

# Clyde Muirshiel Park Authority Joint Committee

**Report to Members and the Controller of Audit on the 2008/09 Audit**

October 2009



 AUDIT SCOTLAND

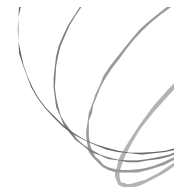


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# Key Messages

In 2008/09, we audited the financial statements and looked at aspects of governance within the Clyde Muirshiel Park Authority Joint Committee. This report sets out our main findings.

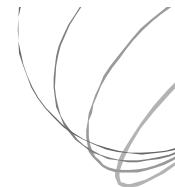
As in past years, we found the financial stewardship of the Clyde Muirshiel Park Authority Joint Committee (CMPA) during the year to be satisfactory. The main conclusions and outcomes from the audit are highlighted below:

- An unqualified opinion has been issued on the financial statements for 2008/09.
- The Statement on the System of Internal Financial Control included in the accounts complies with accounting requirements and is not inconsistent with audit findings.
- Final accounts preparation procedures and working papers were generally of a good standard and this enabled the audit to progress smoothly.
- Many aspects of a sound corporate governance framework were in place over 2008/09.

Renfrewshire Council provide internal audit services to the CMPA. The Statement on the System of Internal Financial Control for the year 2008/09, signed by the Treasurer and Director of the CPMA, concluded that the CMPA has in place a sound system of internal financial control with no identified material weaknesses. Our audit work resulted in findings consistent with that opinion.



October 2009



# Introduction

1. The members and officers of the CMPA are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place and seek to gain assurance that:
  - The financial statements have been prepared in accordance with statutory requirements and that proper accounting practices have been observed.
  - The CMPA's system of recording and processing transactions provides an adequate basis for the preparation of the financial statements and the effective management of assets and interests.
  - The CMPA has adequate corporate governance arrangements which reflect the three fundamental principles of openness, integrity and accountability.
  - The systems of internal control provide an appropriate means of preventing or detecting material mis-statement, error, fraud or corruption.
  - The CMPA has proper arrangements for securing best value in its use of resources.
2. This report summarises the most significant issues arising from our work during 2008/09.



# Financial statements

3. In this section we summarise key outcomes from our audit of the CMPA's financial statements for 2008/09.

## Auditor's report

4. We have given an unqualified opinion on the financial statements of the Clyde Muirshiel Park Authority Joint Committee for 2008/09, concluding that the financial statements:
  - give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of the joint committee as at 31 March 2009 and its income and expenditure for the year then ended
  - have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

## Financial position

5. The CMPA's balance sheet as at 31 March 2009 has been restated to reflect the fact that member council's hold title and exert control over these assets and consequently should account for them in council balance sheets. This change, which is not deemed a change in accounting policy, has removed assets with the value of £2.226 million from CMPA's accounts. On this revised basis, the CMPA has overall net liability totalling £0.093 million which equates to the level of its deficit on its pension reserve. As disclosed in the accounts, the actuarial assessment of the joint committee's pension liabilities is a snap shot view as at 31 March 2009. Although the value of assets underpinning pension liabilities is heavily dependant on stock market valuations which are currently subject to severe fluctuations, the appointed actuaries believe that as 2009/10 funding has already been approved by member councils, it is reasonable that the accounts are prepared on a going concern basis. Operationally, the CMPA generated a surplus of £0.044 million over the year which was mainly attributable to a substantial increase in self generated income offset by higher than budgeted staff and pension costs. Cumulative revenue reserves due to members as at 31 March 2009 totalled £0.076 million.

## Account preparation and submission

6. The CMPA's financial statements were submitted to the Controller of Audit by the deadline of 30 June. Final accounts preparation procedures and working papers were generally of a good standard. Local authorities and joint committees required to properly reflect changes to the Code of Practice on Local



Authority Accounting in the United Kingdom – A Statement of Recommended Practice (the 'SORP').  
As certified, the financial statements of CMPA comply with the provisions of the SORP.

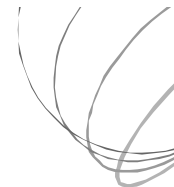
7. The accounts were certified on 21 September 2009 and are now available for presentation to the joint committee and for publication. The financial statements are an essential means by which the joint committee accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources.

## **Financial outlook**

8. The financial outlook for the CMPA is challenging given the economic pressures currently facing the country. The budget set for 2009/10 recognises this and member authorities have agreed to a new level of member contributions which compensate for the loss of the grant from Scottish Natural Heritage as well as maintaining past investment in the park.
9. At an operating level, the latest information is that the CMPA is keeping broadly in line with budget projections with slightly reduced staff costs. Non membership income levels however, will require careful monitoring to assess the impact of economic pressures as well as the impact of revised charges for services. It is encouraging to note however, that the CMPA is aware of the importance of controlling costs as demonstrated by the exercise to identify revenue efficiency savings.
10. As at 31 March 2009, a pension liability of £0.093 million existed for CMPA staff. The future extent of pension assets or liabilities will depend largely on the future investment performance of the Strathclyde Pension Fund which should be monitored by member authorities.

## **Legality**

11. Each year we request written confirmation from the Treasurer that CMPA's financial transactions accord with relevant legislation and regulations. Significant legal requirements are also included in audit programmes and checklists. The Treasurer has confirmed that, to the best of her knowledge and belief and having made appropriate enquiries of members and officials of CMPA, the financial transactions of the joint committee were in accordance with the relevant legislation and regulations governing its activities.



# Corporate governance

12. In this section we comment on key aspects of the joint committee's governance arrangements during 2008/09.

## Overview of arrangements in 2008/09

13. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. During the year we have noted that while the CMPA has many aspects of good corporate governance, work is currently on-going to expand existing risk management arrangements in order to satisfy best practice. We understand that work is continuing to develop an Information Security Policy to further enhance security arrangements. Updated Financial Regulations have also been approved since last years Report to Members.

## Systems of internal control

14. Internal audit plays a key role in the CMPA's governance arrangements, providing an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. Internal audit's programme of work is based on a five year cyclic approach based on an assessment of risk. During 2008/09, work was carried out in association with the development of revised Financial Regulations.
15. The CMPA utilised Renfrewshire Council's main financial systems for its operations. These systems have been reviewed as part of our audit of Renfrewshire Council and have been found to have no material weaknesses.

## Prevention and detection of fraud and irregularities

16. The CMPA has appropriate arrangements for the prevention and detection of fraud and corruption. These arrangements include a strategy for the prevention and detection of fraud including clear lines of responsibility for investigations.