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Date: 22 May 2024

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Dear Jane,

**Audit of Loch Lomond and the Trossachs National Park Authority's Financial Statements for the year ending 31 March 2024**

Auditing standards require us to obtain an understanding of Loch Lomond and the Trossachs National Park Authority's (LLTNPA's) management processes and arrangements. This enables us to deliver an efficient audit, reducing the time which finance staff need to spend responding to auditor queries. Auditing standards require us to formally update our understanding annually. I am writing to ask that you please provide a response to the following questions, in respect of preventing fraud in the annual accounts, compliance with laws and regulations, litigation and claims, and going concern. A similar request has been made to the Audit and Risk Committee.

**International Standard for Auditing 240 - The auditor's responsibility to consider fraud in an audit of financial statements**

We have to obtain evidence of how management are discharging their responsibilities, if we are to properly discharge our responsibilities under ISA 240. We are therefore making requests to you, on behalf of management, on the following issues:

1) What are management's processes in relation to:

- undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);
- identifying and responding to risks of fraud in the organisation, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;
- communicating to employees views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the organisation's code of conduct); and
- communicating to those charged with governance the processes for identifying and responding to fraud or error?

2) What is management's processes to identify and respond to the risk of fraud and possible breaches of internal control? Is management aware of any breaches of internal control during 2023/24? Please provide details.

3) Do you have knowledge of any actual, suspected or alleged fraud during the period 1 April 2023 to 31 March 2024? Where appropriate please provide details.

4) Do you have any suspicion that fraud may be occurring within the organisation? Please provide details.

- Has management identified any specific fraud risks within the organisation? Please provide details.
- Does management have any concerns that there are areas within the organisation that are at risk of fraud? Please provide details.
- Are there particular locations within the organisation where fraud is more likely to occur? Please provide details.

5) Are you satisfied that internal controls, including segregation of duties, exist and work effectively? Please provide details.

- If not, where are the risk areas?
- What other controls are in place to help prevent, deter or detect fraud?

6) How are staff encouraged to report their concerns about fraud, and what are the types of concerns they are expected to report? Please provide details.

7) From a fraud and corruption perspective, what do you consider to be high risk posts within the organisation? Please provide details.

- How are the risks relating to these posts identified, assessed and managed?

8) Are you aware of any related party relationships or transactions that could give rise to instances of fraud? Please provide details.

- How are the risks associated with fraud related to such relationships and transactions mitigated?

9) Are you aware of any entries made in the accounting records of the organisation that it believes or suspects are false or intentionally misleading? Please provide details.

- Are there particular balances where fraud is more likely to occur? Please provide details.
- Are there any assets, liabilities or transactions that it believes were improperly included or omitted from the accounts of the organisation? Please provide details.
- Could a false accounting entry escape detection? If so, how?
- Are there any external fraud risk factors which are high risk of fraud? Please provide details.

10) Are you aware of any organisational, or management pressure to meet financial or operating targets? Please provide details.

- Are you aware of any inappropriate organisational or management pressure being applied, or incentives offered, to you or colleagues to meet financial or operating targets? Please provide details.

### **International Standard for Auditing 250 – Consideration of laws and regulations in an audit of financial statements**

We have to obtain evidence of how management are discharging their responsibilities if we are to properly discharge our responsibilities under ISA 250. We are therefore making requests to you, on behalf of management, on the following issues:

11) How does management gain assurance that all relevant laws and regulations have been complied with. For example:

- What process is in place for identifying and responding to changes in laws and regulations? Please provide details.
- What arrangements are in place for the Audit and Risk Committee and/or Board to oversee this process?
- What arrangements are in place for communicating with employees, non-executive directors, partners and stakeholders regarding the relevant laws and regulations that need to be followed? Please provide details.
- Do you have knowledge of actual or suspected instances where appropriate laws and regulations have not been complied with, and if so what actions management is taking to address it? Please provide details.

### **International Standard for Auditing 501 – Specific consideration of the potential for, and actual, litigation and claims affecting the financial statements**

We have to obtain evidence of how management and those charged with governance are discharging their responsibilities if we are to properly discharge our responsibilities under ISA 501. We are therefore making requests to you, on behalf of management, on the following issues:

12) Are you aware of any actual or potential litigation or claims that would affect the financial statements? Please provide details.

### **International Standard for Auditing 570 – Consideration of the going concern assumption in an audit of financial statements**

We are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements if we are to properly discharge our responsibilities under ISA 570. We are therefore making requests to you, on behalf of management, on the following issues:

13) How has management assessed and satisfied itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

14) Has management identified any events or conditions since the assessment was undertaken which may cast significant doubt on the organisation's ability to continue as a going concern? Please provide details.

### **The way forward**

The information you provide will help inform our understanding of LLTNPA and its business processes, prior to the start of the final stage of the audit of the 2023/24 financial statements.

I would be grateful for your responses, which should be formally considered and communicated to us on the management's behalf to cover the year to 31 March 2024, by 30 June 2024. In the meantime, if you have any queries, please do not hesitate to contact me.

Yours faithfully,



Tom Reid  
**Audit Director**  
Mazars LLP