

Royal Botanic Garden Edinburgh

Annual report on the 2011/12 audit



Prepared for Royal Botanic Garden Edinburgh and the Auditor General for Scotland
November 2012

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

2011/12

The financial challenges facing the Scottish public sector are well documented, with public bodies facing deep and prolonged cuts in funding. In 2011/12 we assessed the key strategic and financial risks being faced by Royal Botanic Garden Edinburgh (RBGE). We audited the financial statements and we also reviewed the use of resources and aspects of performance management and governance.

RBGE is a charitable non-departmental public body which seeks to research and protect plant diversity. It provides four visitor attractions and seeks to engage with the public and enlist their support in tackling global environmental change.

Financial statements

We have given an unqualified audit opinion on the financial statements for 2011/12. We have also concluded that in all material respects, the expenditure and income shown in the financial statements were incurred or applied in accordance with applicable enactments and relevant guidance, issued by Scottish Ministers.

Financial position and use of resources

RBGE recorded an excess of expenditure over income transferred to reserves of £9.76 million and a small surplus of £0.05 million after the application of grant in aid income. RBGE aims to reduce staff costs through a voluntary exit scheme funded by the government, with a payback period of three years.

RBGE estate suffered damage from the severe storms in January 2012 and the Scottish Government provided additional grant-in-aid for remedial works.

RBGE's subsidiary, Botanic Trading Company was able to gift aid its profit for the year of £0.38 million to RBGE. As budgets are reducing in the current financial climate, RBGE will need to continue to develop its income generation strategies for financial sustainability.

Governance and accountability

In 2011/12, RBGE had adequate corporate governance structures in place. We examined the key financial systems underpinning the organisation's control environment and concluded that they operated sufficiently well for us to place reliance on them.

Performance

RBGE reported that they met eleven of their thirteen key performance indicators. The two targets not met were a result of the financial climate and constrained resources which offered limited scope to find recurring savings in the revenue budget.

Outlook

RBGE received a reduced financial settlement from the Scottish Government for 2012/13 of £9.49 million which is 3% less than 2011/12's settlement, and funding is likely to remain at a similar level for the next three years. This will add pressure to RBGE's budget together with rising utility costs and maintenance costs. Also although RBGE have stated that they are pursuing a diverse income strategy, it is unclear whether discretionary spending by the general public at the gardens will continue at the same level in light of the economic climate. RBGE will need to closely manage their budget to ensure they can achieve a balanced budget.

RBGE have developed a Master plan which is a programme of works designed to improve its research capability, reduce utility costs and CO₂ emissions. This Master plan will be a key part of RBGE's sustainability plans - both financial and environmental - and funding to progress this project in full has yet to be secured. This will be a key challenge for the organisation going forward.

Introduction

1. This report is the summary of our findings arising from the 2011/12 audit of Royal Botanic Garden Edinburgh (RBGE). The purpose of the annual audit report is to set out concisely the scope, nature and extent of the audit, and to summarise the auditor's opinions (i.e. on the financial statements) and any significant issues arising. The report is divided into sections which reflect the extent of our public sector audit model.
2. A number of reports have been issued in the course of the year in which we made recommendations for improvements (Appendix A). We do not repeat all of the findings in this report, but instead we focus on the financial statements and any significant findings from our wider review of RBGE.
3. Appendix B is an action plan setting out 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 "planned management action". We do not expect all risks to be eliminated or even minimised. What we expect is that RBGE understands its risks and has arrangements in place to manage these risks. The Accountable Officer should ensure that they are satisfied with the proposed management action and have a mechanism in place to assess progress.
4. This report is addressed to RBGE and the Auditor General and should form a key part of discussions with the audit committee. Reports should be made available to stakeholders and the public, where appropriate. Audit is an essential element of accountability and the process of public reporting.
5. This report will be published on our website after consideration by the audit committee.
6. The management of the audited body is responsible for preparing financial statements that show a true and fair view and for implementing appropriate internal control systems. Weaknesses or risks identified by auditors are only those which have come to our attention during our normal audit work, and may not be all that exist. Communication by auditors of matters arising from the audit of the financial statements or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Financial statements

7. Audited bodies' financial statements are an essential part of accounting for their stewardship of the resources made available to them and their performance in the use of those resources.
8. We 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
 - the regularity of the expenditure and income.
9. We review and report on, as appropriate, other information published with the financial statements, including the Report of the Board of Trustees, governance statement and the remuneration report. This section summarises the results of our audit on the financial statements.

Audit opinions

10. We have given an unqualified opinion that the financial statements of RBGE for 2011/12 give a true and fair view of the state of the body's affairs and of its incoming resources and application of resources including its income and expenditure for the year.
11. RBGE is required to follow the 2011/12 Government Financial Reporting Manual (the FReM). As a non-departmental public body which is also a registered charity, the FReM requires RBGE to comply with the Statement of Recommended Practice Accounting and Reporting by Charities (revised 2005)("the SORP") and provide any additional disclosures as required by the Manual.
12. We also confirmed that relevant parts of the remuneration report had been properly prepared and that information given in the Report of the Board of Trustees was consistent with the financial statements.
13. We also reviewed the Governance Statement and concluded that it complied with Scottish Government guidance.

Regularity

14. We confirmed that the expenditure and income in the financial statements was in accordance with applicable legislation and Ministerial guidance.

Accounting issues

Accounts submission

15. The financial statements were submitted for audit on 8th June, within a pre-agreed timetable and audit fieldwork was completed on 29th June. Matters arising were discussed on a regular basis with the accountant and Head of Finance. The final clearance meeting was held on 29th August, with our ISA 260 report being presented to the Audit Committee on 18th September who considered the draft financial statements. The revised financial statements were signed by the Regius Keeper, as accountable officer, on the 4th October 2012. The annual report and accounts were laid before Parliament on 5th November 2012.
16. RBGE made a number of changes to the first draft of accounts in response to comments from audit. This was a challenging time for the finance team as there were a number of changes in the team and a new Head of Finance was appointed in the latter stages of the audit. We worked with finance to complete the audit within the required timetable.

Accounting for fixed assets

17. We noted that RBGE uses a number of excel spreadsheets as the permanent record of all fixed assets. These spreadsheets are used to calculate and record all accounting adjustments and journal entries including depreciation and revaluation values. Our audit examination of year end balances identified a number of errors in the formulas used to calculate depreciation charges and revaluation values. We also noted several negative value entries on the FAR. We are satisfied that fixed assets are not materially misstated.

Refer Action Plan No.1

Audit trail for capital expenditure

18. Our sample of capital expenditure transactions included payments on a number of contracts managed by the estates department. We requested the contracts and tendering documentation for a number of projects in order to check compliance with the Scottish Public Finance Manual, European Commission Procurement Regulations and RBGE's internal controls. The estates and finance department were unable to produce the requested documents. We were able to take assurance from other records in RBGE ledgers and systems.

Refer Action Plan No. 2

Charity SORP and FReM Disclosures

19. Our review of the accounts identified a number of areas where RBGE did not fully comply with the requirements of the Charities SORP 2005 and the Government Financial Reporting Manual. For example, the Cash Flow Statement is based on the Income and Expenditure Statement where the SORP requires a statement based on the SOFA and the accounts disclosures in respect of heritage assets do not meet the requirements of the FReM.

Refer Action Plan 3.

Sustainability Report

20. All relevant bodies were encouraged to produce a sustainability report in accordance with the Scottish Government's Public Sector Sustainability Reporting Guidance (January 2012) in 2011/12. This guidance is non-mandatory, however, it represents good practice and central government bodies were encouraged to adhere to it. The sustainability report should contain:
 - a simple overview commentary covering a body's performance in the reported year along with an overview of forward plans
 - a table of financial and non-financial information covering the body's emissions, waste, water and any other finite-resource consumption for the financial year to which it relates.
21. Public bodies in Scotland are bound by the Climate Change Public Bodies Duties set out in Part 4 of the Climate Change (Scotland) Act 2009. Whilst the Act does not require reporting on the duties, the Public Bodies Duties Guidance encourages a voluntary approach to reporting.
22. RBGE demonstrated good practice in producing a sustainability report for 2011/12.

Outlook

23. There are no significant changes to the 2012/13 FReM that are expected to have an impact on RBGE annual financial statements.
24. Going forward, RBGE have agreed to review their compliance with the SORP and FReM as part of their accounts preparation planning in 2012/13 which should make the preparation of the 2012/13 financial statements easier.

Financial position

25. Audited bodies are responsible for conducting their affairs and for putting in place proper arrangements to ensure that their financial position is soundly based.
26. We 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.
27. These are key areas in the current economic circumstances. This section summarises the financial position and outlook for the organisation.

Financial results

Annual outturn

28. The Scottish Government sets a resource budget for the year for RBGE which originates from the spending review settlement and is subsequently approved in the Budget Bill. During the year, revisions are approved in the autumn and spring budget revisions. RBGE is expected to manage its budget in accordance with its financial memorandum and the Scottish Public Finance Manual (SPFM).
29. The total grant-in-aid offered by the Scottish Government for RBGE for 2011/12 was £11.14 million. This figure comprises an operating budget of £9.81 million, capital grant of £1.33 million and non-cash items of £1.59 million. Grant-in-aid was significantly higher than last year because an additional grant was made during the year of £0.71 million for compensation payments under the Voluntary Early Exit Scheme. RBGE also received additional revenue of £0.10 million from the £0.13 million additional grant-in-aid provided by the Scottish Government for storm damage clearance.
30. In 2011/12 RBGE drew down its full cash grant in aid entitlement and overspent the budget limits set by the Scottish Government by £0.14 million due to an overspend in depreciation (non-cash limit).
31. RBGE is required taking one year with another, to meet the Scottish Government resource limits set for it. Although we note the in-year overspend above, confirmation has been received from Scottish Government that this overspend would be managed by them.
32. The Financial Reporting Manual (FReM) requirement to account for grant-in-aid as a credit to reserves has resulted in an excess of expenditure over income transferred to reserves of £9.76 million (2010/11 £8.36 million). The increase of £1.4 million was due

mainly to a decrease in income and an increase in expenditure on staff costs. Once grant-in-aid income is allowed for there is a small surplus of £0.05 million (2010/11:£0.62 million).

Budgetary control

33. Our review of RBGE's budget setting and monitoring arrangements was satisfactory. We found that senior management were receiving budget monitoring reports on a monthly basis. The Board and Audit Committee also received finance reports at each quarterly meeting.

Financial position

34. The consolidated balance sheet shows a net asset position of £43.71 million at 31 March 2012. The comparative position as at 31 March 2011 was £42.21 million.
35. Staff costs of £8.91 million represented 65% of gross expenditure of £13.71 million and 91% of the operating grant in aid (£9.81 million). As staff costs represent a large proportion of costs (like most public sector bodies) RBGE will need to continue to generate other income streams to support their projects and business strategies.
36. The value of the RBGE fixed asset investments of £0.87m went down by £0.08m or 8%, due to funding allocated as a grant from the board's reserves. The grant was made to the subsidiary company the Centre for Middle Eastern Plants Ltd (CMEP) as a result of the decision to put it into a dormant state in January 2012 and write off the organisation's loan. We were satisfied that the appropriate disclosures were made in the financial statements to explain this situation.

Financial planning to support priority setting and cost reductions

37. RBGE received a reduced financial settlement from the Scottish Government for 2012/13. Funding is likely to remain at a similar level for the next three years. This will add pressure to RBGE's budget, and although they have stated that they are pursuing a diverse income strategy, discretionary spending by the general public at the gardens may decline in light of the economic climate. RBGE's processes of prioritisation and close budget management will need to continue if RBGE is to balance its budgets.

Workforce reduction

38. RBGE ran a voluntary exit scheme funded by the Scottish Government, open to all staff, during February 2012, with all staff to have left by the end of June 2012. There were twenty-eight applications, and twenty decided to leave at a cost of £0.714 million. One left by the end of March, and the rest left by the end of June 2012.
39. RBGE expect to recover the costs of this scheme within three years and their current estimate of the savings is £0.7 million over the three year period and they expect to generate annual savings of approximately £0.2 million after recruiting for marketing,

Financial position

fundraising posts and other business critical posts to help with their income generation strategies.

40. In an organisation of RBGE's size, 20 leavers out of a staffing establishment of 245 full time equivalents, is a high number of staff to lose, and is likely to put added pressure on those who remain. Going forward, effectively managing this reduction in capacity is critical to ensure business continuity, in meeting RBGE's business objectives.

Asset management

41. RBGE has a number of buildings classified as requiring major repair or replacement soon. Maintenance costs for 2011/12 were overspent by £0.07 million, and this remains an increasing area of expenditure which may impact on the financial position in future years. The estates strategy is aligned with monthly financial reports and adjusted accordingly to manage commitments.

Outlook

2012/13 budget

42. The Scottish Ministers have allocated £9.49 million for the financial year 2012-13; this includes an operating budget of £8.49 million and capital allocation of £1.00 million and equates to a budget reduction of 3% from £9.81 million (2011/12) in the operating budget.
43. RBGE's largest area of expenditure is staff costs, and it is this area where the organisation has been able to reduce its costs over the past year through a voluntary early exit scheme. However, it will be difficult for the organisation to reduce these costs further without it having a significant impact on the delivery of its services. This presents a major challenge for the organisation.
44. In addition, RBGE faces the prospect of potential resource pressures in rising utility costs, maintenance expenditure and potentially expenditure from future storm damage. As much of RBGE's income is tied up in specific grant projects, RBGE will need to ensure that their processes facilitate staff applying for grant projects that are aligned with business priorities since grant income is often restricted to the specific project.
45. RBGE have a funding gap in relation to capital funds for the Master plan project which is a cornerstone of RBGE's strategy for sustainable infrastructure to meet financial, business and environmental needs.

Capital expenditure plans 2012/13

46. RBGE recognised that it has aging and inefficient glasshouse structures and they plan to address this through a Master plan project which is a programme of capital works planned to improve RBGE's ability to carry out research, reduce utility costs and CO2 emissions.
47. RBGE have had to re-prioritise the programme in light of the financial climate, and have considered phasing the programme over a number of years. The Scottish Government was able to provide capital funds of £1.5 million for 2012/13 and RBGE plan to start with

the construction of a glasshouse in the nursery to provide better security for the research collections against the risk of further extreme weather. Obtaining further funding will prove challenging for the organisation going forward.

Governance and accountability

48. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all audited bodies, whether their members are elected or appointed, or whether they comprise groups of people or an individual accountable officer.
49. Through its accountable officer, each body is responsible for establishing arrangements for ensuring the proper conduct of its affairs including the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements. Audited bodies usually involve those charged with governance (including audit committees or similar groups) in monitoring these arrangements.
50. Consistent with the wider scope of public audit, we have a responsibility to review and report on audited bodies' corporate governance arrangements as they relate to:
 - corporate governance and systems of internal control
 - the prevention and detection of fraud and irregularity
 - standards of conduct and arrangements for the prevention and detection of corruption
51. In this part of the report we comment on key areas of governance.

Corporate governance

Overall effectiveness

52. We found that overall, the corporate governance arrangements operated effectively during 2011/12, although there is scope to make improvements in some areas as outlined below.

Internal control

53. While we concentrate on significant systems and key controls in support of the opinion on the financial statements, our wider responsibilities require us to consider the financial systems and controls of audited bodies as a whole. The extent of this work is informed by our assessment of risk and the activities of internal audit.
54. Overall the systems of internal control were operating effectively during 2011/12. This enabled us to take the planned assurance on these systems for the audit of the financial statements. However, we did identify some weaknesses which we reported in our *Key Controls Assurance report* and these have been addressed by management.
55. As part of our risk assessment and planning process we assessed Henderson Loggie, RBGE's Internal Auditors, and we concluded that they operate in accordance with the

Government Internal Audit Standards. We were therefore able to place reliance on their work in a number of areas as detailed within our annual audit plan.

- 56. In their annual report for 2011/12, Henderson Loggie provided their opinion that based on the internal audit work undertaken during the year, RBGE operates adequate and effective internal control systems and has proper arrangements in place to promote and secure value for money.
- 57. Internal audit's report on Income Generation: Centre for Middle Eastern Plants (CMEP) commented on weaknesses in business planning, project management and financial reporting. Management are progressing internal audit's recommendations.

Governance statement

- 58. In 2011/12 RBGE included a governance statement in its annual accounts for the first time. In accordance with Scottish Government guidance, this included description and assessment of the essential components of corporate governance and details of any significant risk-related matters arising during the period. We are satisfied that RBGE complied with the guidance.
- 59. The Scottish Public Finance Manual requires directors to complete internal control checklists and provide a certificate of assurance. RBGE do not have a formal process in place which requires Directors to complete internal control checklists and provide certificates of assurance.

Refer Action Point 4

Prevention and detection of fraud and irregularities

- 60. RBGE is responsible for establishing arrangements for implementing and monitoring compliance with standards, codes of conduct, standing orders and financial instructions. We consider whether bodies have adequate arrangements in place. We have concluded that overall the arrangements in place to help to prevent and detect fraud and irregularities in RBGE are satisfactory based on our review. However we noted that RBGE's whistle blowing policy had not been updated for a significant period of time.

Refer Action Point 5

Standards of conduct and arrangements for the prevention/detection of bribery and corruption

- 61. 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.
- 62. We consider whether bodies have adequate arrangements in place. We are satisfied that the arrangements in RBGE are satisfactory.

Outlook

63. The current environment of reducing resources is one in which the organisation's governance and accountability arrangements will be tested, and we will continue to monitor these arrangements as part of our 2012/13 audit.

Best Value, use of resources and performance

64. Audited bodies have responsibility to ensure that arrangements have been made to secure best value. The Auditor General may require that auditors consider whether accountable officers have put in place appropriate arrangements to satisfy their corresponding duty of best value. Where no requirements are specified we may, in conjunction with audited bodies, agree to undertake local work in this area.
65. As part of their statutory responsibilities, the Auditor General may procure, through Audit Scotland, examinations of the use of resources by audited bodies and publish reports or guidance. We may be requested from time to time to participate in:
- a performance audit which may result in the publication of a national report
 - an examination of the implications of a particular topic or performance audit for an audited body at local level
 - a review of a body's response to national recommendations.
66. During the course of our audit appointment we also consider and report on progress made by audited bodies in implementing the recommendations arising from reviews in earlier years. We may also consider the use of resources in services or functions, where the need for this is identified through local audit risk assessments.
67. This section includes a commentary on the best value and performance management arrangements within RBGE. We also note any headline performance measures used by RBGE, and comment on any relevant national reports and the body's response to these.

Management arrangements

Best Value

68. Scottish Government guidance for accountable officers on best value in public services requires a systematic approach to self-evaluation and continuous improvement. The guidance identifies the themes an organisation needs to focus on in order to deliver the duty of best value, but notes that implementation should be appropriate and proportionate to the priorities, operating environment, scale and nature of the body's business.
69. RBGE reported that they are using Key Performance Indicators to foster a culture of continuous improvement and directors and managers are encouraged to review, identify and improve the efficient and effective use of resources.

Performance management

70. RBGE reported that they met eleven key performance objectives out of thirteen for the 2011-12 financial year. The objectives set out in RBGE's corporate plan are aligned with

eleven of the Scottish Government's national outcomes. RBGE exceeded their living collection target because they obtained external funding which allowed a team to work full time on digitising images for the collection.

71. RBGE reported that they did not meet their value added to the Scottish economy or cash releasing efficiencies targets because of the current financial climate. In the case of the cash releasing efficiency target, this is also due to limited scope in the budget to find recurring savings as most costs are either staff costs, maintenance or utility costs.
72. RBGE have developed a Strategic Objective costing system for performance management which links financial information provided by cost centre reports to strategic objectives which can then be linked to the output measures - the Key Performance Indicators. RBGE developed their strategic objectives using the balanced scorecard approach, and have stated that they aim to facilitate better performance management and reporting by linking their strategic objective costing tool to these objectives.

National performance reports

73. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Reports in the last year of direct interest are detailed in Exhibit 1.

Exhibit 1: A selection of National performance reports 2011/12

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|--|--|
| <ul style="list-style-type: none">• Managing ICT Contracts: an audit of three public sector programmes | <ul style="list-style-type: none">• Reducing greenhouse gas emissions• Scotland's Public Finances - addressing the challenges |
|--|--|

Source: www.audit-scotland.gov.uk

Scotland's Public Finances - addressing the challenges

74. The report highlights that all parts of the public sector have less to spend in 2011/12 than in 2010/11, although the level of budget reduction varies significantly with central government funding experiencing the biggest reduction of 12 per cent. Although most bodies were able to agree a balanced budget for 2011/12 the report highlights the risk that savings may not be realised and that unforeseen pressures may emerge which reduce the ability to generate future savings. The report also notes that public bodies are finding it difficult to plan beyond 2011/12 as they do not have a clear view of their future budgets. It highlights the importance of long-term financial sustainability when looking to reduce costs including consideration of key areas such as reducing workforce levels and identifying opportunities to share services.
75. The report was brought to the attention of the Audit Committee on the 21st September 2011, and the report was circulated to the Directors. Where the principles were considered applicable, they were incorporated into current plans.

Outlook

76. Ensuring that RBGE meets its key business objectives during this period of financial constraint in the public sector environment will be the main challenge going forward. The Board of Trustees needs to ensure that its management and governance structures are operating effectively to monitor and scrutinise performance effectively.
77. In April 2011, the Equality Act 2010 introduced a new public sector 'General Duty' which encourages equality to be mainstreamed into public bodies' core work so that it is not a marginal activity but part and parcel of how public bodies operate. Following on from this the Scottish Government consulted on a set of 'Specific Duties' which came into force in May 2012. There are nine specific duties listed which aim to support public bodies to better perform against the 'General Duty,' including the duty to assess the impact of equalities in all policies and decisions as well as the requirement to publish a set of equality outcomes (and reporting requirements) no later than 30 April 2013.

Appendix A: audit reports

External audit reports and audit opinions issued for 2011/12

Title of report or opinion	Date of issue	Date presented to Audit and Risk Committee
Annual Audit Plan	9 February 2012	24 March 2012
Key financial controls assurance report	16 June 2012	16 June 2012
Report on financial statements to those charged with governance	11 September 2012	18 September 2012
Audit opinion on the 2011/12 financial statements	11 September 2012	18 September 2012

Appendix B: action plan

Key Risk Areas and Planned Management Action

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
1	17	<p>Accounting for fixed assets</p> <p>We noted that RBGE uses a number of excel spreadsheets as the permanent record of all fixed assets. These spreadsheets are used to calculate and record all accounting adjustments and journal entries including depreciation and revaluation values. Our audit examination of year end balances identified a number of errors in the formulas used to calculate depreciation charges and revaluation values. We also noted several negative value entries on the FAR.</p> <p><i>Risk: that the current excel spreadsheets do not support transparent financial reporting. Spreadsheets are also inherently insecure and can be unreliable.</i></p>	RBGE have agreed to review the existing fixed asset process to correct formula errors etc to ensure compliance with the Scottish Public Finance Manual (SPFM) and to facilitate accounts preparation.	Head of Finance	31 March 2013
2	18	<p>Audit trail for Capital expenditure</p> <p>Our sample of capital expenditure transactions included payments on a number of contracts managed by the estates department. We requested the contracts and tendering documentation for a number</p>	RBGE has carried out a review of the current procurement procedures and has started to implement more robust procedures in relation to capital projects.	Head of Estates	31 December 2012

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<p>of projects in order to check compliance with the Scottish Public Finance Manual, European Commission Procurement Regulations and RBGE's internal controls. The estates and finance department were unable to produce the requested documents.</p> <p>Risk: that capital expenditure does not comply with the SPFM and all of RBGE internal controls.</p>			
3	19	<p>Charity SORP and FReM disclosures</p> <p>Our review of the accounts identified a number of areas where RBGE did not fully comply with the requirements of the Charities SORP 2005 and the Government Financial Reporting Manual.</p> <p>Risk: that disclosures in the financial statements are not as transparent as they could be.</p>	RBGE have agreed to review compliance with the SORP and FReM as part of the accounts preparation planning in 2012-13.	Head of Finance	31 March 2013
4	59	<p>Governance Statement</p> <p>Currently Directors are not required to complete internal control checklists and assurance statements.</p> <p>Risk: All relevant assurances may not be disclosed in the governance statement because there is no formal process in place to capture</p>	Directors will be asked to review an internal control checklist and complete a certificate of assurance which will be submitted to the Accountable Officer.	Head of Finance	31 March 2013

Action Point	Refer Para No	Risk Identified	Planned Management Action	Responsible Officer	Target Date
		<i>this information.</i>			
5	60	<p>Policies</p> <p>The whistle blowing policy is dated June 2003 and it is unclear whether it has been reviewed to ensure the policy is still extant.</p> <p>Risk: The absence of an up to date policy could increase the risk of non-compliance with current practices.</p>	RBGE are currently reviewing the existing policy and developing an updated policy.	Head of Human Resources	31 December 2012