
WEST OF SCOTLAND EUROPEAN FORUM

Annual Accounts

For the year ended 31 March 2016

WEST OF SCOTLAND EUROPEAN FORUM

Financial Statements for the Year ended 31 March 2016

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❖ Management Commentary

The West of Scotland European Forum (WSEF) 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 (WSEC). In addition to the local authorities who are members of WSEF, 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 2015/16 the Forum continued to work within its “Smarter Working” framework that had been agreed in 2010. Work focused on 2 main issues – future Scottish EU funding programmes and the Assisted Area map for 2014-2020. Regular reports on progress with these programmes were considered by the Forum.

In addition the region was confirmed as being eligible for additional EU monies to address the high levels of youth unemployment within the region and considerable work took place through the forum in defining the local authority interest in this initiative. The Forum continued to provide a mechanism for collective action by its constituent local authorities to move this initiative towards implementation.

A new Assisted Area map for the UK came into effect on 1 July 2014. The final map has just over half the region’s population covered by Assisted Area status, representing a considerable improvement on the initial proposals. Coordinated Forum intervention had played a key part in supporting individual local authority representations to achieve this satisfactory conclusion. However research carried out by the Forum in 2015/16 revealed a significant drop off in Regional Selective Assistance activity throughout Scotland impacting particularly on the West of Scotland and, through the Forum relationship with the Industrial Communities Alliance, this issue was raised at high level with the scheme’s administrator’s, Scottish Enterprise.

The accounts have been prepared on a going concern basis.

In respect of its financial affairs, 2015/16 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.

Financial results

In 2015/16 total income was £42,563 and total expenditure was £49,519, resulting in a deficit for the year of £6,956, leaving a balance of funds carried forward of £58,090

Lynn Brown MA (Hons) CPFA
Executive Director of Financial Services
19 September 2016

Councillor Tony Buchanan
Chair of West of Scotland European Forum
19 September 2016

❖ **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 20 June 2016 and were submitted to the Forum to be approved for signature on 19 September 2016.

Councillor Tony Buchanan
Chair of West of Scotland European Forum
19 September 2016

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 2016 and the transactions for the year then ended.

Lynn Brown OBE MA (Hons) CPFA
Executive Director of Financial Services
19 September 2016

❖ Movement in Reserves Statement for the Year ended 31 March 2016

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 £58,090 as at 31 March 2016, a decrease of £6,956 from last year, due to the deficit on the provision of services in the year.

	Total Reserves £
Balance at 1 April 2014	91,457
Movement in reserves during 2014/15:	
Surplus or (Deficit) on the Provision of Services	(26,411)
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	(26,411)
Balance at 31 March 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

❖ Comprehensive Income and Expenditure Statement for the year ended 31 March 2016

2014/15 Net Exp. £	Service	Note	2015/16 Net Expenditure £
52,718	Gross expenditure	3	49,519
(25,952)	Gross income	3	(42,198)
26,766	Cost of Services		7,321
(355)	Interest and investment income		(365)
(355)	Financing and Investment Income and Expenditure		(365)
26,411	(Surplus) or Deficit on the Provision of Services		6,956
0	Other Comprehensive (Income) and Expenditure		0
26,411	Total Comprehensive (Income) and Expenditure		6,956

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 2016**

31 March 2015 £		Note	31 March 2016 £
66,320	Net short-term debtors	6	59,363
66,320	Current Assets		59,363
(1,274)	Short-term creditors	7	(1,273)
(1,274)	Current Liabilities		(1,273)
65,046	Net Assets / (Liabilities)		58,090
65,046	Usable Reserves		58,090
0	Unusable Reserves		0
65,046	Total Reserves		58,090

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 unaudited accounts were issued on 9 June 2016 and the audited accounts were authorized for issue on 19 September 2016

Lynn Brown, OBE MA (Hons) CPFA
Executive Director of Financial Services
19 September 2016

❖ **Cash Flow Statement for the Year ended 31 March 2016**

2014/15 £	Revenue Activities	2015/16 £
(26,411)	Surplus or (Deficit) on the Provision of Services	(6,956)
	Adjustments for non-cash items:	
26,397	(Increase) / decrease in debtors	6,957
14	Increase / (decrease) in creditors	(1)
26,411		6,956
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 2015-16. 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 2016 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 2015/16 (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 2016 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 2016. Salaries and wages earned to 31 March 2016 are included in the accounts for 2015/16 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 2016.
- 1.6 There were no complex transactions or potential future uncertainties requiring critical judgements or estimations of uncertainty in preparing the 2015/16 accounts.

2. New standards issued but not yet adopted

There are no accounting standards relevant to the financial statements of the Joint Committee which have not been adopted.

3. Income and expenditure statement

The table below provides a detailed breakdown of income and expenditure of the Forum during 2015/16:

2014/15 Net Exp. £		Note	2015/16 Net Expenditure £
Income			
(355)	Interest		(365)
(25,952)	Contributions from participating local authorities	4	(42,198)
(26,307)	Total income		(42,563)
Expenditure			
17,321	Employee costs		17,640
Administration costs:			
26,000	Subscriptions		26,000
5,212	Travel and operational costs		2,500
2,275	Miscellaneous		1,469
1,910	Audit fee	10	1,910
52,718	Total expenditure		49,519
26,411	(Surplus) or deficit for year		6,956
(91,457)	(Surplus) brought forward		(65,046)
(65,046)	Accumulated (surplus) or deficit		(58,090)

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 2015-16 and the previous year is shown in the table below:-

<i>Annual Subscription 2014/15 £</i>	Local Authority	<i>Annual Subscription 2015/16 £</i>
1,280	East Ayrshire Council	2,176
1,179	South Ayrshire Council	2,004
1,501	Renfrewshire Council	2,552
1,072	West Dunbartonshire Council	1,822
1,179	East Dunbartonshire Council	2,004
1,501	North Ayrshire Council	2,552
960	East Renfrewshire Council	1,632
6,400	Glasgow City Council	10,880
960	Argyll and Bute Council	1,632
3,200	South Lanarkshire Council	5,440
3,200	North Lanarkshire Council	5,440
960	Inverclyde Council	1,632
960	Strathclyde Partnership for Transport	1,632
1,600	Other contributions	800
25,952	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 £59,363 for 2015/16 is comprised of the following:-

31 March 2015 £	Short-term debtors	31 March 2016 £
65,920	Balance held by GCC on behalf of WOSEF	59,363
400	Contributions outstanding from the Wise Group	0
66,320	Total sundry debtors	59,363

7. Short-term creditors

The short-term creditors figure for 2015/16 of £1,273 (2014/15 £1,274) comprises the following:-

31 March 2015 £	Short-term creditors	31 March 2016 £
1,274	Accrued audit fees	1,273
1,274	Total sundry creditors	1,273

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:

2014/15 Net Exp/(Inc) £	Debtor/(Creditor) at 31 March 2015 £	Related Party transactions and balances	2015/16 Exp £	2015/16 Inc £	Debtor/(Creditor) at 31 March 2016 £
		Related bodies			
(6,400)	65,920	Glasgow City Council	0	10,880	59,363

10. Auditor remuneration

WOSEF incurred fees of £1,910 (2014/15 £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 (2014/15 £nil).

11. Events after the balance sheet date

On 23rd June 2016 the UK voted in a referendum to leave the EU and the Forum will consider the short and long term implications of this decision for its affiliates in 2016/17.

12. Accounts issued for authorisation

The unaudited financial statements were issued on 9 June 2016 and the audited accounts were authorized for issue on 19 September 2016.

❖ **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, properly accounted for, and used economically, efficiently and effectively. The Forum also has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003. In discharging this overall responsibility, the Forum's elected members and senior officers are responsible for putting in place proper arrangements for its affairs and facilitating the effective exercise of its functions, which includes arrangements for 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 updated.

The Forum relies on the council which has put in place 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 system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Forum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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. 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

Members and officers of the Forum are committed to the concept of sound governance and the effective delivery of services and take into account comments made by internal and external auditors.

The review of the governance framework is conducted on an annual basis by Glasgow City Council by means of a self assessment questionnaire issued to Service Executive Directors and Managing Directors or Chief Executives of subsidiaries and relevant associates by Internal Audit. The self assessment questionnaire includes the principles contained in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government, and requires Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) to determine the extent to which their Service/organisation complies with each principle. All Executive Directors (of Services) and Managing Directors (of subsidiaries and relevant associates) have signed a statement of internal control 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 2015/16, as it is my opinion that the procedures which have been designed to ensure proper governance and financial control are operating adequately".

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.

Significant Governance Issues

Glasgow City Council's Annual Governance Statement for 2015/16 included reference to an audit of Business Continuity and IT Disaster Recovery Management, which was subject to an unsatisfactory audit opinion.

On 15 December 2015 an incident involving the air handling unit and fire suppression system occurred in the Council's primary data centre. The incident caused significant disruption to the Council's ICT systems. Whilst key business operations were able to continue, such as payments processing and access to social care information, the incident caused significant disruption across the Council group. The Council continues to investigate the incident and conduct lessons-learned reviews. An Internal Audit into Disaster Recovery and Business Continuity controls concluded that the control environment was unsatisfactory and has identified a number of improvement actions for the Council and its ICT partner ACCESS. The incident has highlighted the need to improve the ICT disaster recovery and business continuity controls.

Internal audit Opinion

Based on the audit work undertaken, the assurances provided by Executive Directors (of Glasgow City Council Services), and excluding the significant issue noted above, it is the Head of Audit & Inspection's opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the governance and control environment which operated during 2015/16 in the West of Scotland European Forum.

Certification

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the systems of governance that operate in the West of Scotland European Forum.

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

Councillor Tony Buchanan
Chair of West of Scotland European Forum
19 September 2016

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

I certify that I have audited the financial statements of West of Scotland European Forum for the year ended 31 March 2016 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 the related notes. 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 2015/16 (the 2015/16 Code).

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 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the Executive Director of Financial Services and auditor

As explained more fully in the Statement of Responsibilities, the Executive Director of Financial Services is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Executive Director of Financial Services; and the overall presentation of the financial statements. In addition, I 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.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view in accordance with applicable law and the 2015/16 Code of the state of the affairs of the West of Scotland European Forum as at 31 March 2016 and of the income and expenditure of the West of Scotland European Forum 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 2015/16 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.

Opinion on other prescribed matters

In my opinion:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I am required to report by exception

I am required 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
- the Governance Statement has not been prepared in accordance with Delivering Good Governance in Local Government; or
- there has been a failure to achieve a prescribed financial objective.

I have nothing to report in respect of these matters.

Elaine Barrowman
Senior Audit Manager
Audit Scotland
4th Floor
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Glasgow
G2 1BT
19 September 2016