

Clyde Muirshiel Park Authority Joint Committee

Report to Members on the 2006/07 Audit



October 2007



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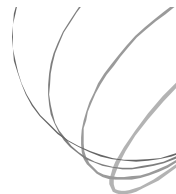
Introduction

1. This report summarises the findings from our 2006/07 audit of the Clyde Muirshiel Park Authority Joint Committee.
2. The financial statements of the Joint Committee are the means by which it accounts for its stewardship of the resources made available to it and its financial performance in the use of these resources. It is the responsibility of the joint committee to prepare financial statements that present fairly its financial position and the income and expenditure for the year.
3. The members and officers of the Joint Committee are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place.



Financial Statements and Financial Position

4. In this section we summarise key outcomes from our audit of the Joint Committee's financial statements for 2006/07. We comment on the significant accounting issues faced and provide an outlook on future financial reporting issues.
5. We audit the financial statements and give an opinion on:
 - whether they present fairly the financial position of the Joint Committee and its expenditure and income for the period in question
 - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
6. We also review the Statement on the System of Internal Financial Control by:
 - considering the adequacy of the process put in place to obtain assurances on systems of internal control
 - assessing whether disclosures in the Statement are consistent with our knowledge of the internal financial control systems within Renfrewshire Council.
7. We have given an **unqualified** opinion on the financial statements of the Clyde Muirshiel Park Authority Joint Committee for 2006/07. The Joint Committee's unaudited financial statements were submitted to the Controller of Audit by the deadline date of 30 June 2007. Audited accounts were finalised prior to the target date of 31 August 2007 and are now available for presentation to the Joint Committee and publication.
8. A number of amendments were required to the draft accounts to ensure that the financial statements complied with the revised presentational format required the 2006 Statement of Accounting Practice and prior year comparative figures have been amended as appropriate. Our audit work established that controls would be enhanced if pay costs as recorded in the accounts were fully reconciled to system records. This recommendation has been accepted by the Treasurer.
9. The Joint Committee's financial statements reflect a surplus of £19,576 for 2006/07 before adjusting for £21,000 associated with accounting entries relating to Financial Reporting Standard 17 (retirement benefits). The operational surplus for the year arose from greater than expected receipts from retail sales and fees and charges offset by overspends in employment and property costs and expenditure on supplies and services. Accumulated surpluses total £14,064 but as the Joint Committee does not



have the statutory powers to hold reserves, this balance is shown in the financial statements within creditors as amounts due to member councils.

10. The Joint Committee's balance sheet shows net assets in 2006/07 of £2,137,305 after providing for £170,000 of pension liabilities falling due in future years. This liability is £247,000 less than the liability that existed in 2006/07 and reflects an improved performance of pension fund investment management.

Legality

11. Each year we request written confirmation from the Treasurer that the Joint Committee'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 the members of the Joint Committee, the financial transactions of the Joint Committee were in accordance with the relevant legislation and regulations governing its activities.
12. There are no additional legality issues arising from our audit which require to be brought to members' attention.



Governance

Overview of arrangements in 2005/06

13. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. The joint committee has a responsibility to put in place arrangements for the conduct of its affairs, ensure the legality of activities and transactions and to monitor the adequacy and effectiveness of these arrangements in practice. As auditor I have a responsibility to report on the joint committee's corporate governance arrangements.
14. The Joint Committee is also subject to inspection by Renfrewshire Council's internal audit department. Timing of audit coverage is cyclical and based on an assessment of risk. The activities of the Joint Committee were subjected to an internal audit review during 2006/07.
15. A Statement on the System of Internal Financial Control is included within the annual financial statements, and states the Treasurer's view that reasonable assurance can be placed upon the adequacy and effectiveness of the committee's internal financial control system. The statement complies with accounting requirements and is not inconsistent with the findings of our audit.

Systems of internal control

16. The Joint Committee's financial transactions are processed through Renfrewshire Council's financial systems. Audit's review of these systems was conducted as part of the audit of the council and supplemented by specific audit work on the Joint Committee's financial statements. Overall there were no issues of concern concerning the operation of the main financial systems or the Joint Committee's transactions.

Prevention and detection of fraud and irregularities

17. The Joint Committee does not have in place its own arrangements for the prevention and detection of fraud and corruption. Instead the Committee complies with the relevant policies of Renfrewshire Council. There were no frauds identified within the Joint Committee in 2006/07.



Final Remarks

18. The members of the Clyde Muirshiel Park Authority Joint Committee are invited to note this report. We would be pleased to provide any additional information that members may require.

Audit Scotland

1st October 2007