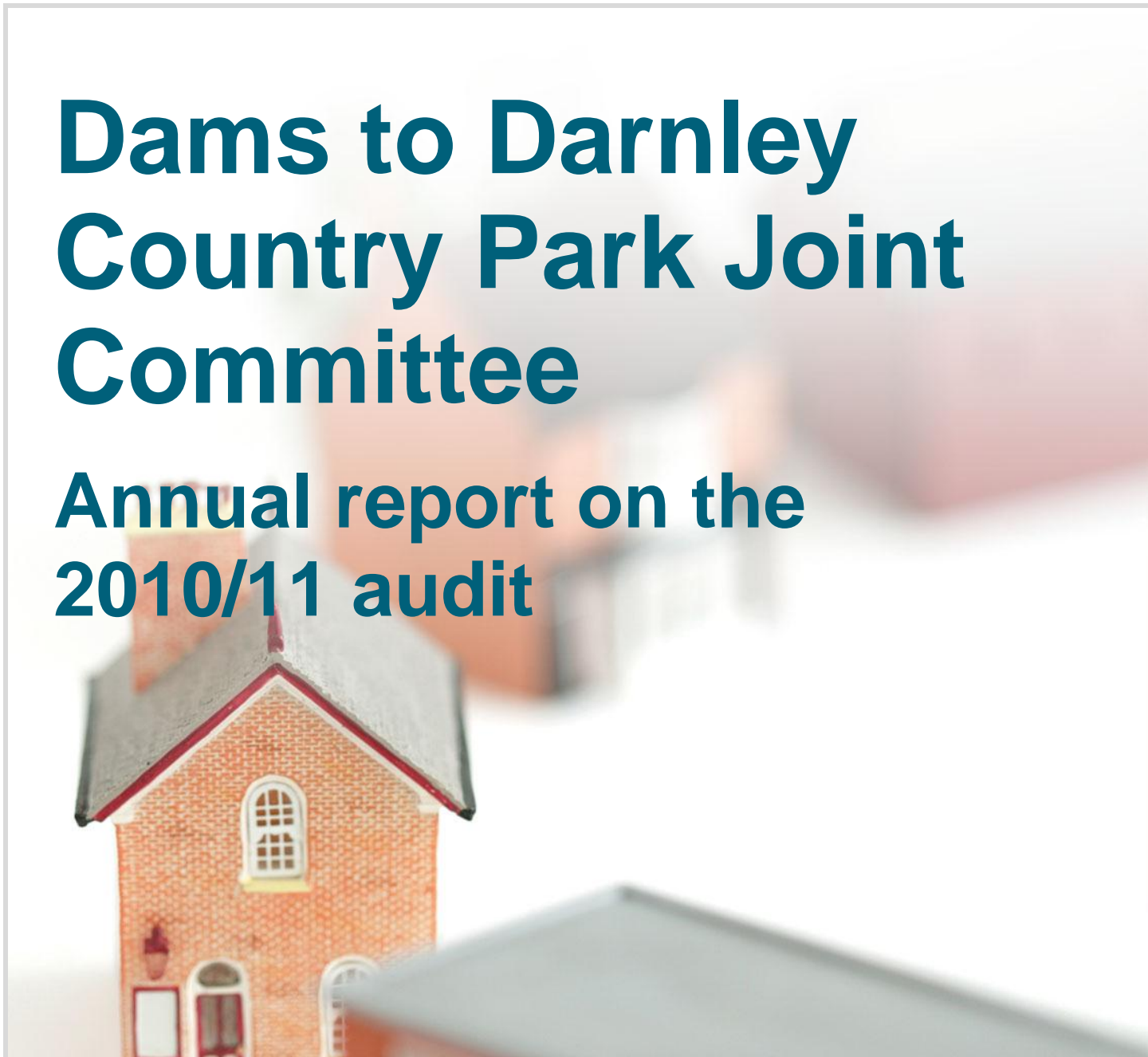


Dams to Darnley Country Park Joint Committee

Annual report on the 2010/11 audit



Prepared for Members of Dams to Darnley Country Park Joint Committee and the Controller of Audit

October 2011

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Key messages

2010/11

In 2010/11, we audited the financial statements and looked at aspects of governance within Dams to Darnley Country Park Joint Committee. This report sets out our main findings.

Overall, we found the financial stewardship of the Joint Committee during the year to be satisfactory. The main conclusions and outcomes from the audit are highlighted below:

- an unqualified opinion has been issued on the financial statements for 2010/11.
- the Joint Committee has a sound corporate governance framework.

We are also satisfied with disclosures made in the statement on the system of internal financial control.

Introduction

1. In 2006 Glasgow City Council and East Renfrewshire Council established a country park called Dams to Darnley. The country park covers over 1,350 acres of greenspace around the East Renfrewshire and Glasgow City boundary, encompassing the green belt separating Barrhead, Darnley and Newton Mearns.
2. The partnership followed on from housing developments in the area which resulted in developer contributions of £522,739 being transferred to the country park in 2007. The developer contributions were to be applied specifically for the provision/enhancement and maintenance of the country park.
3. During 2010/11 it was established through correspondence between Glasgow City Council and Audit Scotland's Audit Strategy section that the joint committee falls within the terms of Section 106 of the Local Government (Scotland) Act 1973 and is therefore subject to the accounting and audit provisions of Part VII of that Act. There is therefore a requirement to produce a separate annual audit report and financial statements for Dams to Darnley Country Park.
4. The members and officers of the Joint Committee are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place and seek to gain assurance that:
 - the financial statements have been prepared in accordance with statutory requirements and that proper accounting practices have been observed
 - the Joint Committee's system of recording and processing transactions provides an adequate basis for the preparation of the financial statements and the effective management of assets and interests
 - the Joint Committee has adequate corporate governance arrangements which reflect the three fundamental principles of openness, integrity and accountability
 - the systems of internal control provide an appropriate means of preventing or detecting material mis-statement, error, fraud or corruption
 - the Joint Committee has proper arrangements for securing best value in its use of resources.
5. This report summarises the issues arising from our work during 2010/11.

Financial statements

6. Auditors are required to audit financial statements in accordance with the timescales set by Audit Scotland, which may be shorter than statutory requirements, and give an opinion on:
 - whether they give a true and fair view of the financial position of audited bodies and their expenditure and income
 - whether they have been properly prepared in accordance with relevant legislation, the applicable accounting framework and other reporting requirements.
7. Auditors review and report on, as appropriate, other information published with the financial statements, including the explanatory foreword and the statement on the systems of internal financial control. This section summarises the results of our audit of the financial statements.
8. This is the first year that the accounts of the Joint Committee have been subject to a statutory audit.

Audit opinion

9. We have given an unqualified opinion on the financial statements of the Joint Committee for 2010/11, concluding that the financial statements:
 - give a true and fair view, in accordance with applicable law and the 2010 Code of the state of affairs of the Joint Committee during the year ended 31 March 2011, and of the income and expenditure of the Joint Committee 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 2010/11 Code; and
 - have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973 and the Local Government in Scotland Act 2003.

Statutory objection

10. Citizens have the right to make a statutory objection under section 101(2) of the Local Government (Scotland) Act 1973. No objections were received in relation to the Dams to Darnley Country Park Joint Committee 2010/11 financial statements.

Legality

11. Through our planned audit work we consider the legality of the Joint Committee's financial transactions. In addition, as the lead authority for financial services, Glasgow City Council's Executive Director of Financial Services has confirmed that, to the best of their knowledge and belief, and having made appropriate enquiries of the country park's management team, the financial transactions of the country park were in accordance with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to members' attention.

Going concern

12. Auditing standards require auditors to consider an organisation's ability to continue as a going concern when forming an opinion on the financial statements. The Joint Committee has considered it appropriate to adopt a going concern basis for the preparation of the financial statements.

Statement on the System of Internal Financial Control

13. The country park's financial transactions are processed through both East Renfrewshire Council and Glasgow City Council's financial systems. Our review of these systems was conducted as part of the audits of the respective councils, supplemented by specific audit work on the Joint Committee's financial statements.
14. We are satisfied with the disclosures made in the Statement on the System of Internal Financial Control and the adequacy of the process put in place by the Joint Committee to obtain the necessary assurances.

Remuneration report

15. As the Joint Committee's senior management are all East Renfrewshire Council employees and none of the project team are paid more than £50,000, we are satisfied that there is no requirement to include a remuneration report in the financial statements, as set out in the Local Authority Accounts (Scotland) Act 1985 and Scottish Government finance circular 8/2011. However, a disclosure note has been inserted to explain the omission of such a report.

Accounting issues

16. Local authorities and joint committees in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code). We are satisfied that the Joint Committee prepared the 2010/11 financial statements in accordance with the Code.
17. The country park is a Joint Committee of two councils, Glasgow City Council and East Renfrewshire Council. There has been expenditure incurred by both councils on capital projects within the country park but these assets remain in the ownership of the individual councils. It was confirmed during the course of the audit that any grants related to these projects were awarded directly to the relevant councils and it is their responsibility to administer these monies. On this basis we are satisfied that the non-current assets created or enhanced by this expenditure do not require disclosure within the accounts of Dams to Darnley Country Park.
18. The Code requires bodies to provide for liabilities arising from employee benefits payable at the balance sheet date. This includes items such as untaken annual leave and flexitime.

However, service staff are employed by East Renfrewshire Council rather than the body itself, and their costs recharged. Any associated employee benefit liability is reflected in East Renfrewshire Council's financial statements as part of their assessment of liabilities. The narrative notes to the financial statements reflect this arrangement. We are satisfied that the approach adopted complies with the requirements of the Code.

Accounts preparation & submission

19. The Joint Committee's financial statements were submitted to the Controller of Audit by the deadline of 30 June.
20. The 2010/11 financial statements have been prepared in accordance with the Code which is based on International Financial Reporting Standards (IFRS) instead of the previous practice of preparing financial statements under UK Generally Accepted Accounting Practice (GAAP).

Outlook

Audit appointment for 2011/12

21. Audit appointments are made by the Accounts Commission, either to Audit Scotland staff or to private firms of accountants on a cyclical basis. 2010/11 is the last year of the current audit cycle and we would like to thank officers and members for their assistance during the last year. The procurement process for the next five years was completed in May 2011. From next year (2011/12) Audit Scotland will again be the appointed auditor for the Joint Committee but a different audit team will be in place. We look forward to continuing the good working relationships that exist.

Financial position

22. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
23. Auditors consider whether audited bodies have established adequate arrangements and examine:
 - financial performance in the period under audit
 - compliance with any statutory financial requirements and financial targets
 - ability to meet known or contingent, statutory and other financial obligations
 - responses to developments which may have an impact on the financial position
 - financial plans for future periods.
24. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

Financial position

25. In 2010/11 the Joint Committee generated a deficit on the provision of services of £80,384 compared to £53,487 in 2009/10.
26. The Joint Committee's balance sheet as at 31 March 2011 reflected net assets of £269,795, a reduction of £80,384 reflecting the deficit on the provision of services for the year.

Outlook

Financial plans 2011-16

27. In the updated development and management plan for the country park, it is estimated that funding of £343,050 will be required over the period 2011-16 to cover costs associated with project works, and a further £317,950 will be required for the staff costs beyond 2012/13. The funding for the project works will be made up of the Joint Committee's accumulated surplus and capital allocations from East Renfrewshire Council and Glasgow City Council. Additional sources of funding for the staff costs are still to be identified.

Governance and accountability

Relationship with host authorities

28. The Joint Committee has a responsibility to put in place arrangements for the conduct of its affairs, ensure the legality of activities and transactions and to monitor the adequacy and effectiveness of these arrangements in practice. As auditor we have responsibility to report on the Joint Committee's corporate governance arrangements and review the statement on the system of internal financial control.
29. In accordance with the Joint Committee's minute of agreement, financial transactions are processed through East Renfrewshire Council and Glasgow City Councils' financial systems. It is the responsibility of the councils' management to maintain adequate financial systems and associated internal controls, both for the purpose of giving an opinion on the statements of accounts, and in order to report on the adequacy of such systems and controls.
30. Our review of these systems was conducted as part of the audits of East Renfrewshire Council and Glasgow City Council and supplemented by specific audit work on the Joint Committee's financial statements. Our conclusions are that East Renfrewshire and Glasgow City Councils financial systems are adequate for the purpose of producing the financial statements. No areas of significant concern were identified relating to the transactions.
31. The statement on the system of internal financial control states that reasonable assurance can be placed upon the adequacy and effectiveness of the Joint Committee's internal financial control system. The statement complies with accounting requirements and is consistent with the findings of our audit.