



INFRASTRUCTURE, GOVERNMENT &  
HEALTHCARE

# Mugdock Country Park Joint Management Committee

Annual audit report to the  
members of Mugdock Country  
Park Joint Management  
Committee and the Controller of  
Audit 2007-08

6 October 2008

AUDIT



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**Notice: 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').

It is for the benefit of only Mugdock Country Park Joint Management Committee and is made available to 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 introductory section of this report.

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## Executive summary

This report summarises our work for the 2007-08 year and our findings in relation to our audit of the accounts, corporate governance and performance management arrangements. This will be the final year that the Mugdock Country Park Joint Management Committee ("the Joint Management Committee") produces annual accounts. From 1 April 2008, East Dunbartonshire Council ("the Council") will consolidate the financial accounting for the Joint Management Committee.

### **Annual accounts**

On 25 September 2008 we issued an audit report giving our unqualified opinion on the accounts of Mugdock Country Park Joint Management Committee for the year ended 31 March 2008.

### **Financial position**

The Joint Management Committee's balance sheet shows total assets of £2,369,554 comprised primarily of the community assets held. The Joint Management Committee's net cost of services in 2007-08 was £622,669. As the Joint Management Committee is required to produce a break-even result year-on-year there is no general fund balance at the year end.

### **Corporate governance**

The 2007-08 statement on internal financial control prepared by management does not disclose any major weaknesses.

In accordance with the Joint Management Committee's minute of agreement, its financial transactions are processed by East Dunbartonshire Council. The reviews of these systems were conducted simultaneously to those carried out as part of the Council's audit. Appropriate checking of the draft annual accounts back to these systems was undertaken at the year end. No audit findings relating uniquely to the Joint Management Committee were identified during work carried out at the Council.

# Introduction

## **Audit framework**

This was the second year of our appointment as external auditors of Mugdock Country Park Joint Management Committee ("the Joint Management Committee"). This report to the members of the Joint Management Committee and the Controller of Audit outlines our opinion and conclusions and highlights significant issues arising from our work.

In accordance with Audit Scotland's *Code of Audit Practice* ("the Code"), the scope of the audit was to:

- provide an opinion on the Joint Management Committee's accounts;
- review and report on (as required by relevant legislation, the Code and any guidance issued by Audit Scotland) the:
  - the Joint Management Committee's corporate governance arrangements as they relate to: its review of systems of internal control; the prevention and detection of fraud and irregularity; standards of conduct, and prevention and detection of corruption; and its financial position
  - the Joint Management Committee's arrangements to achieve Best Value
  - other aspects of the Joint Management Committee's arrangements to manage its performance, as they relate to economy, efficiency and effectiveness in the use of resources

Given the relative size of the Joint Management Committee and the way in which its activities are undertaken, we have taken reliance from our audit work on corporate governance and other arrangements undertaken at East Dunbartonshire Council ("the Council") where it was appropriate to do so.

## **Basis of information**

External auditors do not act as a substitute for the Joint Management Committee's own responsibilities for putting in place proper arrangements to account for the stewardship of resources made available to it and its financial performance in the use of those resources, to ensure the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the effectiveness of those arrangements and to make arrangements to secure Best Value.

## **Acknowledgement**

We wish to place on record our appreciation of the co-operation and assistance extended to us by staff during the second year of our work in the discharge of our responsibilities.

# Annual accounts audit

- We have issued unqualified audit opinion on the annual accounts of Mugdock Country Park Joint Management Committee for the year ended 31 March 2008.
- This is the last year that annual accounts will be produced for the Joint Management Committee. The minute of agreement between East Dunbartonshire Council and Stirling Council was renewed during the financial year 2007-08. It has been agreed that from 1 April 2008, East Dunbartonshire Council will consolidate the financial accounting for the Joint Management Committee.
- Review of development programme expenditure revealed a sum of income that had been incorrectly netted off against expenditure

## **Reporting arrangements and timetable**

Scottish local government organisations are required under Regulation 4 of the Local Authority Accounts (Scotland) Regulation 1985 to submit a copy of an abstract of their accounts to the Controller of Audit by the 30 June. We are pleased to confirm that the Joint Management Committee adhered to this requirement by lodging accounts with the Controller of Audit by this deadline.

## **Audit opinion**

On 25 September 2008 we issued an audit report expressing an unqualified opinion on the annual accounts of Mugdock Country Park Joint Management Committee for the year ended 31 March 2008.

We wish to bring the following issues to your attention.

## **Amendment to minute of agreement**

This is the last year that annual accounts will be produced for the Joint Management Committee. The minute of agreement between East Dunbartonshire Council and Stirling Council was renewed during the financial year 2007-08. It has been agreed that from 1 April 2008, East Dunbartonshire Council will consolidate the financial accounting for the Joint Management Committee.

East Dunbartonshire Council will continue to fund 87.5% of the Joint Management Committee's operations, with the balance of funding being received from Stirling Council.

## **Development programme expenditure**

Review of development programme expenditure revealed a sum of income that had been incorrectly netted off against expenditure. This related primarily to an income accrual of £24,000 relating to a contribution from the Mugdock Trust to the new education room.

# Financial position

## General fund

The Joint Management Committee reported a net cost of service of £648,191, with a break-even result for the year.

	<b>Actual - £</b>
<b>Income and expenditure result</b>	
Net cost of service	648,191
Income: grants and other income	(206,968)
Income: amount to be met from constituent authorities	(441,223)
<b>(Surplus) / deficit to be met from balances b/forward</b>	<b>nil</b>
General fund balance brought forward	nil
<b>General fund balance carried forward</b>	<b>nil</b>

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

The Council acts as permanent employer for all staff members of the Joint Management Committee. Consequently, the Council includes any pension liability for these employees in respect of their participation in the Strathclyde Pension Fund within the Council accounts. The Joint Management Committee accounts reflect the pension contributions for the year of £32,108.

The Council retains the total liability in respect of implementation of the single status agreement, however, the accounts have accrued costs of £19,747 for 2007-08 as the anticipated cost to the Joint Management Committee on settlement of the liabilities.

## Reserves and balances

The Joint Management Committee does not hold a general fund balance at the year end. Its total assets as at 31 March 2008 are £2,369,554 represented by £2,369,554 within the capital adjustment account.

# Corporate governance

- The statement of internal financial controls is in accordance with SORP requirements and indicates no significant weaknesses.

## Introduction

Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviour. The three fundamental principles of corporate governance – openness, integrity and accountability – apply to all bodies.

The head of finance and ICT at the Council acts as the treasurer of the Joint Management Committee, and has been appointed by the Joint Management Committee as the responsible officer for the administration of its affairs.

The responsibilities of the Joint Management Committee and the treasurer for establishing arrangements for ensuring the proper conduct of its affairs, including compliance with relevant guidance, the legality of activities and transactions, and for monitoring the adequacy and effectiveness of these arrangements are outlined in the Statement of Responsibilities within the accounts.

The *Code* requires auditors to review and report on the Joint Management Committee's corporate governance arrangements as they relate to:

- the Joint Management Committee's reviews of its systems of internal control, including its reporting arrangements;
- the prevention and detection of fraud and irregularity;
- standards of conduct and arrangements for the prevention and detection of corruption; and
- its financial position.

## Statement of internal financial control

The Joint Management Committee's statement describes the component parts of the internal financial control framework and the process by which the treasurer has reviewed the effectiveness of the internal financial control system enabling him to conclude that reasonable assurance can be placed on the adequacy and effectiveness of the internal financial control system. The statement prepared by the Joint Management Committee expresses its framework of control and is consistent with our understanding of the established framework.

In accordance with the Joint Management Committee's minute of agreement, its financial transactions are processed by East Dunbartonshire Council. The reviews of these systems were conducted simultaneously to those carried out as part of the Council's audit. Appropriate checking of the draft annual accounts back to these systems was undertaken at the year end. No audit findings relating uniquely to the Joint Management Committee were identified during work carried out at the Council.





No audit findings relating uniquely to the Joint Management Committee were identified during the work carried out at the Council, however, a number of recommendations to improve the overall control environment within the Council were accepted by management.

#### **Prevention and detection of fraud and irregularity**

During 2007-08 we had regard to Statement of Auditing Standards 110: *Fraud and Error* and International standards on Auditing 240: *The Auditor's Responsibility to Consider Fraud in the Audit of Annual accounts* when completing our audit work in this area.

We have obtained management representations from the Joint Management Committee, in support of enquiries with management, confirming that there have been no instances of fraud or irregularity during 2007-08.

#### **Standards of conduct**

The management committee comprises elected members from the Council and Stirling Council, in proportion to the funding received from each authority. Members of the Council are subject to the Code of Member Conduct which sets out the standards of conduct expected of each member in carrying out their duties.

#### **Performance management**

The terms of appointment from Audit Scotland include a requirement for a proportion of our audit time to be spent on performance audit work. Performance audit work covers a variety of areas, both financial and non-financial, including both Audit Scotland centrally directed studies and locally determined studies based on agreement between each organisation and their auditors.

No performance audit studies were identified by Audit Scotland for the Joint Management Committee during 2007-08.

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