



Royal Botanic Garden Edinburgh

Report on the 2008-09 Audit

24 July 2009

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1 Introduction

1.1 Purpose of the Report

We have audited the financial statements of the Royal Botanic Garden Edinburgh (RBGE) for 2008-09, and examined aspects of RBGE's performance and governance arrangements. This report sets out our key findings.

The report is also used to report to those charged with governance to meet the mandatory requirements of International Standard on Auditing (UK & Ireland) (ISAUK) 260.

1.2 Our Responsibilities

We audit the financial statements and give an opinion on whether:

- they give a true and fair view, in accordance with the National Heritage (Scotland) Act 1985, the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers, on the state of affairs of RBGE as at 31 March 2009 and of its net expenditure, recognised gains and losses and cash flows for the year then ended;
- they, and the part of the Remuneration Report to be audited, have been properly prepared in accordance with the Government Financial Reporting Manual (FRoM) and directions made thereunder by the Scottish Ministers; and
- in all material respects the expenditure and receipts shown in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

We also review the Statement on Internal Control by:

- considering compliance with Scottish Government guidance;
- considering the adequacy of the process put in place by the Accountable Officer to obtain assurances on systems of internal control; and
- assessing whether disclosures in the Statement are consistent with the information emerging from our normal audit work.

1.3 Independence and robustness

Ethical standards require us to give you full and fair disclosure of matters relating to our independence.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the APB Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

1.4 Acknowledgements

We would like to take this opportunity to thank the staff who have been involved in this audit for their assistance and co-operation.

This report is part of a continuing dialogue between RBGE and Grant Thornton and is not, therefore, intended to cover every matter which came to our attention. Our procedures are designed to support our audit opinion and they cannot be expected to identify all weaknesses or inefficiencies in RBGE's systems and work practices.

The report is not intended for use by third parties and we do not accept responsibility for any reliance that third parties may place on it. The report will be submitted to the Auditor General for Scotland and will be published by him on his website at www.audit-scotland.gov.uk.

2 Executive Summary

2.1 Financial results

RBGE reported a deficit for the financial year of £9.1 million (2008: £8.4 million). After adjusting for grant-in-aid received from the Scottish Government, the deficit for the financial year was £614,000 (2007: £78,000). The deficit mainly arises as a result of an impairment charge of £0.5 million relating to the cash investment held in Kaupthing Singer and Friedlander (KSF), the UK subsidiary of the Icelandic bank, Kaupthing, which was placed into administration in October 2008.

RBGE hold an investment of £1.1 million with KSF, and the funds are now frozen while the administrators unwind the bank's assets. The administrators have informed creditors that they are likely to receive a minimum of 50p in the pound from their original investments. As a result, RBGE has recorded an impairment equal to 50% of their investments in KSF.

The failure of KSF has had a significant impact on the financial position of RBGE. The general fund records a deficit of £104,000 for the year, Trustee's unrestricted funds are reduced to £80,000 with total unrestricted reserves in deficit by £24,000. This is significantly below RBGE's target level of maintaining unrestricted reserves of at least £500,000 and presents a significant challenge to ensure financial sustainability of the Garden and the achievement of corporate objectives going forward.

Capital expenditure for the year was £10.2 million, of which £1 million related to the various capital projects at the four gardens, including the refurbishment of the Benmore Fernery and £9 million for the Gateway Project. The main construction contract for the Gateway project was originally due for completion by 31 December 2008. However as of June 2009, the project is not yet completed, with an expected finalisation date sometime in late Summer 2009. The current projected outturn is £16.3 million versus the budget of £16.2 million, mainly due to increased professional fees arising from the construction delay. RBGE will recover the overspend from liquidated damages from the contractor, donations and savings on fixtures and fittings.

The Botanic Trading Company Limited (BTC), reported an operating profit of £48,846 and the accumulated deficit on the profit and loss account was £18,772. BTC has improved its financial performance during the year, with the contribution from catering operations transferred during the year having the greatest impact on performance.

2.2 Financial Statements

We have given an unqualified opinion on both the financial statements of RBGE for 2008-09 and on the regularity of transactions undertaken during the financial year.

RBGE's draft financial statements were presented for audit on 15 May 2009, in line with the agreed timetable. The accounts and supporting working papers were of a good standard.

A number of adjustments were made to the financial statements following our audit. In particular, additional disclosure has been made in the Trustee's Report and the Statement on Internal Control to reflect the impact of the impairment of KSF investments on financial performance. In addition, an accrual of £86,000 was required to reflect late receipt of an unexpected utility charge. RBGE is currently in dispute with its utility supplier and has challenged the costs charged for the year.

There are no unadjusted audit differences to report.

The Auditor General for Scotland has issued a report under Section 22(3) of the Public Finance and Accountability (Scotland) Act 2000 on the potential loss of public funds due to the collapse of KSF. A copy of the report is attached to the financial statements. The Auditor General has asked us to monitor the recovery of the funds held in KSF and report back to him in due course.

2.3 Governance

Investment and treasury management

As part of our governance audit, we reviewed the circumstances which led to the decision to invest in KSF, how that investment was monitored and reported, the governance arrangements surrounding this specific investment and the effectiveness of treasury management arrangements more generally. We also reviewed RBGE's response to the collapse of KSF.

RBGE requires the permission of the Scottish Government for investments, however it was not clear if this applied to the operation of bank accounts. The Scottish Government has recently clarified the position and provided retrospective permission for RBGE's deposits and portfolio of cash investments.

We found that there was scope to improve treasury management arrangements by formalising procedures in the financial instructions and the scheme of delegation. We also recommended that RBGE set formal counterparty limits for approved institutions and establish procedures to monitor credit and counterparty risk associated with approved financial institutions. Since our interim audit, RBGE have formalised a treasury management strategy and set formal counterparty limits for an approved list of financial institutions. RBGE continue to monitor credit ratings of banks they hold deposits with on a monthly basis.

Core Financial Systems

We found that the core financial systems are operating effectively, with no significant weaknesses reported.

Audit committee arrangements

We reviewed RBGE's audit committee arrangements against the guidance contained within the Scottish Government's handbook: *Guidance for audit committee members in the core Scottish Government*. We found that RBGE's audit committee largely complied with the principles of the handbook. The chair is to produce an annual report for the Accountable officer on the committee's activities during 2008-09.

2.4 Performance

RBGE is committed to achieving best value in its operations and has a best value approach that approximates to the guidance issued by the Scottish Government. A review of best value carried out in 2008-09 concluded that arrangements in place to secure best value are well developed at RBGE.

RBGE has been set efficiency targets by the Scottish Government over the next 3 years. The targets require RBGE to deliver efficiencies of £1.428 million by increasing the level of co-funding for research projects, improving working practices in maintenance and utilities; and deploying staff more effectively. For the year ending 31 March 2009, RBGE reported efficiency savings of £1.9 million, mainly due to £1.6 million achieved from donations to capital projects (Gateway and Benmore Fernery).

The Trustee's report includes information on key objectives and achievements for the year, including measures which align RBGE with the Scottish Government's National Outcomes. The measures provide performance information and a target achievement for 2009-10. Our review found that there was scope to further develop performance information for the 2009-10 accounts.

Grant Thornton UK LLP
25 June 2009

3 Financial Results

3.1 Income and Expenditure

Table 1 highlights the financial results for RBGE for the year ending 31 March 2009, showing the deficit for the financial year adjusted for grant-in-aid funding. The overall deficit for the year, after adjusting for grant-in-aid and notional costs was £614,000 (£78,000 deficit in 2007-08).

Table 1: Financial Results for 2008-09 (£'000)

	2009	2008
Income	2,568	2,680
Expenditure	11,209	11,313
Operating deficit	(8,641)	(8,633)
Adjustments for notional costs etc	61	236
Impairment charge relating to short term investments in KSF	546	-
Deficit for the year	(9,126)	(8,397)
Grant-in-aid	8,512	8,319
	(614)	(78)

The main sources of income during the year were: voluntary income of £0.8 million; income from charitable activities of £1.2 million; and trading activities of £0.5 million. There was a small decrease in income for the year (£0.1 million, 4%), mainly due to reductions in grant income from government sources.

Expenditure of was made up of staff costs of £7.5 million; depreciation of £0.9million, and other operating costs of £3.6 million. This was offset by the release of deferred capital grants of £0.9 million.

The main reason for the deficit in 2008-09 has been the impairment charge of £0.5 million relating to deposits held in Kaupthing Singer and Friedlander Ltd (KSF), the UK division of the Icelandic bank, Kaupthing, which was placed in administration on 8 October 2008. RBGE was one of many UK public bodies and charities that placed deposits with KSF. In May 2009, the administrators of KSF informed creditors that following the unwinding of the bank's assets, they were likely to receive back 50p in the pound, to be paid in several stages over the next few years. Accordingly RBGE recognised an impairment of 50% of the £1.1 million investment with KSF.

3.2 Reserves

Table 2 shows the level of reserves held by RBGE at 31 March 2009, split into restricted funds, unrestricted funds and endowments.

Table 2: Reserves at 31 March 2008 and 2007 (£'000)

Reserve	2009	2008
General Fund	(190)	(120)
Trustees	80	637
Total unrestricted	(110)	517
Revaluation Reserve	9,175	8,708
Deferred Capital Grants	27,280	18,316
Projects	283	243
Total restricted	36,738	27,267
Endowments	672	817
Total reserves	37,300	28,601

The Trustees have set a target level of unrestricted reserves at £500,000. Unrestricted reserves as at 31 March 2009 were in deficit by £110,000, significantly below the target level. The Trustees should review the reserves policy to determine how the target level of reserves will be met.

Action plan point 1

3.3 Capital

During 2008-09, total capital expenditure was £10.2 million (2008: 5.0 million). Of this amount, £1 million related to land and building additions, mainly associated capital works to restore the Benmore Fernery; and £9 million for buildings under construction relating to the John Hope Gateway project.

The Gateway project was originally due for completion by 31 December 2008. However as of June 2009, the project is not yet completed, with an expected finalisation date sometime in late Summer 2009. The current projected outturn is £16.3 million versus the budget of £16.2 million, an overspend of £0.1 million (less than 1%). This has been caused by increased professional fees relating to the construction delay and will be offset by liquidated damages from the contractor, donations and savings identified on fixtures and fittings.

3.4 The Botanics Trading Company Limited

The Botanics Trading Company Limited (BTC) is a wholly owned subsidiary, with 100% of the shareholding held by the Trustees of the Royal Botanic Garden Edinburgh. The main business of BTC is to carry out trading activities for the Garden, and any available profits after tax are paid to RBGE as gift aid.

For the year ending 31 March 2009, BTC reported an operating profit of £48,846 (2007: a deficit of £21,856), and the accumulated deficit on the profit and loss account was £18,772 (2007:£35,573). Table 3 shows the results of BTC split across retail and catering operations versus prior year.

Table 3: BTC results (£'000)

	2009	2008
Retail shops	(31)	(21)
Catering	80	-
Profit before tax	49	(21)

Source: BTC management accounts

The overall trading position of BTC has improved significantly from the prior year due mainly due to the transfer of catering franchise income from RBGE to BTC during the year. Retail shops continue to trade below expectations, and have been effected by the lower visitor numbers to the 4 gardens in 2008-09. Looking forward, BTC expects to further improve its trading position, mainly due to the positive impact of the John Hope Gateway project which will open in September 2009.

BTC paid RBGE gift aid of £32,046 during the year.

3.5 Looking forward

RBGE faces significant financial pressures over the next few years including:

- an increasing cost base from staff pay awards and higher utility costs
- forecast reductions in public sector finances, which may have a material impact on future funding settlements
- the financial impact of the loss of KSF deposits
- delays in the Gateway project which may impact on projected income from commercial activities (currently estimated at £91,000).

RBGE should revise its medium term financial strategy to ensure current financial assumptions and projections remain valid.

Action plan point 2

4 Financial Statements

4.1 Audit Opinion

We have given an unqualified opinion on the financial statements of RBGE for the 2008-09 financial statements. We are able to conclude that the financial statements of the RBGE give a true and fair view of the financial position for the period from 1 April 2008 to 31 March 2009 and that, in all material respects, the expenditure and receipts shown in the accounts were incurred or applied in accordance with applicable enactments and relevant guidance.

4.2 Audit Quality

The draft financial statements were presented for audit on 15 May 2009, in line with the agreed deadline.

The accounts and supporting working papers continue to be prepared to a good standard and management provided prompt responses to audit queries.

4.3 Statement on Internal Control

The Statement on Internal Control sets out the arrangements established and operated by RBGE for reviewing the effectiveness of the system of internal control and the identification and management of risk.

We are satisfied that the Statement complies with Scottish Government guidance, that the process put in place by the Accountable Officer to obtain assurances on systems of internal control is adequate and that the contents of the Statement are consistent with the information emerging from our normal audit work.

The Accountable Officer accepted our recommendation that the Statement on Internal Control should include a reference to the loss of deposits held in KSF, and that disclosures should be made on RBGE's treasury management and credit control policies.

4.4 Misstatements identified by the audit

We identified a number of audit adjustments during the course of our work and management agreed to adjust the draft accounts. A full list of the audit adjustments are summarised in Appendix A. We also identified several disclosure amendments and reclassifications to improve the presentation of the accounts.

4.5 Audit issues

Utility bills

During the year, the gas supplier replaced the gas meter in the Edinburgh garden. Since then, RBGE received gas bills, significantly below the levels expected. An accrual of £42,000 was processed based on RBGE's projection of likely costs prior to receipt of the final invoice for the year. The invoices received by RBGE at the year end indicated that an extra accrual of £86,000 was required to fully reflect utility charges. RBGE have indicated their view that the charges are in error and are currently in dispute with their supplier. As a result, an additional accrual of £86,000 has now been made (see Appendix A).

RBGE should consider how best to monitor utility usage in cost and volume terms and how best to link this to the financial reporting process.

Action plan point 3

4.6 Auditor General's report

The Auditor General for Scotland has issued a report under Section 22(3) of the Public Finance and Accountability (Scotland) Act 2000 on the potential loss of public funds due to the collapse of KSF. A copy of the report is attached to the financial statements. The Auditor General has asked us to monitor the recovery of the funds held in KSF and report back to him in due course.

5 Governance

5.1 Introduction

Corporate governance is the system by which organisations direct and control their functions and relate to their stakeholders, and incorporates the way in which an organisation manages its business, determines strategy and objectives and goes about achieving those objectives. It is concerned with structures and processes for decision-making, accountability, control and behaviour at the upper levels of the organisation. Three fundamental principles of corporate governance apply equally to all public sector bodies - openness, integrity and accountability.

As part of our 2008-09 audit, we assessed the adequacy of RBGE's governance arrangements against good practice standards for the public sector. We examined:

- key financial controls (income, expenditure, cash and bank, fixed assets, and general ledger);
- investment and treasury management
- audit committee arrangements.

5.2 Findings

Core Financial Systems

We found that the core financial systems are operating effectively. We made one minor recommendation for RBGE to consider producing exception reports for creditor payments.

Investments and treasury management

On 4 October 2008, £1.1 million of short term deposits held by RBGE on account with Kaupthing Singer and Friedlander were frozen after the bank was placed into administration. RBGE completed an internal investigation into how funds were originally deposited with KSF and both the Scottish Government and the Office of the Scottish Charity Regulator were informed.

We noted that RBGE requires the permission of the Scottish Government for investments, however it was not clear if this applies to the operation of bank accounts. RBGE have raised this matter with the Scottish Government and provided details of all the bank accounts it holds with commercial banks. RBGE has received confirmation from the Scottish Government that they have authorised these investments.

RBGE has also reviewed existing treasury management procedures and now reports on cash deposits and investments on a monthly basis as part of its monthly management accounts cycle. Our review recommended that treasury management procedures could be improved by:

- formally documenting treasury management policies in the financial instructions and the scheme of delegation

- setting formal counterparty limits for approved institutions
- setting out procedures for approving and altering counterparty limits
- formal monitoring of the credit risk and counterparty risk associated with the financial institutions that RBGE hold deposits with.

RBGE has since formalised a treasury management policy and continues to monitor the credit risk of bodies that it holds investments with on a monthly basis. The administrators of KSF have informed creditors, including RBGE, that they are likely to receive 50p in the pound back once KSF has been liquidated over the next few years. The payback is expected to occur as follows: 10p in the pound to be received in Summer 2009, with the remaining 40% to be split and received in December 2009, December 2010, December 2011, and October 2012. It should be noted that the payout could be higher or lower if significant issues occurred during the liquidation of KSF.

Audit Committee arrangements

We reviewed RBGE's audit committee arrangements against the guidance contained within the Scottish Government's handbook: *Guidance for audit committee members in the core Scottish Government*. We found that RBGE's audit committee largely complied with the principles of the handbook.

We recommended that the audit committee produce an annual report on their activities in the year to the Accountable Officer. The chair has produced a report for the period to 31 March 2009.

5.3 Internal Audit

Baker Tilly UK Audit LLP continued to provide internal audit services to RBGE during 2008-09. The Internal Auditors have concluded that RBGE had an adequate framework of control over the systems they examined during the year.

5.4 Follow up of prior year recommendations

We noted that RBGE had made good progress in implementing outstanding action plan points from our report on the 2007-08 and 2006-07 audits. All of the outstanding four recommendations are now fully implemented.

Appendix C

6 Performance

6.1 Introduction

Public audit is more wide-ranging than in the private sector and covers the examination of, and reporting on, performance and value for money issues. As part of our annual audit we are required to plan reviews of aspects of the arrangements to manage performance, as they relate to economy, efficiency and effectiveness in the use of resources.

The Accountable Officer has a duty to ensure public resources are used economically, efficiently and effectively. These arrangements were extended in April 2002 to include a duty to ensure best value in the use of resources.

6.2 Best Value

During 2008-09, RBGE updated its approach to best value by completing the Scottish Government's best value checklist. The checklist confirms that the arrangements for best value at RBGE are well developed for the majority of the best value principles.

6.3 Efficient government

The Scottish Government has set RBGE an efficiency saving target of £1.428 million over the next 3 years. These efficiency targets will be achieved from: securing co-funding from other research funders for projects; improving working practices for maintenance and utilities; and deploying staff more effectively.

Table 4 highlights the performance of RBGE's efficiency programme over the year versus the annual target.

Table 4: Efficiency targets for three year period to 2010-11

Area	2008-09 target (£'000)	2008-09 actual (£'000)	Variance (£'000)
Science Projects	297	331	4
Shared Services	6	6	0
ICT Negotiations	14	15	1
Maintenance	16	16	0
Unrestricted Fundraising	0	1,616	1,616
Total	333	1,984	1,621

Source: Royal Botanic Garden Edinburgh

RBGE produces an efficiency savings report on a quarterly basis to record progress against the efficiency targets. For 2008-09, RBGE has performed significantly ahead of target,

mainly due to the £1.6 million of restricted funding received during the year for capital projects.

6.4 Key objectives and achievements

The Trustee's report includes information on key objectives and achievements for the year, including measures which align RBGE with the Scottish Government's National Outcomes. The measures provide performance information and a target achievement for 2009-10.

RBGE has 3 ministerial priorities as set out in the business plan for 2008-09. In total there were 24 objectives for 2008-09, with 16 objectives fully achieved. A summary of performance is noted below:

- RBGE did not achieve the target number of visitors for 2008-09, mainly due to the poor weather over Summer 2008. The opening of the John Hope Gateway centre in late Summer 2009 is expected to contribute to increased visitor numbers for 2009-10 at the Edinburgh garden. Visitor numbers did increase at the Dawyck garden, which has now been designated a 5 star visitor attraction by Visit Scotland.
- All objectives for projecting science at home and internationally were achieved. RBGE successfully increased the number of exhibitions and course attendees during the year
- Targets on maintaining and developing the collections have progressed well, with a high number of publications and research projects completed.

Our review considered the quality and presentation of the performance information in the Trustee's report. We concluded that there was scope to further develop performance information for the 2009-10 accounts.

Action plan point 4

A Summary of accounting adjustments

Adjusted audit differences

The following adjustments were identified during the audit and subsequently adjusted by management.

	I&E Account/SOFA		Balance Sheet	
	Dr £000s	Cr £000s	Dr £000s	Cr £000s
KSF Impairment To recognise the provision charged for 50% of the KSF deposits as an impairment against the short term investment			Creditors- provisions 546	Short term investments 546
KSF Impairment- I&E To recognise the impairment charge for the KSF deposits in a separate line on the I&E account (Impairment of investments) and not as other operating costs	Impairment 546	Other operating costs 546		
KSF Impairment- SOFA To recognise the impairment charge for the KSF deposits in a separate line on the SOFA (Impairment of investments) and not as other charitable expenditure	Impairment 546	Charitable expenditure 546		
Fixed assets cut off To recognise a capital invoice received on 2 April 2009 for the Gateway project in 2008-09 financial year.			Fixed assets- AUC 404	Creditors- capital accruals 404
Retention on Gateway additions To recognise the retention liability on Gateway additions as identified in the invoice received on 2 April 2009.			Fixed assets- AUC 215	Creditors- capital accruals 215
Additional accrual for gas RBGE did not receive the correct gas bills during the year. An accrual of £42,000 was recognised in the draft accounts. The accrual was increased to recognise bills received from the suppliers in May 2009.	I&E/SOFA 86			Creditors- accruals 86

The net impact of the audit adjustments on the financial statements is to increase the deficit for the year and reduce net assets by £86,000.

There are no unadjusted audit differences to report.

B Action plan

No	Finding	Risk	Recommendation	Management Response	Implementation Date
Reserves					
1	<p>The Trustees have set a reserves policy of maintaining at least £500,000 of unrestricted reserves. As at 31 March 2009, unrestricted reserves were in deficit by £110,000.</p> <p>The target level of reserves has not been achieved, largely due to the £0.5 million charge against the Board reserve from the impairment charge on KSF deposits.</p>	High	The Trustees should review the reserves policy to determine how the target level of reserves will be met.	<p>Agreed</p> <p>The Trustees will review this at their meeting on 1 July 2009</p>	July 2009
Financial position					
2	<p>RBGE faces significant financial pressures over the next few years including:</p> <ul style="list-style-type: none"> ▪ an increasing cost base from staff pay awards and higher utility costs ▪ forecast reductions in public sector finances ▪ the impact of the loss of KSF deposits ▪ delays in the Gateway project 	High	RBGE should review its medium term financial strategy to ensure it captures the key financial threats to the organisation.	<p>Agreed</p> <p>The Trustees will review this at their meeting on 1 July 2009</p>	July 2009

No	Finding	Risk	Recommendation	Management Response	Implementation Date
Energy bill accruals					
3	RBGE received inaccurate gas bills during the year, and an accrual was processed for the expected liability at the year end. However, the gas company subsequently billed for a significantly higher amount than was expected. As of 24 September 2009 invoices received from Corona Energy were incorrect. Facilities Management advised Corona of this and applied a gas accrual to cover the anticipated costs based on the information that was available at the time. This was subsequently increased by £86,000 based on the disputed bills.	Medium	RBGE should consider how to best monitor utility usage on cost and volume terms. This should be linked to the budgetary process to ensure usage can be correctly accounted for in the management accounts and the financial statements.	Agreed. A faulty meter means that the bills are currently under dispute. The Head of Facilities Management is urgently seeking resolution of the problem.	July 2009
Trustee's Report					
4	There is scope to further develop performance information for the 2009-10 accounts..	Medium	RBGE should review the performance information included in the Trustee's report and consider scope for development.	Agreed. A review will be completed by the Director of Corporate Services.	September 2009

C Progress in implementing prior year recommendations

No	Finding	Recommendation	Management Response and Implementation Date	Position at June 2009
Report on the 2007-08 Audit				
1	<p>RBGE does not have a formal reserves policy which states the purpose of each reserve, a target level of reserves to be held, and a financial plan to achieve or maintain the target level of reserves.</p> <p>Risk: Medium</p>	<p>RBGE should formalise a reserves policy.</p>	<p>Agreed</p> <p>October 2009</p>	<p>Implemented</p> <p>The Board of Trustees approved a reserves policy which gave a target of maintaining unrestricted reserves of at least £0.5 million. We noted that this target has not been achieved (see action plan point 1 in Appendix A).</p>
2	<p>The decision to proceed to contract separately with a third party supplier has introduced additional risks to the Gateway Project which were not reported to the RBGE Board or Audit Committee in advance of the decision being made</p> <p>Risk: High</p>	<p>RBGE should update its governance and risk management arrangements in relation to the Gateway Project to ensure any additional risks associated with the financial position of the main contractor are fully identified and managed.</p> <p>RBGE should improve arrangements for reporting material changes to the Project to the Board and Audit Committee.</p>	<p>Noted</p> <p>Immediate</p> <p>Agreed</p> <p>Immediate</p>	<p>Implemented</p> <p>RBGE has now updated arrangements for the Gateway project, which is now near completion.</p> <p>Regular updates have been provided to the Board and Audit Committee on the project's progress.</p>

No	Finding	Recommendation	Management Response and Implementation Date	Position at June 2009
3	<p>RBGE has been set an efficiency savings target of £0.714 million over the 3 years to 2010-11.</p> <p>Risk: Medium</p>	<p>RBGE should ensure it has appropriate systems in place to measure, monitor and report against the efficiency target.</p>	<p>Agreed</p> <p>31 March 2009</p>	<p>Implemented</p> <p>Efficiency savings are monitored by the Director of Corporate Services. RBGE submits reports on efficiency savings to the Scottish Government on a quarterly basis.</p>
Report on the 2006-07 Audit				
4	<p>The Garden does not have a formal process in place for measuring and monitoring efficiency.</p> <p>Risk: Medium</p>	<p>The Garden should develop more formal arrangements for monitoring, measuring and reporting efficiency savings.</p>	<p>Agreed. We will consider suitable measures to be incorporated within the performance management system currently under development.</p> <p>31 March 2008</p>	<p>Implemented</p> <p>Per point 3</p>



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