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Mugdock Country Park Joint Management Committee

Annual audit report to the members of
Mugdock Country Park Joint Management Committee and the
Controller of Audit

Year ended 31 March 2011

30 September 2011



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About this report

This report has been prepared in accordance with the responsibilities set out within the Audit Scotland's *Code of Audit Practice* ("the Code").

This report is for the benefit of Mudgock Country Park Joint Management Committee and is made available to the Accounts Commission and Audit Scotland (together "the beneficiaries"), and has been released to the beneficiaries on the basis that wider disclosure is permitted for information purposes, but that we have not taken account of the wider requirements or circumstances of anyone other than the beneficiaries.

Nothing in this report constitutes an opinion on a valuation or legal advice.

We have not verified the reliability or accuracy of any information obtained in the course of our work, other than in the limited circumstances set out in the scope and objectives section of this report.

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Executive summary Headlines

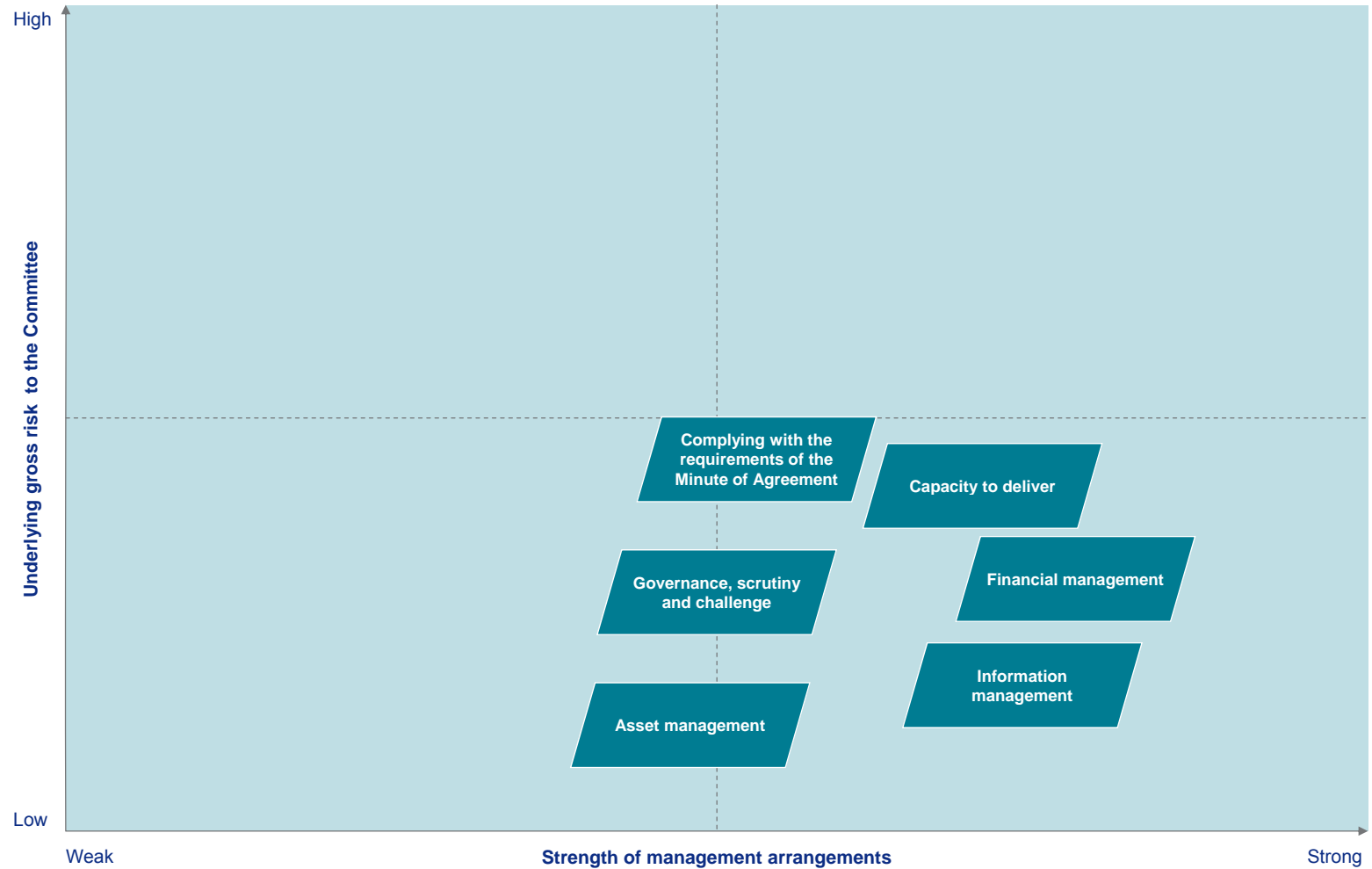
Our audit work is undertaken in accordance with Audit Scotland's *Code of Audit Practice* ("the Code"). This specifies a number of objectives for our audit.

This report summarises our work for the year ended 31 March 2011.

We wish to record our appreciation of the continued co-operation and assistance extended to us by staff during the course of our work.

Strategic objectives and risks	
Management has not identified any significant risks facing the Committee.	Page 3
Accounts	
We have issued an unqualified audit opinion in respect of the 2010-11 accounts.	Page 4
We considered the impact of transition to the IFRS-based Code of practice.	Page 4
There is scope for management to increase the efficiency of the audit process through timely provision of information.	Page 4
Use of resources	
The Committee's net cost of services was £329,128 (2010: £394,364).	Page 5
There was no increase or decrease on the general fund balance or reserves as at 31 March 2011 as the expenditure of the Committee is met in full by the constituent local authorities.	Page 5
Governance and performance	
The statement on internal control continues to confirm the existence of a framework of internal control.	Page 6
No instances of fraud or irregularity were identified.	Page 6

The diagram summarises the potential underlying risks to achievement of strategic objectives, compared to the strength of management arrangements to mitigate these risks. We have not identified any significant risks.





Accounting

Accounts preparation and audit process

2010-11 was the first year Mugdock Country Park Joint Management Committee (“the Committee”) was required to prepare accounts in accordance with International Financial Reporting Standards.

Technical accounting issues

Conversion to IFRS

The 2010-11 accounts have been prepared in accordance with the *Code of practice on Local Authority Accounting in the United Kingdom 2010 (“the Code”)* which is based upon International Financial Reporting Standards (IFRS). Due to the nature of the Committee’s transactions and balances, there was no need to restate the prior year comparatives on transition to the Code.

- We reviewed the accounting policies prepared by management and suggested a number of enhancements. We also recommended revisions to the layout, presentation and disclosures in the accounts to ensure compliance with the Code.

Systems and controls

Preparation of the financial statements

- Draft accounts and supporting documentation were provided on 29 June 2011 which was in line with the agreed timetable.
- We worked closely with management to obtain relevant supporting documentation, however explanations and supporting documents were not provided in as timely a manner as in previous years. There is some scope for further information to be available in advance of the year end audit fieldwork.
- Narrative statements were provided at the same time as the draft accounts and were substantially complete and consistent with our understanding of the Committee.

Control environment

- The Committee’s financial systems are the same as those operated by East Dunbartonshire Council (“the Council”). The review of these systems were conducted simultaneously as part of the 2010-11 external audit of the Council. No audit findings or recommendations were identified during that work which uniquely relate to the Committee.
- The majority of financial controls are designed, implemented and operating effectively.
- Overall, management’s approach to preparing the accounts is efficient, but supporting documentation could be prepared in advance of audit fieldwork and responses to requests for further information could be more timely.

The reported surplus is consistent with the forecast outturn. The forecast outturn position on services improved considerably during 2010-11.

Financial position

For the year ended 31 March 2011 the Committee's net cost of services was £329,128 (2010: £394,364). This reduction was primarily due to reduced employee costs following the implementation of the East Dunbartonshire Council ("the Council") Strategic Operating Model and reduced transport costs following a review of the way in which the Committee is allocated costs from the Council.

As at 31 March 2011, there was a net advance to the Council of £2,552 (2010: net advance from the Council £8,309). This balance reflects the balance of funding due to or from the Committee in respect of the Council's share of its net operating costs for the year.

Comprehensive income and expenditure statement	
	£
Expenditure	446,748
Grant income	<u>(117,620)</u>
Net cost of service	329,128
Amount met by constituent authorities	<u>(329,128)</u>
General fund balance brought forward	0
General fund balance carried forward	0

Other than the income and expenditure results for the year, the Committee reported no other gains or losses, or movements on the general fund balance.

Over-arching and supporting corporate governance arrangements remain primarily unchanged and provide a sound framework for organisational decision-making.

Corporate governance framework	<p>The Committee is governed by the minute of agreement between East Dunbartonshire Council and Stirling Council. The Council's head of finance and ICT is the treasurer of the Committee.</p> <p>The overall governance arrangements are in line with expectations.</p>
Statement on system of internal financial control	<p>The statement on internal control provides details of the purpose of the framework of internal financial control, along with an analysis of its effectiveness.</p> <p>The system of internal financial control is based on a framework of regular management information, financial regulations, financial and administrative procedures, management supervision, and a system of delegation and accountability.</p> <p>This is consistent with our understanding of the system of internal financial control at the Committee.</p>
Internal controls	<p>The Committee's financial transactions are processed by the Council. A review of these systems was carried out simultaneously to the audit of the annual accounts of the Committee and no specific findings relating to the Committee were identified. A number of recommendations to improve the overall control environment were accepted by management.</p>
Internal audit	<p>We did not place reliance on the work of internal audit in respect of the Committee.</p>
Fraud and irregularity	<p>Management did not identify any significant instances of fraud or irregularity during the year. We have obtained management representations from the treasurer, in support of enquiries with management, to confirm there have been no instances of fraud or irregularity during 2010-11.</p>
Performance management	<p>We are not required to carry out specific performance management audit work during the year. The annual accounts disclose details in respect of the performance of the country park over the year.</p>



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