

West of Scotland Archaeology Service

Annual report on the 2013/14 audit



Prepared for Members of West Scotland Archaeology Service and the Controller of Audit
October 2014

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Key Messages

2013/14

We have given an unqualified opinion that the financial statements of the West of Scotland Archaeology Service for 2013/14 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 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 2013/14.

Outlook

Budgetary projections for 2014/15 estimate a net deficit position of £ 12,077. The Service's reserves balance at 2013/14 was £ 122,640. The draft business plan approved by the Committee in May 2014 highlighted that reserves are likely to be applied to any increase in accommodation costs as well as the planned digitisation of paper based records. Going forward the Service will have to closely monitor performance against budget and in line with good practice consider a policy for the future management of reserve balances.

Introduction

1. This report is the summary of our findings arising from the 2013/14 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 on 28 February 2014 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 2013/14 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 2013/14 give a true and fair view of the state of the body's affairs and of its net expenditure for the year.
7. We received the unaudited financial statements on 18 June in accordance with the agreed timetable. The working papers were of a good standard and the staff were very supportive to the audit team. In preparing the financial statements the West of Scotland Archaeology Service is required to follow the 2013/14 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)

8. No issues require to be brought to your attention regarding the appropriateness of the West of Scotland Archaeology Service's 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

2013/14 financial position

9. In 2013/14 the West of Scotland Archaeology Service made a surplus of £800 on the provision of services, compared to a surplus of £10,926 in 2012/13. The movement in this surplus was partly due to the reduction in income from the withdrawal of Inverclyde Council. The closing balance on reserves was £122,640.

Financial planning

10. The Service's draft business plan for the period 2014 to 2017 was approved by the Committee on 1 May 2014. It is expected that the final version of the plan will be approved in November 2014, after which it will be published on the Service's web site. The draft plan includes a net budget for 2014/15 which shows a deficit of £ 12,077. It is noted that a financial plan beyond 2014/15 has not yet been prepared due to the uncertainty surrounding future accommodation costs and how this might impact on the budget. In addition, the draft plan highlights the need for a reserves policy. Officers have advised that this is being dealt with in 2014/15. The Service held reserves of £126,000 in 2013/14 and it is noted that reserve balances may be utilised to fund any increases in accommodation costs as well as the digitisation of paper based records.
11. Going forward the Service should ensure that it closely monitors the impact of any increased accommodation costs on the budget and in line with good practice, agree a policy for the future management of reserve balances.

Corporate governance and systems of internal control

Overall governance arrangements

12. 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

13. In accordance with the minute of agreement, 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

14. 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 committee, although it should be noted that no system can eliminate the risk of fraud entirely.

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

- 15.** 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

- 16.** 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.