

West of Scotland Archaeology Service

Annual report on the 2012/13 audit



Prepared for Members of West of Scotland Archaeology Service and the Controller of Audit
October 2013

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Contents

Key Messages	4
2012/13.....	4
Outlook.....	4
Introduction.....	5
Financial statements	6
Conduct and scope of the audit.....	6
Audit opinion & accounting issues	6
Significant findings (ISA260)	6
Financial position	6
Corporate governance and systems of internal control.....	7

Key Messages

2012/13

We have given an unqualified opinion that the financial statements of the West of Scotland Archaeology Service for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

The West of Scotland Archaeology Service's financial transactions are processed through Glasgow City Council's financial systems. Our review of these systems was conducted as part of the audit of the council, supplemented by specific audit work on the West of Scotland Archaeology Service's financial statements. No material weaknesses in the accounting and internal control systems were identified during the audit. In addition the arrangements for the prevention and detection of fraud were satisfactory during 2012/13.

Outlook

Budgetary projections for 2013/14 estimate a deficit of £9,000 which is to be met from the Service's reserves balance, which at 31 March 2013 were £122,000. Going forward the Service has agreed to continue a freeze on the level of annual contributions from member councils. A business plan is still under development and it is important that this now be finalised and be agreed by the Service.

Introduction

1. This report is the summary of our findings arising from the 2012/13 audit of the West of Scotland Archaeology Service. The purpose of the report is to set out concisely the scope, nature and extent of the audit. It summarises our opinions (i.e. on the financial statements) and conclusions on significant issues arising.
2. The report also reflects our overall responsibility to carry out an audit in accordance with the public sector audit model which is based on the Code of Audit Practice prepared by Audit Scotland (May 2011). This sets out the wider dimensions of the public sector audit which involves not only the audit of the financial statements but also consideration of areas such as financial performance and corporate governance. An audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. It is the auditor's responsibility to form and express an opinion on the financial statements prepared by management; however this does not relieve management of their responsibilities in this respect. This report has been prepared for the use of the West of Scotland Archaeology Service and no responsibility to any third party is accepted.
3. This report is also addressed to the Controller of Audit and will be published on our website after consideration by the members of the West of Scotland Archaeology Service.

Financial statements

Conduct and scope of the audit

4. Information on the integrity and objectivity of the appointed auditor and audit staff, and the nature and scope of the audit, were outlined in the Annual Audit Plan issued in February 2013 and follow the requirements of the Code of Audit Practice prepared by Audit Scotland in May 2011.
5. As part of the requirement to provide full and fair disclosure of matters relating to our independence we can confirm that we have not undertaken non-audit related services. The 2012/13 agreed fee for the audit was disclosed in the Annual Audit Plan and as we did not require to carry out any additional work outwith our planned audit activity this fee remains unchanged.

Audit opinion & accounting issues

6. We have given an unqualified opinion that the financial statements of the West of Scotland Archaeology Service for 2012/13 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.

We received the unaudited financial statements on 30 June in accordance with the agreed timetable. The working papers were of a high standard and the staff provided good support to the audit team and we completed our on-site fieldwork in early September. In preparing the financial statements, the West of Scotland Archaeology Service is required to follow the 2012/13 Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and we can confirm that the financial statements have been properly prepared in accordance with these accounting requirements.

Significant findings (ISA260)

7. No issues require to be brought to your attention regarding the appropriateness of the accounting policies or accounting estimates and judgements, the timing of transactions, the existence of any material unusual transactions or the potential effect on the financial statements of any uncertainties.

Financial position

2012/13 Outturn

8. The financial programme for the years 2011-14 was agreed at a meeting of the West of Scotland Archaeology Service in May 2011. The total budgeted expenditure was £ 168,000 of which the staff costs of £ 135,000 represent 80% of total costs. Total budgeted income was £167,000, resulting overall in a planned breakeven position (actual budgeted deficit of £388).

9. The West of Scotland Archaeology Service operated within the agreed net budget for 2012/13, and returned a better than forecasted surplus of £ 11,000. This was mainly due to the receipt of higher than expected fee and savings against budgets in the areas of systems support and mileage and subsistence.

2012/13 financial position

10. In 2012/13 the West of Scotland Archaeology Service made a surplus of £10,926 on the provision of services, compared to a deficit of £38,974 in 2011/12. Expenditure in 2011/12 was higher than normal due to the inclusion of early retiral costs. This surplus has been added to the reserves balance which at 31 March 2013 equals £ 121,840.

Financial planning

11. The West of Scotland Archaeology Service takes the positive approach of preparing financial budgets over a three year period in advance. The financial programme 2013-16 was agreed in January 2013. The budget continues the agreed freeze on annual contribution levels for the member councils and a deficit of £ 9,000 is budgeted for in 2013/14. This is to be financed from accumulated reserves, which are forecast to be £105,000 at 31 March 2014.
12. A business plan is currently being prepared which will cover such areas as service performance, financial sustainability and management and governance arrangements. It is noted that the completed plan will be agreed at a meeting planned for October 2013.

Corporate governance and systems of internal control

Overall governance arrangements

13. The Code of Audit Practice gives auditors a responsibility to review and report on audited bodies' corporate governance arrangements and overall we found the West of Scotland Archaeology Service had sound governance arrangements in place.

Accounting and internal control systems

14. The West of Scotland Archaeology Service's financial transactions are processed through Glasgow City Council's financial systems. Our review of these systems was conducted as part of the audit of the council, supplemented by specific audit work on the West of Scotland Archaeology Service's financial statements. No material weaknesses in the accounting and internal control systems were identified during the audit which could adversely affect the ability to record, process, summarise and report financial and other data so as to result in a material misstatement in the financial statements.

Prevention and detection of fraud and irregularity

15. In our Annual Audit Plan we highlighted the responsibility audited bodies have for establishing arrangements to prevent and detect fraud and other irregularities. The arrangements established for the prevention of fraud and irregularities have been considered by the audit of

Glasgow City Council as the host authority. There are no matters that we wish to bring to the attention of the West of Scotland Archaeology Service

Standards of conduct and arrangements for the prevention and detection of corruption

16. Audited bodies are responsible for ensuring that their affairs are managed in accordance with proper standards of conduct and have proper arrangements in place for implementing and monitoring compliance with standards and codes of conduct, standing orders and financial instructions. Auditors consider whether bodies have adequate arrangements in place. No issues have been identified by us for inclusion in this report.

Acknowledgements

17. We would like to express our thanks to officers for their help and assistance during the audit of this year's financial statements which has enabled us to provide an audit report within the agreed timetable.