
WEST OF SCOTLAND ARCHAEOLOGY SERVICE

ANNUAL ACCOUNTS

For the Year Ended 31 March 2020

(Pre-Audit Inspection Copy)

WEST OF SCOTLAND ARCHAEOLOGY SERVICE

Financial Statements for the Year ended 31 March 2020

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❖ Management Commentary

- ❖ The West of Scotland Archaeology Service (WoSAS) was set up in 1997 as a Joint Committee of 12 Local Authorities in the region. However, North Lanarkshire Council left the Joint Committee on 31 March 2009, as did Inverclyde Council on 31 March 2013, in both cases after service of the requisite two year notice period. East Renfrewshire and South Lanarkshire Councils, having previously submitted two years' notice of withdrawal from the service which would have come into effect on 1st April 2018, rescinded their notice following progress on revisions to the service delivery model, and remain members.
- ❖ In 2004 West Lothian Council became members of the Joint Committee, and since 2018 archaeological advice has also been provided to East Dunbartonshire Council, which became part of the Joint Committee in 2019.
- ❖ The primary purpose of the Archaeology Service is to provide planning related archaeological advice to its member councils to allow them to discharge their duties in respect of Scottish Government planning guidance for the treatment of archaeological remains in the planning process.
- ❖ Since 2003, an archaeological advice service has also been provided to the Loch Lomond and Trossachs National Park Authority, originally in conjunction with Perth & Kinross Heritage Trust and with the Stirling Council archaeologist, but as sole service provider since 1 July 2012.
- ❖ At various stages the Service has also provided advice to the Forestry Commission and its successor authorities, and to the Scottish Rural Development Programme. The Service has carried out specific archaeological advice contract work for a number of other public sector clients. It has also received grant aid from the former Historic Scotland for specific projects.
- ❖ The Service covers a large, geographically diverse region stretching from the Southern Uplands to Argyll and its islands. This varied territory includes the Clydeside conurbation and the City of Glasgow with its strong industrial archaeological heritage, many important towns with medieval cores, and a large rural area containing many significant archaeological sites. The service plays a key role in identifying for its member councils and other clients archaeological issues arising from development within this diverse area. For this purpose, the service curates a detailed Historic Environment Record which contains the most up to date archaeological knowledge.
- ❖ The Historic Environment Record is the key tool for the Service in its own work while selected data from the Record is made available online to the public through both a Geographical Information System based interface and a searchable database. Spatial information from the Historic Environment Record is provided to the Local Government Improvement Service on behalf of each member council so that they continue to comply with the statutory requirement of the European Union's INSPIRE Directive. The service also responds to direct enquiries from the public.
- ❖ Not all archaeological sites are currently known – some areas of Scotland have still to be systematically surveyed. Many sites remain to be discovered below ground level, for example in the rich agricultural lands in Ayrshire where all surface traces have been ploughed flat over the centuries. Over the past twenty years the service has identified and handled around 21,000 planning applications and as a result a number of significant

archaeological sites have been discovered and have been excavated with developer funding, as advised in the Scottish Government policy.

- ❖ All archaeological fieldwork arising from the planning process is undertaken by private sector commercial archaeologists on behalf of developers. The service undertakes no fieldwork itself but oversees the implementation of archaeological conditions attached to planning consent for development. The service has continually refined and updated how it deals with the historic environment in the planning system, receiving Commendations for the Development Management category in the Scottish Awards for Quality in Planning on two occasions, most recently in 2014.
- ❖ The host authority's examination of its staff salary structure has delayed the implementation of the updated service delivery review, but the Service will respond flexibly to take account of the outcome of that examination, and of the phased introduction of the provisions of the new Planning Bill. In all of this, the service will have to adapt and accommodate any changes in the way in which our work is carried out in response to the challenges of the COVID-19 pandemic.
- ❖ The substantial growth in the number of private sector commercial archaeological organisations in Scotland after 1990 created a significant number of archaeological jobs, and although the economic recession in 2008-9 and the subsequent downturn in construction projects impacted on jobs in this field, there was strong recovery in jobs in the sector over the last decade. Perhaps as a result of the experience gained during the recession, the planning-related elements of the historic environment sector, both in local government and the commercial bodies, have shown considerable resilience in the current public health crisis. As the development industry adapts to the difficult circumstances, the historic environment sector is well-placed to contribute to a strong economic recovery.
- ❖ In the coming period, throughout any transition in working practices in the planning system, the service will continue to monitor, identify, and handle archaeological issues arising through the planning process on behalf of its member councils and clients and will continue to give advice to the public and make its Historic Environment Record information available to them through the service website at www.wosas.net.

Financial Results

The balance of usable reserves at the 1 April 2019 was £123,308. In 2019/20 total expenditure was £153,962 and total income was £180,451 resulting in a surplus for the year of £26,489. The balance of usable reserves at 31 March 2020 was £149,797.

Statement of Responsibilities for the Statement of Accounts

1. The lead authority's responsibilities

The lead authority is required:

- Make arrangements for the proper administration of its financial affairs and to ensure that the proper officer of the council has responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this council, that officer is the Executive Director of Finance;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government Scotland Act 2003); and
- To approve the Annual Accounts for signature.
- These Annual Accounts will be considered by the Joint Committee before 31 August 2020 and are planned to be submitted to the Joint Committee to be approved for signature no later than 30 November 2020.

2. The Executive Director of Finance responsibilities

The Executive Director of Finance is responsible for the preparation of the council's Annual Accounts, in accordance with proper practices, as required by legislation and as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Annual Accounts, the Executive Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with legislation; and
- Complied with the Code (in so far as it is compatible with legislation).

The Executive Director of Finance has also:

- Kept adequate accounting records, which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements give a true and fair view of the financial position of West of Scotland Archaeology Service as at 31 March 2020 and the transactions for the year then ended.

Martin Booth BA FCPFA MBA
Executive Director of Finance
14 August 2020

Movement in Reserves Statement for the Year ended 31 March 2020

The Code requires reserves to be summarised as usable and unusable. The balance in WOSAS is the sole useable reserve and represents the accumulated surplus of the organisation.

The balance on the fund stands at £149,797 as at 31 March 2020, an increase of £26,489 from last year, due to the surplus on the provision of services in the year.

	Total Reserves £
Balance at 1 April 2018	105,318
Movement in reserves during 2018/19:	
Surplus or (Deficit) on the Provision of Services	17,990
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	17,990
Balance at 31 March 2019	123,308
Movement in reserves during 2019/20:	
Surplus or (Deficit) on the Provision of Services	26,489
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	26,489
Balance at 31 March 2020	149,797

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2020

2018/19 Net Exp. £		Service Note	2019/20 Net Expenditure £
154,722	Gross expenditure	3	153,962
(171,857)	Gross income	3	(179,424)
(17,135)	Cost of Services		(25,462)
(855)	Interest and investment income	7	(1,027)
(855)	Financing and Investment Income and Expenditure		(1,027)
(17,990)	(Surplus) or Deficit on the Provision of Services		(26,489)
0	Other Comprehensive (Income) and Expenditure		0
(17,990)	Total Comprehensive (Income) and Expenditure		(26,489)

Comprehensive Income and Expenditure Statement – shows income and expenditure incurred in the year relating to the provision of WOSAS and other unrealised gains and losses. In total, this reflects the movement in the overall WOSAS reserves shown in the Balance Sheet.

Balance Sheet as at 31 March 2020

31 March 19 £		Note	31 March 20 £
124,621	Net short-term debtors	8	151,144
124,621	Current Assets		151,144
(1,313)	Short-term creditors	9	(1,347)
(1,313)	Current Liabilities		(1,347)
123,308	Net Assets / (Liabilities)		149,797
123,308	Usable Reserves		149,797
0	Unusable Reserves		0
123,308	Total Reserves		149,797

Balance Sheet – represents the value of the assets and liabilities of WOSAS as at 31 March 2020. The net assets (assets less liabilities) are matched by the total Usable and Unusable Reserves.

The unaudited accounts were issued on the 19 August 2020

Martin Booth BA CPFA MBA
Executive Director of Finance
14 August 2020

Notes to the Financial Statements

The main objective of these notes is to provide further explanation for certain aspects of the core Financial Statements.

1. Statement of accounting policies

The Financial Statements for the year ended 31 March 2020 have been prepared on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 (the Code). The Code is based on International Financial Reporting Standards (IFRS), with interpretation appropriate to the public sector. The statements are designed to give a 'true and fair view' of the financial performance and position of the council and its group.

The accounting concepts of materiality, accruals, going concern and primacy of legislative requirements have been considered in the application of accounting policies. In this regard, the materiality concept means that information is included where the information is of such significance as to justify its inclusion. The accruals concept requires the non-cash effects of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received. The going concern concept assumes that the council will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

The accounting convention adopted is historical cost modified by the revaluation of certain categories of long-term assets and the fair value of investments and pensions.

Income and debtors

Income includes all sums due to the council for the year of account. Government grants and other contributions are accounted for on an accruals basis and are recognised as income when the conditions of entitlement have been satisfied and there is reasonable assurance that the monies will be received.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts.

Supplies and services

Suppliers' invoices received up to 31 March 2020 are included, together with the specific accrual of invoices received after that date for material amounts, provided the goods or services were received in 2019/20. Where applicable, expenditure and income are reduced by the value of recharges to other council services under the heading inter-departmental recharges. This ensures that the cost is only reflected in the receiving service.

Usable and unusable reserves

Usable Reserves represent funds available to the Service.

Unusable reserves represent funds that are not available to the Service.

Material items

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the council's financial performance.

Events after the balance sheet date

Events after the balance sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the statement of accounts is authorised for issue. Two types of events may be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Financial Statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Financial Statements are not adjusted to reflect such events, but where this would have a material effect, the nature and estimated financial impact of such events is disclosed in the notes.

Prior period adjustments, changes in accounting policies and estimates

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting policy are only made when required by proper accounting practice or to provide more reliable or relevant information on the council's financial position. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period, as if the new policy had always been applied. Changes in accounting estimation techniques are applied in the current and future years and do not give rise to a prior period adjustment.

2 New standards issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2020/21 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
- Amendments to IAS19 Employee Benefits: Plan Amendment, Curtailment or Settlement

The Code requires implementation from 1 April 2020 and there is therefore no impact on the 2019/20 annual accounts.

Overall, these new or amended standards are not expected to have a significant impact on the Annual Accounts.

3 Income and expenditure statement

The table below provides a detailed breakdown of income and expenditure of the Service during 2019/20.

2018/19 Net Exp. £		Note	2019/20 Net Expenditure £
Income			
(128,095)	Contributions from participating local authorities	4	(138,090)
(43,762)	Fees and charges	6	(41,334)
(855)	Interest on balances	7	(1,027)
(172,712)	Total income		(180,451)
Expenditure			
140,844	Employee costs	5	141,122
140	Fees and subscriptions		150
948	Travel and subsistence		870
6,700	Rents	11	6,700
3,000	Equipment purchase and maintenance		3,000
1,085	Consultancy		
35	Miscellaneous		100
1,970	Audit fee	12	2,020
154,722	Total expenditure		153,962
(17,990)	(Surplus) or deficit for year		(26,489)
(105,318)	(Surplus) brought forward		(123,308)
(123,308)	Accumulated (surplus) or deficit		(149,797)

4. Local authority subscriptions

The majority of income received by WOSAS is derived from contributions received from the local authorities who are members of the Service.

A detailed breakdown of each member's contribution to the Service is shown in the table below:-

Annual Subscription 2018/19 £	Local Authority	Annual Subscription 2019/20 £
(22,971)	Argyll and Bute Council	(22,971)
(8,647)	Glasgow City Council	(8,647)
(12,691)	East Ayrshire Council	(12,691)
(7,619)	East Renfrewshire Council	(7,619)
(12,691)	North Ayrshire Council	(12,691)
(12,691)	Renfrewshire Council	(12,691)
(12,691)	South Ayrshire Council	(12,691)
(17,784)	South Lanarkshire Council	(17,784)
(7,619)	West Dunbartonshire Council	(7,619)
(12,691)	West Lothian Council	(12,691)
0	East Dunbartonshire Council	(9,995)
(128,095)	Total	(138,090)

Note: - The contribution received from Glasgow City Council is net of an agreed lead authority administrative charge of £5,000.

5. Employee benefits

The staff members of the Service are Glasgow City Council employees and the Council is an admitted body of the Strathclyde Pension Fund.

In accordance with International Accounting Standard 19 (IAS 19) – Employee Benefits, the Council is required to disclose certain information concerning assets, liabilities, income and expenditure, of the pension scheme. The Service's staff pension costs are reflected in the figures disclosed in Glasgow City Council's financial statements.

The Code requires that employee benefits are recognised in the accounts when they are earned rather than when they are paid. As a result, there is a requirement to consider notional entitlements to annual leave earned but not taken as at 31 March. The employees working on the Service's activities are contracted to Glasgow City Council and therefore any notional liability has been included within the accounts of Glasgow City Council who holds the contract of employment.

6. Fees and Charges

The £41,334 total for fees and charges includes £16,667 for an archaeological advice service provided to the Loch Lomond and Trossachs National Park Authority.

7. Interest

Interest is calculated on an annual basis at 31 March using an average of the Base Rate interest over the year, the rate Glasgow City Council have paid to borrow monies throughout the year and the rate Glasgow City Council have received when lending throughout the year.

8. Short-term debtors

The net short-term debtors figure for 2019/20 of £151,144 (2018/19 £124,621) comprises the following:-

31 March 2019 £	Short-term debtors	31 March 2020 £
75,532	Balance held by Glasgow City Council on behalf of WOSAS	135,782
	Outstanding payments from :-	
17,784	Loch Lomond & Trossachs	4,167
12,691	Renfrewshire Council	
7,619	East Renfrewshire Council	
9,995	East Dunbartonshire	9,995
1,000	Other outstanding payments	1,200
124,621	Total sundry debtors	151,144

9. Short-term creditors

The short-term creditors figure for 2019/20 of £1,347 (2018/19 £1,313) comprises the following:-

31 March 2019 £	Short-term creditors	31 March 2020 £
1,313	Accrued audit fees	1,347
1,313	Total sundry creditors	1,347

10. Remuneration Report

West of Scotland Archaeology Service is a Joint Committee comprised of several local authorities. Given that Glasgow City Council (GCC) is the lead authority, the senior management are deemed to be from GCC. Details of remuneration paid to senior management at GCC are available in the remuneration report included within GCC's financial statements. None of the employees working on the project earn more than £50,000. No remuneration was paid to the members of the Joint Committee.

11. Related Parties

Glasgow City Council is the administering body responsible for WOSAS. The related party transactions between WOSAS and Glasgow City Council are shown in the table below:-

2018/19 Net Exp/(Inc) £	Debtor/(Creditor) at 31 March 2019 £	Related Party transactions and balances	2019/20 Exp £	2019/20 Inc £	Debtor/(Creditor) at 31 March 2020 £
		Related bodies			
(1,947)	75,532	Glasgow City Council	6,700	8,647	135,782

12. Auditor remuneration

WOSAS incurred fees of £2,020 for the statutory inspection of the financial statements by Audit Scotland. The comparable figure for 2018/19 was £1,970. Fees payable in respect of other services provided by the appointed auditor were £nil (2018/19 £nil).

13. Events after the balance sheet date

There were no material events between 31 March 2020 and the date of signing that require to be reflected in the Financial Statements.

Annual Governance Statement

1. Scope of responsibility

The West of Scotland Archaeology Service Joint Committee is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for. The Joint Committee also has a statutory duty to make arrangements to secure best value; to ensure public funds and assets are used economically, efficiently and effectively and to ensure continuous improvement in the way in which its functions are exercised.

In discharging this responsibility, members are responsible for ensuring proper arrangements for the governance of the Service's affairs and facilitating the effective exercise of its functions, which includes the management of risk.

WOSAS's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) by virtue of the adoption by Glasgow City Council of a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: Delivering Good Governance in Local Government.

The Code is regularly reviewed and evidences the Council's commitment to achieving good governance and demonstrates how it complies with recommended standards.

The Joint Committee relies on the Council which has embedded a system of risk management and internal control. While providing reasonable assurance, these systems cannot, however, provide absolute assurance or certainty in entirely eliminating the risk of the Council failing to achieve its aims and objectives; incurring material errors; losses; fraud or breaches of laws and regulations.

2. The Joint Committee's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled. Through the framework it is accountable to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its objectives against its plans and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The governance framework will be continually updated to reflect best practice, new legislative requirements and the expectations of stakeholders.

The Joint Committee has responsibility for ensuring the continuing effectiveness of its governance framework and system of internal control. The main features of the Joint Committee's governance arrangements are as follows:-

- A Minute Of Agreement between the member councils of WOSAS

- The Joint Committee is supported by a Steering Group of officers and councillors from the member councils and other bodies
- Clearly defined Standing Orders, Scheme of Delegation and Financial Regulations
- Public performance reporting through the Annual Report
- Regular meetings of the WOSAS Officer Steering Group and the Joint Committee
- A budget setting process which includes the agreed local authority and other bodies contributions to the annual running costs of the organisation
- The regulation of employee matters through the Council's Code of Conduct for employees

3. Review of Effectiveness

The Council's governance arrangements set out above operated for the majority of the year and were regarded as fit for purpose in accordance with the governance framework. Section 7 sets out the arrangements established in response to the Coronavirus pandemic, which are also considered to be fit for purpose. The governance framework is continually reviewed to reflect best practice, new legislative requirements and the expectations of stakeholders. The effectiveness of the framework, including the system of internal control, is considered at least annually and is informed by:

- (a) The work of the members of the Corporate Management Team, including statutory officers, who have responsibility for the development and maintenance of the governance environment.
- (b) Oversight by the Director of Governance and Solicitor to the Council, who is the Council's Monitoring Officer.
- (c) The Head of Audit and Inspection's annual report and the work of the Internal Audit section, which complies with the Public Sector Internal Audit Standards (PSIAS), with the last five-yearly external peer review being completed in 2016. The Internal Audit section continues to hold BSi quality accreditation under ISO9001:2005 and Audit Scotland continue to use the work of the section in the execution of their annual audit plan. On [15 January 2020](#), the Head of Audit and Inspection presented a report to the Finance and Audit Scrutiny Committee on the updated CIPFA Statement on the role of the Head of Internal Audit (HIA) in Public Service Organisations. This included a self-assessment against the five principles that define the core activities and behaviours that should characterise the HIA role as well as the organisational arrangements needed to support the role.
- (d) Observations made by external auditors and other review agencies and inspectorates.
- (e) The completion of a self-assessment questionnaire by Service Directors and Managing Directors/Chief Executives of subsidiaries and relevant associates. This

questionnaire is aligned to the principles contained in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government, and requires assessments to be made of the extent to which arrangements within each Service/organisation comply with these principles. The responses to the questionnaires are confirmed on a sample basis by Internal Audit, as part of a rolling programme of corporate governance reviews.

- (f) The completion of signed statements of internal control by all Service Directors and the Managing Directors/Chief Executives of subsidiaries and relevant associates. Such statements were received for 2019/20, declaring that “There are, in my opinion, no significant matters that require to be raised in this Certificate, which is provided to support Glasgow City Council's Statement of Internal Control for the financial year 2019/20, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately”.

- (g) The exercising, by the two Scrutiny Committees, of respective remits including scrutiny of the performance of Services, subsidiaries and relevant associates, including financial management, statutory and other performance, and outcomes set through the GCPP Community Plan, which are relevant to partnership working and monitoring internal financial control, corporate risk management and corporate governance, and receiving and considering summaries of internal and external audit reports. In accordance with the Council's Standing Orders, in 2019/20, both scrutiny Committees undertook annual assessments of their work and effectiveness. Reports will be presented to the relevant Committee in due course.

Senior officers have been advised on the implications of the result of the review of the effectiveness of the governance framework by Internal and External Audit, and plans to address weaknesses and ensure continuous improvement of the systems are in place

4. Governance Developments and Future Activity

Following publication of a [Best Value Assurance Report](#) on the Council by Audit Scotland, on behalf of the Accounts Commission, the Council approved its [BVAR Action Plan](#) in September 2018. Updates on the BVAR Action Plan were presented to Finance and Audit Scrutiny Committee on [13 March 2019](#) and [13 September 2019](#). The final update was presented on [11 March 2020](#) and noted that the majority of the specific agreed actions were complete with those actions forming part of longer-term ongoing plans, for example, homelessness and Thriving Places, continuing to progress, with oversight by, and reports to, existing governance structures, including the Corporate Management Team and City Administration Committee.

Since presentation of an interim report on governance and accountability arrangements and the associated action plan to Full Council on [13 September 2018](#), both have been remitted to the Short Life Working Group to consider amendments. In 2019/20, the Short Working Life Working Group agreed the updated action plan. The Head of Audit and Inspection will provide follow up reports to the Finance and Audit Scrutiny Committee.

In 2019/20, Internal Audit introduced a revised approach to the reporting of follow up audits which includes presentation to the Finance and Audit Scrutiny Committee of a register of all outstanding audit recommendations.

The following activity is planned, in relation to the governance framework, in 2020/21:

- Continued implementation of the recommendations arising from the review of governance and accountability arrangements and the Best Value Assurance Report.
- Relaunch of the Corporate Asset Management Plan.
- Implementation of a new Customer Care Strategy.
- Continuation of the Council Family Review.
- Continuation of the review of the ALEO Governance Framework.
- Progressing implementation of a new pay and grading scheme.

5. Update on significant governance issues previously reported

The 2017/18 Internal Audit Annual Report and the Annual Governance Statement provided an update on the implementation of audit actions relating to a review of asbestos management and control. There was one recommendation outstanding from that review, relating to the provision of specialised asbestos advice on management surveys. This has progressed with City Property (Glasgow) LLP staff providing this advice when required.

In May 2016, Internal Audit reported findings from an investigation into areas of non-compliance with European funding requirements. The review also included an assessment of the systems and controls for ensuring compliance with European funding within Jobs and Business Glasgow, and also more broadly across the Council. There is evidence that compliance is now much better understood and embedded across the Council Family, with the revised governance arrangements now maturing. The nature of these funding streams is that full compliance is challenging to provide assurance on. Work therefore continues in certain areas and this will be subject to ongoing compliance checks by the second line corporate functions, and also by Internal Audit.

During 2015/16 an Internal Audit into Disaster Recovery and Business Continuity controls concluded that the control environment was unsatisfactory and identified a number of improvement actions for the Council and its (then) ICT partner ACCESS. All of the original findings from that audit have been fully implemented through the corporate Business Continuity Management Policy and Framework. However, Internal Audit has continued to find elements of non-compliance with this by Services/ALEOs. In 2019/20, the Council defined its ICT business continuity (BC)

requirements and an overarching service restoration plan was put in place but there remains an ongoing disconnect between BC plan assumptions for ICT recovery times, and the provisions for Disaster Recovery in DR plans. Work is ongoing by the SIT team and ICT business partners to align BC and application-level DR plans.

In 2019/20, Internal Audit reported the results of a significant investigation into allegations of wrongdoing and management override of control relating to procurement and contract matters at Cordia LLP. All actions agreed from that investigation have now been completed. However, in order to provide assurance over these important areas on an ongoing basis, Internal Audit has embedded spot check and cultural audits in the current and future years' audit plans.

In 2019/20 Internal Audit also reported findings from an investigation into a third party organisation that has been in receipt of funding from the Council for a number of years, to the value of around £350k per annum. All actions have been completed and the service re-provisioned.

The 2019/20 Internal Audit investigation into a potential Paypoint fraud concluded that an employee had stolen monies by circumventing the Paypoint control environment. All agreed audit actions have been implemented.

6. Significant Governance Issues

Where the audit opinion arising from an audit states that the control environment has been assessed as unsatisfactory, the concerns highlighted are reported in the Head of Audit and Inspection's annual report and in this Annual Governance Statement. During 2019/20 there were two unsatisfactory opinions issued relating to the Council's assurance.

Audit Title	Recommendations		
	High	Medium	Low
Blue Badge Parking Permits Application Process	4	5	1
Taxi usage	6	2	0

Internal Audit also concluded an investigation into the use of cash advances by two senior officers in one Council Service. It was concluded that the system of internal control for claiming expenses had been circumvented through management override of control. This resulted in £6,072 of cash advances being unaccounted for. The investigation also found instances of non-compliance with other important corporate governance systems and controls, including a failure to declare gifts and hospitality.

7. Internal audit Opinion

The Council has a system of internal control designed to manage risk to a reasonable level. Internal controls cannot eliminate the risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The impact of COVID-19 in March 2020 was a significant event, impacting normal business operations and risk assessments. As a result of the changes to the working arrangements arising from the pandemic response, in March 2020 many of the expected systems and controls will have been subject to change. The opinion expressed in this report therefore applies only to the period before the emergency service delivery arrangements were put in place.

Based on the audit work undertaken, the assurances provided by Service Directors and Managing Directors/Chief Executives of subsidiaries and relevant associates, and excluding the significant issues noted above, it is the Head of Audit and Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2019/20 in the council and its subsidiaries and relevant associates, for the period before the change to service delivery models in March 2020.

7. Impact of Coronavirus

The governance arrangements set out in this Statement operated for the majority of the year until the impact of the global Coronavirus pandemic led to changes in emergency responsibilities, decision making structures, priorities and working arrangements from March 2020.

On 17 March 2020, the Council's Emergency Committee implemented temporary decision-making arrangements to reduce the need for face-to-face meetings during the pandemic and ensure that it could react quickly and flexibly to the crisis. Council, Committee and Community Planning Partnership meetings were suspended and delegations to officers and Conveners were increased temporarily, with any decisions requiring approval by elected members being taken by a reduced-membership City Administration Committee (CAC). These arrangements were reviewed on 21 May 2020 and the full membership of the CAC was reinstated from 4 June 2020. Other Committees, including the two scrutiny Committees, also started to meet in June 2020 and a Full Council meeting was held on 30 July 2020.

In response to the emergency, a command and control structure was invoked to ensure clarity of strategic response, responsibilities, frequent reporting and close partnership working with partner organisations and the Government. Focus was on prioritising resources and continuing business critical activities to support and protect citizens, communities and businesses across the city and providing emergency assistance. Flexible working arrangements have been developed, including new ways of using ICT to access and share information. Wherever possible, this accords with existing information security procedures and controls however, in some cases, greater information security risks have been temporarily accepted to enable such activity. Approval, monitoring and support processes are in place for these decisions. Where changes have been agreed to the

internal control environment, these are logged and monitored by Internal Audit and will inform additional assurance work in relevant areas.

The impact of the pandemic will not be short-term. It will affect all aspects of society and the role and operation of the Council and its workforce. It will increase demand for existing and additional Council services and will present further financial pressures over the months and years ahead. As the Council moves out of the initial response phase, planning for the recovery of services and for social and economic renewal is ongoing. This includes the reinstatement of internal control frameworks and major programmes of activity, where these have been amended or suspended, as well as pursuing opportunities for innovation. Governance structures have been established to oversee and deliver the Renewal Programme. Arrangements have also been made to ensure lessons learned from the Council's response and recovery phases are captured and used to inform improvements to business continuity, organisational resilience, incident management, operational arrangements and controls, and relationships with stakeholders.

The governance arrangements in operation from March 2020, in response to the Coronavirus pandemic, were regarded as fit for purpose.

8. Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance and internal control that operate in Glasgow City Council and its subsidiaries and relevant associates and that the arrangements in place for the whole of 2019/20, both business as usual governance arrangements and those in place in response to Coronavirus, were fit for purpose. The self-assessments, the statements of internal control signed by Service Directors and Managing Directors (of subsidiaries and relevant associates) and the work undertaken by Internal Audit has shown that, with the exception of those matters listed above, the arrangements in place are operating as planned. We propose over the coming year to take steps to address these matters and officers will monitor and report on their implementation.

We will continue to review and enhance, as necessary, our governance arrangements.