

CLYDE MUIRSHIEL PARK AUTHORITY

To: Joint Committee

On: 11 September 2015

Report by: The Treasurer

Heading: Audited Annual Accounts 2014-15

1. Summary

- 1.1 At the meeting of the Joint Committee on 5 June 2015 a report on the unaudited accounts for the year ended 31 March was noted.
- 1.2 The audit certificate issued by Audit Scotland provides an unqualified opinion that the abstract of the accounts presents a true and fair view of the financial position of the Joint Committee as at 31 March 2015, in accordance with the accounting policies detailed in the accounts.
- 1.3 A report on the 2014-15 audit by Audit Scotland is also submitted for members information. There are no matters arising from the audit which require specific reporting to members.
- 1.4 Following the introduction of the Local Authority Accounts (Scotland) Regulations 2014 the audited accounts must be approved for signature by the Joint Committee no later than 30 September each year. Following this approval the audited accounts will be submitted to the Interim Park Manager, Chairman and Treasurer for signature.

2 Recommendations

- 2.1 It is recommended that members approve the audited accounts for signature and note the report by Audit Scotland.
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Clyde Muirshiel Park Authority Joint Committee

Annual Financial Statements 2014/15



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Management Commentary

Introduction

The requirements governing the format and content of local authorities' annual accounts (under s106 of the Local Government (Scotland) Act 1973 joint boards and committees are classed as local authorities) are contained in The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"). The annual accounts and contents have been prepared in accordance with chapter 5 of HM Treasury's Financial Reporting Manual 2014-15.

History and Statutory Background

Clyde Muirshiel Regional Park was formally designated in 1990 under the control of Strathclyde Regional Council. In 1996 the successor authorities to Strathclyde Regional Council, whose borders the Regional Park crossed, agreed to combine to form a Joint Committee "the Clyde Muirshiel Park Authority" under section 57 of the Local Government (Scotland) Act 1975.

Vision and Aims

The Park's vision was approved by the Joint Committee in December 2013 to be:

"Our vision is that Clyde Muirshiel is the best regional park in Scotland"

The charter aims were revised in 2006 and currently state that the Park will:

- Conserve and enhance the natural beauty, biodiversity and cultural heritage of Clyde Muirshiel Park.
- Encourage and enable learning, understanding and enjoyment of Clyde Muirshiel Park.
- To promote and foster environmentally sustainable development for the social and economic well being of the people and communities within the Clyde Muirshiel Park area.

The Park Strategy and Workplan

Working from the set of guiding principles above, the Park has produced a strategy which identified a set of strategic aims. These aims are correlated with the five national strategic goals to ensure the Park's outcomes make a contribution to the National Performance Framework.

The Park produces an annual workplan which sets out the tangible ways the Park will meet its strategic aims. The Park continued to meet its requirements in 2014-15 in terms of maintaining path infrastructure and biodiversity & nature conservation.

In addition the Park has developed a number positive outcomes which also contributed to the 2014-15 workplan. The "Race 2 the Games" was a successful event which helped increase visitor numbers and raise the profile of the Park. The Park intends to build on this legacy by working with local business and developing partnership relationships in 2015-16 and beyond.

The Park continues to deliver programmes specifically targeted at health improvement through projects such as Branching Out. Working with The Wheelyboat Trust, the Park has been able to provide a wheelchair accessible wheelie boat to Castle Semple.

Looking ahead to 2015-16 the Park hopes to be successful in gaining funding to build a new pontoon with hoist at Castle Semple and develop projects such as the Uplands project and Pedal the Park.

Financial Performance

Revenue

The Comprehensive Income and Expenditure Account on page 14 summarises the total costs of providing services and the income available to fund those services.

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Excluding accounting adjustments relating to pensions and short term accumulating absences, the Joint Committee has returned a deficit of £21,641 for the financial year 2014/15, compared to a budgeted deficit of £26,300; returning an underspend of £4,659. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure report is due to accounting adjustments for pension costs £61,000 and accrued employee benefits £472.

A summary of the outturn position against the agreed budget is shown below:

	Budget £	Actual £	Variance £
Employee Costs	871,000	864,549	6,451
Property Costs	55,200	49,940	5,260
Supplies and Services	151,600	207,780	(56,180)
Contractors & Others	14,800	17,590	(2,790)
Transport Costs	46,500	63,855	(17,355)
Administrative Costs	70,900	90,231	(19,331)
Payments to Other Bodies	600	1,400	(800)
Total Expenditure	1,210,600	1,295,345	(84,745)
Requisition Income	(857,500)	(857,500)	-
Sales, Fees and Charges	(305,200)	(305,004)	(196)
Other Income	(21,600)	(111,200)	89,600
Total Income	(1,184,300)	(1,273,704)	89,404
(Surplus)/Deficit for Year	26,300	21,641	4,659

The underspend in Employee Costs is due to savings made on employee travel and subsistence costs.

The underspend in Property Costs is a result of lower than anticipated spending on maintenance and repair costs

Expenditure on the various projects the Park is involved in has led to the overspend within Supplies and Services, these costs are fully recovered and included within Other Income.

The overspend in Transport Costs is due to the costs associated with a damaged vehicle. These costs have been fully recovered from insurance and are included within Other Income.

The overspend in Administration Costs is due to higher than expected insurance premiums and membership fees for the year.

The over recovery of Other Income is due to additional grants and funding for project expenditure and the recovery from insurance mentioned above.

Capital and Reserves

The Joint Committee does not have the legal powers necessary to hold assets therefore there is no capital spend. Cash balances held by the Joint Committee are matched by creditor balances.

Provisions, Contingencies and Write-offs

The Joint Committee is not aware of any eventualities which may have a material effect on the financial position of the Joint Committee, and has made no provisions for such eventualities.

In general, any contingent liabilities known to the Joint Committee are covered by insurance arrangements.

There were no debt write-offs during the year.

Net Pension Position

The disclosure requirements for pension benefits under IAS19 are detailed at Note 16. The appointed actuaries have confirmed a net deficit position of £1.009 million, a deterioration of £0.477 million in their assessment of the position of the pension fund. This movement is the net outturn from both increased liabilities linked to a lower real discount rate (thereby leading to an increased value of future liabilities), and better than expected investment returns in the year. The net deficit position of the pension reserve impacts on the net asset position of the Joint Committee as a whole, however the funding of these future liabilities will be met from future requisitions from members and as such the going concern assumption is valid.

The appointed actuaries remain of the view however that the asset holdings of the Strathclyde Pension Scheme and the contributions from employees and employers together with planned increases in employers' contributions provide sufficient security and income to meet future pension liabilities.

Service changes and Future Developments

The Committee agreed that Renfrewshire Council be authorised to develop a 'State of the Park' Report as a means of considering the assets and resources within the Park and that consultation and engagement exercise be progressed with Park Users with a view to updates being submitted to future meetings of the Joint Committee to allow appropriate budget and resource decisions to be made to secure future activities within the Park.

Events after the Balance Sheet Date

Events from the Balance Sheet Date until the Date of Signing the Accounts have been taken into consideration.

Impact of Economic Climate

The Joint Committee recognises the pressure on local authority finances and has proposed and agreed that requisition levels in 2015/16 be reduced by 5.8%. The Joint Committee and Park management recognise the need to continue to seek further efficiencies and will also continue to develop opportunities to increase trading income over the coming years.

Conclusion

We would wish to take this opportunity to acknowledge the team effort required to produce the accounts and to record our thanks to all the staff involved for their continued hard work and support.

Cllr Christopher Gilmour
Chairman
11 September 2015

David Gatherer
Interim Regional Park Manager
11 September 2015

Alan Russell CPFA
Treasurer
11 September 2015

Statement of Responsibilities for the Annual Accounts

The Joint Committee's Responsibilities

The Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to secure that the proper officer of the Joint Committee has the responsibility for the administration of those affairs. (section 95 of the Local Government (Scotland) Act 1973). The Director of Finance and Resources at Renfrewshire Council is the designated Officer and operates as the Treasurer for Clyde Muirshiel Park Authority;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003);
- Approve the Annual Accounts for signature.

I confirm that these Annual Accounts were approved for signature by the Joint Committee at its meeting on the 11 September 2015.

Signed on behalf of Clyde Muirshiel Park Authority:

Cllr Christopher Gilmour

Chairman

11 September 2015

The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Joint Committee's Annual Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this statement of accounts, the Treasurer has:

- selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates which were reasonable and prudent;
- Complied with legislation;
- Complied with the local authority Accounting Code (in so far as it is compatible with legislation);
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of the Joint Board at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2015.

Alan Russell CPFA

Treasurer

11 September 2015

Governance Statement

Scope of Responsibility

Clyde Muirshiel Park Authority's Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Authority's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Joint Committee's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the joint Committee is directed and controlled. It also describes the way it engages with, and accounts to its stakeholders.

The Joint Committee has also put in place a system of internal control designed to manage risk to a reasonable level. Internal control cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The main features of our governance arrangements are summarised below:

- Minute of Agreement between the member councils of the Joint Committee, setting out the arrangement for governance of the Park Authority,
- Clearly defined Procedural Standing Orders, Scheme of Delegation, Financial Regulations and Standing Orders Relating to Contracts,
- Comprehensive business planning arrangements and continuous improvement arrangements including, setting key performance targets and developing work plans designed to achieve our corporate objectives,
- Regular communication and engagement with stakeholders through the Consultative Forum and other local community groups,
- Regular review of performance and public performance reporting through the Annual Report,
- Comprehensive arrangements for monitoring health and safety,
- Policies to regulate employee related matters, including the employee code of conduct and disciplinary procedures,
- Arrangements to manage risk are included in the Park Authority Annual Work Plan,
- Clear customer complaints procedures,
- Comprehensive policies and procedures for data protection and information security.
- An anti-fraud and corruption strategy and arrangements supported by a range of policies and guidelines.

Within the overall control arrangements, the system of internal financial control is intended to ensure that assets are safeguarded, transactions are authorised and properly recorded and material errors are detected and corrected. The system is based on a framework of management information, financial regulations, administrative procedures (including segregation of duties), management and supervision, and a system of delegation and accountability. The system includes:

- Financial management is supported by comprehensive financial regulations and codes,
- Comprehensive budgeting systems, and detailed guidance for budget holders,
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts,
- Setting targets to measure financial and other performance,

- The preparation of regular financial reports that indicate actual expenditure against the forecasts,

With Renfrewshire Council being the lead authority, all financial transactions of the Joint Committee are processed through the financial systems of the Council and are subject to the same controls and scrutiny as those of as those of Renfrewshire Council. This includes regular reviews by the Chief Auditor of Renfrewshire Council.

Review of Effectiveness

Members and officers of the Joint Committee are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

Within this context the Head of Planning & Economic Development of Renfrewshire Council provided an update to the Joint Committee of February 20th 2015 on a review of Clyde Muirshiel Park which had focussed on governance and operations.

The Committee agreed that Renfrewshire Council be authorised to develop a 'State of the Park' Report as a means of considering the assets and resources within the Park and that consultation and engagement exercise be progressed with Park Users with a view to updates being submitted to future meetings of the Joint Committee to allow appropriate budget and resource decisions to be made to secure future activities within the Park.

The effectiveness of the governance framework is reviewed annually by the Interim Park Manager using a self-assessment tool involving completion of a 30 point checklist covering four key areas of governance:

- Service Planning and Performance Management
- Internal Control Environment
- Budgeting, Accounting and Financial Control
- Risk Management and Business Continuity

This self-assessment indicated that the governance framework is being complied with in all material respects.

The Joint Committee's internal audit service operates in accordance with the Public Sector Internal Audit Standards. Internal Audit undertakes an annual programme following an assessment of risk completed during the strategic audit planning process. As part of the planned work, internal audit provided management with a report on inventory management arrangements which identified a number of opportunities to improve our current arrangements. Management took prompt remedial action to mitigate the identified risks.

The Chief Auditor provides an annual report to the Joint Committee and an independent opinion on the adequacy and effectiveness of the system of internal control. The Chief Auditor's annual assurance statement concluded that a reasonable level of assurance can be placed upon the adequacy and effectiveness of the Joint Committee's governance framework, risk management and internal control.

Statement on the Role of Chief Financial Officer

CIPFA published this statement in 2010 and under the Code, the Joint Committee is required to state whether it complies with the statement, and if not, to explain how their governance arrangements deliver the same impact. The full statement is:

The Chief Financial Officer in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;

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- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Financial Officer:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

Assurance

In conclusion, it is our opinion that the annual review of governance together with the work of internal and external auditors and certification of assurance from the Interim Park Manager provide sufficient evidence that the principles of good governance operated effectively and the Joint Committee complies with its governance arrangements in all material respects. Systems are in place to continually review and improve the governance and internal control environment. Future actions arising from the review of governance arrangements will be taken as necessary to maintain and further enhance the Joint Committee's governance arrangements.

Cllr Christopher Gilmour
Chairman
11 September 2015

David Gatherer
Interim Regional Park Manager
11 September 2015

Remuneration report

All information disclosed in sections two to four in this Remuneration Report will be audited by the council's appointed auditor, Audit Scotland. The other sections of the Remuneration Report will be reviewed by Audit Scotland to ensure that they are consistent with the financial statements.

1. Remuneration policy for elected members

The Joint Committee makes no remuneration payment to any elected member, nor does it pay any expenses, fees or allowances to elected members.

2. Remuneration policy for senior employees

All Park staff are employees of Renfrewshire Council as the lead authority for the Park Authority. There are no Park Authority staff remunerated according to the Chief Officers' salary scales.

2013/14	Senior Employees		2014/15			
Total	Name	Post Held	Salary, fees and allowances	Expenses allowance chargeable to UK income tax	Other (i)	Total
£			£	£	£	£
- *	David Gatherer	Interim Park Manager (From 1 April 2014)	22,949	-	-	22,949
- Total			22,949	-	-	22,949

*The average weekly hours of the Interim Park Manager is 0.5 fte

The above tables show the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2015, whether or not those amounts were actually paid to, or received by, those persons within that period.

3. Pension rights

Pension benefits for Joint Committee employees are provided through the Local Government Pension Scheme (LGPS).

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme. The scheme's normal retirement age is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non manual employees.

2013/14	Member contribution rates on earnings in the bands below	2014/15
Up to £19,800	5.5%	Up to £20,335
£19,801 to £24,200	7.25%	£20,336 to £24,853
£24,201 to £33,200	8.5%	£24,854 to £34,096
£33,201 to £44,200	9.5%	£34,097 to £45,393
Over £44,201	12%	Over £45,394

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If a person works part-time their contribution rate is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their total local government employment, not just that relating to their current post.

Senior Employees		Accrued Pension benefits as at 31 March 2015		Change in accrued pension benefits since 31 March 2014		Pension contributions made by Joint Committee during 2014-2015 (i)
Name	Post Held	Pension £m	Lump Sum £m	Pension £m	Lump Sum £m	£
David Gatherer	Interim Park Manager	0.013	0.032	+0.002	+0.003	4,429
Total		0.013	0.032	+0.002	+0.003	4,429

(i) includes any contributions that Clyde Muirshiel Park Authority has agreed to pay in respect of the relevant person at a later date

4. Remuneration of Employees

In terms of the regulations, the Joint Committee is obliged to provide a statement of the number of employees whose remuneration, excluding pension contributions, was in excess of £50,000 during 2014/15, in bands of £5,000.

There were no employees whose salary exceeded £50,000 during 2014/15.

Cllr Christopher Gilmour
Chairman
11 September 2015

David Gatherer
Interim Regional Park Manager
11 September 2015

Independent Auditor's Report

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Independent auditor's report to the members of Clyde Muirshiel Park Authority Joint Committee and the Accounts Commission for Scotland

I certify that I have audited the financial statements of the Clyde Muirshiel Park Authority Joint Committee for the year ended 31 March 2015 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 (the 2014/15 Code).

This report is made solely to the parties to whom it is addressed in accordance with the Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of Responsibilities the Director of Finance and Resources at Renfrewshire Council, as Treasurer, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with the applicable law and the 2014/15 Code of the state of the affairs of the body as at 31 March 2015 and of the income and expenditure of the body for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Opinion on other prescribed matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Local Authority Accounts (Scotland) Regulations 2014; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- the Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- There has been a failure to achieve a prescribed financial objective

I have nothing to report in respect of these matters.

Anne McGregor
Senior Audit Manager
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2 1BT
11 September 2015

Movement in Reserves Statement for the year ended 31 March 2015

This statement shows the movement in the year on the different reserves held by the Joint Board, analysed into usable reserves (that is, those reserves that can be applied to fund expenditure) and unusable reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Joint Board's services, more details of which are shown in the **comprehensive income and expenditure statement**.

	Note	Usable reserves		Unusable reserves	
		Revenue Reserve	Pension Reserve	Employee Statutory Adjustment Account	Total Reserves
		£	£	£	£
Balance at 31 March 2013 carried forward		-	(371,000)	(21,133)	(392,133)
<i>Movement in reserves during 2013-14</i>					
Surplus or (deficit) on the provision of services		(87,270)			(87,270)
Other comprehensive income and expenditure	16a	-	(91,000)		(91,000)
Total comprehensive income and expenditure		(87,270)	(91,000)	-	(178,270)
Adjustments between accounting basis and funding basis under regulations	6b & 6c	68,138	(70,000)	1,862	-
Transfer from Creditors	6a	60,540			60,540
Net increase or (decrease) before transfers to other statutory reserves		41,408	(161,000)	1,862	(117,730)
Transfers to or (from) other statutory reserves		-	-	-	-
Transfer to creditors	12	(41,408)	-	-	(41,408)
Increase or (decrease) in 2013-14		-	(161,000)	1,862	(159,138)
Balance at 31 March 2014 carried forward		-	(532,000)	(19,271)	(551,271)
<i>Movement in reserves during 2014-15</i>					
Surplus or (deficit) on the provision of services		(107,113)			(107,113)
Other comprehensive income and expenditure	16a		(392,000)		(392,000)
Total comprehensive income and expenditure		(107,113)	(392,000)	-	(499,113)
Adjustments between accounting basis and funding basis under regulations	6b & 6c	85,472	(85,000)	(472)	-
Transfer from Creditors	6a	41,408			41,408
Net increase or (decrease) before transfers to other statutory reserves		19,767	(477,000)	(472)	(457,705)
Transfers to or (from) other statutory reserves					-
Transfer to creditors	12	(19,767)			(19,767)
Increase or (decrease) in 2014-15		-	(477,000)	(472)	(477,472)
Balance at 31 March 2015 carried forward		-	(1,009,000)	(19,743)	(1,028,743)

Comprehensive Income and Expenditure Statement for the year ended 31 March 2015

This statement shows the accounting cost of providing services and managing the Joint Committee during the year. It includes, on an accruals basis, all of the Joint Committee's day-to-day expenses and related income. It also includes transactions measuring the value of non-current assets actually consumed during the year and the real projected value of retirement benefits earned by employees during the year. The statement shows the accounting cost in accordance with generally accepted accounting practices, rather than the cost according to the statutory regulations that specify the net expenditure that local authorities need to take into account. The required adjustments between accounting basis and funding basis under regulations are shown in the **movement in reserves statement**.

2013/14 Restated			2014/15
£		Note	£
1,080,662	Employee Costs		926,021
47,890	Property Costs		49,940
215,585	Supplies & Services		207,780
12,368	Contractors		17,590
74,540	Transport		63,855
93,850	Administration Costs		90,231
1,433	Payments to Other Bodies		1,400
1,526,328	Cost of Services		1,356,817
(113,861)	Grants From Other Organisations		(89,507)
(138,093)	Sales, Fees & Charges		(133,088)
(171,685)	Charges to Users		(171,916)
(9,750)	Miscellaneous Income		(21,578)
16,532	Financing & Investment Income and Expenditure	8	23,885
(1,022,200)	Requisitions from Members Authorities	13	(857,500)
87,270	(Surplus) or deficit on the provision of services		107,113
91,000	Actuarial (Gains) or losses on pension assets and liabilities	16a	392,000
91,000	Other Comprehensive Income & Expenditure		392,000
178,270	Total Comprehensive Income & Expenditure		499,113

Balance Sheet as at 31 March 2015

The **balance sheet** shows the value as at 31 March 2015 of the assets and liabilities recognised by the Joint Committee. The net assets of the Joint Committee (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category comprises usable reserves, which are those reserves that the Joint Committee may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves comprises those that the Joint Committee is not able to use to provide services. This category includes reserves that hold unrealised gains and losses in the value of assets.

31st March 2014 £		Note	31st March 2015 £
	<u>Current Assets</u>		
36,809	Funds held by Renfrewshire Council		220,570
106,669	Debtors and Prepayments	10	27,558
22,646	Inventories		17,044
900	Cash in Hand		900
<hr/> 167,024			<hr/> 266,072
	<u>less Current Liabilities</u>		
(186,295)	Creditors And Accruals	11	(285,815)
<hr/> (19,271)	Net Assets Excluding Pension (Liability)/Asset		<hr/> (19,743)
	<u>Long Term Liabilities</u>		
(532,000)	Pension (liability)/Asset	6b	(1,009,000)
<hr/> (551,271)	Net (Liabilities)/Asset Including Pension		<hr/> (1,028,743)
	<u>Represented by:</u>		
	Useable Reserves		
41,408	Balance due to Member Authorities	6a	19,767
(41,408)	Transfer to Creditors		(19,767)
	Unuseable Reserves		
(19,271)	Employee Statutory Adjustment Account	6c	(19,743)
(532,000)	Pension Reserve	6b	(1,009,000)
<hr/> (551,271)			<hr/> (1,028,743)

The unaudited accounts were issued on 19 May 2015.
Balance Sheet signed by:

Alan Russell CPFA
Treasurer
11 September 2015

Cash flow Statement for the year ended 31 March 2015

This statement shows the changes in cash and cash equivalents during the year. It shows how the Joint Committee generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Joint Committee are funded by way of requisition income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources that are intended to contribute to the Joint Committee's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (that is, borrowing) to the Joint Committee.

2013/14 £		2014/15 £
	Operating Activities	
	Cash Inflows	
(1,344,237)	Sale of goods and rendering of services	(1,290,466)
(30,248)	Grants	(167,123)
-	Other receipts from operating activities	(11,265)
(1,468)	Interest received	(115)
(1,375,953)	Cash inflows generated from operating activities	(1,468,969)
	Cash Outflows	
882,821	Cash paid to and on behalf of employees	752,947
508,081	Cash paid to suppliers of goods and services	412,367
128,901	Other payments for operating activities	119,894
1,519,803	Cash outflows generated from operating activities	1,285,208
143,850	Net (increase)/decrease in cash and cash equivalents	(183,761)
181,559	Cash and cash equivalents at the beginning of the reporting period - short term deposits with Renfrewshire Council	37,709
37,709	Cash and cash equivalents at the end of the reporting period - short term deposits with Renfrewshire Council	221,470
143,850	Net (inflow)/outflow in cash and cash equivalents in year	(183,761)

Note 1 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2015 have been prepared in accordance with proper accounting practice as per section 12 of the Local Government in Scotland Act 2003. Proper accounting practice comprises the Code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code) and the Best Value Accounting Code of Practice, supported by International Financial Reporting Standards and recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC). They are designed to give a true and fair view of the financial performance and position of the Joint Committee and comparative figures for the previous financial year are provided. There are no significant departures from these recommendations.

The following accounting concepts have been considered in the application of accounting policies:

Accruals basis - the accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which payment is made or income received,

Going concern - the going concern concept assumes that the Joint Committee will continue in existence for the foreseeable future,

Understandability – users of the financial statements are assumed to have a reasonable knowledge of accounting and local government,

Relevance – the information in the financial statements is useful for assessing Joint Committee's stewardship of public funds and for making economic decisions,

Materiality - information is included in the financial statements where the information is of such significance that it could influence the decisions or assessments of users of the information,

Reliability – information included in the financial statements faithfully represents the substance of transactions, is free from bias and material error, is complete within the bounds of materiality and cost, and has been prudently prepared,

Primacy of legislative requirements - legislative requirements have priority over accounting principles in the event of conflict between legislation and the Accounting Code.

The accounts have been prepared under the historic cost convention. The following accounting policies used in the preparation of the statements have been reviewed in line with changes made to the Accounting Code following the introduction of International Financial Reporting Standards.

Accruals of Expenditure and Income

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- i. Revenue from the sale of goods is recognised when the Joint Committee transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- ii. Revenue from the provision of services is recognised when the Joint Committee can measure reliably the percentage of completion of the transaction and it is probable that the economic benefits or service potential associated with the transaction will flow to the Joint Committee.
- iii. Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- iv. Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- v. Suppliers invoices paid in the two weeks following the year-end are accrued together with specific accruals in respect of further material items provided the goods or services were received by the Balance Sheet date.

Cash and Cash Equivalents

Cash is defined as cash in hand and deposits repayable on demand less overdrafts repayable on demand.

Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the financial statements, but are disclosed as a note to the accounts where they are deemed material.

Employee Benefits

Benefits payable during employment

All salaries and wages earned up to the Balance Sheet date are included in the accounts irrespective of when payment was made. An accrual is made for the cost of holiday and flexi-leave entitlements earned by employees but not taken before the year end; and which employees may carry forward into the next financial year.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the Joint Committee to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary severance. They are charged on an accruals basis to the Employee Costs line in the Comprehensive Income and Expenditure Statement when the Joint Committee is demonstrably committed to either terminating the employment of an officer or making an offer to encourage voluntary severance. The Joint Committee is only demonstrably committed to a termination when it has a detailed formal plan for the termination and it is without realistic possibility of withdrawal; and agreement to the termination has been granted by the Joint Committee.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Revenue balances to be charged with the amount payable by the Joint Committee to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and to replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post employment benefits

The Joint Committee participates in the Local Government Pension Scheme which is administered by Strathclyde Pension Fund. The Local Government Pension Scheme is accounted for as a defined benefit scheme, and in accordance with International Accounting Standard 19 (IAS19) the Joint Committee has disclosed certain information concerning the assets, liabilities, income and expenditure relating to the pension scheme. IAS 19 requires that an organisation must account for retirement benefits when it is committed to giving them, even if the giving will be many years into the future.

This involves the recognition in the Balance Sheet of the Joint Committee's share of the net pension asset or liability in Strathclyde Pension Fund and a pension reserve. The Comprehensive Income and Expenditure Statement also recognises changes during the year in the pension asset or liability. Service expenditure includes pension costs based on employers' pension contributions payable and payments to pensioners in the year.

The liabilities of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet on an actuarial basis using the projected unit method ie an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees. Liabilities are discounted to their value at current prices using a discount rate based on the current rate of return available on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The assets of the Strathclyde Pension Fund attributable to the Joint Committee are included in the Balance Sheet at their fair value, principally the bid price for quoted securities, and estimated fair value for unquoted securities.

Note 16 to the Core Financial Statements provides further information.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements are authorised for issue. There are two types of events:

- Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period, and the Statements are adjusted to reflect such events
- Non-adjusting events – those that are indicative of conditions that arose after the reporting period, and the Statements are not adjusted. Where a category of events would have a material effect, disclosure is made in the notes of the nature of the event and its estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements. Note 5 provides further information.

Material Items and Prior Period Adjustments

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Joint Committee's financial performance.

Where there has been a change in accounting policy, that change will be applied retrospectively, that is, prior period figures will be restated unless the Code specifies transitional provisions that shall be followed. Where there has been a change in accounting estimate, that change will be applied prospectively, that is, prior period figures will not be restated. Where a material misstatement or omission has been discovered relating to a prior period, that misstatement or omission will be restated unless it is impracticable to do so.

Government Grants and other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Joint Committee when there is reasonable assurance that:

- the Joint Committee will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Joint Committee are not credited to the Comprehensive Income and Expenditure Account until conditions attaching to the grant or contribution have been satisfied. Monies advanced as grants and contributions are carried in the Balance Sheet as creditors.

Inventories

Inventories (generally consumable stock) are included in the Balance Sheet at original cost.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets. The Joint Committee is not party to any finance leases.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (eg, there is a rent-free period at the commencement of the lease). The risks and rewards of ownership remain with the lessors along with the title of the property.

Property, Plant and Equipment

Clyde Muirshiel Park Authority is a Joint Committee as constituted under s106(1) of the Local Government (Scotland) Act 1973. The Joint Committee has no legal power to hold assets. Any cash assets held are matched by an equivalent creditor balance.

Provisions

Provisions are made where an event has taken place that gives the Joint Committee a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that Clyde Muirshiel Park Authority becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Joint Committee settles the obligation.

Reserves

The Joint Committee has three reserve funds. The Revenue Reserve contains the balance of requisition income from members of the Joint Committee.

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Joint Committee share of actuarial gains and losses in the Strathclyde Pension Fund and the change in the Joint Committee's share of the Pension Fund net liability chargeable to the Income and Expenditure Account.

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the Revenue Reserve from accruing for short term accumulating absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including

accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate. This means that where employees' full holiday entitlement, time in lieu or credit flexi-time balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated and recorded as an accrued expense. However, statutory arrangements require that the impact of such accrued expenditure on the Revenue Reserve is neutralised by transfers to or from the Employee Statutory Adjustment Account.

VAT

Income and Expenditure excludes any amount relating to Value Added Tax (VAT), as all VAT is payable to HM Revenue & Customs and all VAT is recoverable from them.

Note 2 Accounting Standards Issued not Adopted

There are no accounting standards relevant to the financial statements of the Joint Committee which have not been adopted.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Joint Committee has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below.

Leases	The Park Authority does not own any assets – the land and properties the Park Authority manages are owned by the respective councils across whose boundaries the Park Authority crosses. No payment is made to the councils for the use of these land and property assets and there is no lease agreement in place, therefore in terms of applying the adopted accounting policies it has been assumed no lease arrangement is in place.
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Note 4 Assumptions made about the future

The Statement of Accounts contains estimated figures that are based on assumptions made by the Joint Committee about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Results differ from Assumption
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Joint Committee with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £534,000. However, the assumptions interact in complex ways. During 2014/15, the appointed actuaries advised that the net pension liability had increased by £600,000 attributable to updating of the financial assumptions.

Note 5 Events after the balance sheet date

Events taking place after the authorised for issue date per the balance sheet are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non adjusting events.

Note 6 Details of Movement in Reserves

a. Revenue Reserve

2013/14		2014/15
£		£
(60,540)	Balance as at 1 April	(41,408)
(70,000)	Transfer to pension reserve	(85,000)
1,862	Transfer to employee statutory adjustment account	(472)
87,270	(Surplus) or Deficit on provision of services (from the Comprehensive Income & Expenditure Account)	107,113
(41,408)	Balance as at 31 March	(19,767)

This represents the excess of member authority requisitions over expenditure in any one year and is shown as payable to the member authorities

b. Pension Reserve

2013/14		2014/15
£		£
(371,000)	Balance as at 1 April	(532,000)
(91,000)	Actuarial Gains and (Losses) (see note 16)	(392,000)
(70,000)	Net additional amount required by statute and non-statutory proper practices to be taken into account when determining the surplus or deficit on the revenue reserves for the year	(85,000)
(532,000)	Balance as at 31 March	(1,009,000)

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Joint Committee accounts for post-employment benefits in the comprehensive income and expenditure statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Joint Committee makes employer's contributions to pension funds. The credit balance on the Pension Reserve shows a surplus in the benefits earned by past and current employees and the Joint Committee's share of Strathclyde Pension Fund resources available to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

c. Employee Statutory Adjustment Account

2013/14		2014/15
£		£
(21,133)	Balance as at 1 April	(19,271)
21,133	Reversal of prior year accrual for short-term accumulating compensated absences	19,271
(19,271)	Recognition of the accrual for short-term accumulating compensating absences at 31 March	(19,743)
(19,271)	Balance as at 31 March	(19,743)

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on revenue balances from accruing for short-term accumulating compensated absences at the end of the financial year. Generally accepted accounting practices require that all short-term employee benefits, including accumulating compensated absences, should be recognised as a cost in the accounts for the year to which they relate. This means that where employees' full holiday entitlement, time in lieu or credit flexi-time balance has not been taken by the financial year-end, the cost of the untaken days or time is calculated and recorded as an accrued expense. However, statutory arrangements [or regulations] require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from the Employee Statutory Adjustment Account.

Note 7 Reconciliation of the Balance on the Comprehensive Income and Expenditure Statement to the Movement in Reserves Statement

The deficit for the year on the Revenue Reserves was £85,472 greater than the Comprehensive Income and Expenditure Statement result. The table below gives a breakdown of the differences between the income and expenditure included in the Joint Committee's Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts that statute and non-statutory proper practice require the Joint Committee to debit and credit the Revenue Reserve Balance.

2013/14		2014/15
£		£
Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement		
(200,000)	Net charges made for retirement benefits in accordance with IAS19	(201,000)
1,862	Net charges for employment short-term accumulating absences	(472)
(198,138)		(201,472)
Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement		
130,000	Employers contributions payable to the Strathclyde Pension Fund	116,000
(68,138)	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	(85,472)

Note 8 Financing & Investment Income

2013/14		2014/15
£		£
(1,468)	Interest on Balances	(115)
18,000	Pension Interest Cost	24,000
16,532	Total Financing and Investment Income	23,885

Note 9 Operating Leases

There are no future minimum lease payments due under non-cancellable leases. However, The Park does have 8 vehicles on a rolling monthly contract. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £34,643 (2013-14 £40,481).

Note 10 Debtors and Prepayments

31st March 2014		31st March 2015
£		£
-	Central government bodies	-
-	Other local authorities	-
76,279	Juniper Footpath Project	-
12,289	Windows on Wildlife	-
18,101	Other Entities and Individuals	27,558
106,669	Total short term debtors	27,558

Note 11 Creditors

31st March 2014		31st March 2015
£		£
-	Central government bodies	
41,408	Other local authorities	19,767
-	Deferred Income	61,040
10,449	SRANI Loch Footpath Project	10,449
9,128	CMP Access Project	9,310
2,071	Paths Development Officer	2,071
27,191	Branching Out Project	21,473
9,000	Race To The Games	70,011
-	Juniper Footpath Project	9,315
-	Windows on Wildlife	11,003
19,271	Short Term Accumulating Absences	19,743
43,253	Accrued Payrolls	44,349
24,524	Other entities and individuals	7,284
<u>186,295</u>	Total short term creditors	<u>285,815</u>

Note 12 Transfer to Creditors

2013/14		2014/15
£		£
<u>41,408</u>	Transfer to Creditors	<u>19,767</u>

In terms of Section 58 of the Local Government (Scotland) Act 1973, Joint Committees have no specific powers to retain reserves to meet future funding requirements. The amounts due to member authorities have been transferred to creditors. These amounts have been generated as a result of the core activities of the Joint Committee and are not earmarked for a specific purpose.

Note 13 Related parties

The Joint Committee's related parties are those bodies or individuals that have the potential to control or significantly influence the Joint Committee, or to be controlled or significantly influenced by the Joint Committee. The Joint Committee is required to disclose material transactions that have occurred with related parties and the amount of any material sums due to or from related parties. Related party relationships require to be disclosed where control exists, irrespective of whether there have been transactions between the related parties. Disclosure of this information allows readers to assess the extent to which the Joint Committee might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Joint Committee.

The member authorities of the Joint Committee have contributed requisitions in the following proportions to enable the Joint Committee to carry out its objectives.

2013/14		Percentage	2014/15
£	Council		£
620,700	Renfrewshire	60.7%	520,700
252,400	Inverclyde	24.7%	211,700
149,100	North Ayrshire	14.6%	125,100
1,022,200	Total	100.0%	857,500

The Joint Committee in turn pays Renfrewshire Council for support services. The amount paid in respect of these services for the year ended 31 March 2015 was £34,600 (2013/14 £34,600).

Note 14 External audit costs

Fees payable to Audit Scotland in respect of external audit services undertaken in accordance with Audit Scotland's *Code of Audit Practice* in 2014-2015 were £1,400 (£1,390 in 2013-2014). There were no fees paid to Audit Scotland in respect of any other services.

Note 15 Termination Benefits

The Joint Committee did not terminate the contract of any employee during 2014-15.

Note 16 Retirement Benefits

As part of the terms and conditions of employment of its employees, the Joint Committee offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Joint Committee has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The scheme for employees is Strathclyde Pension Fund which is administered by Glasgow City Council. This is a "funded" defined benefit final salary scheme meaning that the Joint Committee and its employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

16a. Transactions relating to retirement benefits

The cost of retirement benefits is recognised in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is statutorily required to be made in the accounts is based upon pension contributions payable by the Joint Committee in the year, and an adjustment is made within the Movement in Reserves Statement to replace the cost of retirement benefits with employers' contributions.

**Clyde Muirshiel Park Authority Joint Committee
Annual Accounts 2014-15**

The following transactions have been made in the accounting statements in 2014/15:

2013/14		Note	2014/15
£			£
Comprehensive Income & Expenditure Statement			
	Cost of Services		
182,000	Current service cost	(i)	177,000
-	Past service cost/(gain)	(ii)	-
-	Settlements & curtailments	(iii)	-
182,000			177,000
	Financing & Investment Income & Expenditure		
18,000	Net Interest	(iv)	24,000
18,000			24,000
200,000	Total post employment benefit charged to the Surplus or Deficit on the Provision of Services		201,000
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement			
(78,000)	Return on assets excluding amounts included in net interest		(208,000)
169,000	Actuarial (gains) and losses arising on changes in financial assumptions		600,000
91,000	Total Actuarial (gains) and losses		392,000
291,000	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		593,000
	Movement in Reserves Statement	(v)	
(161,000)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code		(477,000)
130,000	Employers Contributions paid to Strathclyde Pension Fund		116,000

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees
- ii. Past service cost is the cost of discretionary pension benefits to former employees who retired on the grounds of efficiency etc or savings made for commuting part of the pension for additional cash.
- iii. Curtailments are the pension costs to employees retired under redundancy terms.
- iv. The net Interest Cost is an actuarial adjustment to the inflation element in the cost of funding current and future pension obligations. This is the expected increase during the year in the present value of the Joint Committee's share of Strathclyde Pension Fund's liabilities because they are one year closer to settlement.
- v. The Movement on Pension Reserve represents the net change in the pension liability recognised in the Movement in Reserves Statement for pension payments made by the Joint Committee to the Strathclyde Pension Fund during the year (£85,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2014/15 these amounted to £7,476 (2013/14 £3,048).

**Clyde Muirshiel Park Authority Joint Committee
Annual Accounts 2014-15**

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £0.392 million are included in the Movement in Reserves Statement (2013/14 £0.091 million loss). The cumulative amount of actuarial losses is £1.009 million (2013/14 £0.617 million).

16b. Assets and liabilities in relation to retirement benefits

A reconciliation of the Joint Committee's share of the **present** value of Strathclyde Pension Fund's **liabilities** is as follows:

2013/14		2014/15
£000		£000
3,781	Opening present value	4,312
182	Current service cost	177
174	Interest Cost	189
44	Employee Contributions	39
	Remeasurement (gains)/losses:	
169	Actuarial (gains)/losses arising from changes in financial assumptions	600
(38)	Benefits Paid	(51)
4,312	Balance as at 31 March	5,266

A reconciliation of the Joint Committee's share of the **fair** value of Strathclyde Pension Fund's **assets** is as follows:

2013/14		2014/15
£000		£000
3,410	Opening Fair Value	3,780
156	Interest Income	165
	Remeasurement gain/(loss):	
78	Return on assets excluding amounts included in net interest	208
130	Contributions from employer	116
44	Contributions from employees	39
(38)	Benefits Paid	(51)
3,780	Closing fair value of scheme assets	4,257

**Clyde Muirshiel Park Authority Joint Committee
Annual Accounts 2014-15**

16c. Fund history

	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
Present Value of Liabilities	(2,996)	(3,109)	(3,781)	(4,312)	(5,266)
Fair value of assets	2,998	2,898	3,410	3,780	4,257
Surplus/(deficit) in the scheme	2	(211)	(371)	(532)	(1,009)

The main fund (Fund 1) of Strathclyde Pension Fund does not have an asset and liability matching (ALM) strategy.

The net liability position of £1,009,000 has a significant impact on the net worth of the Joint Committee as recorded in the balance sheet. However, any deficit on Strathclyde Pension Fund will be made good by increased contributions over the remaining working life of employees, as assessed by the Fund actuary.

16d. Basis for estimating assets and liabilities

The Joint Committee's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, that estimates the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels and so on. The Scheme's liabilities have been assessed by Hymans Robertson, an independent firm of Actuaries, and the estimates are based on the latest full valuation of the Fund at 31 March 2011.

The principal assumptions used by the actuary have been:

31st March 2014	Year Ended:	31st March 2015
Mortality assumptions		
	Longevity at 65 for current pensioners	
21.0 years	• Men	22.1 years
23.4 years	• Women	23.6 years
	Longevity at 65 for Future pensioners	
23.3 years	• Men	24.8 years
25.3 years	• Women	26.2 years
5.1%	Rate of increase in salaries*	4.3%
2.8%	Rate of increase in pensions	2.4%
4.3%	Rate for discounting scheme liabilities	3.2%
	Take-up of option to convert annual pension into retirement lump sum:	
50.0%	Pre April 2009 service	50.0%
75.0%	Post April 2009 service	75.0%

*Salary increases are assumed at 1% p.a. until 31 March 2015 and reverting to long term assumption thereafter

**Clyde Muirshiel Park Authority Joint Committee
Annual Accounts 2014-15**

The pension scheme's assets consist of the following categories, by proportion of the total assets held:

31st March 2013 £000		Percentage	31st March 2014 £000
	Equity Securities		
347	Consumer	9.4%	402
306	Manufacturing	7.5%	321
138	Energy and Utilities	3.0%	126
253	Financial Institutions	7.0%	297
130	Health and Care	4.1%	173
206	Information Technology	5.8%	245
1,380	Total Equity	36.7%	1,564
	Private Equity		
357	All	9.7%	414
357	Total Private Equity	9.7%	414
	Real Estate		
265	UK Property	9.1%	389
-	Overseas Property	0.0%	-
265	Total Real Estate	9.1%	389
	Investment Funds & Unit Trusts		
1,151	Equities	28.7%	1,221
439	Bonds	12.7%	539
1	Commodities	0.1%	2
5	Infrastructure	0.3%	14
-	Other	0.2%	8
1,596	Total Investment Funds & Unit Trusts	42.0%	1,784
	Derivatives		
-	Inflation	0.0%	-
-	Interest Rate	0.0%	-
-	Foreign Exchange	0.0%	-
1	Other	0.1%	1
1	Total Derivatives	0.1%	1
	Cash & Cash Equivalents		
181	All	2.5%	105
181	Total Cash & Cash Equivalents	2.5%	105
3,780	Total	100%	4,257

16e. Impact on cashflows

An objective of the fund is to keep employer's contributions at as constant a rate as possible. The fund has agreed a strategy to achieve a funding rate of 100% in the longer term. Employers' and employees' contributions have been determined so that rates are standard across all participating employers. The rate for employer contributions has been set at 19.3% for 2015-16 and 2016-17. This rate may vary thereafter following triennial valuation to be carried out as at 31 March 2015

The fund will require to assess the impact for future accruals and contributions from impending changes to the LGPS such as the move from 1 April 2015 to a career average revalued earning (CARE) scheme.

The total contributions expected to be made by the Board to Strathclyde Pension Fund in the year to 31 March 2016 is £0.102 million

Note 17 Contingent Liabilities and Assets

As at the Balance Sheet date the Joint Committee had no material contingent assets or liabilities.



Clyde Muirshiel Park Authority Joint Committee

Proposed Annual audit
report to Members and
the Controller of Audit

Agenda Item No 3
Report by Audit Scotland

September 2015

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The Accounts Commission is a statutory body which appoints external auditors to Scottish local government bodies. (www.audit-scotland.gov.uk/about/ac)

Audit Scotland is a statutory body which provides audit services to the Accounts Commission and the Auditor General. (www.audit-scotland.gov.uk)

The Accounts Commission has appointed Anne McGregor as the external auditor of the Clyde Muirshiel Park Authority Joint Committee for the period 2011/12 to 2015/16.





This report has been prepared for the use of the Clyde Muirshiel Park Authority Joint Committee and no responsibility to any member or officer in their individual capacity or any third party is accepted.

This report will be published on our website after it has been considered by the Joint Committee. The information in this report may be used for the Accounts Commission's annual overview report on local authority audits published on its website and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

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Key messages

	<ul style="list-style-type: none"> Unqualified independent auditor's report on the 2014/15 financial statements.
	<ul style="list-style-type: none"> The CMPA reported a deficit of £0.02m compared to a budgeted deficit of £0.026k. Requisition levels from partner local authorities continue to decrease, reserves are very small compared to annual expenditure and officers forecast a funding gap for 2016/17. There are financial pressures on CMPA to be addressed and reviews of park operations and income generation opportunities are ongoing.
	<ul style="list-style-type: none"> In February 2015 members were presented with key findings from the 2014 governance review. The park has high visitor numbers, good accessibility and excellent educational and events programme but priorities are uncertain and commercial income too low. Officers are now focusing on three areas: education; leisure activity and environmental management. This includes looking at other parks to identify examples of good practice.
	<ul style="list-style-type: none"> Due to the governance review no formal strategy document for the park has been in place since 2012; instead various updates were adopted. As part of the next steps following the governance review a revised park strategy will be prepared for early 2016. Due to the staff changes an annual report for 2013/14 was not prepared but the 2014/15 report was presented to members in September 2015; it showed the positive impact of the Commonwealth Games on increased activity and access to funding.

Introduction

1. This report is a summary of our findings arising from the 2014/15 audit of the Clyde Muirshiel Park Authority Joint Committee (CMPA). The report is divided into sections which reflect our public sector audit model.
2. The management of the CMPA is responsible for:
 - preparing financial statements which give a true and fair view
 - implementing appropriate internal control systems
 - putting in place proper arrangements for the conduct of its affairs
 - ensuring that the financial position is soundly based.
3. Our responsibility, as the external auditor of the CMPA, is to undertake our audit in accordance with International Standards on Auditing, the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011 and the ethical standards issued by the Auditing Practices Board.
4. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements; this does not relieve management of their responsibility for the preparation of financial statements which give a true and fair view.

5. A number of reports, both local and national, have been issued by Audit Scotland during the course of the year. These reports, summarised at **appendices II and III**, include recommendations for improvements.
6. **Appendix IV** is an action plan setting out our recommendations to address the high level risks we have identified during the course of the audit. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response". We recognise that not all risks can be eliminated or even minimised. What is important is that the CMPA understands its risks and has arrangements in place to manage these risks. The council and executive officers group should ensure that they are satisfied with proposed action and have a mechanism in place to assess progress and monitor outcomes.
7. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.
8. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Audit of the 2014/15 financial statements

Audit opinion	<ul style="list-style-type: none">We have completed our audit and issued an unqualified independent auditor’s report.
Going concern	<ul style="list-style-type: none">The financial statements of the CMPA have been prepared on the going concern basis. We are unaware of any events or conditions that may cast significant doubt on the CMPA to continue as a going concern.
Other information	<ul style="list-style-type: none">We review and report on other information published with the financial statements, including the management commentary, annual governance statement and the remuneration report. The reports followed Scottish Government guidelines and there were only a few disclosure changes made to the statements as a result of the audit.

Submission of financial statements for audit

in our Annual Audit Plan, provided to officers in March and later presented to the Joint Committee on 5 June 2015.

9. We received the unaudited financial statements on 3 June 2015, in accordance with the agreed timetable. The working papers were of a high standard and staff provided good support to the audit team which assisted the delivery of the audit to deadline.

11. As part of the requirement to provide full and fair disclosure of matters relating to our independence, we can confirm that we have not undertaken non-audit related services. The 2014/15 agreed fee for the audit was set out in the Annual Audit Plan and, as we did not carry out any work additional to our planned audit activity, the fee remains unchanged.

Overview of the scope of the audit of the financial statements

10. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined

12. The concept of audit risk is of central importance to our audit approach. During the planning stage of our audit we identified a number of key audit risks which involved the highest level of judgement and impact on the financial statements and consequently

had the greatest effect on the audit strategy, resources and effort. We set out in our Annual Audit Plan the audit work we proposed to undertake to secure appropriate levels of assurance. **Appendix I** sets out the significant audit risks identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

13. Our audit involved obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

Materiality

14. Materiality can be defined as the maximum amount by which auditors believe the financial statements could be misstated and still not be expected to affect the decisions of users of financial statements. A misstatement or omission, which would not normally be regarded as material by amount, may be important for other reasons (for example, an item contrary to law).

15. We consider materiality and its relationship with audit risk when planning the nature, timing and extent of our audit and conducting our audit programme. Specifically with regard to the financial statements, we assess the materiality of uncorrected misstatements, both individually and collectively.

16. We summarised our approach to materiality in our Annual Audit Plan. Based on our knowledge and understanding of the CMPA we set our planning materiality for 2014/15 at £12,110 (1% of gross

expenditure). We report all misstatements greater than £1,000. Performance materiality was calculated at £6,055 to reduce to an acceptable level the probability of uncorrected and undetected audit differences exceeding our planning materiality level.

17. On receipt of the financial statements we reviewed our materiality levels. Materiality remained at 1% but all pension costs were now included and materiality increased to £13,808 and performance materiality to £6,904.

Evaluation of misstatements

18. A small number of presentational adjustments were identified within the financial statements during the course of our audit. These were discussed with relevant officers who agreed to amend the unaudited financial statements.

Significant findings from the audit

19. International Standard on Auditing 260 requires us to communicate to you significant findings from the audit, including:
 - The auditor's views about significant qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
 - Significant difficulties encountered during the audit.
 - Significant matters arising from the audit that were discussed, or subject to correspondence with management.
 - Written representations requested by the auditor.

- Other matters which in the auditor's professional judgment, are significant to the oversight of the financial reporting process.

20. There are no matters, others than those set out elsewhere in this report, to which we wish to draw your attention.

Financial management and sustainability



Financial management

21. The CMPA sets an annual budget to meet its commitments for the forthcoming financial year. Regular monitoring of expenditure and income against agreed budgets is central to effective financial management.

Financial outcomes

22. The CMPA incurred an accounting deficit on the provision of services of £0.107m, as shown in the Comprehensive Income and Expenditure Statement (CIES). In the CIES, cost of services decreased from £1.526m to £1.357m, an 11% decrease.
23. The deficit as presented in the management commentary, of £0.022m is different because it is prior to items such as pension adjustments and employee leave accrual. As the budget is prepared

and monitored against in this way, it is appropriate for the management commentary details to be presented as such.

24. Overall the CMPA reported an underspend of £0.004m against a budgeted deficit of £0.026m. The surplus on other income of £0.090m is due to additional grants, funding for project expenditure and insurance costs. These costs contribute to the overspend recorded against supplies and services (£0.056m) and transport costs (£0.017m).

25. In the CIES employee costs decreased by £0.155m (14%) from 2013/14 as CMPA had to respond to £0.165m (16%) reduction in requisition from members. CMPA continue to seek income from other providers e.g. Forestry Commission and Commonwealth Games legacy funding but overall other income fell by 4% in 2014/15.

Financial management arrangements

26. As auditors, we need to consider whether audited bodies have established adequate financial management arrangements. We do this by considering a number of factors, including whether:

- financial regulations are comprehensive, current and promoted within CMPA
- reports monitoring performance against budgets are accurate and provided regularly to budget holders
- monitoring reports do not just contain financial data but are linked to information about performance.

27. The financial regulations were updated in September 2014 and revenue budget monitoring reports are submitted to CMPA on a regular basis and they include forecasts for annual outturn. Internal audit did not identify any key risks in their review of budgetary control.

Financial sustainability

28. In assessing financial sustainability we are concerned with whether:

- there is an adequate level of reserves
- spending is being balanced with income in the short term
- long-term financial pressures are understood and planned for
- investment in services and assets is effective.

Effective long-term financial planning, asset management and workforce planning are crucial to sustainability.

Pension liability

29. The net liability on CMPA's balance sheet has increased from £0.551m in 2013/14 to £1.029m in 2014/15, a reduction of £0.478m.

The principal reason for this increase is the pension liability rise from £0.532m to £1.009m. This increase is driven by changes in the pension actuary's assumptions, mainly by the reduction in the net discount rate over this period.

30. The pension liability represents the difference between expected future pension payments and the underlying value of pension fund assets available to meet this cost.

31. A material net liability can highlight a potential going concern issue however, we recognise that the appointed actuary is of the view that the asset holdings and contributions from employees and employers together with increases in contributions provide security over future liabilities. In light of these factors, it is reasonable that the accounts are prepared on a going concern basis.

Reserves

32. Like all joint boards, the CMPA has no specific powers to retain reserves to meet future requirements and technically the amounts are due to local authorities. These balances are used to support medium term financial planning and address any unforeseen costs.
33. Whilst it would be incorrect for joint committees to continually increase these balances, the year-end balances due to authorities have been decreasing and projected year-end balance at 31 march 2015 of £19,767 is only 2% of 2014/15 expenditure, increasing pressure on managing unforeseen costs and any overspends may need additional, and unbudgeted, requisition funding from member authorities

Project income

34. At the same time, Table 1 shows that CMPA has managed to obtain funding for specific projects and as expenditure is incurred, income is released to match the funding. Balances due for future expenditure are as follows:

Table 1: extracts from the balance sheet

As at 31 March	2015 £	2014 £	2013 £	2012 £
Project deferred income	153,399	99,247	118,017	115,695

Source: CMPA Annual Accounts

Financial planning

35. CMPA approved its 2015/16 budget in February 2015; set at £1.156m. The main changes from the previous year are budgeting for a decrease in employee costs of £0.046m and decrease in requisitions payable by member councils of £0.049m, reflecting the continuing pressures on local authority funding.
36. There has been an indicative budget prepared for 2016/17 which budgets for a further decrease in requisitions of £0.115m. Also included within this budget is a need to find £0.132m in currently unallocated savings in order to deliver on the budget

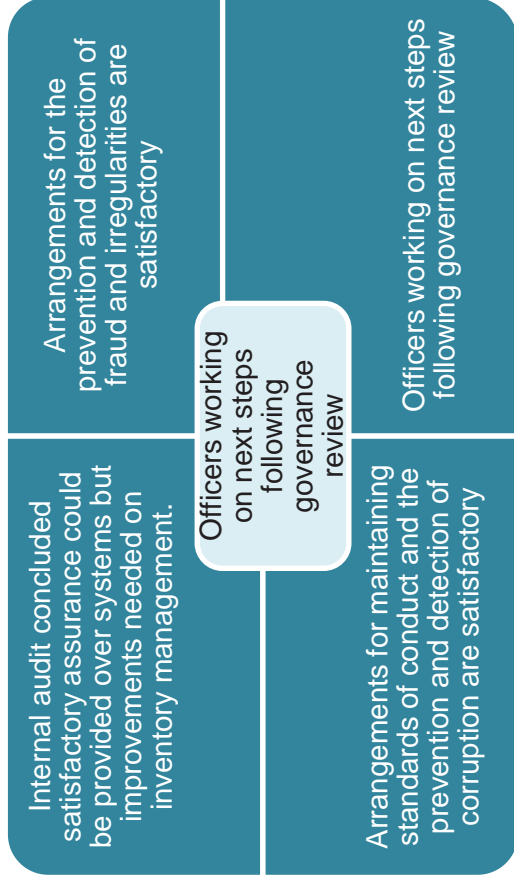
Conclusion on financial sustainability

37. The level of 'reserves' at CMPA is low at only £0.020m and while funds are held for projects, expenditure is restricted to these projects. A savings gap has been identified for 2016/17. The range of services is currently sustainable due to the project income. Reviews of staffing levels and commercial income opportunities are ongoing and the interim park manager contract extended. We will

continue to monitor financial plans to see how savings gap will be addressed.

Appendix IV – action plan point 1 and 2

Governance and transparency



and governance structure for CMPA with a view to identifying efficiency and income generation opportunities.

40. The review was carried out in 2014 with the support of external consultants and in February 2015 a presentation was provided on key messages. Strengths of the park included that visitor numbers are high; accessibility is good with facilities across the park; an excellent educational programme and vibrant events programme. However, the priorities are uncertain and commercial income could be improved.
41. Officers are now to carry out a more in-depth 'state of the park' report and focus on three areas: education; leisure activity and environmental management. Work has begun on staffing review and income generation options. Officers are looking at other parks to identify examples of good practice.

Internal control

42. With Renfrewshire Council (the council) being the host for the CMPA, all financial transactions of the CMPA are processed through the financial systems of the council and are subject to the same controls and scrutiny of the council including regular reviews of internal audit.
43. In the Internal Audit Annual Report 2014/15, the Chief Auditor concluded that reasonable assurance can be placed upon the adequacy and effectiveness of the CMPA's internal control, risk management and governance arrangements.

Corporate Governance

38. Members and management of the CMPA are responsible for establishing arrangements to ensure that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and for monitoring the adequacy and effectiveness of these arrangements.
39. As reported in previous years, in December 2012 CMPA members formally agreed that Renfrewshire Council, in consultation with member authorities undertake a review of the existing management

44. However, a specific review was undertaken in 2014/15 in relation to Inventory Management and Internal Audit deemed they could give no assurance on the arrangements in place. They found:

- Inventory records are not maintained on an ongoing basis but rather are updated as part of the year-end inventory checks, therefore this is a risk that lost or missing inventory items may not be identified timeously.
- There are a number of areas where Inventory Procedures are not being complied with by the CMPA, this includes the requirement to complete annual inventory certificates, use of inventory forms and appointment of Establishment Responsible Officers and a Park Responsible Officer.

45. Management agreed to take the appropriate action in order to mitigate the risks identified.

Internal audit

46. Internal audit provides members and management of CMPA with independent assurance on risk management, internal control and corporate governance processes. We are required by international auditing standards to make an assessment of internal audit to determine the extent to which we can place reliance on its work. To avoid duplication, we place reliance on internal audit work where possible.

47. Our review of internal audit concluded that they operate largely in accordance with the Public Sector Internal Audit Standards and have sound documentation standards and reporting procedures in

place. We placed reliance on their work on council payroll and treasury management systems.

Arrangements for the prevention and detection of fraud

48. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion the overall arrangements for the prevention of fraud within CMPA are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

National Fraud Initiative in Scotland

49. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. In our opinion the overall arrangements for the prevention of fraud within CMPA are satisfactory, although it should be noted that no system can eliminate the risk of fraud entirely.

50. CMPA is not part of this year's National Fraud Initiative (NFI). NFI is a counter-fraud exercise led by Audit Scotland, overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud

or error. These exercises are undertaken every two years
<http://www.audit-scotland.gov.uk/work/nfi.phpf>

51. We would encourage CMPA to consider being involved in the next exercise in 2016/17.

Arrangements for maintaining standards of conduct and the prevention and detection of corruption

52. The arrangements for the prevention and detection of corruption in CMPA are satisfactory and we are not aware of any specific issues that we need to record in this report.

Transparency

53. Citizens should be able to hold the CMPA to account about the services it provides. Transparency means that citizens have access to understandable, relevant and timely information about how the council is taking decisions and how it is using its resources.
54. When assessing transparency we consider questions such as:
 - Are meetings are held in public?
 - Are papers and corporate documents available online and there is only limited use of taking papers in private?
 - Are financial statements clearly presented and budget monitoring papers concise and clear?
 - Is a register of interests available on the website?

55. We concluded that the financial statements are clear and actual expenditure and income clearly linked to budgeted figures, as described in the commentary.

56. Meetings of CMPA are held in public and papers available from the Renfrewshire Council website. We noted that the level of written updates on performance and progress on the governance review was less in 2014 and in the first six months of 2015 but in September the 2014/15 annual report was issued and members updated on next steps for the review of the park. A new park strategy should include performance management and reporting arrangements.

Appendix IV – action plan point 2

Best Value and performance

57. Best value is a key factor to consider when planning policies, programmes and projects and when taking any spending decisions. CMPA should have systems and processes to ensure that it can demonstrate that it is delivering best value by assessing and reporting on the economy, efficiency, effectiveness and equality in service provision.

58. Last year we reported that as a consequence of the review of CMPA not being done in 2013 no formal strategy document for the park has been in place since 2012. The previous strategy covered the period 2008-11 and was updated to cover 2011-12. In December 2013 CMPA adopted a workplan for 2014/15, which picks up on principles of the previous park strategy and details actions planned but there was no information on milestones, or measurements or resources to be applied.

59. 2014/15 was a year of change with budgets for reduced requisition income, the governance review, the previous park manager leaving in March 2014 and an interim appointment being made. Therefore, there has not been the same level of strategic planning and reporting.

Appendix IV – action plan point 2

60. In September 2015 members were updated with plans for next steps following the governance review and a revised park strategy will be prepared for early 2016.

Performance management and reporting

61. In previous years the park manager reported on the work of the park through an Annual report based on information collected across a range of activities from finance, visitor numbers, health and safety, to issues such as conservation and the various initiatives in place to encourage participation in park activities.

62. Due to the staff changes an annual report for 2013/14 was not prepared. The 2014/15 report was presented to members in September 2015; it showed that visitor numbers had increased and explained the positive impact of the Commonwealth Games on increased activity and access to funding.

National performance audit reports

63. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. During 2014/15, a number of reports were issued specifically covering local government topics. These are outlined in appendix III. While these reports might not directly cover the work of CMPA, there may be lessons learned or helpful information on wider issues. However, there are no formal processes in place to update members on these reports and disseminate the impact for CMPA.

Appendix IV – action plan point 3

Appendix I – Significant audit risks

The table below sets out the financial statement audit risks we identified during the course of the audit and how we addressed each risk in arriving at our opinion on the financial statements.

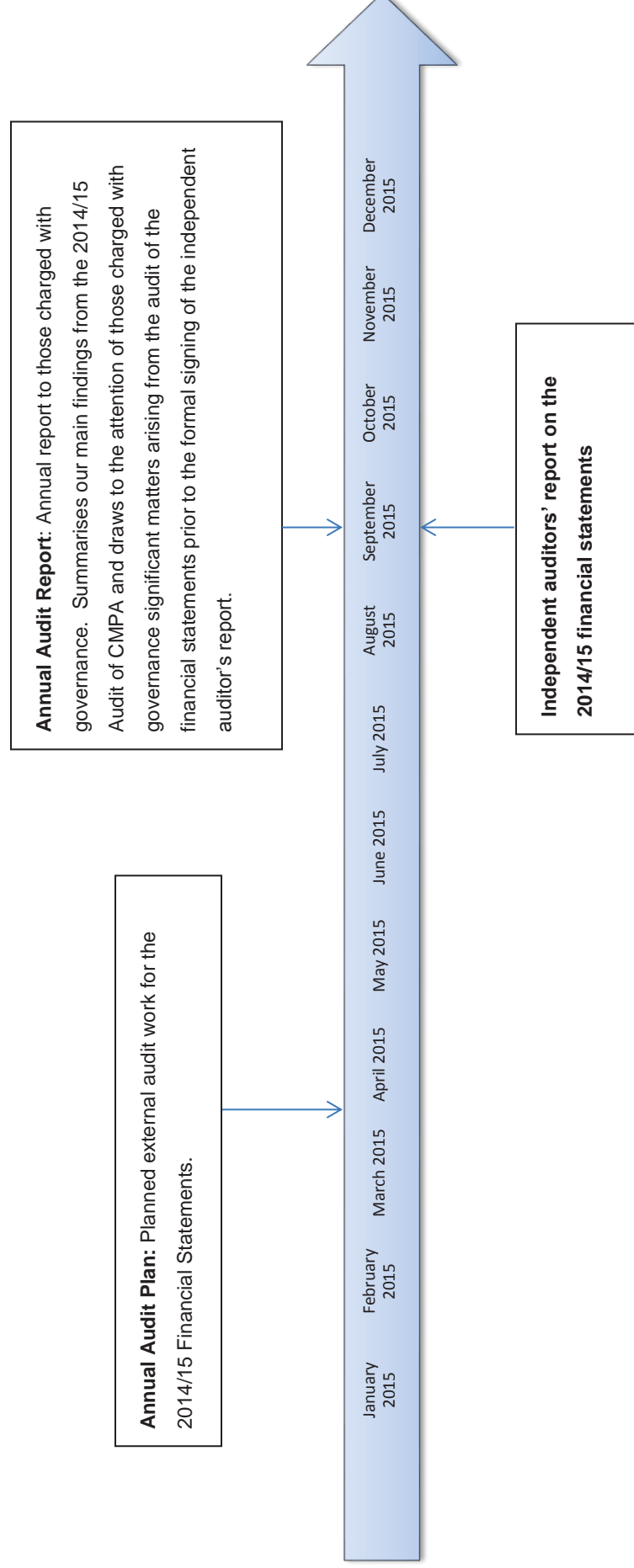
Audit Risk		Assurance procedure	Results and conclusions
Risk of material misstatement			
Management override of controls			
As stated in ISA 240, management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.		<ul style="list-style-type: none">• Detailed testing of journal entries• Review of accounting estimates for bias• Evaluating significant transactions that are outside the normal course of business.	No issues have arisen as part of our audit work that would indicate management override of controls affecting the outcome or year-end position.

Audit Risk	Assurance procedure	Results and conclusions
<p>Income</p> <p>CMPA receives a significant amount of income in addition to local authority member requisitions.</p> <p>CMPA has a number of income streams (requisition from contributing councils, charges to users, grants, sales fees and charges and other miscellaneous income).</p> <p>International auditing standards (ISA240) requires that auditors consider the presumption that there are risks of fraud in revenue recognition.</p> <p>There is a risk that income is not correctly recognised and accurately recorded.</p>	<ul style="list-style-type: none"> We will substantively test revenue streams to ensure that income has been completely and accurately recorded. 	<p>We tested a sample of items across a range of income sources.</p> <p>We investigated movements from prior years and identified a classification error which resulted in disclosure changes to income headings.</p>
<p>Annual Governance Statement</p> <p>Under the 2014 Regulations an annual governance statement is required and The statement of system internal financial control has now been replaced by the annual governance statement which contains a number of additional disclosures.</p>	<ul style="list-style-type: none"> Review of disclosures in annual governance statement against the <i>Delivering good governance in local government</i> framework Ensure disclosures are consistent with the information within the financial statements and internal audit reports 	<p>The annual governance statement followed the guidelines and was generally consistent with information on the audit. There were only a couple of changes as a result of the audit</p>

Audit Risk	Assurance procedure	Results and conclusions
<p>Management Commentary</p> <p>The 2014 regulations require the annual accounts to include a management commentary. The Commentary will include a number of additional disclosures in comparison to the current explanatory foreword but Scottish Government guidelines and have not been issued</p>	<ul style="list-style-type: none"> • Ensure information in management commentary is consistent with that contained in the financial statement 	<p>The management commentary was compared to the Scottish Government Guidance. In general terms the commentary met the guidelines. Changes were made to include more information on the governance review.</p>
<p>Risks identified from the auditor's wider responsibility under the Code of Audit Practice</p> <p>Governance review: There is no formal strategy document in place for the park. There is a risk there is no clear direction for the park or shared understanding of priorities, which may lead to ineffective decision making in the short term.</p>	<ul style="list-style-type: none"> • Review report findings when published • Review management commentary in 2014/15 financial statements and consider disclosures under 'future developments' • Provide update in annual report on the audit 	<p>The review has not been published. A more in depth State of the park review is now planned but no timescales yet in place.</p>
<p>Financial Sustainability: The 2014/15 budget noted that member requisitions reduced by 16.1% (£165k) from the previous year. The 2015/16 budget includes a reduction of member requisitions of 5.8% for 2015/16 and an indicative further 14.3% in 2016/17. There is a risk over the financial sustainability of the park and the range of services provided, if projected non requisition income is not achieved over the next 2-3 years.</p>	<ul style="list-style-type: none"> • Monitor outturn in revenue budget monitoring report • Review the 2014-15 outturn and provide an update in our annual report on the audit. 	<p>Actual deficit was £21,641 against a budgeted deficit of £26,300.</p> <p>Reduction in member requisition again for 2015/16 and funding gap identified for 2016/17.</p>

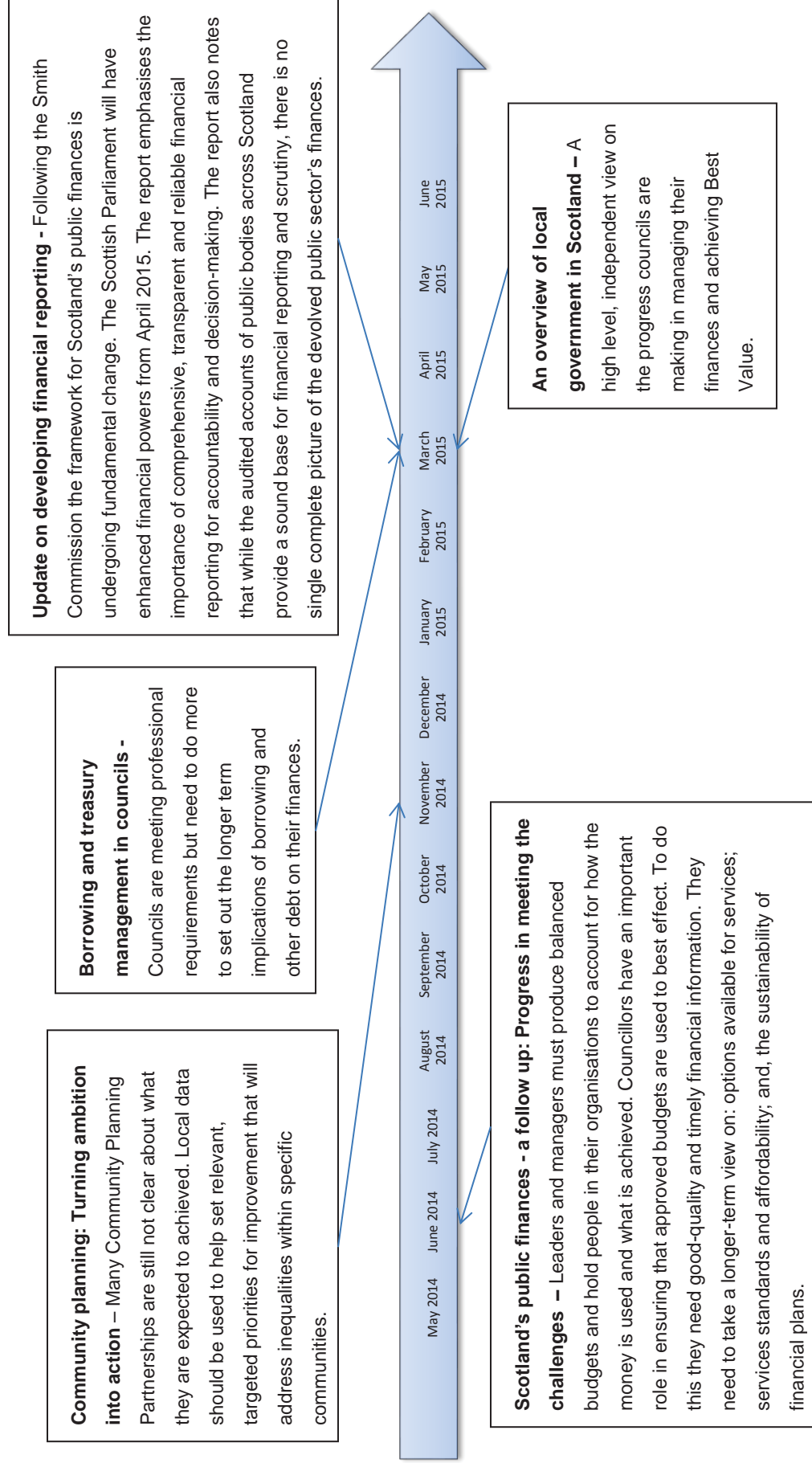
Appendix II

Summary of CMPA local audit reports 2014/15



Appendix III

Summary of Audit Scotland national reports 2014/15



Appendix IV

Action plan

No.	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
1 12/37	<p>Financial sustainability Requisition levels from partner local authorities continue to decrease, reserves are very small compared to annual expenditure and officers project a funding gap for 2016/17.</p> <p>Risk: <i>There is a risk over the financial sustainability of the park if funding gap is not addressed.</i></p> <p>Recommendation Medium term financial plan with scenario planning to be prepared.</p>	<ul style="list-style-type: none"> Ongoing revenue monitoring against budget will identify income patterns during the year and updates provided to each CMPA Joint Committee meeting. CMPA continues to look for other funding sources Staffing review underway The projected funding gap to be reviewed as part of 2016/17 budget planning 	Treasurer and interim park manager	February 2016

No. Page/para	Issue/risk/Recommendation	Management action/response	Responsible officer	Target date
2 12/37 15/56 16/59	<p>Strategy and performance management There has been no formal strategy in place since 2011-12 and there was no 2013/14 annual report.</p> <p>Risk There is a risk there is a lack of direction and priorities for staff to focus on.</p> <p>Recommendation An updated strategy should be prepared which includes information on milestones, or measurements, resources to be applied, along with agreed performance management arrangements</p>	<ul style="list-style-type: none"> The annual report 2014/15 shows that visitor numbers increased and the Commonwealth Games was a key initiative and increased activity and access to funding. Members were updated in September 2015 that a revised park strategy will be prepared for approval by the Joint Committee in early 2016. 	Head of Planning and Economic Development and interim park manager	March 2016
3 16/63	<p>Audit Scotland National Reports There is no formal process in place to review Audit Scotland national reports pertinent to CMPA.</p> <p>Risk There is a risk that CMPA miss out on lessons learned from other audits across local government.</p> <p>Recommendation Audit Scotland reports are reviewed by officers and summary information or lessons learned disseminated to members.</p>	<ul style="list-style-type: none"> Interim park manager will liaise with Renfrew Council officers as to the best way to carry this forward in a proportionate way. 	Treasurer and interim park manager	30 November 2015