



Mugdock Country Park

Joint Management
Committee

Annual Accounts

2018-19



MUGDOCK
COUNTRY PARK

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Management Commentary

A Strategy & Objectives

Mugdock Country Park (the Park) is one of Scotland's leading Tourist Attractions, a Country Park maintaining Scotland's Natural Heritage. The Park provides a Countryside Ranger Service and leads on outdoor learning & environmental activities throughout East Dunbartonshire & South-West Stirling. The Park is working to develop a sustainable operating model to reflect the current financial pressures facing the two funding authorities, East Dunbartonshire and Stirling Councils. The Park works to maximise its income and consequently deliver its aspirations as a leading Tourist Attraction. The Park staff are in contact with a wide range of groups including schools, community groups and those with additional support needs. Regular volunteers at the Park include those with Autism Spectrum Disorders and mental health issues. A full events programme takes place over the course of the year for all ages.

The Park is working on several outcomes to achieve their objectives, which include:

Implementation of Mugdock Strategy



Development of the park as a film location



Development of Forest Schools Programme



Assets Improvement



Development of Land Management Plan



B Fair Review of Business

The Annual Accounts present the financial position of Mugdock Country Park as at 31 March 2019. -
The principal financial statements comprise Movement in Reserves Statement, Comprehensive Income & -
Expenditure Statement, Balance Sheet and Cash Flow Statement. Explanatory notes are also provided. -

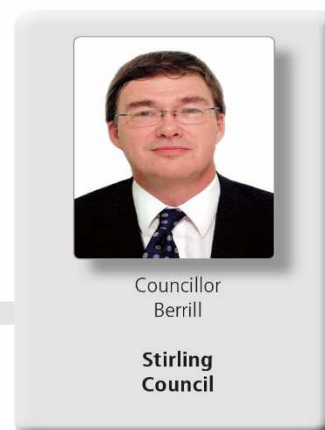
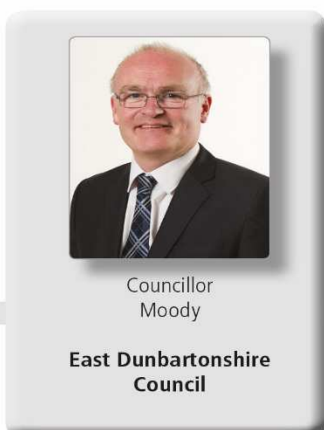
Mugdock Country Park Joint Management Committee

a) Management Committee

Mugdock Country Park Joint Management Committee



Elected Members

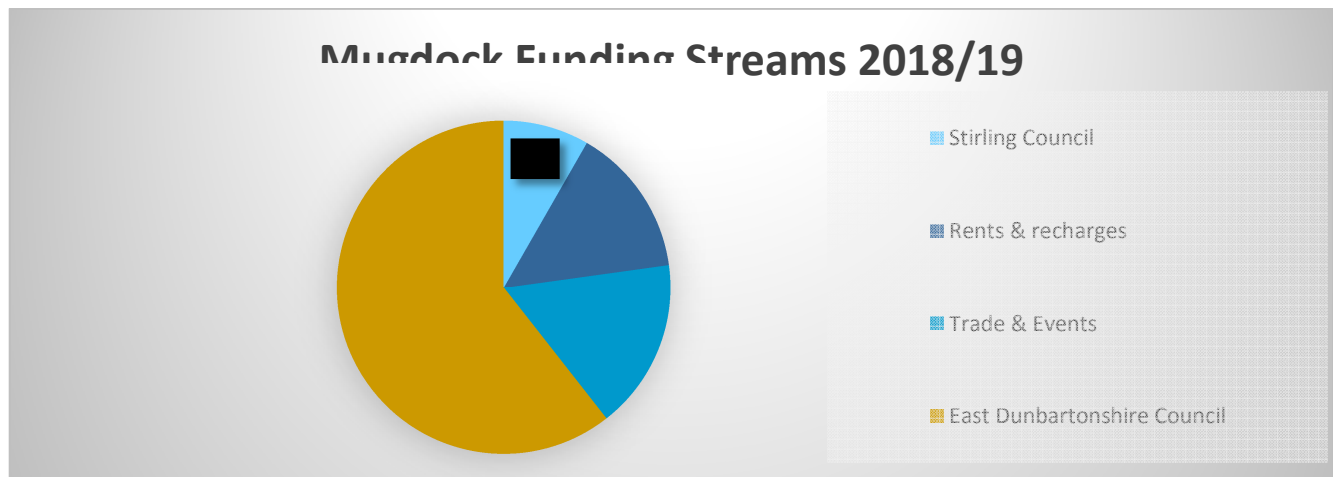


Telephone: 0300 123 4510

b) Administrative and Funding Arrangements

Administrative and Funding Arrangements for the Park are conducted in accordance with the Minute of Agreement between East Dunbartonshire Council and Stirling Council. A new Minute of Agreement between the authorities is effective for the period 2019-2024 this will be taken to committee for approval in 2019. Capital expenditure is split 50/50 between the respective authorities with Stirling Council paying a fixed revenue contribution of £50,000 per annum.

The Park is funded and managed jointly by East Dunbartonshire and Stirling Councils through the Mugdock Joint Management Committee. In addition, there is support and funding from Mugdock Trust and the Clan Graham Society of North America. There are many volunteers at Mugdock including Conservation volunteers, Castle volunteers, Garden volunteers and Cinema volunteers.



East Dunbartonshire Council is responsible for overseeing the administrative arrangements of Mugdock Country Park Joint Management Committee, for all financial arrangements for the Park and, as permanent employer of the staff at the Park, is liable for any IAS19 (*International Accounting Standard 19: Employee Benefits*) commitments arising.

c) Financial Summary

The Comprehensive Income & Expenditure Statement on [page 13](#) shows that net revenue expenditure to be met by constituent authorities in 2018/19 was £414,253, £103,487 more than in the previous year.

Spend on employee costs were higher in 2018/19 due to the pay increase received by employees. Overall, the net cost of service for 2018/19 was lower than budget by £4,106 mainly because of additional income received through ticket sales and sales in shop sales. Although spend looks to be higher than previous there was a carry forward of £47k from 2017/18 from additional income which was used for Park Improvements. The contribution from Stirling Council was budgeted at £50,000 to reflect their share of costs, in line with the Minute of Agreement.

Mugdock Country Park Joint Management Committee

	2018/19 Budget £'000	2018/19 Actual £'000	2018/19 Variation £'000
Expenditure	552	601	-49
Income	-133	-187	54
Net	<u>419</u>	<u>414</u>	<u>5</u>
2018/19 Stirling Contribution		<u>-50</u>	

The Balance Sheet Statement on [page 14](#) shows that, as at the financial year-end, there is a temporary advance to East Dunbartonshire Council of £62,474. This reflects the net position of current assets and liabilities at the year-end and represents a net cash inflow position as at 31 March 2019.

The Cash Flow statement on [page 14](#) summarises the external transactions associated with the Park on a cash basis.

d) Performance Information

Over 2018-19 Mugdock Country Park attracted visitor numbers of 639,972 (prior year 631,798). A wide-ranging events programme is organised over the course of the year and includes theatre events, countryside events, festivals and workshops. There is a strong education programme using the knowledge and expertise of the Countryside Rangers. This has included development of a Forest Schools programme and expansion of outdoor events. The Middle of Scotland Science Festival is a regular feature and attracts many children and parents interested in finding out about science. 'MugStock Music Festival', a registered charity, took place in July 2018 and was unfortunately affected by adverse weather with fewer attendees than expected.



Mugdock Visitor Centre is the hub for visitor information and booking events. Visitors can enquire on-line and call or come in to make bookings for room and land hire, BBQs and event tickets as well as general enquiries. The Visitor Centre houses the Park's gift shop, which has been increasing sales with new stock and contains information about the history and ecology of the Park. There is a display of information about the Clan Graham and many Grahams from overseas visit Mugdock to find out about their ancestral heritage.

Work to improve the overflow field was carried out and this will improve the parking situation for visitors. A new BBQ hut has been installed and will provide an all year option for social events. A Toadstool Trail was also unveiled and has been a popular addition to Pheasant's Wood. A surplus from the previous year was carried forward and used to complete a number of projects including new benches and signage, white line markings in the carpark, additional security measures, marquee for events and upgraded audio visual equipment.

C FUTURE DEVELOPMENTS

Mugdock Country Park Joint Management Committee

Mugdock Strategy 2015-2020 was updated including the Park's Assets Register, Land Management Plan, Capital Projects Plan, Business Plan and the Marketing Strategy. This informs the strategic direction of the Park and ensures development ties into strategic objectives. Capital from East Dunbartonshire and Stirling Councils has been approved for the Mugdock Barns project which will provide new facilities for education, events and business development. The Astronomical Society of Glasgow continues to work with the Park in relation to the Observatory to be sited to the north of the Park. Filming enquiries continue with many leading to filming and land hire income to the Park. The Park is a member of the Scottish Locations Network, which is chaired by Creative Scotland.

D PRINCIPAL RISKS & UNCERTAINTIES

Risks to the Park are identified through the on-going risk management assessment processes. The principal risks continue to be income realisation and on-going financial pressures. The lease between East Dunbartonshire Council and Stirling Council extends from 1999 to 2049 and the Minute of Agreement details the operational and financial arrangements between the two Councils. The booking system provides more accurate financial information, and will support the efforts to increase income by enabling more robust business planning in the future. On-line payments are under development in order to be more customer focused. Future developments, which are currently being progressed aim to maximise income, whenever possible, to improve the long-term financial viability of the Park.

Other risks, included within the Park register, include Failure to upkeep car parks sufficiently. And ICT connectivity risk with possible impact on income. These risks are mitigated through phased resurfacing of car parks and additional ICT budget to upgrade ICT capacity in 2019/20.

Councillor Jim Gibbons

Chairperson, Mugdock Country Park Joint Management Committee

Date

Thomas Glen

Depute Chief Executive, Place, Neighbourhood & Corporate Assets – Mugdock Country Park Joint Management Committee

Date

Jamie Robertson

Treasurer, Mugdock Country Park Joint Management Committee

Date

Mugdock Country Park Joint Management Committee

Annual Governance Statement 2018-19

What we are Responsible For:

The Mugdock Team, governed by the Mugdock Joint Management Committee, is responsible for ensuring that the business of Mugdock Country Park is conducted in accordance with legislation and appropriate standards, that public money is safeguarded, properly accounted for and used in an economic, efficient and effective way. The council has a statutory duty and policy commitment to have arrangements in place to secure best value under the Local Government in Scotland Act 2003.

To meet its responsibilities, the Park Joint Management Committee has put in place proper arrangements for overseeing the Park's operation. These arrangements form the basis of its governance framework, which is intended to make sure that it does the right things, in the right way, for the right people, in good time, and in a fair, open, honest and accountable way.

East Dunbartonshire Council (the Council) has a Code of Corporate Governance, which it continues to apply, and this is applicable to the governance arrangements for the Park. The Code is prepared in accordance with the CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives) publication "Delivering Good Governance in Local Government" and is aligned to its six constituent core principles of good governance. This statement explains how East Dunbartonshire Council reviews the effectiveness of these arrangements and delivers good governance.

The Aim of the Governance Framework:

The Council's governance framework comprises the systems, processes, cultures and values through which Mugdock Country Park is directed and controlled. It describes the way the Park engages and plans with, accounts to and provides leadership within the community. The framework allows us to monitor how we are achieving our long-term aims, and ensure we deliver appropriate services that are value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to meet the targets in our 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 those risks that may affect the ability of Mugdock Country Park to deliver its aims and objectives. In doing so, it evaluates the likelihood and impact of those risks and seeks to manage them efficiently, effectively and economically.

Governance arrangements have been in place throughout the year and up to the date of approval of the statement of accounts.

The Governance Framework:

Some of the key features of the governance framework are set out in the following paragraphs.

Mugdock Country Park Joint Management Committee

Purpose, Outcomes & Vision

Mugdock Country Park's purpose and outcomes form a consistent thread cascading from the vision of 'working together to achieve the best with the people of East Dunbartonshire & Stirling' through the Local Outcome Improvement Plan to its strategic and local outcomes and priorities. Within the Place and Community Planning Strategic Accountability area, the performance at Mugdock is monitored and developed to meet agreed targets.

Common Purpose, Clear Functions & Roles

Mugdock provides a clear statement of roles and responsibilities through the Minute of Agreement with Stirling Council, which governs the period 1999 to 2004, and subsequent Variation to the Minute 2004-2014, 2014-2019 & 2019-2024.

Promoting Values

Mugdock promotes positive values and demonstrates good governance through upholding standards of conduct and behaviour. This is achieved using East Dunbartonshire Council's established code of conduct for both its employees and Elected Members, which is a written Statement of good practice and convention. The Statement aims to clarify roles and responsibilities and to establish accepted behaviour and practices. It also aims to enhance and maintain the integrity of local government elected members and officers and demands high standards of personal conduct.

Informed & Transparent Decision Making

Mugdock sets out its processes and controls to be vigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny. This includes having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants. Mugdock has developed a risk register, which is updated on an on-going basis and is monitored by the Mugdock Joint Management Committee.

Developing Capability & Capacity

Mugdock seeks to ensure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles. This includes developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group. Mugdock looks to encourage new talent for membership of the Joint Management Committee so that best use can be made of individuals' skills and resources in the balancing of continuity of service alongside the need for service redesign.

Engaging with Local People & Stakeholders

Mugdock seeks to engage with stakeholders through developing effective partnerships and ensuring positive relationships are in place. Mugdock management actively facilitates feedback from visitors and provides sufficient opportunities to allow constructive input to the park.

Review of Effectiveness:

Mugdock has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Place and Community Planning Executive Officer within the Council who has responsibility for the development and maintenance of the governance environment, the Council Audit & Risk Manager's Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. These recommendations are general to the whole of East Dunbartonshire Council, and no specific work on Mugdock Country Park was undertaken.

During the year, East Dunbartonshire Council continued to put in place appropriate management and reporting arrangements to enable it to be satisfied that its approach to corporate governance is both appropriate and effective in practice within Mugdock Country Park. Specifically, the Council's governance arrangements have been reviewed against the requirements of the CIPFA/SOLACE Framework. Whilst this process of review is co-ordinated corporately and approved by the Corporate Management Team, the Executive Officer - Place and Community Planning has a responsibility to ensure that their own governance arrangements are adequate and operating effectively.

In line with the CIPFA/SOLACE Framework, the Depute Chief Executive and Executive Officer are required to make an annual statement confirming that this is the case. For 2018/19, these Executive Officer disclosures confirm the adequacy and effective operation of corporate governance arrangements and financial controls. These assurances extend to include the establishment of mitigating actions in response to HSE Health and Safety recommendations and to Internal Audit recommendations regarding procurement practices, key anti-fraud controls and the governance around decision-making. Mitigating actions completed or in progress to address these risks have included establishing robust management systems for addressing specific HSE concerns, achieving ongoing reductions in non-contracted spend, the establishment of improved system audit trails and improved governance regarding committee reporting.

Based on Internal Audit work completed in 2018/19, Mugdock Country Park's internal control procedures were generally found to operate as intended with reasonable assurance being provided on the integrity of Council controls. Where recommendations to improve controls have been made, subsequent action plans have been developed, with management actions initiated, to address the risks identified. Internal audit conducted a review in the year of cash income controls at Mugdock Country Park. As a result, management have implemented improved controls to safeguard income.

The level of assurance provided by the Audit & Risk Team can never be absolute. This reflects the sample nature of the work carried out, the relative scope and objectives of audit assignments and those explanations offered, and evidence provided, by officers. In addition, factors external to the audit process including human

Mugdock Country Park Joint Management Committee

error, collusion or management overriding controls highlight the potential for systems historically highlighted as being satisfactory to become exposed to risk or loss.

The reports issued by the Council's external auditors, Audit Scotland, have also been considered as part of our overall review of effectiveness. A number of national and local reports have been issued during the financial year and these have been evaluated as part of the internal audit opinion above. Specific consideration has been given to the local audit team's cycle of reports that include the 'Management Report', and the 'Annual Audit Report'.

These reports continue to highlight risks faced by the Council and where appropriate action plans have been developed to mitigate these.

Progress against the Business Improvement Plan (BIP) relevant to Mugdock and the Key Performance Indicator of Visitor Numbers to Mugdock are reported through quarterly 'How Good Is Our Service' (HGIOS) reports. These indicators are reported throughout the year, forming a consistent thread from BIP to HGIOS with subsequent scrutiny delivered by the PNCA committee.

Significant Governance Issues

The system of governance (including the system of internal control) provides reasonable assurance that assets are safeguarded; that transactions are authorised and properly recorded; that material errors or irregularities either are prevented or would be detected within a timely period; and that significant risks impacting on the achievement of our strategic priorities and outcomes have been mitigated.

Conclusion

We consider the governance and internal control environment operating in 2018/19 for the Council to provide reasonable and objective assurance that significant risks affecting the achievement of our principal strategic priorities and outcomes will be identified and actions taken to avoid or mitigate their impact. A number of improvements have been identified that will further strengthen our governance arrangements and these are set out above. Systems are in place for regular review and improvement of the governance and internal control environment. The Council will continue to review its Corporate Governance arrangements and take any additional steps, as required, to further enhance these arrangements.

We are satisfied that these steps will address the need for improvements and will monitor their implementation and operation as part of our next annual review.

I confirm that the Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

Councillor Jim Gibbons

Mugdock Country Park Joint Management Committee

Chairperson, Mugdock Country Park Joint Management Committee

Date

Thomas Glen

Depute Chief Executive, Place, Neighbourhood & Corporate Assets – Mugdock Country Park Joint Management Committee

Date

Mugdock Country Park Joint Management Committee

Statement of Responsibilities for the Accounts

The Joint Management Committee is responsible for:

- - Arranging for the proper administration of its financial affairs and to ensure that an appropriate Officer has the responsibility for the administration of those affairs. The Joint Management Committee has appointed the Treasurer to that role.
- - Managing its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

Councillor Jim Gibbons

Chairperson, Mugdock Country Park Joint Management Committee

Date

The Treasurer is Responsible for:

- - the preparation of the Joint Management Committee's Annual Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, is required to present fairly the financial position of the Joint Management Committee at the accounting date and its income and expenditure for the year ended 31 March 2019;
- - selecting suitable accounting policies and applying them consistently;
- - making judgements and estimates that were reasonable and prudent;
- - complying with the Code of Practice;
- - keeping proper accounting records which are up to date; and
- - taking reasonable steps for the prevention and detection of fraud and other irregularities.

Jamie Robertson

Treasurer, Mugdock Country Park Joint Management Committee

Date

Mugdock Country Park Joint Management Committee

Principal Financial Statements

Movement in Reserves Statement

31 March 2018 £	31 March 2019 £
0 Balance at the 1st April	0
0 Surplus / (Deficit) for the Financial Year	0
0 Balance at the 31st March	0

Comprehensive Income and Expenditure Statement

2017/18 £	2018/19 £
Expenditure	
359,403 Employees	382,942
21,333 Maintenance	22,656
23,863 Utilities	47,788
57,426 Trading & Events	60,214
19,448 Operating	81,690
5,463 Publicity	3,029
2,890 External Audit Fees	2,980
489,825 Operating Costs	601,299
Income	
88,264 Rents & Recharges	87,136
90,794 Trading & Events	99,909
179,058	187,046
310,767 Net Revenue Expenditure	414,253
Amount to be met from constituent authorities	
260,767 East Dunbartonshire Council	364,253
50,000 Stirling Council	50,000
310,767	414,253
0 Net Surplus / (Deficit) for the year	0

Mugdock Country Park Joint Management Committee

Cash Flow Statement

2017/18 £		2018/19 £
	Cash Outflows	
356,816	Employee Costs	372,554
120,434	Other Operating Costs	192,405
477,250		564,959
	Cash Inflows	
-308,767	Requisitions from Constituent Authorities	-416,254
-90,795	Received for Goods and Services	-99,909
-85,726	Other Operating Receipts	-86,650
-485,288		-602,813
-8,038	Net Cashflow from Revenue Activities	-37,854

Balance Sheet

2017/18 £		2018/19 £
	Current Assets	
4,929	Receivables	3,415
9,606	Inventory	10,128
24,620	Temporary Advance to East Dunbartonshire Council	62,474
39,154		76,017
	Current Liabilities	
39,154	Payables	76,017
39,154		76,017
0	Total Assets less Current Liabilities	0

The audited accounts were issued on

I certify that this presents fairly the financial position of Mugdock Country Park Joint Management Committee at - 31 March 2019 and its income and expenditure for the year ended 31 March 2019. -

Jamie Robertson -

Treasurer, Mugdock Country Park Joint Management Committee -

Date: -

Notes to Principal Financial Statements

1. Accounting Policies

Mugdock Country Park Joint Management Committee

a) General Principles

The Annual Accounts summarise Mugdock Country Park Joint Management Committee's transactions for the 2018/19 financial year, and its position at the year-end of 31 March 2019. The *Local Authority Accounts (Scotland) Regulations 2014* requires Annual Accounts to be prepared, and section 12 of the *Local Government in Scotland Act 2003* requires these to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2018/19* (the Code), supported by *International Financial Reporting Standards (IFRS)*. In cases where accounting practices and legislative requirements conflict, the latter will apply. This is in agreement with the accounting concept of 'primacy of legislative requirements'.

The accounts are designed to give a 'true and fair view' of the financial performance and position of Mugdock Country Park Joint Management Committee for 2018/19. Comparative figures for 2017/18 are provided. The accounting convention adopted in the Annual Accounts is principally historical cost.

The accounting concepts of 'materiality', 'accruals' and 'going concern' have been considered in the application of accounting policies. The materiality concept means that information is shown where it is of such significance as to justify its inclusion. The accruals concept means that financial activities are accounted for on an accruals basis in the year that they take place, not simply when cash payments are made or received. The going concern concept is based on the assumption that the functions of the Park will continue in operational existence for the foreseeable future.

b) Employee Benefits

Post-Employment Benefits: Employees of the Park are members of The Local Government Pension Scheme (LGPS), which is a defined benefit statutory scheme, operated by Strathclyde Pension Fund, and administered by Glasgow City Council in accordance with the *Local Government Pension Scheme (Scotland) Regulations 1998*. LGPS is accounted for as a defined benefits scheme.

Under the terms of the Minute of Agreement between East Dunbartonshire Council and Stirling Council, East Dunbartonshire Council is the permanent employer of the staff of the Park and deals with all payments related to the Local Government Superannuation Scheme and STACA (Short Term Accumulating Compensated Absences). For that reason, revenue commitments and balance sheet disclosures for the purposes of IAS19 & STACA are identified within the accounts for East Dunbartonshire Council rather than those for the Park.

c) Long Term Assets

Title to the community assets of the Park rests with Stirling Council. However, under the revised management agreement signed by the constituent authorities, East Dunbartonshire Council has beneficial use of the fixed assets of Mugdock Country Park. In addition, East Dunbartonshire Council entered into a lease arrangement commencing 1 April 1999 to operate the designated assets as a Country Park as defined in the Countryside

Mugdock Country Park Joint Management Committee

(Scotland) Act 1967. This lease arrangement is for a peppercorn rent of £1 per annum, and will continue until 31 March 2049.

Accordingly, it has been considered appropriate that the Park's fixed assets are consolidated into the accounts of the Council. At 31 March 2019, the total net book value of the Park's buildings & equipment was £683,248 and of community assets was £2,180,000.

Overall, the net cost of capital for 2018/19 was lower than budget by £3,735 due to projects being re-phased into 2019/20.

	2018/19 Budget	2018/19 Actual	2018/19 Variation
	£'000	£'000	£'000
Expenditure	184	131	53
Income	-149	-99	-50
Net Cost of Capital	<u>35</u>	<u>32</u>	<u>3</u>

d) Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

2. Accounting Standards Issued, Not Adopted

IAS8 Accounting Policies, Changes in Accounting Estimates and Errors requires disclosure of information on the expected impact of new accounting standards that have been issued but are not yet effective. These have been reviewed and are not deemed significant for the financial statements.

3. Pensions Commitment

The Council is the permanent employer of the staff of the Park, and deals with all payments related to the Local Government Pension Scheme. Accordingly, revenue commitments and balance sheet disclosures for the purposes of IAS19 are identified within the accounts for the Council rather than those for the Park.

Mugdock Country Park pensions contribution payments for 2018/19 were £56,101 (2017/18 £50,396).

4. Exit Packages

During 2018/19 there were no exit packages by way of voluntary redundancy (2017/18 £Nil).

Mugdock Country Park Joint Management Committee

5. Shop Trading Account

The Joint Management Committee operates a shop within the Visitors Centre at Mugdock Country Park, selling souvenirs and other sundry items. Sales income in 2018/19 is higher than the previous year within shop sales.

The gross profit for the year to 31 March 2019 is as follows;

2017/18 £	2017/18 £		2018/19 £	2018/19 £
	15,997	Sales		24,208
6,056		Inventory at the start of the year	9,606	
14,141		Purchases	20,802	
-9,606		Less: Inventory at the end of the year	-10,128	
	10,591	Cost of Goods Sold		20,280
	5,406	Gross Profit / (loss)		3,928

6. Net Cash Flow from Revenue Activities

2017/18 £	2017/18 £		2018/19 £	2018/19 £
6,056		Change in inventory - opening balance	9,606	
9,606	3,550	Change in inventory - closing balance	10,129	523
391		Change in receivables - opening balance	4,929	
4,929	4,538	Change in receivables - closing balance	3,415	-1,514
23,029		Change in payables - opening balance	39,154	
-39,154	-16,125	Change in payables - closing balance	-76,017	-36,863
	-8,037			-37,854

7. Temporary Advance (to)/from East Dunbartonshire Council

2017/18 £	2018/19 £	Movement £
-24,620	-62,474	37,854

Independent auditor's report to the members of Mugdock Country Park Joint Management 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 Mugdock Country Park Joint Management Committee 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, Cash-Flow Statement 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 surplus on the provision of services 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 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 Joint Management 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 Management 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 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, 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 Annual 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 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.

Peter Lindsay
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10 September 2019