



ROYAL BOTANIC

GARDEN

EDINBURGH

Annual audit report 2014/15

October 2015

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This report has been prepared for the use of Royal Botanic Garden Edinburgh and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the audit committee. The information in this report may be used by Audit Scotland in any reporting to the Scottish Parliament.

Key contacts

Rachel Browne, Senior Audit Manager
rbrowne@audit-scotland.gov.uk




Chris Brown, Auditor - Professional Trainee
cbrown@audit-scotland.gov.uk

Audit Scotland
18 George Street
Edinburgh
EH2 2QU

Telephone: 0131 625 1500

Website: www.audit-scotland.gov.uk

Key Messages

 <p>Audit of financial statements</p>	<ul style="list-style-type: none">• The independent auditor's report on the 2014/15 financial statements is unqualified.
 <p>Financial management and sustainability</p>	<ul style="list-style-type: none">• The Royal Botanic Garden Edinburgh supplemented its resource budgets for 2014/15 with income from its trading subsidiary, education course fees and commercial events.• The financial position remains stable with an excess of total assets over liabilities and positive cash flows, but significant cost pressures, such as increasing maintenance and pension costs, mean that income generating activities are a priority to support financial sustainability.
 <p>Governance and transparency</p>	<ul style="list-style-type: none">• The Royal Botanic Garden Edinburgh had effective governance arrangements in place.• Satisfactory arrangements are in place for maintaining standards of conduct and for the prevention and detection of fraud and corruption.

Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of the Royal Botanic Garden Edinburgh (RBGE).
2. The management of the Royal Botanic Garden Edinburgh is responsible for:
 - preparing financial statements which give a true and fair view, in accordance with the relevant financial reporting framework
 - ensuring the regularity of transactions, by putting in place systems of internal control
 - maintaining proper accounting records
 - preparing and publishing with their financial statements an annual governance statement and a remuneration report
 - preparing a Whole of Government Accounts return.
3. Our responsibility, as the external auditor of the Royal Botanic Garden Edinburgh, 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; that have been 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. A number of reports have been issued by Audit Scotland during the course of the year. These are summarised at [appendix II](#).
6. [Appendix III](#) is an action plan setting out our recommendations to address the high level risks we have identified from the audit. We recognise that not all risks can be eliminated or even minimised. What is important is that the Royal Botanic Garden Edinburgh understands its risks and has arrangements in place to manage these risks. The committee should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. 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.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2014/15 financial statements

Audit opinions

Financial Statements

- The financial statements of the Royal Botanic Garden Edinburgh for 2014/15 give a true and fair view of the state of the affairs of the body and its group and of their net expenditure for the year.
- We confirm that the financial statements have been properly prepared in accordance with the requirements of the National Heritage (Scotland) Act 1985 and directions made thereunder by Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Regularity

- In all material respects, the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Other prescribed matters

- The part of the remuneration report to be audited has been properly prepared in accordance with the requirements of the National Heritage (Scotland) Act 1985 and directions made thereunder by Scottish Ministers.
- The information in the Strategic Report of the Board of Trustees is consistent with the financial statements

Submission of financial statements for audit

9. We received the unaudited financial statements on 5 July 2015 in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team. We completed our on-site fieldwork on 29 July 2015.

Overview of the scope of the audit of the financial statements

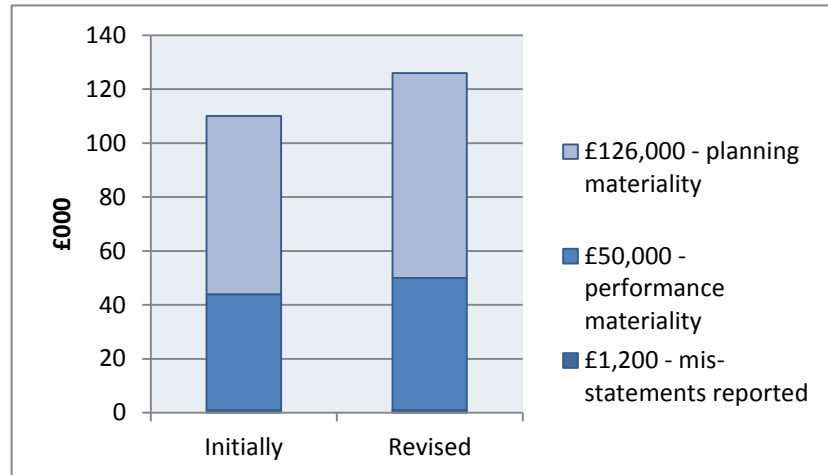
10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in our Annual Audit Plan presented to the Audit Committee on 18 February 2015.
11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.
12. 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.

13. [Appendix I](#) sets out the significant audit risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.
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. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other qualitative reasons (for example an item contrary to law).
16. 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.
17. We summarised our approach to materiality in our Annual Audit Plan. Based on the financial statements, we revised our planning materiality for 2014/15 from £110,340 to £126,000 (1% of gross expenditure). Performance materiality of £50,000

is determined to ensure that uncorrected and undetected audit differences do not exceed our planning materiality level. We report all misstatements greater than £1,200.



Evaluation of misstatements

18. One of the misstatements identified during the audit has not been adjusted in the financial statements. If adjusted this would increase net expenditure by £3,406 and decrease the net assets in the Consolidated Balance Sheet by a similar amount (see paragraph 23). We requested that all errors be corrected, although the final decision on this matter rests with those charged with governance taking into account advice from officers.

Significant findings from the audit

19. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit:
- 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.
20. A number of presentational and monetary adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements. The overall effect of the adjustments made to the financial statements is to increase the surplus for the year by £9,000. Net assets as recorded in the Consolidated Balance Sheet have increased by £1.082 million. A summary of the main adjustments are as follows, together with significant issues that, in our view, require to be communicated to you in accordance with ISA 260.

21. **Indexation of land and buildings:** to ensure that land and buildings are valued appropriately, these assets are revalued by a professional valuer every 5 years, with annual indexation applied in the years between full valuations. Our testing identified that land assets had not been indexed during 2014/15 or 2013/14 and were undervalued by £16,000. An incorrect indexation factor was used in calculating the indexation for 2014/15, resulting in an overvaluation of £140,000. The depreciation charge for the year was also affected by the asset valuation and thus overstated by £4,000. These errors have been adjusted in the financial statements.
22. **Presentational adjustments:** errors in the presentation of the unaudited accounts have been corrected; including the adjustment noted above, this has increased the total assets in the Consolidated Balance Sheet by £1.082 million.
23. **Capital expenditure:** an invoice for VAT advice by tax specialists with respect to the Botanic Cottage construction project has been capitalised. In our opinion these fees do not represent a cost necessary 'to bring the asset to the current location and condition or add value to the asset under construction' and thus be capitalised. The total cost including non-recoverable VAT was £3,046. This is an unadjusted misstatement; management propose not to adjust the financial statements as the amount is not material and we concur with this view.

Future accounting and auditing developments

New Charities SORP 2015

24. For the 2015/16 financial year RBGE will prepare its accounts in accordance with the new Charities Statement of Recommended Practice (SORP) which is based on the Financial Reporting Council's FRS 102 standard. The new SORP contains some fundamental changes for charity accounting, including income and expenditure recognition which will affect the way RBGE accounts for its projects.
25. RBGE should ensure that the new requirements are included in the 2015/16 Annual Report and Consolidated Accounts, adjusting the timetable for preparation if necessary. **Refer Action Plan no. 1**

Revisions to the Financial Reporting Manual (FReM)

26. RBGE is required to comply with the Charities SORP but should also follow the principles of the Government financial reporting manual (FReM) and additional disclosure requirements. Two significant FReM revisions will apply from 2015/16:
 - Simplification and Streamlining Project – changes to the form and content of the annual report and accounts.
 - Adoption of IFRS13 Fair value measurement for the first time – this also includes IAS 16 and IAS 38 adaptations.

- 27. Restructuring of the annual report:** the 2015/16 FReM has been extensively re-written to require the annual report and accounts to include:
- a performance report which will give a fair, balanced and understandable analysis of performance and will include an overview section and a performance analysis section.
 - an accountability report incorporating the following three main sections:
 - corporate governance report consisting of a directors' report, a statement of the Accountable Officer's responsibilities and a governance statement
 - remuneration and staff report which will cover a number of prescribed disclosures including remuneration policy, payments to directors, staff numbers and sickness absence rates
 - parliamentary and accountability report which will include information on the regularity of expenditure and the independent auditor's report
- 28.** RBGE will need to consider the implications for its Annual Report and Consolidated Accounts 2015/16. **Refer Action Plan no. 1**
- 29. International Financial Reporting Standards (IFRS)13 Fair value measurement:** sets out the requirements for assets to be valued at fair value and is applied in full by the FReM only

to assets that are not held for their service potential (i.e. investment properties and assets held for sale). It also applies to operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market.

- 30.** IFRS 13 does not apply to operational assets which are in use delivering front line services or back office functions, and surplus assets with restrictions on their disposal. These will be valued in accordance with the adaptations to IAS (International Accounting Standard) 16 property, plant and equipment.
- 31.** We will discuss any implications for RBGE with management in due course.

Financial management and sustainability

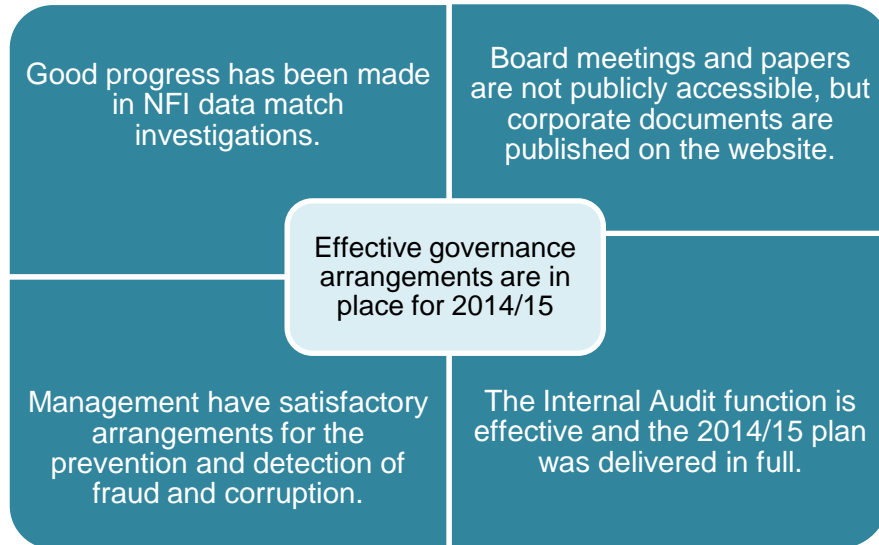
2014/15 financial position

32. The total grant-in-aid from the Scottish Government for 2014/15 was £11.525 million (2013/14 £12.40 million). This comprised an operating budget of £8.595 million, capital grant of £1.200 million and funding for non-cash items (depreciation) of £1.730 million.
33. RBGE spent £12.629 million, which is more than the revenue grant from the Scottish Government. This additional spend was funded by gift aid from RBGE's wholly owned trading subsidiary, the Botanics Trading Company Ltd, of £0.386 million (2013/14 £0.372 million); and income from commercial activities in areas such as education courses and commercial events.
34. RBGE spent £0.485 million more than its capital grant from the Scottish Government. This was funded (as in previous years) by a general fundraising campaign supported by a variety of funders, for the Botanic Cottage project.
35. RBGE achieved a surplus for the financial year of £0.137 million in 2014/15 (2013/14 £0.262 million).
36. At 31 March 2015 Royal Botanic Garden Edinburgh's Consolidated Balance Sheet showed net assets of £49.112 million. The comparative position as at 31 March 2014 was £48.822 million.
37. The financial position of RBGE remains stable with an excess of total and current assets over liabilities and positive cash flows (taking into account Scottish Government funding).
38. Staff costs of £7.951 million represent 63% of gross expenditure of £12.629 million (66% in 2013/14) and 93% of operating grant in aid (2013/14 97%). The trend is for staff costs to continue to rise, particularly with the increase in pension contributions in 2015/16.
39. Other significant cost pressures include increased maintenance costs, both to address the maintenance backlog and the ongoing upkeep of new assets created or expanded through the North East Corner Masterplan.
40. As reported in previous years, it remains a challenge for RBGE to deliver services within funding allocations, and income generating activities continue to be a priority to support financial sustainability.
41. RBGE has agreed a balanced budget for 2015/16; the budgeted Scottish Government funding is £11.7 million.

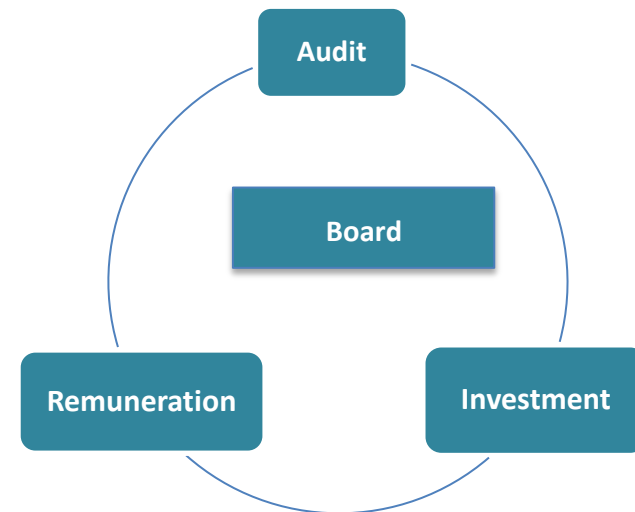
Financial management

42. 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 (or equivalent) 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
 - members provide a good level of challenge and question budget holders on significant variances
43. Based on our accumulated knowledge, our review of board papers and through our attendance at audit committee meetings we conclude that the Royal Botanic Garden Edinburgh has appropriate financial management arrangements in place.

Governance and transparency



46. The Board is supported in its role by a number of standing committees as illustrated below:



Corporate governance

- 44. The Board and Regius Keeper are responsible for establishing arrangements for ensuring the proper conduct of the affairs of the Royal Botanic Garden Edinburgh and for monitoring the adequacy of these arrangements.
- 45. RBGE is managed by a board of trustees and is accountable to the Scottish Government through the Rural and Environment Science and Analytical Services Division (RESAS).

47. The Audit Committee met four times throughout the year and the Investment and Remuneration Committees each met once to consider relevant matters. We concluded that the Royal Botanic Garden Edinburgh has effective overarching and supporting governance arrangements which provide an appropriate framework for organisational decision making.

Transparency

48. 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.
49. RBGE publishes a number of corporate documents on its website, including the Corporate Plan, Annual Report and Consolidated Accounts, Annual Review and corporate policies.
50. RBGE holds its board and committee meetings in private and the papers for these meetings are not publicly available. It is appropriate that some items of business are held in private because of their confidential and sensitive nature, but there are other areas which could be made more accessible to the public. RBGE should consider whether some of its meetings could be held in public and whether some board papers should be publicly available. **Refer Action Plan no. 2**
51. 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 of, and explanation of, any significant movements in budget during the year.
52. In terms of the transparency of financial reporting, the Annual Report and Consolidated Accounts are published on the RBGE website once the accounts have been laid before Parliament. In the financial statements, the reconciliation between expenditure and the outturn against Scottish Government resource budgets could be made clearer as expenditure is funded from a variety of sources. RBGE receives around two thirds of its income from the Scottish Government and a third from other sources including donations, trading company income, and grants.
53. Overall we concluded that RBGE is open and transparent in conducting its business, but that there is scope for it to review whether some board and committee meetings could be held in public, to increase the accessibility of their discussions.

Internal audit

54. Internal audit provides the Audit 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.
55. Our review of internal audit concluded that the internal audit service operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has sound documentation standards and reporting procedures in place.
56. The internal audit plan for 2014/15 was completed during the year and all reports were presented to the Audit Committee. Internal audit concluded in their Annual Report 2014/2015 that “RBGE operates adequate and effective internal control systems and has proper arrangements in place to promote and secure value for money”.

Arrangements for the prevention and detection of fraud

57. We assessed the arrangements for the prevention and detection of fraud during the planning phase of our audit. This involved reviewing the fraud and whistle blowing policies and

year end testing of journals and accounting estimates and judgements. Any frauds or losses are reported to the Audit Committee.

58. We conclude that there are satisfactory arrangements for the prevention and detection of fraud.

National Fraud Initiative in Scotland

59. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error
60. Auditors are required to assess the arrangements that bodies have put in place to prevent and detect fraud, including how they approach the NFI exercise itself.
61. The National Fraud Initiative has an appropriately high profile within RBGE, with data matches actively investigated. Progress was reported in June to the Audit Committee.
62. As part of this year’s NFI exercise, Royal Botanic Garden Edinburgh submitted Payroll and Creditors data and the matching process identified 235 records for investigation with 71 of these “recommended” for investigation. To date, 153 of the total matches are recorded on the NFI website as having

Governance and transparency

been investigated, and none are marked as “in progress”. RBGE should update its investigation outcomes on the NFI website, as the June report to the Audit Committee showed that all but three matches had been resolved.

63. No frauds have been identified from RBGE’s investigations of data matches. Four errors have been identified and an overpayment of £10,988 paid in error has been recovered. There are no issues of concern that we require to include in this report.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

64. RBGE has in place a range of measures designed to maintain standards of conduct including Codes of Conduct for staff and trustees. There are also established procedures for preventing and detecting corruption, including trustees’ annual completion of Register of Interests forms. These forms highlight areas where there may be a potential conflict of interest; details for trustees are published on the RBGE website.
65. Based on our review of the evidence we conclude that there are satisfactory arrangements in place for the prevention and detection of corruption and we are not aware of any specific issues that we need to record in this report.

Appendix I – Significant audit risks

The table below sets out the audit risks, how we addressed each risk and our judgement in arriving at our opinion on the financial statements.

Audit Risk (from Annual Audit Plan)	Proposed assurance procedure	Results and conclusions
Financial audit issues		
<p>Income Recognition</p> <p>Based on diverse sources of income received by RBGE, ISA 240 requires auditors recognise an inherent risk of fraud in revenue recognition. This includes revenue from voluntary income, income from charitable activities, and commercial development income.</p>	<ul style="list-style-type: none"> Detailed testing of revenue transactions focusing on the areas we consider to be of greatest risk: voluntary income, income from charitable activities and commercial development income. 	<p>We concluded from our audit testing that income was correctly accounted for.</p>
<p>Financial Statements - management override of controls</p> <p>Auditing standards (ISA 240 <i>The auditor's responsibility to consider fraud in an audit of financial statements</i>) require auditors to consider, on all audits, management's ability to manipulate accounting records and prepare fraudulent or biased financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> Financial statements audit work including detailed testing of journal entries, review of accounting estimates and evaluation of significant transactions that are outside the normal course of business. 	<p>We concluded from our audit testing that the 2014/15 journal entries, accounting estimates and judgments and significant transactions which we reviewed were appropriate.</p>

Appendix I – Significant audit risks

Audit Risk (from Annual Audit Plan)	Proposed assurance procedure	Results and conclusions
<p>Financial position</p> <p>RBGE have prioritised a range of maintenance and repair works in 2014/15 to ensure statutory compliance and prevent further deterioration of the estate. The level of maintenance expenditure required has put the revenue budget under pressure and other departments have had to reduce their budget to support this exercise.</p>	<ul style="list-style-type: none"> • Review finance reports to Board and Audit Committee • Review the extent of scrutiny by those charged with governance • Focussed substantive testing of expenditure • Reviewing classification of capital/revenue transactions 	<p>The financial position has been reported to the Board and Audit Committee on a regular basis.</p> <p>RBGE achieved a surplus for the financial year, but there are continuing significant financial pressures on the RBGE budget.</p>
<p>Finance team capacity</p> <p>There have been periods of sickness absence within Finance and a vacancy in the Head of Finance post for part of 2014/15. The operation of internal controls for which the Head of Finance was responsible may have been affected during these periods.</p>	<ul style="list-style-type: none"> • We will specify our financial statements working papers checklist to support the year end process • Focussed substantive testing on key areas 	<p>We issued a financial statements working papers checklist to the Head of Finance in advance of the financial statements audit; the working papers supplied were of a good standard.</p> <p>No issues were noted from our substantive audit testing.</p>

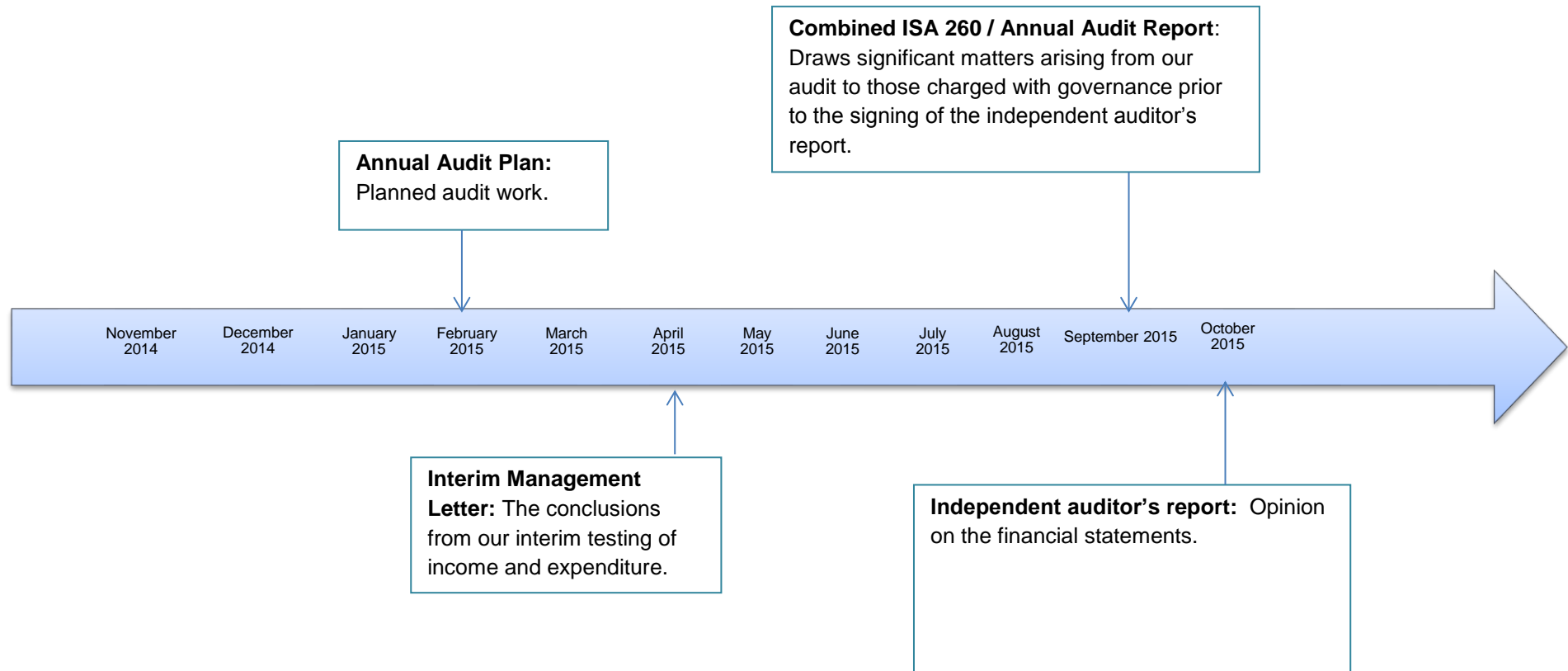
Appendix I – Significant audit risks

Audit Risk (from Annual Audit Plan)	Proposed assurance procedure	Results and conclusions
<p>Volume of capital transactions in the last 3 months of the financial year</p> <p>Of the £1.2 million capital grant from RESAS, RBGE have spent £327,880 up to the end of December 2014 and have three months to spend £872,120 on capital goods and services or return the balance back to the Scottish Government. The significant level of transactions being processed at year end can present a financial reporting challenge to ensure expenditure is incurred and accounted for in the correct period. We have identified errors in previous years relating to year end capital accounting.</p>	<ul style="list-style-type: none"> • Cut off testing and substantive testing of transactions • Place reliance on Internal Audit's work on capital planning following a review of the working papers and report 	<p>No issues were identified from our cut-off testing.</p> <p>An error of £3,046 was identified in our substantive testing of expenditure. This is an immaterial unadjusted misstatement.</p> <p>An error was identified in the indexation factor used to calculate the indexation of land and buildings, resulting in a £140,000 over-valuation. Also, land had not been indexed in 2014/15 or 2013/14 and was undervalued by £16,000. These errors have been corrected in the financial statements.</p> <p>We conclude that expenditure in the financial statements is not materially misstated.</p>
<p>Late capital allocations</p> <p>There has been a pattern in previous years of the Scottish Government giving additional capital funding to RBGE close to the year end. Given the level of capital transactions already due to be incurred in the final quarter, this can make it difficult to make full use of late allocations.</p>	<ul style="list-style-type: none"> • Cut off testing of capital transactions • Review capital contingency plans 	<p>RBGE received a £0.2 million addition to the original £1.0 million capital allocation in 2014/15. There were capital plans in place which enabled full use of the 2014/15 capital allocation.</p>

Appendix I – Significant audit risks

Audit Risk (from Annual Audit Plan)	Proposed assurance procedure	Results and conclusions
<p>Compliance with new Charities SORP for 2015/16</p> <p>The new <i>Accounting And Reporting By Charities: Statement Of Recommended Practice</i> comes into effect in 2015/16 and will have an impact on a number of disclosures within RBGE's accounts. The Cash Flow Statement for 2013/14 was not compliant with the existing SORP.</p>	<ul style="list-style-type: none"> Review 2014/15 cash flow statement against requirements of the 2005 SORP Review RBGE's proposals for 2015/16 accounts for compliance with the new SORP 	<p>We reviewed RBGE's 2014/15 cash flow statement and concluded that it complied with the 2005 SORP.</p> <p>We will discuss the new SORP requirements with finance staff as part of our 2015/16 audit planning.</p>
<p>Undisclosed lease</p> <p>There are tenanted properties within Benmore Botanic Garden. It is unclear whether RBGE is the landlord for these properties. (Board minutes indicate that RBGE is responsible for maintaining these properties.) There is a risk that RBGE has a lease arrangement undisclosed in the financial statements.</p>	<ul style="list-style-type: none"> Establish who the lease is with and if necessary, ensure it is accounted for properly in the financial statements 	<p>We reviewed the lease agreements for the tenanted properties and considered the appropriate accounting treatment.</p> <p>We concluded that the tenanted property agreements are not required to be disclosed as a lease arrangement in the financial statements.</p>

Appendix II – Summary of local audit reports 2014/15



Appendix III – Action plan

Para/ page	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
Financial audit Issues				
No.1 27/7 & 28/8	<p>New Charities Statement of Recommended Practice and Revisions to the Government Financial Reporting Manual (FReM)</p> <p>The new Charities SORP and the 2015/16 FReM require significant changes to the accounting and disclosures within the 2015/16 Annual Report and Accounts. RBGE is required to comply with the Charities SORP, making additional disclosures where necessary to comply with the FReM. The new SORP changes how charities should present and disclose their activities and funds within their accounts and affects the format of the SOFA, Annual Report and other disclosures. FReM requires a performance report and an accountability report comprising a corporate governance report; remuneration and staff report; and a parliamentary and accountability report. Arrangements should be put in place to develop these disclosures (and retain any supporting documents as audit working papers).</p> <p>Risk</p> <p>If RBGE does not comply with the SORP and the FReM it may receive a modified audit opinion for 2015/16.</p> <p>Recommendation</p> <p>RBGE should consider the new SORP and FReM disclosure requirements and ensure that these are included in the 2015/16 Annual Report and Consolidated Accounts, adjusting the timetable for preparation if necessary.</p>	<p>Training/awareness raising in place. Henderson Loggie engaged to support plans to improve production of the accounts in line with new SORP. Further discussions to be had with Audit Scotland.</p>	<p>Head of Finance</p>	<p>On-going to meet audit timetable 2015/16</p>

Appendix III – Action plan

Para/ page	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
Wider audit issues				
No.2 50/ 12	<p>Transparency and accountability</p> <p>RBGE holds its board and committee meetings in private and the papers are not publicly available. There are some areas of board and committee business which would not necessarily be considered confidential and which could be made more accessible to the public.</p> <p>Risk:</p> <p>Holding all board and committee meetings in private may not be seen as open and transparent decision making.</p> <p>Recommendation:</p> <p>RBGE should consider implementing the recommendations relating to openness and transparency in decision making contained in the Scottish Government's On Board guidance. It should review whether all of its meetings need to be held in private and where appropriate make the papers available on its website.</p>	Audit Committee (Sept 2015) agreed that Board and Committee minutes would be posted on website.	Regius Keeper's PA	As from now - after each set of minutes approved.