
WEST OF SCOTLAND EUROPEAN FORUM

Annual Accounts

For the year ended 31 March 2017

WEST OF SCOTLAND EUROPEAN FORUM

Financial Statements for the Year ended 31 March 2017

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❖ Management Commentary

The West of Scotland European Forum (WOSFEF) 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 (WOSSEC). In addition to the local authorities who are members of WOSFEF, there are a number of other organisations in the region who participate in Forum activities.

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 2016/17 the Forum continued to work within its “Smarter Working” framework that had been agreed in 2010. Work focused on 2 main issues – the delivery of the 2014-2020 Scottish EU funding programmes (including the South West Scotland Youth Employment Initiative) and the implications of the EU referendum result for economic regeneration in the West of Scotland. In carrying out these tasks the Forum continued its long standing collaboration with The Industrial Communities Alliance (ICA). A key activity undertaken by the Forum in 2016/17 was to make the case for a replacement UK fund to compensate for the loss of EU Structural Funds following “Brexit” and this will continue to feature prominently in the Forum’s activities in 2017/18. It also cooperated closely with other Scottish stakeholders in promoting the opportunities provided to seek support from a number of European Territorial Cooperation programmes.

The accounts have been prepared on a going concern basis.

In respect of its financial affairs, 2016/17 saw the continuation of the Forum’s long term strategy to set its budgets with the aim of reducing its balance to about one year’s running costs; hence the modest reduction in the overall balance reported in these financial statements. This balance will protect the organization in light of the current economic climate which has put local authority budgets under significant pressure.

The Forum’s expenditure is systematically monitored throughout the year and this is reflected in its financial performance in which expenditure in 2016/17 was, as in previous years, within the level budgeted. Reports are submitted regularly to the Forum on its financial performance and proposed budgetary projections.

The Forum is not essentially an operational body hence and this limits the areas where risk can occur. In order to ensure that the Forum’s lobbying and advocacy activities are properly conducted and articulated a collaborative approach is taken. For major policy positions this entails consulting the Forum’s Officer Group before a formal paper is presented to elected members on the Forum.

The continuing uncertainty relating to the UK’s future relationship with the EU following the triggering of the “Article 50” procedure by the UK Government in March 2017 does raise questions about the longer term operation of the Forum. However the Forum has sufficient reserves to meet

any costs arising from any potential future decision to wind up the Forum – it should be noted for example that there would be no redundancy liabilities arising from the Forum being discontinued at some point in the future.

Financial results

In 2016/17 total income was £42,433 and total expenditure was £51,590, resulting in a deficit for the year of £9,157, leaving a balance of funds carried forward of £48,933.

Morag Johnston
Acting Executive Director of Financial Services
20 September 2017

Councillor Tony Buchanan
Chair of West of Scotland European Forum
20 September 2017

❖ **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 secure that one of its officers has the responsibility for the administration of those affairs. In Glasgow City Council, that officer is the Executive Director of Financial Services.
- 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 in Scotland Act 2003) and
- Approve the Annual Accounts for signature.
- These Annual Accounts were considered by the Forum at its meeting on 19 June 2017 and will be submitted to the Forum to be approved for signature no later than 20 September 2017.

Councillor Tony Buchanan
Chair of West of Scotland European Forum
20 September 2017

2. The Executive Director of Financial Services responsibilities

The Executive Director of Financial Services 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.

In preparing these Annual Accounts, the Executive Director of Financial Services has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with legislation
- Complied with the Code

The Executive Director of Financial Services has also:

- Kept proper accounting records which were up to date
- 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 2017 and the transactions for the year then ended.

Morag Johnston
Acting Executive Director of Financial Services
20 September 2017

❖ Movement in Reserves Statement for the Year ended 31 March 2017

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 £48,933 as at 31 March 2017, a decrease of £9,157 from last year, due to the deficit on the provision of services in the year.

	Total Reserves £
Balance at 1 April 2015	65,046
Movement in reserves during 2015/16:	
Surplus or (Deficit) on the Provision of Services	(6,956)
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	(6,956)
Balance at 31 March 2016	58,090
Movement in reserves during 2016/17:	
Surplus or (Deficit) on the Provision of Services	(9,157)
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	(9,157)
Balance at 31 March 2017	48,933

❖ Comprehensive Income and Expenditure Statement for the year ended 31 March 2017

2015/16 Net Exp. £	Service	Note	2016/17 Net Expenditure £
49,519	Gross expenditure	3	51,590
(42,198)	Gross income	3	(42,198)
7,321	Cost of Services		9,392
(365)	Interest and investment income		(235)
(365)	Financing and Investment Income and Expenditure		(235)
6,956	(Surplus) or Deficit on the Provision of Services		9,157
0	Other Comprehensive (Income) and Expenditure		0
6,956	Total Comprehensive (Income) and Expenditure		9,157

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 2017**

31 March 2016 £		Note	31 March 2017 £
59,363	Net short-term debtors	6	50,186
59,363	Current Assets		50,186
(1,273)	Short-term creditors	7	(1,253)
(1,273)	Current Liabilities		(1,253)
58,090	Net Assets / (Liabilities)		48,933
58,090	Usable Reserves		48,933
0	Unusable Reserves		0
58,090	Total Reserves		48,933

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

The audited accounts were authorized
for issue on 20 September 2017

Morag Johnston
Acting Executive Director of Financial Services
20 September 2017

❖ **Cash Flow Statement for the Year ended 31 March 2017**

2015/16 £	Revenue Activities	2016/17 £
(6,956)	Surplus or (Deficit) on the Provision of Services	(9,157)
	Adjustments for non-cash items:	
6,957	(Increase) / decrease in debtors	9,177
(1)	Increase / (decrease) in creditors	(20)
6,956		9,157
0	Net cash inflow / (outflow) from activities	0

Cash Flow Statement – details the changes in cash and cash equivalents of the Forum. The statement shows the Forum generated a negative cash balance through an operating deficit in the year 2016-17. This is matched by a movement in debtors (balance held by Glasgow City Council on behalf of WOSEF) and creditors to leave a net nil balance.

❖ 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 2017 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 2016/17 (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 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.
- 1.4 Suppliers' invoices received up to 31 March 2017 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 2017. Salaries and wages earned to 31 March 2017 are included in the accounts for 2016/17 irrespective of when the actual payments were made.
- 1.5 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 2017.
- 1.6 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2016/17 accounts.

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. In relation to the 2017/18 code there are no disclosures required.

3. Income and expenditure statement

The table below provides a detailed breakdown of income and expenditure of the Forum during 2016/17:

2015/16 Net Exp. £		Note	2016/17 Net Expenditure £
	Income		
(365)	Interest		(235)
(42,198)	Contributions from participating local authorities	4	(42,198)
(42,563)	Total income		(42,433)
	Expenditure		
17,640	Employee costs		18,125
	Administration costs:		
26,000	Subscriptions		26,000
2,500	Travel and operational costs		2,027
1,469	Miscellaneous		3,558
1,910	Audit fee	10	1,880
49,519	Total expenditure		51,590
6,956	(Surplus) or deficit for year		9,157
(65,046)	(Surplus) brought forward		(58,090)
(58,090)	Accumulated (surplus) or deficit		(48,933)

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 2016-17 and the previous year is shown in the table below:-

<i>Annual Subscription 2015/16 £</i>	Local Authority	<i>Annual Subscription 2016/17 £</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
800	Other contributions	800
42,198	Total	42,198

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 £50,186 for 2016/17 is comprised of the following:-

31 March 2016 £	Short-term debtors	31 March 2017 £
59,363	Balance held by GCC on behalf of WOSEF	50,186
59,363	Total sundry debtors	50,186

7. Short-term creditors

The short-term creditors figure for 2016/17 of £1,253 (2015/16 £1,273) comprises the following:-

31 March 2016 £	Short-term creditors	31 March 2017 £
1,273	Accrued audit fees	1,253
1,273	Total sundry creditors	1,253

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 key management personnel of WOSEF is the Acting Executive Director of Financial Services at Glasgow City Council and their role is outlined in the Statement of Responsibilities. The related party transactions between WOSEF and Glasgow City Council are shown in the table below:

2015/16 Net Exp/(Inc) £	Debtor/(Creditor) at 31 March 2016 £	Related Party transactions and balances	2016/17 Exp £	2016/17 Inc £	Debtor/(Creditor) at 31 March 2017 £
		Related bodies			
(10,880)	59,363	Glasgow City Council	0	10,880	50,186

10. Auditor remuneration

WOSEF incurred fees of £1,880 (2015/16 £1,910) 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 (2015/16 £nil).

11. Events after the balance sheet date

There were no material events between 31 March 2017 and the date of signing that require to be reflected in the Financial Statements.

❖ 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. The Forum also has a statutory duty to make arrangements to secure best value, to ensure public funds are used economically, efficiently and effectively and to ensure continuous improvement in the way its functions are exercised.

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

WOSEF's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) 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 evidences the Council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. The Code is regularly reviewed, and most recently refreshed in March 2017.

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 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.

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 City Council's 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:

- The work of the members of the Extended Corporate Management Team, who have responsibility for the development and maintenance of the governance environment.
- Oversight by the Director of Governance and Solicitor to the Council.
- The Head of Audit and Inspection's annual report. Internal Audit adheres to standards and guidelines laid down by relevant bodies and professional institutions and complies with the Public Sector Internal Audit Standards (PSIAS) which have been adopted by the Relevant Internal Audit Standard Setters (RIASS). The RIASS includes, among others, HM Treasury, the Scottish Government and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- Observations made by external auditors and other review agencies and inspectorates.
- The completion of a self-assessment questionnaire by Service Executive 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.

- The completion of signed statements of internal control by all Service Executive Directors and the Managing Directors/Chief Executives of subsidiaries and relevant associates. Such statements were received for 2016/17, 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 2016/17, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately”.

The exercising, by the Operational Delivery Scrutiny Committee and the Finance and Audit Scrutiny Committee, 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 SOA, 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.

Senior officers of Glasgow City Council 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.

Due to the 2017 Council elections, the first meeting of a Committee of the Council, whose remit includes audit, is not scheduled until after the unaudited Annual Accounts are submitted for external audit. However, the first meeting of such a Committee will be asked to consider the Head of Audit and Inspection's Annual Report for 2016/17, which includes consideration of the effectiveness of the system of internal control and Internal Audit.

Governance Developments and Future Activity

The following activity is planned, in relation to the governance framework, in 2017/18:

- Following the Local Government election in May 2017, the Committee structure of Glasgow City Council may be subject to review and change. This may result in changes to the Committee Terms of Reference and the Scheme of Delegated Functions.
- The Council's Corporate Risk Management Policy and Strategy will be subject to review and update.
- The Council's Business Continuity Policy is undergoing refresh as part of the development of a wider Business Continuity Management Framework that will be implemented in 2017/18.

Update on significant governance issues previously reported

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 ICT partner ACCESS. During 2016/17, a number of actions have been undertaken to strengthen the Council's resilience:

- Remedial action has taken place to improve Disaster Recovery arrangements at the Council's data centre;
- There has been a successful migration to a new purpose built back-up site, providing more storage capacity and scalability to meet future Disaster Recovery and resilience needs, and
- An IT Disaster Recovery policy is now in place and Business Continuity is now a standing agenda items at both the Council's IT Asset and ICT Advisory Boards.

Work is ongoing to determine the Council's priority applications and the required recovery timescales for these. A new Business Continuity Management Framework has been agreed and is expected to go live in June 2017. A programme of Business Continuity Plan testing has also been developed, with the first Council wide test scheduled for June 2017. Internal Audit will review the effectiveness of the new arrangements as part of the 2017/18 audit plan.

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 2016/17 there were no unsatisfactory opinions issued.

Internal audit Opinion

Based on the audit work undertaken, the assurances provided by Executive Directors of Services 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 internal control environment which operated during 2016/17 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 the West of Scotland European Forum and that these arrangements were in place for the whole of 2016/17. We will continue to review and enhance, as necessary, our governance arrangements.

Morag Johnston
Acting Executive Director of Financial Services
20 September 2017

Councillor Tony Buchanan
Chair of West of Scotland European Forum
20 September 2017

Independent auditor's report to the members of West of Scotland European Forum and the Accounts Commission

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice approved by the Accounts Commission, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Report on the audit of the financial statements

Opinion on financial statements

I certify that I have audited the financial statements in the annual accounts of West of Scotland European Forum for the year ended 31 March 2017 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet, Cash Flow Statement and notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (the 2016/17 Code).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with applicable law and the 2016/17 Code of the state of the affairs of the West of Scotland European Forum as at 31 March 2017 and of its deficit on the provision of services for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2016/17 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK and Ireland (ISAs(UK&I)). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the West of Scotland European Forum in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standards for Auditors, and I have fulfilled my other ethical responsibilities in

accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Acting Executive Director of Financial Services for the financial statements

As explained more fully in the Statement of Responsibilities, the Acting Executive Director of Financial Services is responsible for the preparation of the financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Acting Executive Director of Financial Services determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable legal requirements and ISAs (UK&I) as required by the Code of Audit Practice approved by the Accounts Commission. Those standards require me to comply with the Financial Reporting Council's Ethical Standards for Auditors. An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the circumstances of the West of Scotland European Forum and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Acting Executive Director of Financial Services; and the overall presentation of the financial statements.

My objectives are to achieve reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK&I) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Other information in the annual accounts

The Acting Executive Director of Financial Services is responsible for the information in the annual accounts. The other information comprises the information other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on matters prescribed by the Accounts Commission to the extent explicitly stated later in this report.

In connection with my audit of the financial statements in accordance with ISAs (UK&I), my responsibility is to read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other prescribed matters

I am required by the Accounts Commission to express an opinion on the following matters.

In my opinion, based on the work undertaken in the course of the audit

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003; and
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016).

Matters on which I am required to report by exception

I am required by the Accounts Commission to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Stephen O'Hagan
Senior Audit Manager
Audit Scotland
4th Floor
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Glasgow
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September 2017