

Dams to Darnley Country Park Joint Committee

Annual report on the 2013/14 audit



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

October 2014

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Contents

Key messages	4
2013/14	4
Outlook.....	4
Introduction	5
Financial statements	6
Conduct and scope of the audit.....	6
Audit opinion & accounting issues	6
Significant findings (ISA260)	6
Financial position	6

Key messages

2013/14

We have given an unqualified opinion that the financial statements of Dams to Darnley Country Park Joint Committee for 2013/14 give a true and fair view of the state of the body's affairs and of its net expenditure for the year. The financial statements show a deficit of £71,095 in 2013/14, compared with a deficit of £ 72,325 in 2012/13. The Joint Committee had sound governance arrangements in place and no material weaknesses in the accounting and internal control systems have been identified.

Outlook

The Dams to Darnley Country Park Joint Committee have nearly fully depleted its accumulated reserve balance and had a closing reserve balance of only £4,027 in 2013/14. Going forward it is noted that an annual contribution of £70,000 has been built into the base budget of Glasgow City Council and as such will be made on a recurring basis. While this goes some way to addressing the financial uncertainties facing the Joint Committee it remains important that performance against the budget is closely monitored.

Introduction

1. This report is the summary of our findings arising from the 2013/14 audit of Dams to Darnley Country Park Joint Committee. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
2. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the 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; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of Dams to Darnley Country Park Joint Committee and no responsibility to any third party is accepted.
3. This report is also addressed to the Controller of Audit and will be published on our website after consideration by the Dams to Darnley Country Park Joint Committee.

Financial statements

Conduct and scope of the audit

4. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan issued on 28 February 2014.
5. 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 non-audit related services. The 2013/14 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not require to carry out any additional work outwith our planned audit activity this fee remains unchanged.

Audit opinion & accounting issues

6. We have given an unqualified opinion that the financial statements of Dams to Darnley Country Park Joint Committee for 2013/14 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.
7. We received the unaudited financial statements on 18 June in accordance with the agreed timetable. The working papers were of a good standard and the staff were very supportive to the audit team. Dams to Darnley Country Park Joint Committee is required to follow the 2013/14 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Significant findings (ISA260)

8. No issues require to be brought to your attention regarding the appropriateness of the Joint Committee's accounting policies or accounting estimates and judgements, the timing of transactions, the existence of any unusual transactions or the potential effect on the financial statements of any uncertainties.

Financial position

2013/14 Financial position

9. In 2013/14 the Dams to Darnley Country Park Joint Committee returned a deficit on the provision of services of £71,095 which was in line with the level of the budgeted deficit. The year end deficit has been funded from the accumulated reserves balance. This has resulted in a reduction in the reserves balance from £75,122 in 2012/13 to £4,027 at 31 March 2014. The original fund balance has been reducing year on year per the terms of the agreement with the developer that the fund balance had to be spent by 2014-15.

Financial planning

10. The 2014/15 budget was agreed by the Joint Committee on the 31 March 2014. Glasgow City Council has agreed to contribute £70,000 to the funding of the Joint Committee for 2014/15. This funding has been built into the base budget for the council and as such will be provided on a recurring basis. The budget projections for 2014/15 estimate a surplus for the year of £200, leaving an estimated fund balance at 31 March 2015 of approximately £2,500. This level of reserves has reduced significantly from previous years and may not be adequate to provide for any unforeseen future costs.

Overall governance arrangements

11. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the Dams to Darnley Country Park Joint Committee had sound governance arrangements in place.

Accounting and internal control systems

12. In accordance with the Joint Committee's minute of agreement, financial transactions are processed through East Renfrewshire Council's and Glasgow City Council's financial systems. Our review of these systems was conducted as part of the audit of Glasgow City Council and our consideration of the adequacy of the main internal controls systems within East Renfrewshire Council. This was also supplemented by specific audit work on the Dams to Darnley Country Park Joint Committee's financial statements. No material weaknesses in the accounting and internal control systems have been identified.
13. We are satisfied with the Statement on the System of Internal Financial Control and the adequacy of the process put in place to obtain the necessary assurances.

Prevention and detection of fraud and irregularity

14. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion the overall arrangements for the prevention of fraud are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

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

15. 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. Auditors consider whether bodies have adequate arrangements in place. No issues have been identified by us for inclusion in this report.

Acknowledgements

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