

Notice of Meeting and Agenda Clyde Muirshiel Park Authority Joint Committee.

Date	Time	Venue
Friday, 06 September 2019	11:30	Inverclyde Council, Municipal Buildings, Clyde Square, GREENOCK, PA15 1LZ

KENNETH GRAHAM
Clerk

Membership

Councillor Andy Steel: Councillor Andy Doig: Councillor Tom Begg and Councillor Bill Binks (Renfrewshire Council): Councillor Innes Nelson and Councillor David Wilson (Inverclyde Council): and (vacant position) and Councillor Todd Ferguson (North Ayrshire Council).

Councillor Andy Steel (Chair): Councillor David Wilson (Vice Chair): vacant position (Vice Chair).

To Follow Item

I refer to the agenda for the meeting of the Clyde Muirshiel Joint Committee to be held on 6 September 2019 at 11.00 am and enclose the undernoted reports relative to items 4 and 5 previously marked 'to follow':

Items of business

- | | | |
|----------|--|----------------|
| 4 | Annual Audit Report 2018/19 | 3 - 34 |
| | Report by Audit Scotland. | |
| 5 | Audited Annual Accounts 2018/19 | 35 - 70 |
| | Report by Treasurer. | |

CLYDE MUIRSHIEL PARK AUTHORITY

To: Joint Committee

On: 6 September 2019

Report by: Audit Scotland

Heading: Annual Audit Report 2018-19

1. Summary

- 1.1 At the meeting of the Joint Committee on 21 June 2019 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 annual accounts presents a true and fair view of the financial position of the Joint Committee as at 31 March 2019, in accordance with the accounting policies detailed in the accounts.
 - 1.3 A member of the Audit Scotland will present this paper report and answer any questions.
-

2 Recommendations

- 2.1 It is recommended that members note the report by Audit Scotland.
-

Clyde Muirshiel Park Authority Joint Committee

6 September 2019

Clyde Muirshiel Park Authority Joint Committee

Audit of 2018/19 annual accounts

Independent auditor's report

1. Our audit work on the 2018/19 annual accounts is now substantially complete. Subject to receipt of a revised set of annual accounts for final review, we anticipate being able to issue unqualified audit opinions in the independent auditor's report on 10 September 2019 (the proposed report is attached at [Appendix A](#)).

Annual audit report

2. Under International Standards on Auditing in the UK, we report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. We present for the Joint Committee's consideration our draft Annual Audit Report on the 2018/19 audit. The section headed "Significant findings from the audit in accordance with ISA 260" sets out the issues identified in respect of the annual accounts.
3. The report also sets out conclusions from our consideration of the four audit dimensions that frame the wider scope of public audit as set out in the Code of Audit Practice. As outlined within our Annual Audit Plan, due to the nature and size of Clyde Muirshiel Park Authority, we have assessed the extent of wider dimensions work and concluded that a reduced scope, as outlined in paragraph 53 of the Code of Audit Practice, can be applied.
4. This report will be issued in final form after the annual accounts have been certified.

Unadjusted misstatements

5. We also report to those charged with governance all unadjusted misstatements which we have identified during our audit, other than those of a trivial nature and request that these misstatements be corrected. We have no unadjusted misstatements to be corrected.

Fraud, subsequent events and compliance with laws and regulations

6. In presenting this report to the Joint Committee, we seek confirmation from those charged with governance of any instances of any actual, suspected or alleged fraud; any subsequent events that have occurred since the date of the financial statements; or material non-compliance with laws and regulations affecting the entity that should be brought to our attention.

Representations from Section 95 Officer

7. As part of the completion of our audit, we are seeking written representations from the Treasurer, as the Section 95 Officer, on aspects of the annual accounts, including the judgements and estimates made.
8. A draft letter of representation is attached at [Appendix B](#). This should be signed and returned to us by the Treasurer with the signed annual accounts prior to the independent auditor's report being certified.

APPENDIX A: Proposed Independent Auditor's Report

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

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clyde Muirshiel Park Authority for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. 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 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the body as at 31 March 2019 and of its income and expenditure 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 2018/19 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Treasurer and the Joint Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2019

APPENDIX B: Letter of Representation (ISA 580)

Mark Ferris, Senior Audit Manager
Audit Scotland
4th Floor
8 Nelson Mandela Place
Glasgow
G2 1BT

6 September 2019

Dear Mark

Clyde Muirshiel Park Authority Annual Accounts 2018/19

1. This representation letter is provided about your audit of the annual accounts of Clyde Muirshiel Park Authority for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the financial reporting framework, and for expressing other opinions on the Remuneration Report, Management Commentary and Governance Statement.
2. I confirm to the best of my knowledge and belief and having made appropriate enquiries of the Lead Officer, the following representations given to you in connection with your audit of Clyde Muirshiel Park Authority's annual accounts for the year ended 31 March 2019.

General

3. The Joint Committee and I have fulfilled our statutory responsibilities for the preparation of the 2018/19 annual accounts. All the accounting records, documentation and other matters which I am aware are relevant to the preparation of the annual accounts have been made available to you for the purposes of your audit. All transactions undertaken by Clyde Muirshiel Park Authority have been recorded in the accounting records and are properly reflected in the financial statements.

Financial Reporting Framework

4. The annual accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (2018/19 accounting code), and in accordance with the requirements of the Local Government (Scotland) Act 1973, the Local Government in Scotland Act 2003 and The Local Authority Accounts (Scotland) Regulations 2014.
5. In accordance with the 2014 regulations, I have ensured that the financial statements give a true and fair view of the financial position of Clyde Muirshiel Park Authority at 31 March 2019 and the transactions for 2018/19.

Accounting Policies & Estimates

6. All significant accounting policies applied are as shown in the notes to the financial statements. The accounting policies are determined by the 2018/19 accounting code where applicable. Where the code does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting

policies applied are appropriate to Clyde Muirshiel Park Authority's circumstances and have been consistently applied.

7. The significant assumptions used in making accounting estimates are reasonable and properly reflected in the financial statements. Judgements used in making estimates have been based on the latest available, reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

Going Concern Basis of Accounting

8. I have assessed the Joint Committee's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on Clyde Muirshiel Park Authority's ability to continue as a going concern.

Assets

9. All assets at 31 March 2019 of which I am aware have been recognised in the annual accounts.
10. I carried out an assessment at 31 March 2019 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified.
11. There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised within the financial statements.
12. Owned assets are free from any lien, encumbrance or charge except as disclosed in the financial statements.

Liabilities

13. All liabilities at 31 March 2019 of which I am aware have been recognised in the annual accounts.
14. The accrual recognised in the financial statements for holiday untaken by 31 March 2019 has been estimated on a reasonable basis.
15. The pension assumptions made by the actuary in the IAS 19 report for Clyde Muirshiel Park Authority have been considered and I confirm that they are consistent with management's own view.
16. There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

Contingent liabilities

17. There are no significant contingent liabilities, other than those disclosed in note 17 to the financial statements, arising either under formal agreement or through formal undertakings requiring disclosure in the accounts. All known contingent liabilities have been fully and properly disclosed, including any outstanding legal claims which have not been provided under the 2018/19 accounting code and IAS 37.

Fraud

18. I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated because of fraud
- any allegations of fraud or suspected fraud affecting the financial statements
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

Laws and Regulations

19. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

Related Party Transactions

20. All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with the 2018/19 accounting code. I have made available to you the identity of all the Authority's related parties and all the related party relationships and transactions of which I am aware.

Remuneration Report

21. The Remuneration Report has been prepared in accordance with the Local Authority Accounts (Scotland) Amendment Regulations 2014, and all required information of which I am aware has been provided to you.

Management Commentary

22. I confirm that the Management Commentary has been prepared in accordance with the statutory guidance and the information is consistent with the financial statements.

Corporate Governance

23. I confirm that the Joint Committee has undertaken a review of the system of internal control during 2018/19 to establish the extent to which it complies with proper practices set out in the Delivering Good Governance in Local Government: Framework 2016. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

24. I confirm that the Governance Statement has been prepared in accordance with the Delivering Good Governance in Local Government: Framework 2016 and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements or issues identified, since 31 March 2019, which require to be reflected.

Events Subsequent to the Date of the Balance Sheet

25. All events subsequent to 31 March 2019 for which the 2018/19 accounting code requires adjustment or disclosure have been adjusted or disclosed.

Prior Period Restatements

26. I confirm the prior period restatements in respect of the accounting treatment for reserves in the Balance Sheet, Movement in Reserves Statement, and in the notes to the financial statements are accurate and in line with accounting records.

Yours sincerely

Treasurer

Clyde Muirshiel Park Authority

2018/19 Annual Audit Report – Proposed



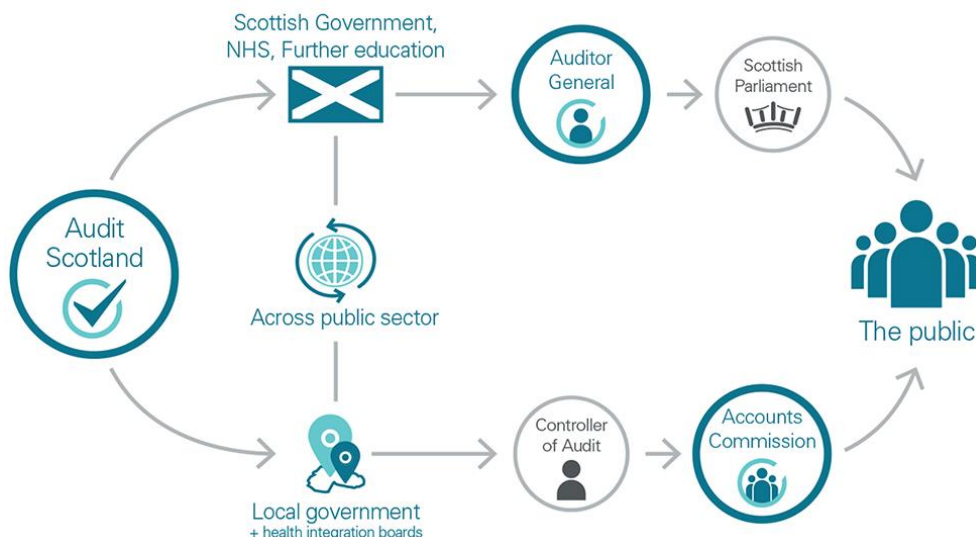
 **AUDIT SCOTLAND**

Prepared for the Members of Clyde Muirshiel Park Authority Joint Committee and the Controller of Audit
6 September 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key messages

2018/19 annual report and accounts

- 1** Clyde Muirshiel Park Authority's financial statements give a true and fair view and were properly prepared.
- 2** An adjustment to pension disclosures and balances was required as a result of a legal judgement. This resulted in an increase of £66,000 to the pension fund liability reported in the Balance Sheet.
- 3** The Management Commentary, the Governance Statement and the audited part of the Remuneration Report, were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Financial sustainability

- 4** A deficit of £2,276 was delivered against a budgeted breakeven position which was funded by the use of reserves.
- 5** The 2019/20 financial plan is projecting a funding gap of £20,000. To achieve a balanced budget, management intend to mitigate this through the planned use of reserves. Any additional redundancy costs will be met through additional funding from the member authorities.
- 6** Future financial planning indicates budget gaps in 2020/21 and 2021/22 of £44,000 and £50,800 respectively. These are also expected to be addressed through efficiency savings.
- 7** In our 2016/17 Annual Audit Report, a recommendation was made regarding the policies and procedures within the Governance Framework and their need to be reviewed and updated. This review was not undertaken in 2017/18 and at the time of our 2018/19 audit remained outstanding. Management should make it a priority to complete this review as the current policies and procedures remain out of date and may not reflect the current legislative requirements and CMPA's current situation.

Introduction

1. This report summarises the findings from our 2018/19 audit of Clyde Muirshiel Park Authority (CMPA).
2. The scope of our audit was set out in our [Annual Audit Plan](#) presented to the 15 February 2019 meeting of the Joint Committee. This report comprises the findings from:
 - an audit of CMPA annual report and accounts
 - consideration of the financial sustainability and Governance Statement.

Adding value through the audit

3. We add value to the CMPA through the audit by:
 - identifying and providing insight on significant risks, and making clear and relevant recommendations for improvements
 - reporting our findings and conclusions in public
 - sharing intelligence and good practice through our national reports ([Appendix 3](#)) and good practice guides
 - providing clear conclusions on the appropriateness, effectiveness and impact of corporate governance and financial sustainability.
4. In so doing, we aim to help CMPA promote improved standards of governance, better management and decision making and more effective use of resources.

Responsibilities and reporting

5. CMPA has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing annual accounts that are in accordance with proper accounting practices. CMPA is also responsible for compliance with legislation putting arrangements in place for governance, propriety and regularity that enable it to successfully deliver its objectives.
6. Our responsibilities as independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [Code of Audit Practice \(2016\)](#) and supplementary guidance and International Standards on Auditing in the UK.
7. As public-sector auditors we give independent opinions on the annual report and accounts and conclude on securing financial sustainability and appropriateness of the annual governance statement disclosures. In doing this, we aim to support improvement and accountability.
8. The [Code of Audit Practice 2016](#) (the Code) includes provisions relating to the audit of small bodies. Where the application of the full wider audit scope is judged by auditors not to be appropriate to an audited body then the annual audit work can focus on the appropriateness of the disclosures in the governance statement and the financial sustainability of the body and its services. As highlighted in our 2018/19 Annual Audit Plan, due to the volume and lack of complexity of the

financial transactions, we applied the small body provisions of the Code to the 2018/19 audit.

9. The weaknesses or risks identified are only those which have come to our attention during our normal audit work and may not be all that exist. Communicating these does not absolve management from its responsibility to address the issues we raise and to maintain adequate systems of control.

10. Our annual audit report contains an agreed action plan at [Appendix 1](#) setting out specific recommendations, responsible officers and dates for implementation.

11. We confirm that we comply with the Financial Reporting Council's Ethical Standard. We have not undertaken any non-audit related services and therefore the 2018/19 audit fee of £1,804 as set out in our Annual Audit Plan, remains unchanged. We are not aware of any relationships that could compromise our objectivity and independence.

12. This report is addressed to both the Joint Committee and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

13. We would like to thank the management and staff for their cooperation and assistance during the audit.

Part 1

Audit of 2018/19 annual report and accounts



Main judgements

CMPA's financial statements give a true and fair view and were properly prepared.

An adjustment to pensions disclosures and balances was required as a result of a legal judgement. This resulted in an increase of £66,000 to the pension fund liability reported in the Balance Sheet.

The Management Commentary, the Governance Statement and the audited part of the Remuneration Report, were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

The annual report and accounts are the principal means of accounting for the stewardship of its resources and its performance in the use of those resources.

Audit opinions on the annual report and accounts

14. The annual report and accounts for the year ended 31 March 2019 were approved by the Joint Committee on 6 September 2019. We reported, within the independent auditor's report that:

- the financial statements give a true and fair view and were properly prepared
- the management commentary, the governance statement and the audited part of the remuneration report, were all consistent with the financial statements and properly prepared in accordance with the applicable requirements
- we have nothing to report in respect of those matters which we are required by the Accounts Commission to report by exception.

Submission of annual report and accounts for audit

15. We received the unaudited annual report and accounts on 21 June 2019 in line with our agreed audit timetable.

16. The unaudited annual report and accounts provided for audit were complete and of a good standard and finance staff provided good support to the audit team which helped ensure the final accounts audit process ran smoothly.

17. The Local Authority Accounts (Scotland) Regulations 2014 required CMPA to give public notice for inspection and objection of the 2018/19 unaudited annual report and accounts by 17 June 2019. The public notice was published on the CMPA website on 26 June 2019 and in a newspaper on 28 June 2019, meaning this deadline was not met.

Risks of material misstatement

18. [Appendix 2](#) provides a description of those assessed risks of material misstatement in the annual report and accounts and any wider audit dimension risks that were identified during the audit planning process. It also summarises the work we have done to gain assurance over the outcome of these risks.

19. We have no issues to report from our work on the risks of material misstatement highlighted in our 2018/19 Annual Audit Plan.

Materiality

20. Misstatements are material if they could reasonably be expected to influence the economic decisions of users taken based on the financial statements. When deciding on what is material, we consider both the amount and nature of the misstatement.

21. Our initial assessment of materiality for the annual report and accounts was carried out during the planning phase of the audit and is summarised in [Exhibit 1](#). With regards to the annual accounts, we assess the materiality of uncorrected misstatements both individually and collectively.

22. On receipt of the unaudited annual report and accounts we reviewed our materiality calculations as detailed in [Exhibit 1](#).

Exhibit 1 Materiality values

Materiality level	Amount
Overall materiality	£11,200
Performance materiality	£6,700
Reporting threshold	£1,000

Source: Audit Scotland

Significant findings from the audit (ISA 260)

23. International Standard on Auditing (UK) 260 requires us to communicate significant findings from the audit to those charged with governance, including our view about the qualitative aspects of the body's accounting practices covering accounting policies, accounting estimates and financial statements disclosures.

24. The significant findings are summarised in [Exhibit 2](#).

25. We have no significant findings to report around the qualitative aspects of the 2018/19 accounting practices.

Exhibit 2

Significant findings from the audit of the financial statements

Finding	Resolution
<p>1. Capital accounting</p> <p>We recommended in our 2017/18 Annual Audit Report that management review how capital expenditure is reflected in the financial statements. This was discussed further with management as part of the 2018/19 audit and it was agreed that capital expenditure would be reflected in the financial statements to reflect the substance of arrangements rather than just their legal form.</p> <p>This change resulted in new accounting policies for property, plant, and equipment (PPE) and intangible assets being included in the financial statements.</p>	<p>From our work, we concluded that CMPA do not have any PPE or intangible assets which require capitalisation. However, it can be noted that the 2018/19 accounts have been fully updated to reflect this change in accounting policy.</p>
<p>2. Reserves accounting</p> <p>We recommended in our 2017/18 Annual Audit Report that management review how reserves are reflected in the financial statements. This was discussed further with management as part of the 2018/19 audit and it was agreed that the accounting treatment for reserves would be updated to reflect the substance of arrangements rather than just their legal form.</p> <p>This change resulted in a revenue reserve balance being recognised in the financial statements at the year end. Prior year comparatives were also restated to reflect the updated accounting treatment. The revenue reserve balance reflects accumulated surpluses that have been generated in previous years which are available to CMPA.</p>	<p>The audit recommendation has been fully implemented by management within the 2018/19 financial statements.</p>
<p>3. Pension fund liability legal judgement</p> <p>Legal cases were brought against the UK government regarding the transition arrangements made in each of the pensions schemes for judges and firefighters. These arrangements came into effect as part of the move from a Final Salary Pension Scheme to a Career Average Pension Scheme in 2015 and included certain protections for active members of the schemes.</p> <p>The claimants successfully argued, in the resultant Employment Tribunal hearing, that some elements of the protection measures were unlawful on the grounds of age discrimination. The Employment Tribunal's ruling on this matter was upheld by the Supreme Court in June 2019.</p> <p>As this would have an impact on the transition arrangements of all government backed pension schemes, the council instructed, on behalf of CMPA, the actuary to the Strathclyde Pension Fund to quantify the impact on CMPA's pension fund liability. The actuary estimated that the impact from this case is to increase CMPA's pension fund liability by £66,000.</p> <p>The impact of this adjustment resulted in a £66,000 increase to the pension fund liability reported in the Balance Sheet from £0.527 million to £0.593 million, with a matching increase in the unusable pension reserve. This also results in a £65,000 increase in the pension cost charge incorporated within the Comprehensive Income and Expenditure</p>	<p>The financial statements were updated to reflect the impact of the legal judgement on the pension fund liability.</p>

Finding	Resolution
Statement in the accounts. As these adjustments are fully mitigated by a statutory adjustment, they have no impact on the £2,676 deficit reported in the general fund reserve balance in the unaudited accounts.	
<p>4. Cashflow Statement</p> <p>As part of audit work during the year, we had discussions with management on the presentation of the financial statements and the requirement for a Cashflow Statement. CMPA does not have a bank account and all income and expenditure transactions are processed through Renfrewshire Council's (as the administering authority) bank account. The only cash held by CMPA is petty cash which amounted to £1,700 at the year end.</p> <p>As a result, it was agreed that the Cashflow Statement could be removed as the cash held by CMPA was not significant and the Cashflow Statement should only reflect cash transactions processed by CMPA, of which there were none.</p>	The financial statements were updated to remove the Cashflow Statement.
Source: Audit Scotland	

How we evaluate misstatements

26. It is our responsibility to request that all misstatements, other than those below the reporting threshold, are corrected. The final decision on this lies with those charged with governance considering advice from senior officers and materiality. There was one material adjustment to the unaudited financial statements which is outlined in [Exhibit 2](#). There were no other errors above the reporting threshold.

Follow up of prior year recommendations

27. We have followed up actions previously reported and assessed progress. Two agreed actions were raised in 2017/18 and both have been fully actioned.

28. As detailed in [Exhibit 2](#), during the 2017/18 audit, we noted that CMPA had incurred expenditure which was capital in nature. The financial statements disclosed that CMPA did not have the power to hold assets, therefore any capital expenditure was treated as revenue expenditure.

29. A similar disclosure issue was identified in respect of CMPA's reserves. The financial statements outlined that the Joint Committee had no specific powers to hold reserves, therefore reserves were transferred to creditors. Any reserves that have been built up will ultimately be returned to the member councils upon the cessation of CMPA or when the Joint Committee decides to reimburse the reserves to member councils.

30. The Code of Practice on Local Authority Accounting in the United Kingdom states that for financial statements to be useful, they must provide a faithful representation of financial information with the substance of a transaction/process being reported as opposed to its legal form.

31. We recommended that management should review how capital expenditure and reserves were disclosed within the financial statements.

32. For the 2018/19 financial statements, management have revised their accounting treatment and now recognise assets and reserves within the financial statements. As detailed in [Exhibit 2](#), we concluded that CMPA do not have any PPE or intangible assets which required capitalisation. However, management have implemented a policy that will result in capital expenditure being capitalised in

future if requirements are met. The Balance Sheet has been restated to reflect the impact of the change in the reserves accounting treatment.

33. We also recommended that management review the inventories disclosure in the financial statements as this had little detail and only the total balance was reported. Additional information should be disclosed on material balances. While this was not material based on our materiality levels, management had made additional disclosures for other balances with a smaller value. Therefore, to be consistent, management should enhance the inventories disclosure.

34. A more detailed note on inventories has been included within the 2018/19 financial statements. This was tested and concluded as being appropriate.

35. Two agreed actions from our 2016/17 audit remained outstanding during our 2017/18 audit. We reviewed progress made by management in addressing these outstanding recommendations as part of our 2018/19 audit. One recommendation remains outstanding as detailed at [Appendix 1](#).

Part 2

Financial sustainability



Main judgements

CMPA incurred a deficit of £2,276 in 2018/19 which is slightly above the budgeted breakeven position. The deficit was managed through the planned use of reserves.

The 2019/20 financial plan is projecting a funding gap of £20,000. To achieve a balanced budget, management intend to mitigate this through the planned use of reserves. Any additional redundancy costs will be met through additional funding from the member authorities.

Future financial planning indicates budget gaps in 2020/21 and 2021/22 of £44,000 and £50,800 respectively. These are also expected to be addressed through efficiency savings.

We made an initial and follow up recommendation in our 2016/17 and 2017/18 Annual Audit Reports respectively, highlighting the need to review and update the Governance Framework. Despite management setting target dates of 31 March 2018 and 31 March 2019 respectively, this review has yet to be completed.

Financial sustainability looks forward to the medium and longer term to consider whether the body is planning effectively to continue to deliver its services or the way in which they should be delivered.

Financial performance in 2018/19

36. The Joint Committee approved the 2018/19 budget in February 2018. Total budgeted expenditure was £1.023 million and total budgeted income was £0.963 million. This resulted in a budget gap of £60,000 that management planned to meet through efficiency savings.

37. Actual outturn in 2018/19 was total expenditure of £1.024 million and total income of £1.022 million. This resulted in a deficit of £2,276 for the year compared to a budgeted breakeven position

Short term financial planning

38. The largest source of income for CMPA is requisitions from members of the Joint Committee. Requisition income decreased from £0.693 million in 2017/18 to £0.576 million in 2018/19. Other sources of income include grant funding from external bodies and agencies, income generated through services provided to the public and income generated from sales at its cafes and shop.

39. The Joint Committee approved the 2019/20 budget in February 2019. However, it was noted within the report that in agreeing the prior 2018/19 budget and associated requisitions, the Joint Committee had agreed that options be developed to address the financial outlook for CMPA due to the reduction in requisition income.

40. At February 2019, as the ongoing service review and associated voluntary redundancy exercise remained in progress and would materially impact the

2019/20 budget position for CMPA, it was proposed that a revised budget be presented to the Joint Committee in June 2019.

41. In June 2019 the Joint committee approved the revised 2019/20 budget. Total budgeted expenditure was £0.944 million and total budgeted income was £0.924 million. This resulted in a budget gap of £20,000 that is to be addressed through the use of reserves. This funding gap is due to anticipated voluntary redundancy costs with any additional redundancy costs incurred being met through additional funding from the member authorities.

Medium to long term financial planning

42. We reviewed the financial planning systems and assessed how effective they are in identifying and addressing risks to financial sustainability across the medium and long term.

43. As part of the budget setting process, revenue estimates are prepared for a three year period. This allows management and members to identify pressures and take early actions to mitigate against these pressures.

44. As part of the service review detailed above revised requisitions are proposed as per the financial principles agreed by the Joint Committee in February 2019 as detailed below:

- the one-off costs of the early release of staff will be funded from reserves in the first instance; with a minimum level of reserves equivalent to 8% of turnover (broadly £75,000) being held in order to mitigate against future financial risks
- early release costs over and above this level are to be funded by each authority in proportion to their requisition level in 2017/18
- reduced costs from the early release of staff will be utilised to address the recurring deficit currently being incurred.
- any opportunity for further reductions in requisition as a result of the voluntary release exercise will be allocated between Inverclyde Council (30%) and Renfrewshire Council (70%) (those proportions being based on 2019/20 requisition). No further requisition reduction will be allocated to North Ayrshire Council on the basis that a 60% reduction in requisition was agreed in 2018/19, with Inverclyde and Renfrewshire Council's reduction being 9.5% respectively.

45. As outlined in paragraph 41, the 2019/20 budget identifies a budget gap of £20,000. The budget also forecasts a budget gap in 2020/21 and 2021/22 of £44,000 and £50,800 respectively. These are also expected to be addressed through efficiency savings.

46. From the work carried out, we have concluded that CMPA has adequate financial planning arrangements in place. Cost and revenue pressures are expected to continue in the medium term. However, the financial planning arrangements in place have allowed management to plan for these pressures and ensure necessary actions are taken when required.

Governance Statement

47. Our review of the Governance Statement assessed the assurances which are provided to the Interim Park Manager and Lead Officer regarding the adequacy and effectiveness of the committee's system of internal control which operated in the financial year. The statement also summarises internal audit findings with the Chief Internal Auditor's annual assurance statement concluding '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'.

48. We concluded that the information in the Governance Statement is consistent with the financial statements and complies with the guidance issued by the Scottish Ministers.

49. The statement outlines the Minute of Agreement, Procedural Standing Orders, Scheme of Delegation and Financial Regulations are some of the main features of the governance arrangements. In our [2016/17 Annual Audit Report](#), a recommendation was made regarding the policies and procedures within the Governance Framework and their need to be reviewed and updated. This was followed up in our 2017/18 Annual Audit Report and it was confirmed this review was outstanding.



Recommendation 1

Management should make it a priority to complete this review as the current policies and procedures remain out of date and may not reflect the current legislative requirements and CMPA's current situation.

EU Withdrawal

50. There remains significant uncertainty surrounding the terms of the UK's withdrawal from the European Union (EU). EU withdrawal will inevitably have implications for devolved government in Scotland and for audited bodies. It is critical that public sector bodies are working to understand, assess and prepare for the impact on their business in three broad areas:

- workforce – the extent to which potential changes to migration are likely to affect the availability of the people and skills needed to deliver services
- funding – the extent to which potential changes to existing EU funding programmes are likely to affect the finances of public bodies and the activity that such funding supports
- regulation – the extent to which potential changes to EU regulations are likely to affect the activities of some public bodies.

51. Renfrewshire Council is the lead authority for CMPA. As a result, CMPA is expected to follow and reflect the work done by the council in preparation for EU withdrawal. As such, assurance can be taken over the work being done at Renfrewshire Council which was considered to be appropriate.

Appendix 1

Action plan 2018/19

No.	Issue/risk	Recommendation	Agreed management action/timing
1 b/f 2016/17	<p>Governance policies and procedures</p> <p>A review of governance policies and procedures was carried out and a number of policies require to be updated. These include the:</p> <ul style="list-style-type: none"> • scheme of delegation • contract standing orders • financial regulations and financial codes • minute of agreement 	<p>2016/17 recommendation</p> <p>It is recommended that these policies and procedures are reviewed and updated to reflect the current situation of CMPA.</p> <p>2017/18 recommendation</p> <p>A review of Joint Committee papers and attendance at meetings has identified these policies and procedures have still not been reviewed and updated. The risk identified in 2016/17 has not been addressed.</p> <p>2018/19 recommendation</p> <p>Management should make it a priority to complete this review as the current policies and procedures remain out of date and may not reflect the current legislative requirements and CMPA's current situation.</p>	<p>2016/17 management response</p> <p>The following will be reviewed and updated as appropriate:</p> <ul style="list-style-type: none"> • scheme of delegation • contract standing orders • financial regulations and financial codes • minute of agreement <p>Responsible officer: Regional Park Manager</p> <p>Target date: 31 March 2018</p> <p>2017/18 management response</p> <p>The policies and procedures will be reviewed and updated as appropriate.</p> <p>Responsible officer: New Interim Park Manager</p> <p>Revised date: 31 March 2019</p> <p>2018/19 management response</p> <p>The revised documents will be presented to the three member Council Boards between September and December 2019 and then to the Joint Committee for approval by March 2020.</p> <p>Responsible officer: Interim Park Manager / Lead Officer</p>

Appendix 2

Significant audit risks identified during planning

The table below sets out the audit risks we identified during our planning of the audit and how we addressed each risk in arriving at our conclusion. The risks are categorised between those where there is a risk of material misstatement in the annual report and accounts and those relating our wider responsibility under the [Code of Audit Practice 2016](#).

Audit risk	Assurance procedure	Results and conclusions
Risks of material misstatement in the financial statements		
1 Risk of management override of controls ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.	Detailed testing of journal entries. Review of accounting estimates. Focused testing of accruals and prepayments. Evaluation of significant transactions that are outside the normal course of business.	No unusual or inappropriate transactions were identified as part of our detailed journal testing. A review of accounting estimates did not show any evidence of bias. Focused testing of accruals and prepayments did not identify any balances that were incorrectly held on the Balance Sheet. Focused testing on a sample of transactions outside the normal course of business did not show any evidence of management override of controls. Conclusion: no evidence of management override of controls.
2 Risk of fraud over income Clyde Muirshiel Park Authority receives a significant amount of income from several sources including, income generated from sales, fees and charges. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.	Analytical procedures on income streams. Detailed testing of income transactions focusing on the areas of greatest risk.	Analytical procedures were carried out over all income streams and satisfactory responses were provided for all significant variances. Detailed testing of revenue transactions confirmed these were normal business transactions and had been accounted for in the correct year. Conclusion: no evidence of fraud over income.
3 Risk of fraud over expenditure Most public sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure.	Analytical procedures on expenditure streams. Detailed testing of expenditure transactions focusing on the areas of greatest risk.	Analytical procedures were carried out over all expenditure streams and satisfactory responses were provided for all significant variances. Detailed testing of expenditure transactions confirmed these were normal business

Audit risk	Assurance procedure	Results and conclusions
<p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure. This applies to CMPA due to the variety and extent of expenditure incurred in delivering services.</p>		<p>transactions and had been accounted for in the correct year.</p> <p>Conclusion: no evidence of fraud over expenditure.</p>
<p>4 Estimates and Judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account area of pensions.</p> <p>CMPA's net liability relating to the Strathclyde Pension Fund at 31 March 2018 was £0.162 million. This value is an estimate based on a number of assumptions from the pension fund actuary.</p> <p>This subjectivity represents an increased risk of material misstatement in the financial statements.</p>	<p>Review of the pension actuary and the assumptions made in calculating the estimated pension liability.</p>	<p>A review of the actuary and the assumptions made in calculating the estimated pension liability was carried out and found the approach and assumptions used by the actuary to be reasonable and in line with expectation.</p> <p>Conclusion: the estimates and judgements made to calculate the net pension liability were reasonable.</p>
<p>5 New accounting system</p> <p>Renfrewshire Council implemented an enterprise resource planning system (Business World), in October 2018 which combines finance, HR, payroll and procurement into a single integrated application.</p> <p>The implementation of Business World during the 2018/19 financial year means that the annual accounts will be prepared using information recorded both before and after the change in system, under two different control environments.</p> <p>This introduces additional risks:</p> <ul style="list-style-type: none"> - The new control environment may be less robust - Data may not be correctly transferred to the new system - Differences in the new system may make accounts preparation more challenging <p>The overall impact of the move to Business World is an</p>	<p>Gaining an understanding of Business World by reviewing process maps and through discussions with key officers.</p> <p>Detailed testing of significant transactions processed during the change period and rolled forward balances.</p> <p>Review of account/cost code mapping from legacy system to Business World.</p> <p>The work outlined above will be completed as part of the Renfrewshire Council audit and the CMPA audit team will take assurances from that work.</p>	<p>As part of work on the Renfrewshire Council audit, a review of the process maps and the operation of the key systems was carried out. This was reported in the 2018/19 Management Report for Renfrewshire Council.</p> <p>Detailed testing of transactions processed during the change period and rolled forward balances did not identify any issues.</p> <p>A review of account code/cost code mapping from the legacy system to Business World did not identify any issues.</p> <p>Conclusion: audit work carried out did not identify any issues in the roll forward of balances and mapping of account codes/cost centres to the new system.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>increased risk of material misstatement in the annual accounts. This affects CMPA as Renfrewshire Council is the host authority and CMPA uses its accounting system.</p>		
<p>6 Going concern</p> <p>Levels of requisition income have decreased significantly over the last few years. At the same time, there have been increasing cost pressures and limitations on increasing income from other sources. These issues raise concerns around the use of the going concern assumption to prepare the financial statements. This was reflected in CMPA's annual accounts 2017/18 which highlighted uncertainties in the use of the going concern assumption to prepare the financial statements.</p> <p>Due to these pressures, management indicated a review of future operations and governance arrangements would be carried out and reported back to the Joint Committee. This work is ongoing and will be reported back to the Joint Committee to decide what actions should be taken.</p> <p>The uncertainties in future operations and governance arrangements represent an increased risk of material misstatement in the financial statements.</p>	<p>Review of updates to members and committee papers.</p> <p>Review of the use of the going concern assumption in the 2018/19 annual accounts and provide an opinion in the independent auditor's report.</p>	<p>From our attendance at Joint Committee meetings and review of minutes, we noted clear revenue estimates are prepared for a three year period. These highlight the financial pressures affecting CMPA and the need to achieve efficiency savings in future years.</p> <p>Action has been taken by management to mitigate the impact of the financial pressures. In addition, there is greater certainty of funding in the shorter term. This provides assurances over the continuation of services and the use of the going concern assumption to prepare the financial statements.</p> <p>Conclusion: while there are financial pressures affecting CMPA, the use of the going concern assumption to prepare the accounts is appropriate.</p>

Risks identified from the auditor's wider responsibility under the Code of Audit Practice

<p>7 Financial sustainability</p> <p>The 2018/19 Revenue Estimates and finance reports to members throughout the year highlight uncertainties in future funding and increasing pressures on available resources. It is likely future savings will need to be made to achieve a breakeven position and maintain reserves at an appropriate level.</p>	<p>Review of budget monitoring reports during the year and comment on the financial position within the annual audit report.</p>	<p>A review of budget monitoring reports and the financial statements highlight higher than planned use of reserves in 2018/19. Going forward, £20,000 of reserves are expected to be used in 2019/20 and efficiency savings are required in 2020/21 and 2021/22 to allow reserves to be maintained at the recommended level of 8% of turnover.</p> <p>Conclusion: CMPA continues to operate in a challenging financial climate, with</p>
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Audit risk	Assurance procedure	Results and conclusions
		<p>difficulties in delivering existing services with the current levels of resources. Management continues to review future savings options.</p>

Appendix 3

Summary of national performance reports 2018/19

2018/19 Reports

Local government in Scotland:
Challenges and performance 2018



Apr

Councils' use of arm's-length
organisations



May



Scottish Fire and Rescue Service:
an update

Scotland's colleges 2018



Jun

Jul



The National Fraud Initiative
in Scotland 2016/17

Forth Replacement Crossing



Aug



Major project and procurement lessons

Children and young people's
mental health



Sept



Superfast broadband for Scotland:
further progress update

NHS in Scotland 2018



Oct

Health and social care integration:
update on progress



Nov



Local government in Scotland:
Financial overview 2017/18

Dec

Jan

Feb

Mar



Local government in Scotland:
Challenges and performance 2019

Clyde Muirshiel Park Authority

2018/19 Annual Audit Report – Proposed

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CLYDE MUIRSHIEL PARK AUTHORITY

To: Joint Committee

On: 6 September 2019

Report by: The Treasurer

Heading: Audited Annual Accounts 2018-19

1. Summary

- 1.1 At the meeting of the Joint Committee on 21 June 2019 a report on the unaudited accounts for the year ended 31 March was noted.
- 1.2 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 Lead Officer, Chairman and Treasurer for signature.

2 Recommendations

- 2.1 It is recommended that members approve the audited accounts for signature.
-

Clyde Muirshiel Park Authority Joint Committee

Annual Financial Statements 2018/19



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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 are prepared in line with The Local Authority Accounts (Scotland) Regulations 2014.

Park Strategy and Action Plan 2016-2021

Clyde Muirshiel Regional Park Strategy and Action Plan was approved by the Joint Committee in September 2016. This document sets out three priorities which focus activity in the Park over a period of five years. The priorities are:

- Leisure activity and health;
- Education and outdoor learning;
- Environmental management.

The strategic priorities sit within the wider aspirations of the constituent Local Authorities that comprise the Joint Committee, particularly in relation to inclusion, health and wellbeing and skills development.

The associated Action Plan sets out the objectives for each priority and a series of actions to be delivered over life of the strategy. The actions are grouped into short, medium and long term and inform the Park's annual workplan, and all have either been satisfied or are on track.

A copy of the Park Strategy and Action Plan 2016-2021 can be found at the link below.

<https://renfrewshire.cmis.uk.com/renfrewshire/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1323/Committee/74/Default.aspx>

The Park Workplan

The Park produces an annual workplan which sets out how it will meet its strategic aims. Staff resource is apportioned in line with these aims and service demand. Demand for outdoor activities continues to grow and is a key income stream for the Park.

Looking ahead to 2019-20 the Park hopes to continue to build on the suite of projects and events currently being delivered to raise the Park profile. The Park will also look to secure further funding to deliver projects to meet the strategic aims of the Park.

Financial Performance

Revenue

The Comprehensive Income and Expenditure Statement on page 16 summarises the total costs of providing services and the income available to fund those services.

Excluding accounting adjustments relating to pensions and short term accumulating absences, the Park Authority has returned a deficit of £2,276 for the financial year 2018/19, compared to a budgeted breakeven position. The difference between the employee costs figure below and the figure reported in the Comprehensive Income and Expenditure statement is due to accounting adjustments for pension costs £164,000 and accrued employee benefits (£3,493).

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

	Budget £	Actual £	Variance £
Employee Costs	704,000	727,082	(23,082)
Property Costs	39,900	38,634	1,266
Supplies and Services	143,200	134,825	8,375
Contractors & Others	14,800	25,369	(10,569)
Transport Costs	46,500	34,946	11,554
Administrative Costs	72,600	61,107	11,493
Payments to Other Bodies	1,700	1,804	(104)
Total Expenditure	1,022,700	1,023,767	(1,067)
Requisition Income	(576,500)	(576,500)	-
Sales, Fees and Charges	(363,200)	(338,515)	(24,685)
Other Income (i)	(83,000)	(106,476)	23,476
Total Income	(1,022,700)	(1,021,491)	(1,209)
(Surplus)/Deficit for Year	-	2,276	(2,276)

(i) Other Income includes investment income from note 9

The overspend within Employee Costs is due to the additional staffing costs relating to the Tag and Track programme. The costs relating to the external funding period of the programme are fully recovered within Other Income, however it was agreed that the programme would be extended from January 2019 to March 2019 and this was funded by core budgets.

The underspend in Supplies and Services and Administration Costs is due to the careful management of the individual expenditure budgets within these categories. These underspends have been used to partly offset the £60k unallocated saving that was set in 2018/19.

Contractors and Others is overspent due to the costs associated with the work in the re-investment in woodland management in Muirshiel Forestry. These costs are fully recovered within Sales, Fees and Charges.

The underspend in Transport Costs is due to decreased vehicle lease payment costs.

The under recovery in Sales, Fees and Charges relates to the decreased levels of income generated by the café and shop.

As mentioned above, the over recovery in Other Income relates to the funding received from the Tag and Track programme, in addition to the income received from filming that took place within the Park this financial year.

Capital

In previous Annual Accounts, it was reported that the Joint Committee did not have the legal powers necessary to hold assets and as such the organisation had no capital spend. While this is still technically correct (assets are purchased primarily through Renfrewshire Council, who retain title to them), it does not fully reflect the substance of the arrangement, in that the Joint Committee have full use of the assets and effectively enjoy the benefits and assume the risks of holding them. As a result a new accounting policy has been implemented for property, plant and equipment and intangible assets.

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.

The Balance Sheet 31 March 2019

It has been reported in recent years that the Joint Committee had "no legal powers to retain reserves to meet future funding requirements" and therefore any accumulated surpluses were transferred to Creditors in the Balance Sheet each year. However, in keeping with the substance of actual practice the Joint Committee now reports accumulated Comprehensive Income and Expenditure Statement surpluses as a Usable Reserve and the Balance Sheet has therefore been restated to report this way. It should be noted that this reserve is still ultimately due to constituent authorities, should it be distributed at any point in the future.

Cashflow

In a change to the presentation of this year's financial statements, there is no longer a Cashflow Statement. This is because the Joint Committee does not have a bank account. Apart from petty cash, all transactions are accounted for through Renfrewshire Council as the administering authority.

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 £0.593 million, a deterioration of £0.431 million in their assessment of the position of the pension fund. This can be attributed to a reduction in corporate bond yields as 31 March 2019 over the previous year, which increase the value of future obligations.

This is partially offset by investment returns being greater than the 31 March 2018 rate. 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.

It also reflects an estimate of additional costs following a Court of Appeal ruling (McCloud/Sargeant) that transitional protections on implementation of the new pension benefit structure in 2015 for members close to retirement age were unlawful on the grounds of age discrimination. For the Joint Committee, this amounts to an additional £0.066 million of pension liability.

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

A further potential change to pension rules is outlined in Note 17: Contingent Liabilities and Assets on page 33; however this has not been reflected in the pension liability reported in the Balance Sheet.

Service changes and Future Developments

The adopted Park Strategy and Action Plan seeks to build upon the strengths of the Park and make full use of its assets. The short, medium and long term activities prescribed by the Action Plan will help simplify work streams, maximise end user benefit and capitalise on income generating opportunities for sustainable financial stability.

A process is underway to modernise and streamline the Park's governance. It is anticipated that from April 2020 the Park will be a more efficient and more proactive organisation better poised to take advantage of opportunities to enhance its services. The Park will remain receptive to change and embraces opportunities for improved ways of working within the context of maintaining and gaining the full value of the landscape and natural environment that residents across the three constituent authorities and beyond enjoy from Clyde Muirshiel.

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 difficult financial climate facing local authorities and has continued to seek efficiencies wherever possible. The requisition income available to the Park Authority has reduced in recent years, acknowledging the financial pressures that councils have been facing and also an increasingly commercial approach to the operations of the Park. The 2019/20 revised estimates will be presented for approval at the meeting on 21 June 2019.

A voluntary redundancy / early retirement exercise was carried out during 2018/19 and it was agreed that six staff would leave during 2019/20. The costs related to the early release of these staff will be part funded by reserves and also part funded by each authority in proportion to their requisition level in 2017/18, as approved by the Joint Committee.

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.

Councillor Andy Steel
Chairman
6 September 2019

Fraser Carlin
Lead Officer
6 September 2019

Alan Russell CPFA
Treasurer
6 September 2019

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;
- to 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);
- to 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 6 September 2019.

Signed on behalf of Clyde Muirshiel Park Authority:

Councillor Andy Steel

Chairman

6 September 2019

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 Committee at the reporting date and the transactions of the Joint Committee for the year ended 31 March 2019.

Alan Russell CPFA

Treasurer

6 September 2019

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. The financial regulations are currently being reviewed;
- Comprehensive business planning arrangements and continuous improvement arrangements including, setting key performance targets and developing work plans designed to achieve our corporate objectives. The Park Strategy 2016 – 2021, sets out the organisational objectives and the actions required to implement those 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, supported by a risk management framework and comprehensive risk register which is reported to the Joint Committee twice per year;
- 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;
- The Chief Finance Officer is the Treasurer who complies with the CIPFA Statement on the Role of The CFO in Public Services.

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 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.

The effectiveness of the governance framework is reviewed annually by the Interim Park Co-ordinator / Lead Officer 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, although it is acknowledged that reduced resources may impact on the control environment in the medium term.

The Park has successfully delivered operational efficiencies and accommodated reductions in financial requisitions. A revised staff structure has been implemented to provide strategic direction and a review of the Park's assets and activities has identified several opportunities to improve the Park's financial sustainability in the longer term.

At its meeting on the 7th September 2018 the Joint Committee considered the Annual Audit Report 2017/18 by Audit Scotland. The report stated the Park's governance arrangements "remain out of date and may not reflect the current legislative requirements and CMPA's current situation". The Joint Committee agreed to revise the existing governance framework, including the Minute of Agreement and supporting governance documents. The revised suite of proposed governance documents will be presented to the three member Council Boards between September and December 2019 and then to the Joint Committee for approval by March 2020.

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.

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.

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Action Plan

Following consideration of the review of adequacy and effectiveness the following action plan has been agreed to ensure continual improvement of the Joint Committee's governance.

Agreed action	Responsible person	Date
Review and update where necessary the existing governance framework including the Minute of Agreement for approval by the constituent Local Authorities and the Joint Committee.	Head of Planning and Housing Services – Renfrewshire Council	March 2020

Assurance

In conclusion, it is our opinion that the annual review of governance, together with the work of internal audit, any comments received from external audit and certification of assurance from the Interim Park Co-ordinator / Lead Officer 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.

Councillor Andy Steel
Chairman
6 September 2019

Fraser Carlin
Lead Officer
6 September 2019

Remuneration report

All information disclosed in sections two to five 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.

2017/18	Senior Employees		2018/19
Total Salary, fees and allowances	Name	Post Held	Total Salary, fees and allowances
£			£
29,973	David Gatherer *	Park Manager	6,591
29,973	Total		6,591

*The Park Manager resigned and left on 10 June 2018.

The above table shows the relevant amounts, before tax and other deductions, due to, or receivable by, each of the persons named for the year to 31 March 2019, 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).

From 1st April 2015 benefits are based on career average pay. Pension benefits are based on the pay received for each year in the scheme increased by the increase in the cost of living, as measured by the appropriate index (or indices). The scheme's normal retirement age is linked to the state pension age for each member.

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.

2017/18	Member contribution rates on earnings in the bands below	2018/19
Up to £20,700	5.5%	Up to £21,300
£20,701 to £25,300	7.25%	£21,301 to £26,100
£25,301 to £34,000	8.5%	£26,101 to £35,700
£34,701 to £46,300	9.5%	£35,701 to £47,600
Over £46,301	12%	Over £47,601

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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 a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/49th of the pensionable pay for each year of membership, adjusted in line with the cost of living. (Prior to 2015 the accrual rate guaranteed a pension based on 1/60th of final pensionable salary).

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. The Park Manager resigned and left on 10 June 2018, the pension accrued has been deferred and the post has remained vacant.

Senior Employees						
Name	Post Held	Accrued Pension benefits as at 31 March 2019		Change in accrued pension benefits since 31 March 2018		Pension contributions made by Joint Committee during 2018-2019
		Pension	Lump Sum	Pension	Lump Sum	
		£m	£m	£m	£m	£
David Gatherer(i)	Park Manager	0.017	0.036	+0.001	+0.001	1,135
Total		0.017	0.036	+0.001	+0.001	1,135

(i) includes any contributions that Clyde Muirshiel Park Authority has agreed to pay in respect of the relevant person at a later date. The Park Manager resigned and left 10 June 2018.

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 2018/19, in bands of £5,000.

There were no employees whose salary exceeded £50,000 during 2018/19.

5. Exit Packages

Clyde Muirshiel Park Authority agreed no exit packages in 2018-19.

Councillor Andy Steel
Chairman
6 September 2019

Fraser Carlin
Lead Officer
6 September 2019

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

Report on the audit of financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of Clyde Muirshiel Park Authority for the year ended 31 March 2019 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. 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 2018/19 (the 2018/19 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the body as at 31 March 2019 and of its income and expenditure 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 2018/19 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.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Accounts Commission for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed under arrangements approved by the Accounts Commission on 10 April 2017. The period of total uninterrupted appointment is three years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Treasurer and the Joint Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Treasurer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

The Joint Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other information in the annual accounts

The Treasurer is responsible for the other information in the annual accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration Report, and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Report on other requirements

Opinions on matters prescribed by the Accounts Commission

In my opinion, the audited part of the Remuneration Report has been properly prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the auditable part of the Remuneration Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Matters on which I am required to report by exception

In addition to my responsibilities for the annual accounts, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice, are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Mark Ferris
Audit Scotland
4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow
G2 1BT

September 2019

Comprehensive Income and Expenditure Statement for the year ended 31 March 2019

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**.

2017/18			2018/19
£		Note	£
849,994	Employee Costs		887,589
57,101	Property Costs		38,634
195,182	Supplies & Services		134,825
11,807	Contractors		25,369
43,387	Transport		34,946
63,455	Administration Costs		61,107
1,749	Payments to Other Bodies		1,804
1,222,675	Cost of Services		1,184,274
(73,822)	Grants From Other Organisations		(32,863)
(165,268)	Sales, Fees & Charges		(188,063)
(148,051)	Charges to Users		(150,452)
(54,258)	Miscellaneous Income		(70,664)
28,291	Financing & Investment Income and Expenditure	9	4,051
(692,800)	Requisitions from Members Authorities	14	(576,500)
116,767	(Surplus) or deficit on the provision of services		169,783
(1,063,000)	Actuarial (Gains) or losses on pension assets and liabilities	16a	260,000
(1,063,000)	Other Comprehensive Income & Expenditure		260,000
(946,233)	Total Comprehensive Income & Expenditure		429,783

Movement in Reserves Statement for the year ended 31 March 2019

This statement shows the movement in the year on the different reserves held by the Joint Committee, 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 Committee's services, more details of which are shown in the **Comprehensive Income and Expenditure Statement**.

		Usable reserves	Unusable reserves	Total Reserves
	Note	£	£	£
Balance at 31 March 2017 carried forward		(80,607)	1,107,639	1,027,032
<i>Movement in reserves during 2017-18 (restated)</i>				
Total Comprehensive Income and Expenditure		116,767	(1,063,000)	(946,233)
Adjustment between accounting basis and funding basis under regulation	8	(136,281)	136,281	-
Increase or (decrease) in 2017-18		(19,514)	(926,719)	(946,233)
Balance at 31 March 2018 carried forward		(100,121)	180,920	80,799
<i>Movement in reserves during 2018-19</i>				
Total Comprehensive Income and Expenditure		169,783	260,000	429,783
Adjustment between accounting basis and funding basis under regulation	8	(167,507)	167,507	-
Increase or (decrease) in 2018-19		2,276	427,507	429,783
Balance at 31 March 2019 carried forward		(97,845)	608,427	510,582

Balance Sheet as at 31 March 2019

The **balance sheet** shows the value as at 31 March 2019 of the assets and liabilities recognised by the Joint Committee. The net liability 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.

2016/17 (restated) £	2017/18 (restated) £		Note	2018/19 £
<u>Current Assets</u>				
376,549	300,166	Funds held by Renfrewshire Council		357,409
132	1,139	Debtors and Prepayments	12	1,788
8,994	8,061	Inventories	11	7,017
1,700	1,700	Cash in Hand		1,700
<u>387,375</u>	<u>311,066</u>			<u>367,914</u>
<u>less Current Liabilities</u>				
(322,407)	(229,865)	Creditors And Accruals	13	(285,496)
<u>Long Term Liabilities</u>				
(1,092,000)	(162,000)	Pension (Liability)/Asset	7a	(593,000)
<u>(1,027,032)</u>	<u>(80,799)</u>	Net (Liabilities)/Asset Including Pension		<u>(510,582)</u>
<u>Represented by:</u>				
Useable Reserves				
80,607	100,121	Revenue Reserve		97,845
Unuseable Reserves				
(15,639)	(18,920)	Employee Statutory Adjustment Account	7b	(15,427)
(1,092,000)	(162,000)	Pension Reserve	7a	(593,000)
<u>(1,027,032)</u>	<u>(80,799)</u>			<u>(510,582)</u>

The unaudited accounts were issued on 21 June 2019 and the audited accounts were authorised for issue on 6 September 2019.

Alan Russell CPFA
Treasurer
6 September 2019

Note 1 Expenditure Funding Analysis for the year ended 31 March 2019

This statement shows how annual expenditure is used and funded from resources and provides a reconciliation of the statutory adjustments between the Joint Committees financial performance on a funding basis and the (surplus) or deficit on the provision of service in the Comprehensive Income and Expenditure statement.

Expenditure Funding Analysis

2018/19	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2019	2,276			2,276
Employee Statutory Adjustment		(3,493)		(3,493)
Pension Cost			164,000	164,000
Pension Interest			7,000	7,000
(Surplus) or deficit on the provision of service				169,783

2017/18	(Surplus)/Deficit for Year	Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£	£	£	£
Balance as at 31st March 2018	(19,514)			(19,514)
Employee Statutory Adjustment		3,281		3,281
Pension Cost			103,000	103,000
Pension Interest			30,000	30,000
(Surplus) or deficit on the provision of service				116,767

Note 2 Summary of Significant Accounting Policies

The Financial Statements for the year ended 31 March 2019 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 Service Reporting Code of Practice for Local Authorities 2018/19, (SeRCOP) 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 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 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 authority satisfies the performance obligation 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.

Contingent Assets and Liabilities

Contingent liabilities are disclosed in the accounts, but not recognised in the Balance Sheet, in circumstances where:

- an event has taken place that gives the Board a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Joint Committee; or
- a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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.

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 payment 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 i.e. 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 6 provides further information.

Material Items and Prior Period Adjustments

When items of income and expenditure 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 Statement 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. When conditions are satisfied, the grant or contribution is credited to the Specific Grant Income line in the CIES.

Inventories

Inventories should be held at the lower of cost and net realisable value (NRV).

Note 11 to the Core Financial Statements provides further information.

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 (e.g., 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 and Intangible Assets

Clyde Muirshiel Park Authority carried out a review during 2018/19 on property, plant and equipment and intangible assets and deemed that no items currently qualify for recognition. Assets that are held for use in the supply of services or other administrative purposes and are expected to be used for more than one year are classed as property, plant and equipment and intangible assets. Assets costing less than £9,000 are not treated as capital expenditure.

Reserves

Reserves are classified under accounting regulations into two categories: usable reserves, which are available to spend; and unusable reserves, which are unrealised net gains that have a deferred impact on the Joint Committee.

Usable Reserve

The Revenue Reserve represents surplus funds held by the Joint Committee, which are ultimately repayable to the member authorities.

Unusable Reserve

The Pension Reserve arises from the IAS19 accounting disclosures for retirement benefits and recognises the Joint Committee's 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 CIES.

The Employee Statutory Adjustment Account absorbs the differences that would otherwise arise on the Revenue Reserve from accruing for compensated absences earned, but not taken in the year, e.g. annual leave entitlement carried forward at 31 March each year.

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 3 Accounting Standards Issued not Adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards are adopted within the 2019/20 Code:

- Annual Improvements to IFRS Standards 2014 - 2016 Cycle
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation

The code requires implementation from 1 April 2019 and there is therefore no impact on the 2018/19 accounts. There is no material impact anticipated from the implementation of these standards.

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, 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 5 Assumptions made about the future

The Annual 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 2019 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 £588,000. However, the assumptions interact in complex ways. During 2018/19, the appointed actuaries advised that the net pension liability had increased by £260,000 attributable to updating of the financial assumptions.

Note 6 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. The audited accounts have been updated to reflect an estimate of the additional costs following a Court of Appeal ruling (McCloud/Sargeant).

Note 7 Details of Movement in Unusable Reserves

a. Pension Reserve

2017/18		2018/19
£		£
(1,092,000)	Balance as at 1 April	(162,000)
1,063,000	Actuarial Gains and (Losses) (see note 16)	(260,000)
	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	
(133,000)		(171,000)
(162,000)	Balance as at 31 March	(593,000)

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.

b. Employee Statutory Adjustment Account

2017/18		2018/19
£		£
(15,639)	Balance as at 1 April	(18,920)
	Reversal of prior year accrual for short-term accumulating compensated absences	
15,639		18,920
	Recognition of the accrual for short-term accumulating compensating absences at 31 March	
(18,920)		(15,427)
(18,920)	Balance as at 31 March	(15,427)

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 require that the impact of such accrued expenditure on revenue balances is neutralised by transfers to or from the Employee Statutory Adjustment Account.

Note 8 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 £100,507 less 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.

2017/18 £		2018/19 £
	Amounts to be included in the Comprehensive Income and Expenditure Statement but required by statute to be excluded when determining Movement in Reserves Statement	
(237,000)	Net charges made for retirement benefits in accordance with IAS19	(270,000)
(3,281)	Net charges for employment short-term accumulating absences	3,493
<u>(240,281)</u>		<u>(266,507)</u>
	Amounts not included in the Comprehensive Income and Expenditure Statement but required to be included by statute when determining Movement in Reserves Statement	
104,000	Employers contributions payable to the Strathclyde Pension Fund	99,000
<u>(136,281)</u>	Net additional amount required to be debited or credited to the Revenue Reserves balance for the year	<u>(167,507)</u>

Note 9 Financing & Investment Income

2017/18 £		2018/19 £
(1,709)	Interest on Balances	(2,949)
30,000	Pension Interest Cost	7,000
<u>28,291</u>	Total Financing and Investment Income	<u>4,051</u>

Note 10 Operating Leases

Clyde Muirshiel Park entered into an operating lease for the hire of vehicles from December 2017 until December 2020. The expenditure charged in year to the Comprehensive Income and Expenditure Statement was £22,200 (2017-18 £28,904 – 7 vehicles). In 2017/18 the operating lease was only reported until December 2018, therefore this has been restated.

2017/18 (restated) £		2018/19 £
	Future Minimum Lease Payments	
22,887	- not later than one year	20,127
39,192	- later than one year and not later than five years	14,338
<u>62,079</u>	Total	<u>34,465</u>

Note 11 Inventories

2017/18		2018/19
£		£
8,994	Carrying amount at 1 April	8,061
60,128	Additions during the year	65,329
(58,238)	Recognised as an expense during the year : inventories sold, exchanged or distributed	(64,546)
(2,823)	Recognised as an expense during the year : inventories written down	(1,827)
8,061	Total	7,017

Note 12 Debtors and Prepayments

2017/18		2018/19
£		£
1,139	Other Entities and Individuals	1,788
1,139	Total short term debtors	1,788

Note 13 Creditors

2017/18 (restated)		2018/19
£		£
10,200	Other local authorities	-
36,918	Deferred Income	92,735
29	Lunderston Play Area	-
3,174	SRANI Loch Footpath Project	2,883
13,335	CMP Access Project	10,543
2,011	Paths Development Officer	2,011
35,626	Branching Out Project	32,972
32,126	Race To The Games	23,444
11,320	Juniper Footpath Project	6,967
22,102	Windows on Wildlife	22,102
18,920	Short Term Accumulating Absences	15,427
41,751	Accrued Payrolls	57,105
2,353	Other entities and individuals	19,307
229,865	Total short term creditors	285,496

Note 14 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.

2017/18			2018/19
£	Council	Percentage	£
420,700	Renfrewshire	66.04%	380,700
171,000	Inverclyde	26.83%	154,700
101,100	North Ayrshire	7.13%	41,100
692,800	Total	100.00%	576,500

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 2019 was £34,600 (2017/18 £34,600).

Note 15 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 2018-2019 were £1,804 (£1,749 in 2017-2018). There were no fees paid to Audit Scotland in respect of any other services.

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 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
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The following transactions have been made in the accounting statements in 2018/19:

2017/18 £	Note	2018/19 £
Comprehensive Income & Expenditure Statement		
		Cost of Services
207,000	(i)	198,000
-	(ii)	65,000
-	(iii)	-
207,000		263,000
		Financing & Investment Income & Expenditure
30,000	(iv)	7,000
30,000		7,000
237,000		270,000
Other post employment benefit charged to the Comprehensive Income and Expenditure Statement		
354,000		(173,000)
(1,417,000)		433,000
(1,063,000)		260,000
(826,000)		530,000
		Movement in Reserves Statement
	(v)	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits according with the Code
(930,000)		431,000
104,000		99,000

Notes

- i. Current service cost is the cost of future entitlements to pension payments to current employees.
- ii. Past service cost is the estimated increase in liabilities arising from current decisions that relates to years of service earned prior to this year. For 2018/19 this includes an estimate for the impact of potential removal of transitional arrangements (McCloud judgement) amounting to £65,000.
- 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 (£171,000).

The Joint Committee is also responsible for all pension payments relating to added years benefits it has awarded, together with related increases. In 2018/19 these amounted to £8,513 (2017/18 £8,476).

In addition to the recognised gains and losses included in the Comprehensive Income and Expenditure Statement, actuarial losses of £0.260 million are included in the Movement in Reserves Statement (2017/18 £1.063 million gain).

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:

2017/18		2018/19
£000		£000
6,650	Opening present value	5,488
207	Current service cost	198
-	Past service cost	65
174	Interest Cost	151
30	Employee Contributions	29
-	Remeasurement (gains)/losses:	-
(1,417)	Actuarial losses/(gains) arising from changes in financial assumptions	433
(156)	Benefits Paid	(134)
5,488	Balance as at 31 March	6,230

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

2017/18		2018/19
£000		£000
5,558	Opening Fair Value	5,326
144	Interest Income	144
-	Remeasurement gain/(loss):	-
(354)	Return on assets excluding amounts included in net interest	173
104	Contributions from employer	99
30	Contributions from employees	29
(156)	Benefits Paid	(134)
5,326	Closing fair value of scheme assets	5,637

16c. Fund history

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Present Value of Liabilities	(5,266)	(5,064)	(6,650)	(5,488)	(6,230)
Fair value of assets	4,257	4,449	5,558	5,326	5,637
Surplus/(deficit) in the scheme	(1,009)	(615)	(1,092)	(162)	(593)

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

The net liability position of £593,000 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 2017.

The principal assumptions used by the actuary have been:

2017/18	Financial Year:	2018/19
Mortality assumptions		
	Longevity at 65 for current pensioners	
21.4 years	• Men	21.4 years
23.7 years	• Women	23.7 years
	Longevity at 65 for Future pensioners	
23.4 years	• Men	23.4 years
25.8 years	• Women	25.8 years
3.6%	Rate of increase in salaries	3.7%
2.4%	Rate of increase in pensions	2.5%
2.7%	Rate for discounting scheme liabilities	2.4%
	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%

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

2017/18			2018/19
£000		Percentage	£000
	Equity Securities		
342	Consumer	6.4%	362
277	Manufacturing	5.2%	293
71	Energy and Utilities	1.3%	75
230	Financial Institutions	4.3%	243
136	Health and Care	2.6%	144
176	Information Technology	3.3%	186
1,232	Total Equity	23.1%	1,303
	Debt Securities		
167	Corporate Bonds (investment grade)	3.1%	177
167	Total Debt Securities	3.1%	177
	Private Equity		
637	All	11.9%	674
637	Total Private Equity	11.9%	674
	Real Estate		
482	UK Property	9.1%	510
482	Total Real Estate	9.1%	510
	Investment Funds & Unit Trusts		
1,644	Equities	30.9%	1,740
617	Bonds	11.6%	653
3	Commodities	0.1%	3
-	Infrastructure	0.0%	-
7	Other	0.1%	7
2,270	Total Investment Funds & Unit Trusts	42.7%	2,403
	Derivatives		
-	Other	0.0%	-
-	Total Derivatives	0.0%	-
	Cash & Cash Equivalents		
538	All	10.1%	570
538	Total Cash & Cash Equivalents	10.1%	570
5,326	Total	100%	5,637

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 2018-19 and 2019-20.

The total contributions expected to be made by the Joint Committee to Strathclyde Pension Fund in the year to 31 March 2020 is £0.099 million.

Note 17 Contingent Liabilities and Assets

Guaranteed Minimum Pension (GMP) was accrued by members of the Local Government Pension Scheme between 6 April 1978 and 5 April 1997. The value of GMP is inherently unequal between males and females for a number of reasons, including a higher retirement age for men and GMP accruing at a faster rate for women; however overall equality of benefits was achieved for public service schemes through the interaction between scheme pensions and the Second State Pension.

The introduction of the new Single State Pension in April 2016 disrupted this arrangement and brought uncertainty over the ongoing indexation of GMPs, which could lead to inequalities between men's and women's benefits.

Strathclyde Pension Fund's actuary has carried out calculations and estimates that the potential impact of GMP indexation would be an increase in the pension liability of approximately £25,000 for Clyde Muirshiel Park. This estimate is not reflected in the Primary Financial Statements because the trigger event that would require recognition has not yet occurred.

Note 18 Prior Year Restatement

For 2018/19, the Joint Committee has introduced a new accounting policy on Reserves because it believes that it better represents the of resources.

The Code requires that the Joint Committee presents a third Balance Sheet, at the beginning of the preceding financial year when the Joint Committee makes a retrospective restatement. The additional Balance Sheet is presented on page 18, which shows opening balances at 1 April 2017.

Effect on Movement in Reserves Statement 31 March 2018

A restatement was also required for the Movement in Reserves Statement. The restated prior period Movement in Reserves Statement is provided with the current year information on page 17.

Usable Revenue Reserve	Originally Stated at 31 March 2017	Restated as at March 2017	Amount of Restatement
	£	£	£
Balance as at 1 April 2017	-	80,607	80,607
Total comprehensive income and expenditure	(116,767)	(116,767)	-
Adjustments between accounting basis and funding basis under regulations	136,281	136,281	-
Transfer from creditors	80,607	-	(80,607)
Transfer to creditors	(100,121)	-	100,121
Balance at 1 April 2018	-	100,121	100,121

