



Cairngorms National Park Authority

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

July 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 Cairngorms 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.
- Minor presentational and disclosure adjustments required to the financial statements presented for audit.
- Some progress has been made in tagging non-current assets.

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 £0.247 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.

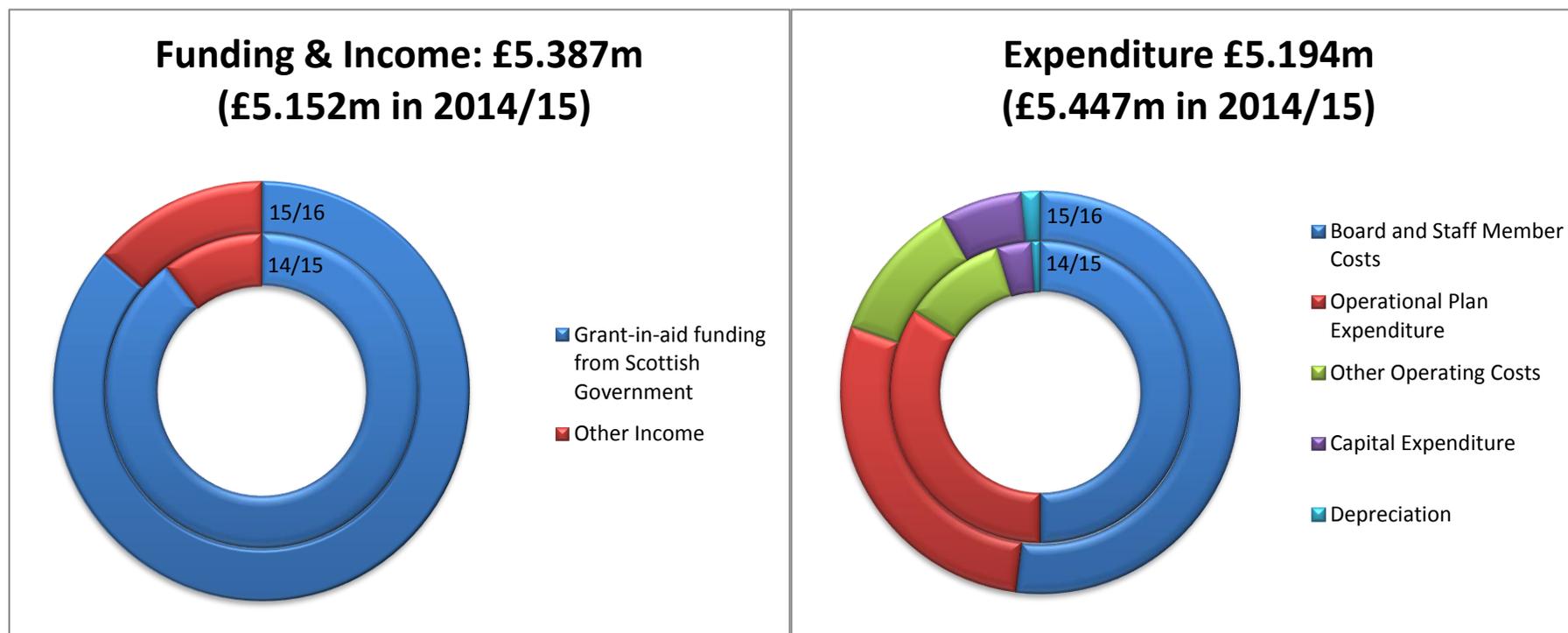
Best Value

- The Park Authority have considered Scottish Government guidance on Best Value and have been proactive in their approach.

Introduction

1. This report is a summary of our findings arising from the 2015/16 audit of Cairngorms 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 and Risk 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 £4.651 million in 2015/16 (£4.610 million in 2014/15). Income from activities totalled £0.736 million, of which the largest amount related to Operational Plan Income of £0.710 million. Overall expenditure decreased by £0.253 million from £5.447 million in 2014/15 to £5.194 million in 2015/16. This is mainly attributed to a decrease in staff costs £0.025 million, operational plan expenditure £0.383 million, other operating costs £0.012 million. This is offset by the increase in capital expenditure £0.136 million and depreciation £0.030 million 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 29 April 2016, in accordance with the agreed timetable. The working papers were of a good standard and staff provided support to the audit team which enabled us to complete our on-site fieldwork on by the planned target date of 6 May 2016.

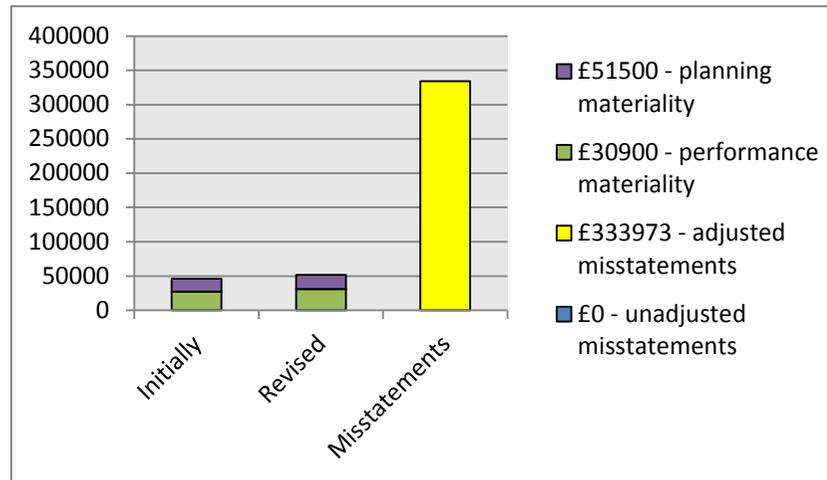
Overview of the scope of the audit of the financial statements

11. 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 and Risk Committee on 19 February 2016.
12. 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 £10,700 and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
13. 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.
14. 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

15. 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.
16. 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 £51,500 (1% of Total Expenditure).
17. 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 £30,900 (i.e. 60% 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

18. We have identified four misstatements in the unaudited financial statements. One of the misstatements related to expenses which should have been accrued at the year-end but were instead paid out of the bank. The other three misstatements related to the accounting treatment of non-current assets. Further details of these misstatements are provided in paragraph 23.
19. A number of presentational adjustments were identified during the course of our audit. These were discussed with management who agreed to amend the financial statements.

20. The total value of adjustments (£333,973) exceeded our overall performance materiality level of £30,900. However, we consider that the Scenic Routes Project (£329,236) 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 this misstatement on our audit approach and decided that further audit procedures were not required.

Significant findings from the audit

21. 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 judgment, are significant to the oversight of the financial reporting process.
22. 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

Scenic Routes Project

In our 2015/16 Annual Audit Plan, we reported that the Park Authority had an asset under construction of £33,092 which was expected to be completed by the year-end and classed as a Heritage Asset. This asset was completed prior to the year-end, however management had revised the accounting treatment for this asset and decided to remove it from an asset under construction and write off the spend to date of £99,863 to operational expenditure. This change in accounting treatment resulted in another two Scenic Routes projects being written off as part of operational expenditure of £229,373. From a review of our audit testing and matters arising report, management reviewed the nature of this project and confirmed that the project expenditure should have been capitalised as the risks and rewards lie with the Park Authority. The Park Authority should have capitalised the completed asset as Operational Property, Plant and Equipment of £99,863 and the two Scenic Routes projects not yet fully operational should have been capitalised as assets under construction of £229,373. These misstatements affect a number of figures in the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity. After consideration of technical advice, management agreed to adjust these misstatements and we are content that the accounts now reflect the substance of the transactions.

Tagging of Non-Current Assets

In our 2013/14 and 2014/15 Annual Audit Report, we reported that the Park Authority do not have all its assets tagged. We performed a review of the Park Authority's asset register and noted that whilst progress has been made in tagging assets, a number of assets have not been tagged including leasehold improvements. There is a risk that non-current assets are materially misstated as without asset tags the Park Authority has no means of checking whether all assets owned by them are included in the asset register and whether all assets included in the asset register exist.

Appendix IV – Action Plan No. 1

Significant findings from the audit in accordance with ISA260

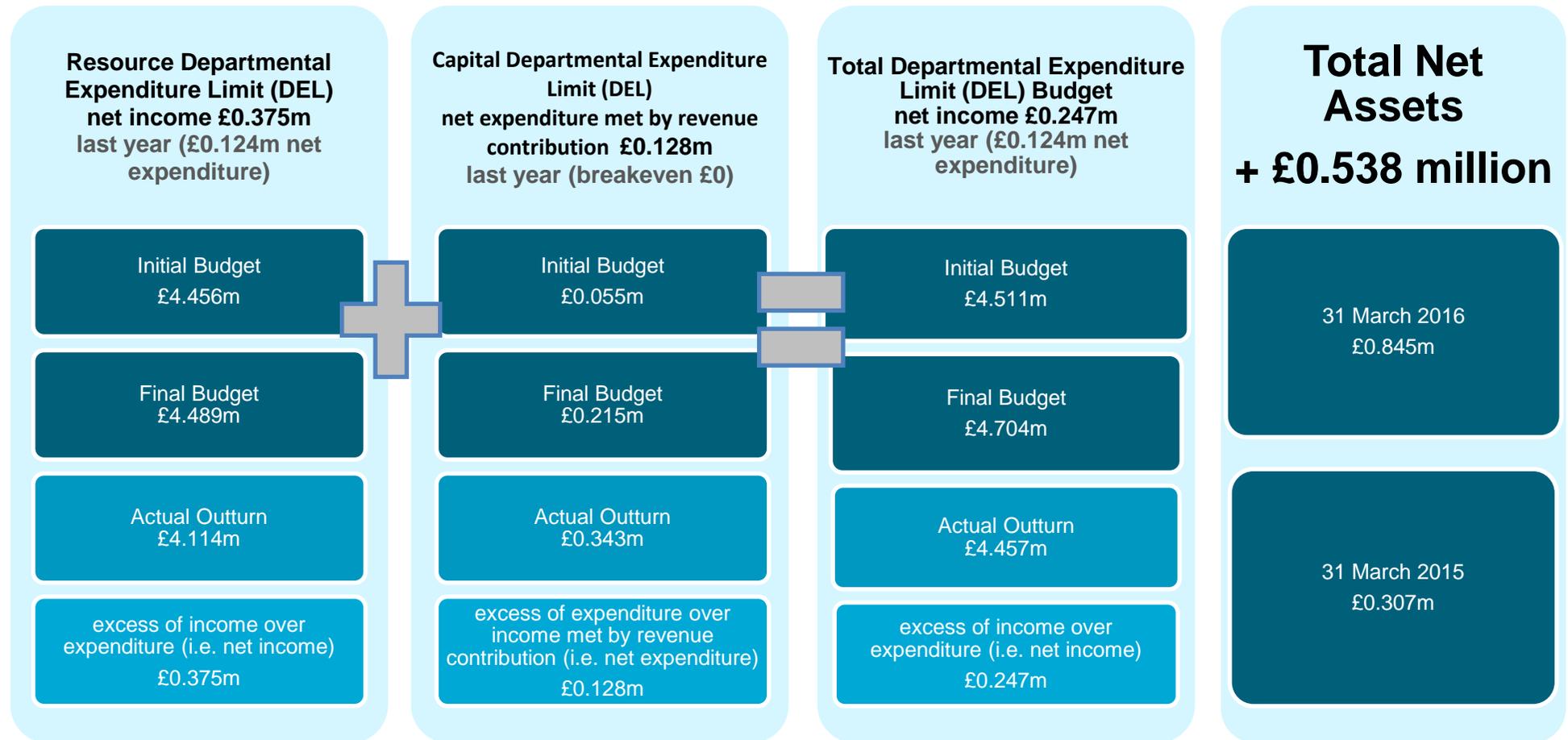
Accrued Expenses

When reviewing the year-end bank reconciliation, a variance of £4,737 was identified. Management advised that this related to staff expenses and invoices which should have been accrued at the year-end but were instead paid out of the bank. The effect of this misstatement on the Statement of Financial Position is to understate Trade & Other Payables by £4,737 and understate Cash & Cash Equivalents by £4,737. Officers agreed to adjust this misstatement and we are content that the accounts now reflect the correct financial position.

Future accounting and auditing developments

23. 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).
24. We have reviewed the 2016/17 FReM and there are no significant changes from the 2015/16 FReM.

Financial management and sustainability



25. 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

26. 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.
27. 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

28. 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 director of 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 and risk committee members provide a good level of challenge and question significant variances.

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

2015/16 financial position

30. On an income and expenditure basis, the financial statements show a deficit of £0.053 million. This is the difference between the net expenditure for the year as shown in the Statement of Comprehensive Net Expenditure of £4.414 million, capital spend of £0.343 million and the annual funding received from the Scottish Government of £4.704 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 £0.247 million at 31 March 2016.
31. The 2015/16 financial statements show that the Park Authority has overspent its Grant in Aid budget on an accruals basis as follows:
- Capital DEL by £128,000 met by revenue contribution to capital budget
 - Non Cash DEL (depreciation/amortisation) by £26,000.

32. However, the Non-Cash DEL (depreciation/amortisation) overspend of £26,000 is not considered to be a significant issue as it is on a non-cash basis.
33. The Statement of Financial Position at 31 March 2016 shows an increase in net assets of £0.538 million from £0.307 million in 2014/15 to £0.845 million in 2015/16. This position is largely attributed to the increase in non-current assets which has increased from £0.232 million in 2014/15 to £0.475 million in 2015/16.
34. The financial position of the Park Authority remains stable with the body reporting an excess of assets over liabilities, and an excess of current assets against current liabilities.

2016/17 budget

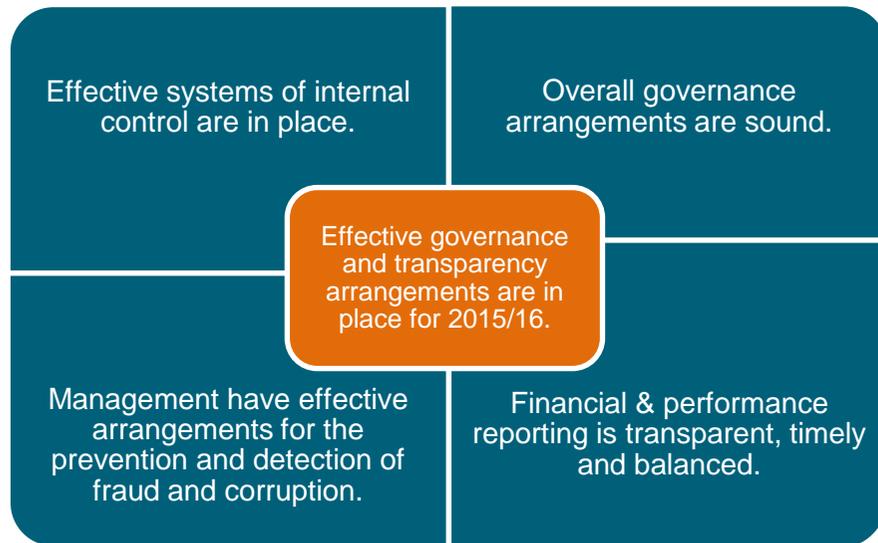
35. The arrangements for budget setting and monitoring in place at the Park Authority are satisfactory, with management monitoring income and expenditure against budget and reporting financial results four monthly to the Finance & Delivery Committee.
36. In previous years, the Park Authority has over-programmed its budget. This is to allow for slippage in the activity plans and to enable investment to proceed quickly if additional resources are received. However, the Park Authority have moved away from over-programming and the 2016/17 budget shows a balanced budget.
37. The 2016/17 revenue budget was approved by the Board at its meeting on 11 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 £4.315 million, a small decrease from 2015/16 (£0.143 million). Income from planning fees, project contributions and other generated income has been budgeted at £0.250 million. This brings total budgeted income for 2016/17 to £4.565 million.

EU Referendum

38. On 23 June 2016, the result of the Referendum on membership of the European Union (EU) was a majority vote to leave. It is unclear how events will unfold over the weeks and months ahead. As the relevant provisions to commence the formal process of leaving the EU have not yet been invoked, it is too soon to have a sense of what this will mean for Scotland. The Park Authority has agreed to act as the Accountable Body (AB) to the Cairngorms Local Action Group (CLAG) in its management and administration of European LEADER funds allocation allocated to the CLAG. Funds are paid to approved projects and reclaimed from Scottish Government by the Authority on behalf of the CLAG. As such the Park Authority is exposed to some liability around funds paid out not being recovered. However, at this point in time there are no live projects which have commenced delivery. In accounting terms this should be treated as an unadjusted post balance sheet event and the Park Authority have made an appropriate disclosure to this effect in the 2015/16 annual report and accounts.

Governance and transparency



Corporate governance

- 39. 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.
- 40. During 2015/16 the Board, of 19 Members including the Convener, was supported in its role by four sub-committees as illustrated in 2.

Exhibit 2: Governance Structure 2015/16



- 41. A number of committees are in operation and meet regularly throughout the year, namely the Audit & Risk Committee, Finance & Delivery Committee, Staffing & Recruitment Committee and Planning Committee.
- 42. The Audit & Risk 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.

43. We concluded that the Park Authority have effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

Transparency

44. 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.
45. 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.
46. Overall we concluded that the Park Authority are 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

47. 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.
48. 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.
49. We reported our findings to management on 4 April 2016 and presented the report at the Audit & Risk Committee on 15 April 2016.

Internal audit

50. Internal audit provides the Audit & Risk 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.
51. 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 BDO LLP as part of a shared services agreement.
52. 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, in terms of our wider code responsibilities as outlined in our annual audit plan presented to the Audit & Risk Committee on 19 February 2016.

Shared Services

53. The Park Authority continues to work with Loch Lomond and The Trossachs National Park Authority on progressing shared services. The two park authorities currently work together on Procurement, provision of HR Management Services IT Services, Geographic Information Systems (GIS) and Health and Safety.

54. 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

55. 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

56. 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.

Best Value

Arrangements for securing Best Value

57. Accountable officers have a specific responsibility to ensure that arrangements have been made to secure Best Value.
58. The Park Authority have considered Scottish Government guidance on Best Value and have been proactive in their approach.

National performance audit reports

59. 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

60. 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.
61. 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 have an organisation-wide workforce plan in place to identify and plan the workforce requirements for the future.

Acknowledgements

62. 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.

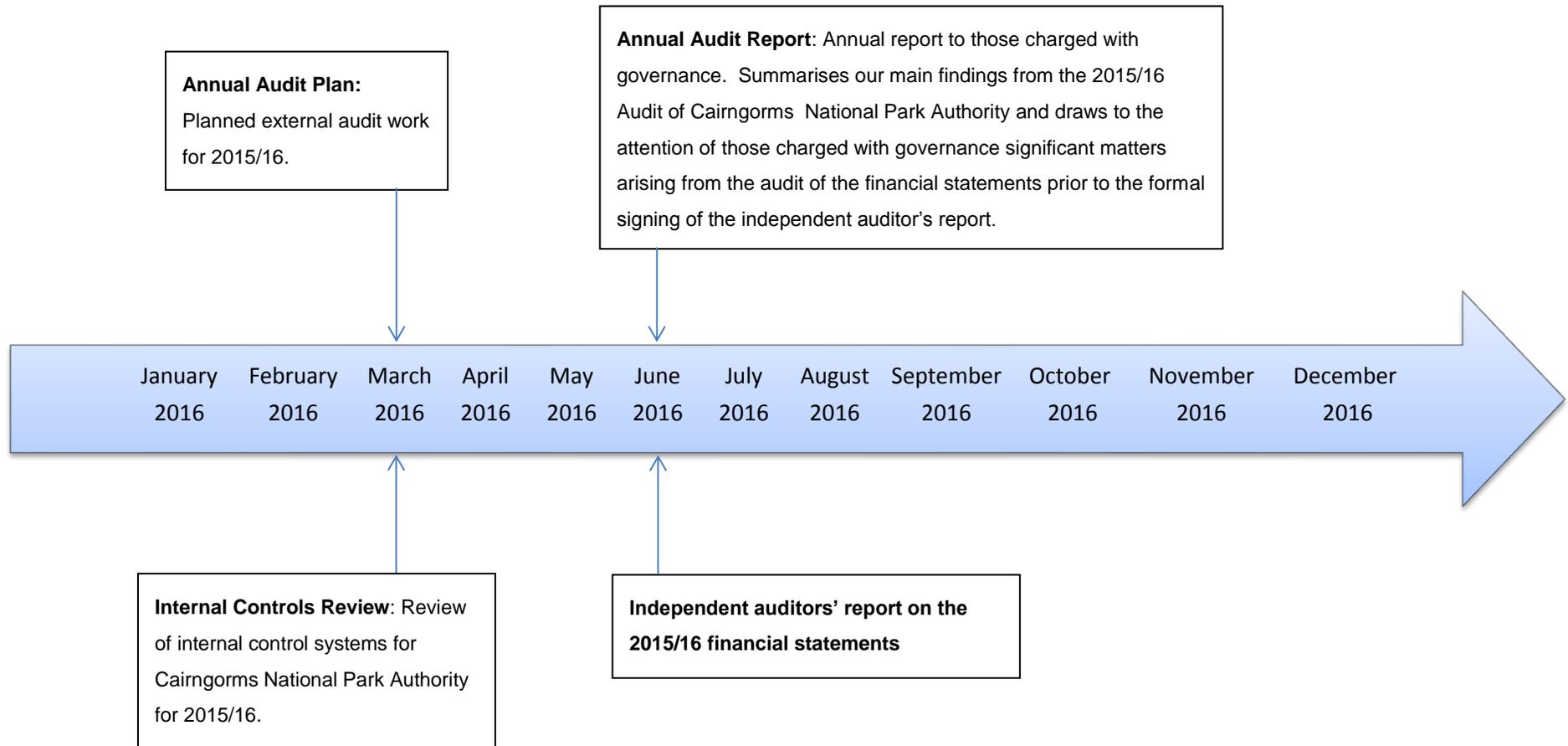
Audit Risk	Assurance procedure	Results and conclusions
Risk of material misstatement		
<p>Management override of controls</p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the financial statements.</p>	<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>
<p>Grant Income and Expenditure Recognition</p> <p>In 2014/15, as a result of the audit process, management agreed to adjust the accounts to derecognise £151,440 of income and £20,000 of expenditure.</p> <p><i>There is a risk that income and expenditure is incorrectly accounted for and does not comply with the relevant accounting standards and the formal grant letters in place.</i></p>	<ul style="list-style-type: none"> • We substantively tested a sample of grant income and expenditure transactions during 2015/16 to ensure they have been correctly accounted for and comply with the formal grant letters in place. 	<p>Our testing identified that the grant income and expenditure transactions had been correctly accounted for and agreed with the formal grant letters in place.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Other Assets</p> <p>The Park Authority have an asset under construction which is to be completed by the financial year-end and may be classed as a Heritage Asset.</p> <p><i>As this is an unusual transaction, there is a risk that the asset and the associated costs are not correctly accounted for.</i></p>	<ul style="list-style-type: none"> We reviewed the accounting treatment of this asset to ensure that it has been correctly accounted for. 	<p>Our review identified that this should not be accounted for as a Heritage Asset and instead should be treated as Operational Property, Plant & Equipment. Management agreed to account for this asset as Operational Property, Plant & Equipment in the 2015/16 accounts.</p>
<p>Tagging of Non-Current Assets</p> <p>In 2013/14, we found that the Park Authority does not tag all of its assets.</p> <p><i>As a result of assets not having an asset number, there is a risk that not all assets are included in the Park Authority's accounts, or that the accounts include assets that are no longer held by the Park Authority.</i></p>	<ul style="list-style-type: none"> We substantively tested this at the year-end to verify the completeness of the asset register and the existence of the assets. 	<p>Our review identified that a number of assets have still not been tagged.</p> <p><i>Appendix IV – Action Plan No. 1</i></p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Tomintoul & Glenlivet</p> <p>The Park Authority are lead partner on the Tomintoul & Glenlivet Landscape Partnership and will process all income and expenditure transactions relating to the project.</p> <p><i>As this is a new arrangement, there is a risk that the income and expenditure is incorrectly accounted for.</i></p>	<ul style="list-style-type: none"> We substantively tested a sample of grant income and expenditure transactions during 2015/16 to ensure they have been correctly accounted for. 	<p>Our review did not identify any issues with regards to the accounting of Tomintoul & Glenlivet Landscape Partnership transactions.</p>
<p>Annual Leave Accrual</p> <p>The Park Authority did not calculate its annual leave accrual correctly as at 31 March 2015. Management have agreed to review the process for carrying out the calculation for 2015/16.</p> <p><i>There is a risk that the calculation does not provide a best estimate of the annual leave accrual for 2015/16.</i></p>	<ul style="list-style-type: none"> We substantively tested this at the year-end to ensure that the calculation methodology was sound and that the calculation was carried out correctly. 	<p>Our review did not identify any issues with regards to the Annual Leave Accrual calculation.</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Restructuring of Annual Report & Accounts</p> <p>The 2015/16 FReM has been extensively re-written and includes significant changes to the form and content of the annual report & 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 & Accounts layout and content. • We reviewed the Annual Report & Accounts 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 adjustments to the Annual Report & Accounts were identified to ensure this reflected the disclosure requirements set out for the new Performance Report and Accountability Report sections. Management reflected the required changes in the final version of the accounts.</p>

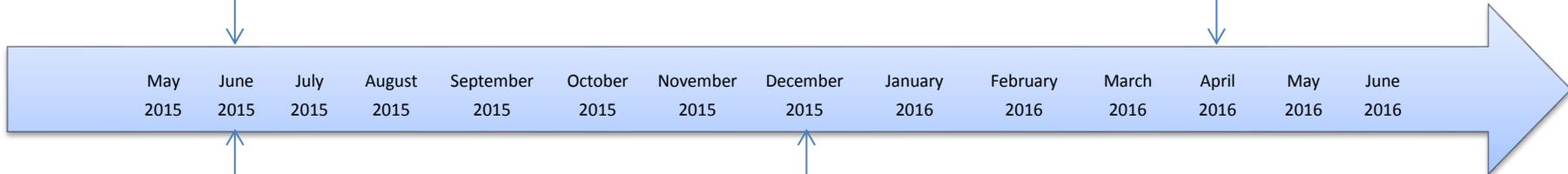
Appendix II: Summary of local audit reports 2015/16



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

Managing ICT contracts in central government – an update:
 This reviewed the progress that the Scottish Government and central government bodies had made against the recommendations in our previous report.

Update on developing financial reporting - Following the Smith Commission the framework for Scotland’s public finances is undergoing fundamental change. The Scottish Parliament will have enhanced financial powers from April 2015. The report emphasises the importance of comprehensive, transparent and reliable financial reporting for accountability and decision-making. The report also notes that while the audited accounts of public bodies across Scotland provide a sound base for financial reporting and scrutiny, there is no single complete picture of the devolved public sector’s finances.



Scotland’s public finances - a follow up: Progress in meeting the challenges – Leaders and managers must produce balanced budgets and hold people in their organisations to account for how the money is used and what is achieved. Board members have an important role in ensuring that approved budgets are used to best effect. To do this they need good-quality and timely financial information. They need to take a longer-term view on: options available for services; services standards and affordability; and, the sustainability of financial plans.

Implementing the Scotland Act 2012: an update: This report assessed how effectively Revenue Scotland implemented, and is collecting, the two devolved taxes introduced in April 2015. It also examined how the Scottish Government is working with HM Revenue and Customs to prepare to introduce the Scottish rate of income tax in April 2016. and looked at how the Scottish Government.

Appendix IV: Action plan

No.	Paragraph ref.	Issue/Recommendation	Management action/response	Responsible officer / Target date
1.	23	<p>Tagging of Non-Current Assets</p> <p>Issue: The Park Authority has made some progress in tagging its non-current assets. However, not all assets listed on the asset register have an asset number.</p> <p>Recommendation: Management should ensure that all assets listed in the asset register are tagged with a unique reference number.</p>	<p>We believe that good progress has been made in tagging all assets which are relatively moveable and portable and therefore at greater risk of loss or with greater difficulty of reconciling against the Fixed Asset Register. Remaining assets such as items of fixed plant have not been tagged. We will review and finalise our approach to fixed asset tagging by September 2016.</p>	<p>Finance Manager / Sept. 2016</p>