

West of Scotland European Consortium

**Report to Consortium Members and the Controller of Audit
on the 2007/08 Audit**



September 2008



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Key messages

Introduction

In 2007/08 we audited the West of Scotland European Consortium's financial statements and governance arrangements. This report sets out our main findings, summarising key outcomes from the 2007/08 audit and the outlook for the period ahead.

Key outcomes from 2007/08 audit

We have given an **unqualified** opinion on the financial statements of the West of Scotland European Consortium.

Outlook for future audits

2007/08 was the final year of the West of Scotland European Consortium. During the year, its activities transferred to a new organisation - the West of Scotland European Forum. The new body does not appear to be a local authority body under the terms of the Local Government (Scotland) Act 1973 and, as such, this will be our final year of the audit appointment.



September 2008



Financial position

1. The consortium's expenditure during the year was £69,987 which was funded from the accumulated surplus from prior years, as a decision was taken to give all participating authorities a contribution holiday during 2007/08. The accumulated surplus at 31 March 2008 was £72,995.
2. The consortium's expenditure during the year was £69,987, compared with £83,505 in the previous year. Two reasons for the reduction in expenditure, were the termination of the consortium's contract with Scotland Europa for the Brussels Office and a decision not to publish an annual report during 2007/08.

Financial statements

Auditor's opinion

3. We 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 year
 - whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements.
4. We also review the statement on the system of internal financial control by considering the adequacy of the processes put in place by the consortium to obtain assurances on systems of internal financial control and assessing whether disclosures in the statement are consistent with our knowledge of the consortium.
5. We have given an **unqualified** opinion on the financial statements of the West of Scotland European Consortium for 2007/08.
6. The consortium's unaudited financial statements were submitted to the Controller of Audit prior to the deadline of 30 June. Audited financial statements will be available for publication prior to the target date of 30 September 2008.
7. Each year we request written confirmation that the consortium's financial transactions accord with relevant legislation and regulations. There are no legality issues arising from the audit which require to be brought to the member's attention.



Statutory objection

8. Citizens have the right to make a statutory objection under section 101(2) of the Local Government (Scotland) Act 1973. No objections were received in relation to West of Scotland European Consortium's 2007/08 financial statements.

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'). Overall, we were satisfied that the consortium had prepared the financial statements in accordance with the revised SORP.
10. The consortium adjusted the financial statements to reflect our audit findings. As is normal practice, immaterial unadjusted errors have been reported to the executive director of financial services via our letter issued in line with International Standard on Auditing 260 (ISA 260) *communication of audit matters with those charged with governance*.

Pension Disclosures

11. 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

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

Interest

13. Following audit recommendation in the previous year, this is the first year that the consortium has received interest (£6,000) on the funds held by Glasgow City Council.

Outlook

14. The activities of the consortium are to transfer to a new body with effect from 1 April 2008. The new body will be known as the West of Scotland European Forum. The accumulated surplus at 31 March 2008 of £72,995 will be transferred to the West of Scotland European Forum to support its activities. The new body does not appear to be a local authority body under the terms of the Local Government (Scotland) Act 1973 and, as such, this will be our final year of the audit appointment.



Governance

Overview of arrangements in 2007/08

15. 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 responsibility to report on the consortium's corporate governance arrangements and review the statement on the system of internal financial control.
16. 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, 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.
17. My review of these statements was conducted as part of the audit of Glasgow City Council and supplemented by specific audit work on the consortium's financial statements. My 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.
18. The statement on the system of internal financial control states that reasonable assurance can be placed upon the adequacy and effectiveness of the consortium's internal financial control system. The statement complies with accounting requirements and is not inconsistent with the findings of our audit.

Final remarks

19. 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.
20. The co-operation and assistance given to us by the relevant officers within Glasgow City Council, is gratefully acknowledged.