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**WEST OF SCOTLAND EUROPEAN FORUM**  
**ANNUAL ACCOUNTS**

**For the year ended 31 March 2022**

**(Pre-Audit Inspection Copy)**

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# WEST OF SCOTLAND EUROPEAN FORUM

## Financial Statements for the Year ended 31 March 2022

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## ❖ **Management Commentary**

The West of Scotland European Forum (WOSEF) was set up in 2007. Its purpose is to develop positive links between the communities of the region and the institutions of the European Union. In this task it follows on from the work previously undertaken by the West of Scotland European Consortium (WOSCEC).

Covering a geographically diverse region stretching from the Southern Uplands to the Highlands and Islands, this varied territory covered by forum members includes the Clydeside conurbation, the City of Glasgow, and several important industrial areas.

In 2021/22 the Forum delivered on its work programme for the year which had been agreed at the Forum meeting held on 29<sup>th</sup> March 2021. The work programme focused on 2 main issues – the delivery of the 2014-2020 Scottish EU funding programmes and in particular the proposed UK Shared Prosperity Fund (UKSPF) the intended replacement for EU Structural Fund programmes in the UK following “Brexit”. In carrying out these tasks the Forum continued its long standing collaboration with The Industrial Communities Alliance (ICA). The UK Government published its UKSPF guidance on 2<sup>nd</sup> February 2022 – this confirmed an overall budget for the fund of £2.6bn over the 3 year period to March 2025.

With regard to the longer term role and remit of the Forum, it remitted this matter to the incoming councils to be elected in May 2022.

In respect of its financial affairs, 2021/22 marked the fourth year in which the Forum sought to achieve a general balance in its budget having run down its accumulated reserves in a managed fashion over the preceding years. This objective was substantially met in 2021/22 and the maintenance of the balance will protect the organisation in light of the current economic climate. The accounts for 2021/22 have been prepared on a going concern basis.

It should be noted that the Forum’s activities continued to be significantly impacted by the Covid-19 pandemic and the associated restrictions. Communication by email was continued throughout the year and the Forum was able to maintain a regular cycle of meetings using video conferencing. In terms of the impact on the Forum’s finances, the restrictions on travel and in person meetings generated some modest savings to the Forum budget.

### **Financial results**

In 2021/22 total income was £41,398 and total expenditure was £41,972, resulting in a deficit for the year of £574 leaving a balance of funds carried forward of £41,446.

## ❖ **Statement of Responsibilities for the Statement of Accounts**

### **1. The lead authority's responsibilities**

The lead authority is required:

- To make arrangements for the proper administration of the Forum's financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In Glasgow City Council, that officer is the Executive Director of Finance.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.
- To 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 Forum before 31 August 2022 and submitted to the Forum to be approved for signature no later than 30 November 2022.

### **2. The Executive Director of Finance responsibilities**

The Executive Director of Finance is responsible for the preparation of the Forum'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 these Annual Accounts, the Executive Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates on a reasonable basis;
- 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 Annual Accounts give a true and fair view of the financial position of West of Scotland European Forum as at 31 March 2022 and the transactions for the year then ended.

Martin Booth BA FCPFA MBA  
Executive Director of Finance  
30 June 2022

## ❖ Movement in Reserves Statement for the Year ended 31 March 2022

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

The balance held by the Forum stands at £41,446 as at 31 March 2022, a decrease of £574 from last year, due to the deficit on the provision of services in the year.

	Total Reserves £
<b>Balance at 31 March 2020</b>	<b>41,435</b>
<b>Movement in reserves during 2020/21:</b>	
Surplus or (Deficit) on the Provision of Services	585
Other Comprehensive Income and (Expenditure)	0
<b>Increase or (Decrease) in the year</b>	<b>585</b>
<b>Balance at 31 March 2021</b>	<b>42,020</b>
<b>Movement in reserves during 2021/22:</b>	
Surplus or (Deficit) on the Provision of Services	(574)
Other Comprehensive Income and (Expenditure)	0
<b>Increase or (Decrease) in the year</b>	<b>(574)</b>
<b>Balance at 31 March 2022</b>	<b>41,446</b>



## ❖ Comprehensive Income and Expenditure Statement for the year ended 31 March 2022

2020/21 Net Exp. £	Service	Note	2021/22 Net Expenditure £
41,463	Gross expenditure	3	41,965
(41,798)	Gross income	3	(41,398)
<b>(335)</b>	<b>Cost of Services</b>		<b>567</b>
(250)	Interest and investment (income)/expenditure		7
<b>(250)</b>	<b>Financing and Investment Income and Expenditure</b>		<b>7</b>
<b>(585)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>		<b>574</b>
<b>0</b>	<b>Other Comprehensive (Income) and Expenditure</b>		<b>0</b>
<b>(585)</b>	<b>Total Comprehensive (Income) and Expenditure</b>		<b>574</b>

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

❖ **Balance Sheet as at 31 March 2022**

31 March 2021 £		Note	31 March 2022 £
44,741	Net short-term debtors	6	42,859
<b>44,741</b>	<b>Current Assets</b>		<b>42,859</b>
(2,721)	Short-term creditors	7	(1,413)
<b>(2,721)</b>	<b>Current Liabilities</b>		<b>(1,431)</b>
<b>42,020</b>	<b>Net Assets / (Liabilities)</b>		<b>41,446</b>
<b>42,020</b>	<b>Usable Reserves</b>		<b>41,446</b>
0	Unusable Reserves		0
<b>42,020</b>	<b>Total Reserves</b>		<b>41,446</b>

**Balance Sheet** – represents the value of the assets and liabilities of WOSEF as at 31 March 2022. The net assets (assets less liabilities) are matched by the total Usable and Unusable Reserves.

The unaudited accounts were issued  
on 30 June 2022

Martin Booth BA FCPFA MBA  
Executive Director of Finance  
30 June 2022

## ❖ Notes to the accounts

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

### 1. Statement of accounting policies

- 1.1 The Financial Statements for the year ended 31 March 2022 have been compiled on the basis of recommendations made by the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) and have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (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 Forum.
- 1.2 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 Forum will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.
- 1.3 Suppliers' invoices received up to 31 March 2022 have been included in the accounts. In addition, various items of expenditure have been accrued in accordance with the Code where the goods or services were received prior to 31 March 2022. Salaries and wages earned to 31 March 2022 are included in the accounts for 2021/22 irrespective of when the actual payments were made.
- 1.4 Income includes all sums due in respect of subscriptions from member authorities and other organisations and interest earned on fund balances for the year ended 31 March 2022.
- 1.5 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2021/22 accounts.
- 1.6 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.

## **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 2022/23 Code:

- Annual Improvements to IFRS Standards 2018 – 2020 Cycle.
- Amendments to IAS16 Property, Plant and Equipment: Proceeds before Intended use.

The Code requires implementation from 1 April 2022 therefore there is no impact on the 2021/22 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 Forum during 2021/22:

2020/21 Net Exp. £		Note	2021/22 Net Expenditure £
<b>Income</b>			
(250)	Interest		-
(41,798)	Contributions from participating local authorities	4	(41,398)
<b>(42,048)</b>	<b>Total income</b>		<b>(41,398)</b>
<b>Expenditure</b>			
13,403	Employee costs		13,560
	Administration costs:		
26,000	Subscriptions		26,000
-	Travel and operational costs		285
-	Interest		7
2,060	Audit fee	10	2,120
<b>41,463</b>	<b>Total expenditure</b>		<b>41,972</b>
(585)	(Surplus) or deficit for year		574
(41,435)	(Surplus) brought forward		(42,020)
<b>(42,020)</b>	<b>Accumulated (surplus) or deficit</b>		<b>(41,446)</b>

#### 4. Local authority subscriptions

The majority of income received by WOSEF is derived from contributions received from the local authorities and other organisations who are members of the Forum.

A detailed breakdown of each member's contribution to the Forum in respect of 2021/22 and the previous year is shown in the table below:-

<i>Annual Subscription 2020/21 £</i>	<b>Local Authority</b>	<i>Annual Subscription 2021/22 £</i>
2,176	East Ayrshire Council	2,176
2,004	South Ayrshire Council	2,004
2,552	Renfrewshire Council	2,552
1,822	West Dunbartonshire Council	1,822
2,004	East Dunbartonshire Council	2,004
2,552	North Ayrshire Council	2,552
1,632	East Renfrewshire Council	1,632
10,880	Glasgow City Council	10,880
1,632	Argyll and Bute Council	1,632
5,440	South Lanarkshire Council	5,440
5,440	North Lanarkshire Council	5,440
1,632	Inverclyde Council	1,632
1,632	Strathclyde Partnership for Transport	1,632
400	Other contributions	0
<b>41,798</b>	<b>Total</b>	<b>41,398</b>

#### 5. Employee benefits

The staff member of the Forum is a Glasgow City Council employee 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 Forum'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 employee working on the Forum's activities is 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. Short-term debtors

The net short-term debtors figure of £42,859 for 2021/22 is comprised of the following:-

31 March 2021 £	Short-term debtors	31 March 2022 £
44,741	Balance held by GCC on behalf of WOSEF	42,511
-	Pay accrual	334
-	Employee benefits accrual	14
<b>44,741</b>	<b>Total sundry debtors</b>	<b>42,859</b>

In previous years the accrual for pay costs has been off-set against the balances of funds held by Glasgow City Council on WOSEF' behalf. This is inconsistent with the Code which requires balances to only be off-set under certain conditions which have not been met in this case. The resulting adjustment involves compensating amendments to both short-term debtors and the balances held by Glasgow City Council on behalf of WOSEF. Therefore this has no impact on the net assets position in the balance sheet or the value of reserves held.

## 7. Short-term creditors

The short-term creditors figure for 2021/22 of £1,413 (2020/21 £2,721) comprises the following:-

31 March 2021 £	Short-term creditors	31 March 2022 £
2,060	Accrued audit fees	1,413
661	Pay accrual	-
<b>2,721</b>	<b>Total sundry creditors</b>	<b>1,413</b>

## 8. Remuneration Report

West of Scotland European Forum is a Joint Committee comprised of several local authorities and other organisations. 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 is available in the remuneration report included within GCC's financial statements. The employee working on the project does not earn more than £50,000. No remuneration was paid to the members of the Forum.

## 9. Related Parties

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

2020/21 Net Exp/(Inc) £	Debtor/(Creditor) at 31 March 2021 £	Related Party transactions and balances	2021/22 Exp £	2021/22 Inc £	Debtor/(Creditor) at 31 March 2022 £
		<b>Related bodies</b>			
(10,880)	44,741	Glasgow City Council	0	10,880	42,511

## 10. Auditor remuneration

WOSEF incurred fees of £2,120 (2020/21 £2,060) for the statutory inspection of the financial statements by Audit Scotland. Fees payable in respect of other services provided by the appointed auditor were £nil (2020/21 £nil).

## 11. Events after the balance sheet date

There were no material events between 31 March 2022 and the date of signing that require to be reflected in the Financial Statements.

## 12. Accounts issued for authorisation

The unaudited Financial Statements will be considered by the Forum before 31 August 2022.



## Annual Governance Statement

### Scope of responsibility

The West of Scotland European Forum 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. Under the Local Government in Scotland Act 2003, the Forum also has a statutory duty to make arrangements to secure best value, which is to ensure continuous improvement in the way its functions are exercised, and to ensure public funds and assets are used economically, efficiently and effectively.

In discharging these responsibilities, elected members and senior officers must ensure proper arrangements for the governance of the Forum's affairs and facilitate the effective exercise of its functions, which includes the management of risk and stewardship of the resources at its disposal.

WOSEF's financial management arrangements complies with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit and 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 Forum 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.

### The Joint Committee's Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Forum is directed and controlled. Through the framework it is accountable to, engages with and leads the community. It enables the Forum 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 and outcomes. The governance framework will be continually updated to reflect best practice, new legislative requirements and the expectations of stakeholders.

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

- A formal document outlining the Forum's objectives, membership, lead and support authority arrangements, budgetary processes and meeting frequency
- The Forum is supported by a Steering Group of officers from the member councils and other bodies
- Compliance with Glasgow City Council's Standing Orders, Scheme of Delegation and Financial Regulations
- Regular meetings of WOSEF
- 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

### **Review of Effectiveness**

The Council's governance arrangements, across 2021/22 and were regarded as fit for purpose in accordance with the governance framework. 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. Throughout 2021/22, arrangements continued to operate to ensure that officers were clear on their role and responsibilities and that officers were compliant with the CIPFA Statements on "The Role of the Chief Financial Officer in Local Government" and "The Role of the Head of Internal Audit in Public Service Organisations 2019".
- (b) Oversight by the Director of Legal and Administrative Services, who was the Council's Monitoring Officer for 2021/22.
- (c) The Head of Audit and Inspection's annual report and the work of the Internal Audit section. The latest external quality review of the section was completed in April 2021 and reported to the Finance and Audit Scrutiny Committee on [5 May 2021](#). This report concluded that the section conforms with the requirements of the Public Sector Internal Audit Standards 2017 (PSIAS). The Internal Audit section continues to hold BSi quality accreditation under ISO9001:2015 and Audit Scotland continue to use the work of the section in the execution of their annual audit plan. Internal Audit continue to present a register of all outstanding audit recommendations to the Finance and Audit Scrutiny Committee on a regular basis. The Internal Audit Plan for 2021/22 was approved by

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the Finance and Audit Scrutiny Committee on 17 March 2021 and all required fieldwork has been completed.

- (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 2021/22, 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 2021/22, 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, all Committees are required to undertake an annual evaluation of effectiveness. An independent assessment of each Council Committee was undertaken during 2021/22, having been delayed due to the COVID-19 pandemic. These reviews were completed by senior officers independent of the Committee to be reviewed and the results were consolidated and reported to the Operational Performance and Delivery Scrutiny Committee on 9 February 2022.

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.

### **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 [11 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.

The following activity is planned, in relation to the governance framework, in 2022/23:

- Develop a new Council Plan following the May 2022 Local Government elections, incorporating any residual actions from the Council's existing Renewal Programme, and reflecting the Glasgow Community Plan.
- Review of the Council's Performance Management Framework, incorporating the work of the Operational Performance and Delivery Scrutiny Committee from 2021/22.
- Continued implementation of the recommendations arising from the Best Value Assurance Report.
- Continuation of the Council Family Review, finalising the review of Glasgow Life, and enhancing the Council's ALEO Governance framework.
- Progressing implementation of a new pay and grading scheme.

### **Update on significant governance issues previously reported**

There remains an ongoing disconnect between the Council's Business Continuity (BC) Plan assumptions for ICT recovery times, and the provisions for Disaster Recovery (DR) in DR plans. Whilst it is recognised that the inherent resilience of the corporate network and key applications has been enhanced in recent years, gaps continue to be identified between BC plan requirements and application level DR plans provided by the Council's ICT provider. There is also still inadequate formal DR plan testing taking place.

In the 2020/21 Annual Governance Statement, specific mention was made of two other significant matters identified by Internal Audit:

- Suspicious payment activity by a third party leading to concerns around potential money laundering. These investigations have been concluded and the relevant third parties informed.
- The identification of a fraud within the Strathclyde Pension Fund, with a family member of a deceased pensioner continuing to receive a pension over a prolonged period, to the value of circa. £300,000. Investigations have concluded that this was an isolated historic case and that the existing control framework is sufficient to prevent any similar fraudulent activity. The outcome of the investigations were reported to the Strathclyde Pension Fund Committee on 2 March 2022.

**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 Annual Governance Statement. During 2021/22 one unsatisfactory report was issued by Internal Audit relating to the Council's current ICT arrangements. A detailed report was presented to the Finance and Audit Scrutiny Committee on 26 January 2022, outlining concerns relating to ICT security and ICT contract management arrangements. A detailed action plan has been agreed with management and these actions will be monitored by Internal Audit and progress reported to the Finance and Audit Scrutiny Committee during 2022/23.

**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.

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 2021/22 in the council and its subsidiaries and relevant associates.

**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 2021/22 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.