

West of Scotland European Consortium

Report to Consortium Members and the Controller of Audit
on the 2006/07 Audit



August 2007

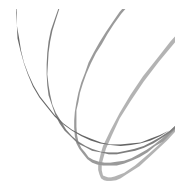


West of Scotland European Consortium

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Overall conclusion

1. In 2006/07 we audited the West of Scotland European Consortium's financial statements and looked at governance arrangements and some areas of performance. This report summarises our key findings from this work. We have given an **unqualified** opinion on the financial statements for 2006/07.

Overview of financial performance in 2006/07

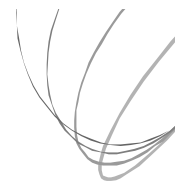
2. The consortium's expenditure amounted to £83,505 in 2006/07. This was financed by the participating authorities' contributions of £77,932, and a transfer from the funds held by Glasgow City Council of £5,573. This compares with budgeted expenditure of £100,000, an underspend of £16,495 (16%). The consortium operated below budget on all areas of expenditure for the year. Particular areas include the reduction in the number of consortium events (£4,500 underspend), rental savings against budget for the Brussels office (£2,038 underspend) and reduced expenditure in relation to promotional activities (£2,720 underspend).

The financial statements

3. The financial statements are an essential means by which the consortium accounts for its stewardship of the resources made available and its financial performance in the use of those resources.

Auditor's opinion

4. In summary I audit the financial statements and give an opinion on:
 - whether they present fairly the financial position of the consortium and its expenditure and income for the period in question
 - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
5. I have given an **unqualified** opinion on the financial statements for 2006/07.
6. The unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June 2007. Audited accounts will be available for publication prior to the target date of 30 September 2007.
7. Each year I request written confirmation that the consortium's financial transactions accord with relevant legislation and regulations. There are no legality issues arising from our audit.



8. Information on the integrity and objectivity of the audit engagement lead and audit staff, and the nature and scope of the audit, were outlined in the Code of Audit Practice prepared by Audit Scotland in March 2007.

Accounting practice

9. The consortium is required to follow the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (the 'SORP'). A number of adjustments were made to the figures included in the unaudited financial statements provided for public inspection to comply with this code.

Pension disclosures

10. Consortium staff are Glasgow City Council employees and the council is an admitted body of the Strathclyde Pension Fund. The consortium staff pension costs are reflected in the council's financial statements.

Group accounts

11. The consortium is disclosed within Glasgow City Council's group accounts as a non-material interest in a joint committee.

Interest

12. The consortium's balance of funds held by Glasgow City Council at 31 March 2007 is £138,315. However, the consortium has not received interest on this balance in 2006/07. This omission has not had a significant impact on the consortium's income. However, in response to audits finding, the council has agreed that, in future years, the consortium will receive interest on any balances held by the council.
13. No other errors were identified in the financial statements.

Overview of governance arrangements

14. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. The consortium has a responsibility to put in place arrangements for the conduct of its affairs, ensure the legality of activities and transactions and to monitor the adequacy and effectiveness of these arrangements in practice. As auditor I have a responsibility to report on the consortium's corporate governance arrangements and review the statement on the system of internal financial control.
15. In accordance with the consortium's minute of agreement financial transactions are processed through Glasgow City Council's financial systems. It is the responsibility of the council's management



to maintain adequate financial systems and associated internal controls. The auditor evaluates the significant financial systems and the associated internal controls, both for the purpose of giving an opinion on the statement of accounts, and in order to report on the adequacy of such systems and controls.

16. My review of these systems was conducted as part of the audit of Glasgow City Council and supplemented by specific audit work on the consortium's financial statements. Audit's conclusions are that overall Glasgow City Council's financial systems are adequate for the purpose of producing the financial statements. No areas of concern were identified relating to the transactions.
17. A statement on the system of internal financial control is included within the annual financial statements, and states the view that reasonable assurance can be placed upon the adequacy and effectiveness of the consortium's internal financial control system.
18. The statement complies with accounting requirements and is not inconsistent with the findings of our audit.

Future prospects

19. The financial statements have been prepared assuming that the consortium will continue into the future i.e. on a going concern basis. Whilst the activities of the West of Scotland Consortium will continue, in 2007/008 its services will be transferred to the European Forum for Western Scotland.

Final remarks

20. The members of West of Scotland European Consortium are invited to note this report. We would be pleased to provide any additional information that members may require.
21. The co-operation and assistance given to us by the relevant officers within Glasgow City Council, is gratefully acknowledged.