of which LL&TTNPA 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 2014.

Yours sincerely

Fiona Logan  
Chief Executive  
Accountable Officer

## **Appendix C: Proposed Annual report on the 2013/14 audit**

See separate document attached.