Item 5

9th December 2022

WEST OF SCOTLAND ARCHAEOLOGY SERVICE

ANNUAL ACCOUNTS

For the Year Ended 31 March 2022

(Pre-Audit Inspection Copy)

WEST OF SCOTLAND ARCHAEOLOGY SERVICE

Financial Statements for the Year ended 31 March 2022

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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submitted two years' notice of withdrawal from the service which would have come into effect on 1st April 2018, rescinded their notice following progress on revisions to the service delivery model, and remain members.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 including Transport Scotland. 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 (HER) is the key tool for the Service in its own work. Selected data from the Record is made available online to the public through both a Geographical Information System (GIS) 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 requirements 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. Since its inception, the Service has identified and handled over 22,000 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.

- During the report period, the service dealt with 1805 new casework items, largely returning to levels seen prior to the slow-down experienced during the Covid-19 pandemic. The new casework items comprised consultation on 915 planning applications, monitoring 623 Weekly Lists of Planning Applications, and 267 other casework items. Achievements against the agreed Performance Indicators for each of these categories of work for the reporting period to 31st March 2022 are set out below.

Casework type	Performance Indicator (As set out in WoSAS Service Level Agreement)	Performance Standard	Performance 2021-22
Planning Application Consultations	Applications to be actioned within 21 calendar days of receipt.	80%	86.1%
Monitoring Weekly Lists	Lists to be monitored and actioned within 14 calendar days of receipt.	90%	96.9%
Other Work Areas	Casework to be actioned within 21 calendar days of receipt.	80%	92.2%

- The nationwide response to the Covid-19 pandemic necessitated changes to working practices in many areas, and introduced new challenges to the implementation of existing services. The shift to hybrid working and increased demand for remote access to council systems has affected many councils to a varied degree. Fluctuations in the availability of documents on some member councils' online planning portals have introduced intermittent delays, but waiting times for the restoration of services have in general been falling, so that it is expected that the negative impacts on response times for responding to planning applications and for monitoring weekly lists will be temporary.

- While in the aftermath of the initial Covid pandemic, there were noticeably fewer requests for assistance or consultation responses in the five categories of casework aggregated into "Other Work Areas", demand for this type of assistance is once again rising. Despite the rising number of requests and the demands of other casework, the immediate availability of relevant documentation from the clients meant that the improved response times achieved in the immediate Covid Recovery period were able to be sustained.

- A Covid-related alteration to the host authority's timetable for the examination of its staff salary structure continues to delay 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 continuing 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.

- 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 2021 was £150,465. In 2021/22 total expenditure was £159,256 and total income was £172,219 resulting in a surplus for the year of £12,963 compared to a £13,564 budgeted deficit. The balance of usable reserves at 31 March 2022 was £163,428. This represents 199% of the £82,000 reserve level recommended by the reserve policy review. The difference between the 2021/22 budgeted deficit and the actual 2021/22 year end surplus can be explained by a temporary arrangement reducing the number of hours worked by one of the employees.

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 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

- Approve the Annual Accounts for signature.

These Annual Accounts will be considered by the Service before 31 August 2022 and submitted to the Service 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 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 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 financial statements give a true and fair view of the financial position of West of Scotland Archaeology Service 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 WOSAS is the sole useable reserve and represents the accumulated surplus of the organisation.

The balance on the fund stands at £163,428 as at 31 March 2022, an increase of £12,963 from last year, due to the surplus on the provision of services in the year.

	Total Reserves £
Balance at 1 April 2020 (Restated)	**146,373**
Movement in reserves during 2020/21:	
Surplus or (Deficit) on the Provision of Services	4,092
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	**4,092**
Balance at 31 March 2021	**150,465**
Movement in reserves during 2021/22:	
Surplus or (Deficit) on the Provision of Services	12,963
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	**12,963**
Balance at 31 March 2022	**163,428**

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2022

2020/21 Net Exp. £		Service	Note	2021/22 Net Expenditure £
156,909	Gross expenditure		3	159,256
(160,057)	Gross income		3	(172,156)
(3,148)	**Cost of Services**			**(12,900)**
(944)	Interest and investment income		7	(63)
(944)	**Financing and Investment Income and Expenditure**			**(63)**
(4,092)	**(Surplus) or Deficit on the Provision of Services**			**(12,963)**
0	**Other Comprehensive (Income) and Expenditure**			**0**
(4,092)	**Total Comprehensive (Income) and Expenditure**			**(12,963)**

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 2022

31 March 21 £		Note	31 March 22 £
166,518	Net short-term debtors	8	173,001
166,518	**Current Assets**		**173,001**
(16,053)	Short-term creditors	9	(9,573)
(16,053)	**Current Liabilities**		**(9,573)**
150,465	**Net Assets / (Liabilities)**		**163,428**
150,465	Usable Reserves		163,428
0	Unusable Reserves		0
150,465	**Total Reserves**		**163,428**

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

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The unaudited accounts were issued on the 30 June 2022

Martin Booth BA FCPFA MBA
Executive Director of Finance

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 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 Service.

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 Service will not significantly curtail the scale of its operation. Wherever accounting principles and legislative requirements are in conflict, the latter shall apply.

Income

Income includes all sums due in respect of subscriptions from member authorities and other organisations, fees and charges, and interest earned on fund balances for the year ended 31 March 2022.

Supplies of goods and services

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

Salaries earned to 31 March 2022 are included in the accounts for 2021/22 irrespective of when the actual payments were made.

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 service'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.

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 Service during 2021/22.

2020/21 Net Exp. £		Note	2021/22 Net Expenditure £
	Income		
(138,090)	Contributions from participating local authorities	**4**	(138,090)
(21,967)	Fees and charges	**6**	(34,066)
(944)	Interest on balances	**7**	(63)
(161,001)	**Total income**		**(172,219)**
	Expenditure		
144,949	Employee costs	**5**	147,370
200	Fees and subscriptions		0
3,000	IT maintenance	**13**	3,000
0	Purchase of services		66
6,700	Rents	**11**	6,700
2,060	Audit fee	**12**	2,120
156,909	**Total expenditure**		**159,256**
(4,092)	(Surplus) or deficit for year		(12,963)
(146,373)	(Surplus) brought forward		(150,465)
(150,465)	**Accumulated (surplus) or deficit**		**(163,428)**

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 2020/21 £	Local Authority	Annual Subscription 2021/22 £
(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)
(9,995)	East Dunbartonshire Council	(9,995)
(138,090)	**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 £34,066 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

The Interest rate applied is 0.04% and 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 2021/22 of £173,001 (2020/21 £166,518) comprises the following: -

31 March 2021 £	Short-term debtors	31 March 2022 £
114,529	Balance held by Glasgow City Council on behalf of WOSAS	35,642
	Outstanding payments from: -	
0	Pay accrual	3,596
0	Argyll and Bute Council	22,971
17,784	South Lanarkshire Council	17,784
0	East Ayrshire Council	12,691
0	North Ayrshire Council	12,691
12,691	South Ayrshire Council	12,691
0	Renfrewshire Council	12,691
0	West Lothian Council	12,691
9,995	East Dunbartonshire Council	9,995
0	West Dunbartonshire Council	7,619
7,619	East Renfrewshire Council	7,619
0	CFA Archaeology Ltd	2,280
13,900	Other outstanding payments	2,040
166,518	**Total sundry debtors**	**173,001**

9. Short-term creditors

The short-term creditors figure for 2021/22 of £9,573 (2020/21 £16,053) comprises the following: -

31 March 2021 £	Short-term creditors	31 March 2022 £
2,060	Accrued audit fees	2,120
7,093	Pay accrual	0
6,700	Rent	6,700
200	Provision for Bad Debt	400
0	Glasgow City Council contribution	353
16,053	**Total sundry creditors**	**9,573**

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. One of the employees working on the project is in the earnings band between £50,000 and £55,000 per annum.

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: -

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 £
		Related bodies			
(1,947)	107,829	Glasgow City Council	9,700	8,647	28,589

12. Auditor remuneration

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

13. IT Maintenance

IT provision is through a service level agreement between the Service and Glasgow City Council valued at £3,000 for 2021/22 (2020/21 £3,000).

14. 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.

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. Under the Local Government in Scotland Act 2003, the Joint Committee 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 Service's affairs and facilitate the effective exercise of its functions, which includes the management of risk and stewardship of the resources at its disposal.

WOSAS'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 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 of councillors from the member authorities is supported by a Steering Group of officers from the authorities' planning services
- 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, 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 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.

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 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.

5. 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.

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 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.

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.

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.

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 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.