

# West of Scotland Archaeology Service

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



August 2007

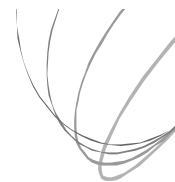


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## Overall conclusion

1. In 2006/07 we audited the West of Scotland Archaeology Service 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 committee's surplus was £28,698 in 2006/07. Expenditure was £217,112 against a budget for the year of £222,413, a small underspend of £5,301.
3. Total income received in the year was £245,810, the largest component being contributions from participating authorities of £165,260. The budget was set based on total income of £199,020. The increase in income is primarily due to the additional work undertaken in relation to the M74 project.

## The financial statements

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

## Auditor's opinion

5. We were appointed as auditors for the West of Scotland Archaeology Service in 2006/07. In error, in prior years the archaeology service had not sought an audit appointment for the financial statements. As a result the 2006/07 audit included a review of the 2005/06 prior year comparative figures.
6. In summary, we audit the financial statements and give an opinion on:
  - whether they present fairly the financial position of the committee and its expenditure and income for the period in question; and
  - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
7. We have given an **unqualified** opinion on the financial statements for 2006/07.
8. 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.



9. Each year we request written confirmation that the committee's financial transactions accord with relevant legislation and regulations. There are no legality issues arising from our audit which require to be brought to the committee's attention.
10. 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**

11. Joint Management Committees in Scotland are 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 accounts provided for public inspection to comply with this code.

## **Pension disclosures**

12. The staff of the archaeology service are Glasgow City Council employees and the council is an admitted body of the Strathclyde Pension Fund. The staff pensions are, therefore, reflected in the figures disclosed within the council's financial statements.

## **Group accounts**

13. The committee will be disclosed within Glasgow City Council's group accounts as a non-material interest in a joint committee.

## **Audit Fee**

14. The financial statements presented for audit did not contain the audit fee costs, due to the timing of the audit appointment. An amendment has now been made and the audit fee of £2,800 has been included as expenditure for the year and as a creditor within the balance sheet.
15. No other errors were identified in the financial statements.

## **Overview of governance arrangements**

16. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. The committee 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 committee's corporate governance arrangements and review the statement on the system of internal financial control.



17. In accordance with the committee'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. We evaluate 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.
18. Our review of these systems was conducted as part of the audit of Glasgow City Council and supplemented by specific audit work on the committee's financial statements. We concluded 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 service's transactions.
19. 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 committee's internal financial control system.
20. The statement complies with accounting requirements and is not inconsistent with the findings of our audit.

## **Future prospects**

21. The financial statements have been prepared assuming that the committee will continue into the future i.e. on a going concern basis.

## **Final remarks**

22. The members of the West of Scotland Archaeology Service are invited to note this report. We would be pleased to provide any additional information that members may require on the issues in this report or on our audit appointment in general.
23. The co-operation and assistance given to us by the relevant officers within Glasgow City Council is gratefully acknowledged.