

# Mugdock Country Park Joint Management Committee

2021/22 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Members of Mugdock Country Park Joint Management Committee  
and the Controller of Audit

October 2022

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# Key messages

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## 2021/22 annual accounts

- 1 Mugdock Country Park Joint Management Committee financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- 2 The management commentary and annual governance statement are both consistent with the financial statements and are prepared in accordance with relevant regulations and guidance.

## Financial sustainability and annual governance statement

- 3 The renewed Minute of Agreement secures the current levels of funding from the constituent authorities for the Park for the period 2019-2024.
- 4 The Covid-19 pandemic has had a significant impact on the short-term finances of the Park and the impact of this on the medium to longer term is still to be evaluated.

## Governance

- 5 The Park's governance and transparency arrangements are appropriate.
- 6 The Joint Management Committee should explore ways to enhance openness and transparency.

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# Introduction

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- 1.** This report summarises the findings from our 2021/22 audit of Mugdock Country Park Joint Management Committee (the Park).
- 2.** The scope of our audit was set out in our 2021/22 Annual Audit Plan which was circulated to Members via Technical Note on 31 March 2022 in the absence of Committee meetings due to Covid-19 restrictions. This report comprises the findings from:
  - an audit of the annual accounts
  - consideration of the financial sustainability of the Park and the appropriateness of the annual governance statement.
- 3.** The global coronavirus pandemic has had a considerable impact on the Park during 2021/22. This has had significant implications not least for the services it delivers but also for, sickness absence levels, and the suspension of non-essential projects and activities.

## Adding value through the audit

- 4.** We add value to the Park through the audit by:
  - identifying and providing insight on significant risks, and making clear and relevant recommendations
  - sharing intelligence and good practice through our national reports and good practice guides
  - providing clear conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability
- 5.** We aim to help the Park promote improved standards of governance, better management and decision making and more effective use of resources.

## Responsibilities and reporting

- 6.** The Park has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts in accordance with proper accounting practices.
- 7.** The Park is also responsible for compliance with legislation putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
- 8.** Our responsibilities as independent auditor, appointed by the Accounts Commission, are established by; the Local Government in Scotland Act 1973, the

[Code of Audit Practice 2016](#) and supplementary guidance and International Standards on Auditing in the UK. Local government bodies have a responsibility to have arrangements in place to demonstrate Best Value in how they conduct their activities. This duty extends to the Park with our audit work reviewing Best Value arrangements relating to the use of resources and financial sustainability.

**9.** As public sector auditors we give independent opinions on the annual accounts. Additionally, we conclude on; the appropriateness and effectiveness of the performance management arrangements, the suitability and effectiveness of corporate governance arrangements, the financial position, and arrangements for securing financial sustainability. Further details of the respective responsibilities of management and the auditor can be found in the [Code of Audit Practice 2016](#). and supplementary guidance.

**10.** The [Code of Audit Practice 2016](#) (the Code) includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the governance statement and the financial sustainability of the body and its services. As highlighted in our 2021/22 Annual Audit Plan, due to the low volume and lack of complexity of the financial transactions, we applied the small body provisions of the Code to the 2021/22 audit.

**11.** This report raises matters from our audit. The weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

**12.** Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers, and dates for implementation. It also includes actions from last year and progress against these.

## Auditor Independence

**13.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies.

**14.** We can confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2021/22 audit fee of £3,210 as set out in our 2021/22 Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

**15.** This report is addressed to both the Joint Management Committee and the Controller of Audit and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Audit appointment from 2022/23

**16.** The Accounts Commission is responsible for the appointment of external auditors to local government bodies. External auditors are usually appointed for a five-year term either from Audit Scotland's Audit Services Group or a private firm of accountants. The current appointment round was due to end in 2020/21 but this was extended for a year so that 2021/22 is the last year of the current appointment round.

**17.** The procurement process for the new round of audit appointments was completed in May 2022. From financial year 2022/23 Mazars will be the appointed auditor for the Park. We are working closely with the new auditors to ensure a well-managed transition.

**18.** A new [Code of Audit Practice](#) applies to public sector audits for financial years starting on or after 1 April 2022. It replaces the Code issued in May 2016.

**19.** There are a number of significant changes introduced by the new Code, namely the integration of Best Value work into wider scope audit work and the audit of Best Value across the Integration Joint Boards.

**20.** We would like to thank the management and staff who have been involved in our work for their co-operation and assistance over the last six years.

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# Part 1. Audit of 2021/22 annual accounts

The annual accounts are the principal means of the Park accounting for the stewardship of resources and its performance in using those resources.

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## Main judgements

Mugdock Country Park Joint Management Committee financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.

The management commentary and annual governance statement are both consistent with the financial statements and are prepared in accordance with relevant regulations and guidance.

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## Our audit opinions on the annual accounts

**21.** The annual accounts for the year ended 31 March 2022 were approved by the Joint Management Committee on 4 October 2022. As reported in the independent auditor's report:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework, and
- the management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

## The annual accounts were signed off in line with the deadline date

**22.** For 2021/22, the submission deadline for local government bodies audited annual accounts has been set at 31 October 2022.

**23.** The unaudited annual accounts were received in line with our agreed audit timetable on 14 June 2022. Although ongoing restrictions meant staff have been working remotely, we were able to gather sufficient audit evidence on which to draw our conclusions.

## There were no objections raised to the annual accounts

**24.** The Local Authority Accounts (Scotland) Regulations 2014 require local government bodies to publish a public notice on its website that includes details of the period for inspecting and objecting to the accounts. This must remain on

the website throughout the inspection period. The Park complied with these regulations. There were no objections to the 2021/22 accounts.

## Overall materiality is £5,000

**25.** Our initial assessment of materiality was carried out during the planning phase of the audit. This was reviewed on receipt of the unaudited annual accounts and is summarised in [Exhibit 1](#). However, these changes were not significantly different from our planned levels and did not impact upon our audit approach.

**26.** In determining performance materiality, we have considered factors such as our findings from previous audits, any changes in business processes and the entity's control environment including fraud risks.

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### Exhibit 1 Materiality values

| Materiality level       | Amount |
|-------------------------|--------|
| Overall materiality     | £5,000 |
| Performance materiality | £3,000 |
| Reporting threshold     | £250   |

Source: Audit Scotland

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## We have no significant findings to report on the audit of the annual accounts

**27.** International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices. We have no issues to report from the audit of the annual accounts.

**28.** In our 2021/22 Annual Audit Plan we identified three significant risks of material misstatement in the financial statements on which we needed to focus our audit work. [Exhibit 2](#) (overleaf) sets out the risks and summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from the work completed.



**Exhibit 2****Significant risks of material misstatement in the financial statements**

| Significant risk of material misstatement   | Audit response to risk  | Results and conclusions   |
|---|---|---|
| <p><b>1. Management override of controls</b></p> <p>As stated in International Standard on Auditing (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> | <ul style="list-style-type: none"> <li>• Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</li> <li>• Tested journals at the year-end and post-closing entries and focused on significant risk areas.</li> <li>• Evaluated significant transactions outside the normal course of business.</li> <li>• We assessed any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</li> <li>• Substantively tested income and expenditure transactions around the year-end to confirm they were accounted for in the correct financial year.</li> <li>• Focused testing of accounting accruals and prepayments.</li> </ul> | <p>Our audit procedures did not identify any evidence of management override of controls. Satisfactory.</p> |
| <p><b>2. Risk of fraud in revenue recognition</b></p> <p>The majority of the Park's income is received through revenue contributions made by East Dunbartonshire and Stirling Councils as the constituent authorities. However, some income is also received from other sources, including rents and shop sales. The extent and complexity of income means</p>  | <ul style="list-style-type: none"> <li>• Performed analytical procedures on income streams.</li> <li>• Performed detailed testing of revenue transactions focusing on the areas of greatest risk</li> </ul>   | <p>Our audit procedures did not identify any evidence of fraud over income. Satisfactory.</p>               |

| Significant risk of material misstatement  | Audit response to risk   | Results and conclusions  |
|--|--|--|
| <p>there is an inherent risk of fraud.</p> <p>There is a risk therefore that income may be misstated resulting in a material misstatement in the financial statements.</p>   |  |  |
| <p><b>3. Risk fraud over expenditure</b></p> <p>As most public-sector bodies are net expenditure bodies, the risk of fraud is more likely to occur in expenditure.</p> <p>Audit Scotland's Code of Audit Practice requires that auditors should plan to address the risk that the financial statements may be materially misstated as a result of fraud over expenditure.</p> <p>There is a risk that expenditure may be misstated resulting in a material misstatement in the financial statements.</p> | <ul style="list-style-type: none"> <li>• Performed Analytical procedures on expenditure streams.</li> <li>• Reviewed Payroll expenditure and reconcile to the payroll system.</li> <li>• For other non-pay expenditure, we tested a sample of transactions.</li> </ul> | <p>Our audit procedures did not identify any evidence of fraud over expenditure. Satisfactory.</p> |

Source: Audit Scotland 2021/22 Annual Audit Plan

## Other areas of audit focus

**29.** In our 2021/22 Annual Audit Plan, we also highlighted that, based on our assessment of the likelihood and magnitude of the risk, we assessed that there was a risk of material misstatement in inventory valuation for the 2021/22 audit of the Park. However, to mitigate this risk we attended the annual stock count at the financial year end. We have no matters which we need to bring to your attention in relation to this risk.

### **A misstatement of £916 was adjusted in the accounts, this was below our performance materiality, and we did not need to revise our audit approach**

**30.** The total misstatements identified were £916. Adjustments made in the audited accounts increased the current liabilities in the Balance Sheet by £916. We have reviewed the nature and causes of this misstatement and have

concluded that it arose from an isolated issue that has been identified in its entirety and does not indicate further systemic error.

**31.** It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected, although the final decision on making the correction lies with those charged with governance considering advice from senior officers and materiality. Management have adjusted all identified misstatements above our reporting threshold; there are no unadjusted errors to report.

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# Part 2. Financial sustainability and annual governance statement

Financial sustainability looks forward to the medium and longer term to consider whether the Park is planning effectively to continue to deliver its services.

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## Main judgements

The renewed Minute of Agreement secures the current levels of funding from the constituent authorities for the Park for the period 2019-2024.

The Covid-19 pandemic has had a significant impact on the short-term finances of the Park and the impact of this on the medium to longer term is still to be evaluated.

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## Financial performance in 2021/22

**32.** The Park is funded jointly by East Dunbartonshire Council and Stirling Council. Capital expenditure is split equally between both councils, and Stirling Council pays a fixed revenue contribution of £50,000 per annum. East Dunbartonshire Council is responsible for overseeing the Park's running costs within the available budget.

**33.** The Comprehensive Income and Expenditure Statement (CIES) for the year ended 31 March 2022 reports expenditure for the year of £536,580. This is £50,357 more than in 2020/21, and £10,835 more than that budgeted. The expenditure incurred in 2021/22 was higher than the previous year primarily due to an increase in trading and events, operating, utilities and publicity costs.

**34.** The income for the year reported in the CIES is £153,112, comprising £88,552 from rents and recharges and a further £56,905 from trading and events. Grants totalling £7,655 were received from Clackmannanshire and Stirling Environment Trust and Nature Scotland. This is £20,754 more than the original budget and is mainly due to an increase in rental income and unexpected grants.

**35.** Overall, the net cost of services was lower than budget by £11,082 due to the increased levels of activity as Covid-19 restrictions were eased and Park opening times increased.

## Future funding

**36.** Most of the Park's income is received from the constituent local authorities, East Dunbartonshire Council and Stirling Council, in the form of grant funding. This is managed through a Minute of Agreement, which covers the period 2019-24 and confirms that funding will continue to be provided on the same basis year on year.

## Capital projects plan

**37.** The development of a new strategy for the period 2022-2027 is to be presented to members in October 2022. The strategy will incorporate the land management plan, assets review and business plan along with a review of the capital programme in light of Covid-19 considerations and will propose a strategic direction for the Park for the next 5 years.

**38.** Due to the levels of capital funding available to the Park, external funding is likely to be required to deliver this project. This has yet to be secured and sources of funding are being investigated.

## Annual governance statement

**39.** We concluded that the information in the annual governance statement is consistent with the financial statements and has been prepared in accordance with the CIPFA/ SOLACE guidance: Delivering Good Governance in Local Government Framework (2016).

## Internal controls

**40.** East Dunbartonshire Council, as the host authority, provides support in some key areas of business, particularly in finance, legal and information technology.

**41.** As part of our audit, we reviewed the high-level controls in a number of the systems used by East Dunbartonshire Council for the processing and recording of transactions and the preparation of the financial statements of the Park.

**42.** Our overall conclusion was that the key controls within the council's main financial systems were operating satisfactorily, and no significant risks to the Park were identified.

## Audit work has addressed the wider scope risks identified in our Annual Audit Plan

**43.** In our 2021/22 Annual Audit Plan, we also identified two wider audit dimension risks as part of our responsibilities under the Code of Audit Practice. [Exhibit 3](#) (overleaf) summarises the audit procedures we performed during the year to obtain assurances over these risks and the conclusions from our work.

**Exhibit 3****Wider audit dimension risks**

| Audit risk   | Audit response to risk  | Results and conclusions   |
|--|---|---|
| <p><b>1. Financial Sustainability</b></p> <p>Most of the Park's income is received from the funding contributions made by the constituent local authorities. However, due to the ongoing Covid19 pandemic and budget constraints within the Park's local authority partners, there is a possibility that income targets may not be realised.</p> <p>Furthermore, significant capital expenditure on Business Development and Asset Improvement projects have been identified, current costings exceed the annual and 5- year authority capital contributions included in the Minute of Agreement: 2019-2024.</p> <p>In the current economic climate, opportunities to generate external funding are limited which could adversely impact on the Park's ability to maintain, develop and promote the park in line with the organisations service plan objectives.</p> | <ul style="list-style-type: none"> <li>• Monitored developments through review of East Dunbartonshire Council committee papers and minutes.</li> <li>• Assessed budget performance through audit of annual accounts.</li> </ul>   | <p>Our review of Committee papers and elected members technical notes identified that ongoing funding from constituent local authorities is regularly monitored by members and officers to ensure budgeted expenditure is sustainable.</p> <p>Satisfactory.</p>                       |
| <p><b>2. Budget setting and monitoring</b></p> <p>Due to the nature of the funding arrangements of the Park there is no formal budget approval process carried out by the Joint Management Committee. The budgeted spend for the year is communicated to members using elected member technical notes which include budget monitoring reports.</p>   | <ul style="list-style-type: none"> <li>• Reviewed the 2021/22 budget setting process for the Park. Ongoing review of available monitoring reports presented to Council committee meetings.</li> <li>• Ongoing review of reports presented to East Dunbartonshire Council committees, for information relevant to the Park.</li> </ul> | <p>In place of Committee meetings, regular technical notes have been provided to elected members with the in-year revenue position for the Park. These updates have provided a prior year spend comparison as well as explanations on significant variances.</p> <p>Satisfactory.</p> |

| Audit risk  | Audit response to risk | Results and conclusions |
|---|------------------------|-------------------------|
| <p>These do not allow comparison with prior year spend and provide limited detail as to the reasons behind significant variances.</p> <p>Due to Covid-19, there have only been two Joint Management Committee meetings held in 2021/22. Budgetary monitoring reports have not been presented for the Park to facilitate effective scrutiny.</p> <p>There is a risk that budget setting and monitoring is not transparent and may not be based on accurate financial projections for the year.</p> |                        |                         |

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Source Audit Scotland 2021/22 Annual Audit Plan

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# Part 3. Governance and Transparency

The effectiveness of scrutiny and oversight transparent reporting of information.

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## Main judgements

The Park's governance and transparency arrangements are appropriate.

The Joint Management Committee should explore ways to enhance openness and transparency.

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### **The Park's governance and transparency arrangements are appropriate but can be improved with regular meetings**

**44.** The Joint Management Committee is made up of elected members who are appointed by the Park's constituent local authorities and have corporate responsibility for ensuring that the Park fulfils its aims and objectives, including delivery of its strategic objectives.

**45.** During 2021/22 Joint Management Committee meetings were held remotely using East Dunbartonshire Council's Webex system.

**46.** The last meeting of the Joint Management Committee took place in February 2022. During 2021/22 the Joint Management Committee members were issued a number of reports in the form of technical notes to ensure that they remain apprised of the financial performance of the Park, the main risks it faces during the period and how it intends to manage these risks. These include financial monitoring reports, annual audit plans and events updates.

**47.** Notwithstanding the relaxation of restrictions, the Joint Management Committee should explore ways to enhance openness and transparency by reintroducing regular meetings.

### **National performance audit reports**

**48.** Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2021/22, Audit Scotland published a number of reports which may be of interest to the Park. These are outlined in [Appendix 2](#).



# Appendix 1. Action plan 2021/22

## 2021/22 recommendations

| Issue/risk | Recommendation | Agreed management action/timing |
|------------|----------------|---------------------------------|
|------------|----------------|---------------------------------|

N/A - No issues identified for 2021/22.

## Follow-up of prior year recommendations

| Issue/risk | Recommendation | Agreed management action/timing |
|------------|----------------|---------------------------------|
|------------|----------------|---------------------------------|

### P/Y 1. Minute of Agreement

The Majority of the Park's income is from constituent local authorities, as managed through the Minute of Agreement. This expired on 31 March 2019, and the revised Minute of Agreement for 2019-2024 has yet to be formally approved by the Park.

**Risk:** The Park does not have funding secured and approved for future years.

The revised Minute of Agreement should be approved by the Joint Management Committee to ensure revenue budgets and capital project plans can be agreed and progressed based on agreed funding.

### Complete

The revised Minute of Agreement for 2019-2024 between East Dunbartonshire Council and Stirling Council was agreed and signed during the year. This ensures that revenue budgets and capital project plans can be progressed based on agreed funding levels.

# Appendix 2. Summary of 2021/22 national performance reports and briefing papers

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## May

[Local government in Scotland Overview 2021](#)

## June

[Covid 19: Personal protective equipment](#)

## July

[Community justice: Sustainable alternatives to custody](#)

## September

[Covid 19: Vaccination programme](#)

## January

[Planning for skills](#)

[Social care briefing](#)

## February

[NHS in Scotland 2021](#)

## March

[Local government in Scotland: Financial Overview 20/21](#)

[Drug and alcohol: An update](#)

[Scotland's economy: Supporting businesses through the Covid 19 pandemic](#)

# Mugdock Country Park Joint Management Committee

## 2021/22 Annual Audit Report

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

[www.audit-scotland.gov.uk/accessibility](http://www.audit-scotland.gov.uk/accessibility)



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