
WEST OF SCOTLAND ARCHAEOLOGY SERVICE

ANNUAL ACCOUNTS

For the Year Ended 31 March 2018

(Pre-Audit Inspection Copy)

WEST OF SCOTLAND ARCHAEOLOGY SERVICE

Financial Statements for the Year ended 31 March 2018

Contents	Page
• Management Commentary	3
• Statement of Responsibilities for the Statement of Accounts	5
• Movement in Reserves Statement	6
• Comprehensive Income and Expenditure Statement	7
• Balance Sheet	8
• Cash Flow Statement	9
• Notes to the Accounts	10
• Governance Statement	15

❖ 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submitted two years' notice of withdrawal from the service which would have come into effect on 1st April 2018, rescinded their notice following progress on revisions to the service delivery model, and remain members.
- ❖ 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), and since 2004 to West Lothian Council. East Dunbartonshire Council is currently negotiating their entry to the service.
- ❖ At various stages the service has also provided advice to the Forestry Commission and to the Scottish Rural Development Programme and has done specific archaeological advice contract work for a number of other public sector clients. It has also received grant aid from Historic Scotland for specific projects.
- ❖ The service covers a large geographically diverse region stretching from the Southern Uplands to Argyll and its islands. This varied territory includes the Clydeside conurbation and the City of Glasgow with its strong industrial archaeological heritage, many important towns with medieval cores, and a large rural area containing many significant archaeological sites. The service plays a key role in identifying for its member councils and other clients archaeological issues arising from development within this diverse area. For this purpose, the service curates a detailed Historic Environment Record which contains the most up to date archaeological knowledge.
- ❖ The Historic Environment Record is the key tool for the Service in its own work while selected data from the Record is made available online to the public through both a Geographical Information System based interface and a searchable database. Spatial information from the Historic Environment Record is provided to the Local Government Improvement Service on behalf of each member council so that they continue to comply with the statutory requirement of the European Union's INSPIRE Directive. The service also responds to direct enquiries from the public.

- ❖ Not all archaeological sites are currently known – some areas of Scotland have still to be systematically surveyed. Many sites remain to be discovered below ground level, for example in the rich agricultural lands in Ayrshire where all surface traces have been ploughed flat over the centuries. Over the past twenty years the service has identified and handled around 20,000 planning applications and as a result a number of significant archaeological sites have been discovered and have been excavated with developer funding, as advised in the Scottish Government policy.
- ❖ All archaeological fieldwork arising from the planning process is undertaken by private sector commercial archaeologists on behalf of developers. The service undertakes no fieldwork itself but oversees the implementation of archaeological conditions attached to planning consent for development. The service has continually refined and updated how it deals with the historic environment in the planning system, receiving Commendations for the Development Management category in the Scottish Awards for Quality in Planning on two occasions, most recently in 2014.
- ❖ The substantial growth in the number of private sector commercial archaeological organisations in Scotland after 1990 created a significant number of archaeological jobs, and although the economic recession in 2008-9 and the subsequent downturn in construction projects impacted on jobs in this field, there have been signs of stability and modest growth in jobs in the sector over the last few years.
- ❖ In the coming period, throughout any transition which may result from imminent changes to 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 make its Historic Environment Record information available to the public.

Financial Results

The balance of usable reserves at the 1 April 2017 was £94,953. In 2017/18 total expenditure was £149,346 and total income was £159,911 resulting in a surplus for the year of £10,565. The balance of usable reserves at 31 March 2018 was £105,518.

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 Service'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 Finance.
- To manage its affairs to secure economic, efficient and effective use of the resources and safeguard its assets.
- To ensure the Annual Accounts are prepared in accordance with legislation (the Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003) and
- To approve the Annual Accounts for signature.

These Annual Accounts will be considered by the Joint Committee before 31 August 2018 and submitted to the Joint Committee to be approved for signature no later than 30 September 2018.

2. The Executive Director of Finance responsibilities

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

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

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

The Executive Director of Finance has also:

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

I certify that the Annual Accounts give a 'true and fair view' of the financial position of West of Scotland Archaeology Service as at 31 March 2018 and the transactions for the year then ended.

Martin Booth BA CPFA MBA
Executive Director of Finance
18 June 2018

Movement in Reserves Statement for the Year ended 31 March 2018

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 £105,518 as at 31 March 2018, an increase of £10,565 from last year, due to the surplus on the provision of services in the year.

	Total Reserves £
Balance at 1 April 2016	100,013
Movement in reserves during 2016/17:	
Surplus or (Deficit) on the Provision of Services	(5,060)
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	(5,060)
Balance at 31 March 2017	94,953
Movement in reserves during 2017/18:	
Surplus or (Deficit) on the Provision of Services	10,565
Other Comprehensive Income and (Expenditure)	0
Increase or (Decrease) in the year	10,565
Balance at 31 March 2018	105,518

Comprehensive Income and Expenditure Statement for the Year ended 31 March 2018

2016/17 Net Exp. £	Service	Note	2017/18 Net Expenditure £
164,638	Gross expenditure	3	149,346
(158,969)	Gross income	3	(159,462)
5,669	Cost of Services		(10,116)
(609)	Interest and investment income	7	(449)
(609)	Financing and Investment Income and Expenditure		(449)
5,060	(Surplus) or Deficit on the Provision of Services		(10,565)
0	Other Comprehensive (Income) and Expenditure		0
5,060	Total Comprehensive (Income) and Expenditure		(10,565)

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 2018

31 March 17 £		Note	31 March 18 £
96,206	Net short-term debtors	8	106,798
96,206	Current Assets		106,798
(1,253)	Short-term creditors	9	(1,280)
(1,253)	Current Liabilities		(1,280)
94,953	Net Assets / (Liabilities)		105,518
94,953	Usable Reserves		105,518
0	Unusable Reserves		0
94,953	Total Reserves		105,518

Balance Sheet – represents the value of the assets and liabilities of WOSAS as at 31 March 2018. The net assets (assets less liabilities) are matched by the total Usable and Unusable Reserves.

The unaudited accounts were
issued on 18 June 2018

Martin Booth BA CPFA MBA
Executive Director of Finance
18 June 2018

Cash Flow Statement for the Year ended 31 March 2018

2016/17 £	Revenue Activities	2017/18 £
(5,060)	Surplus/ (deficit) on the provision of service	10,565
	Adjustments for non-cash items:-	
5,081	(Increase) / decrease in debtors	(10,592)
(21)	Increase / (decrease) in creditors	27
5,060		(10,565)
0	Net cash inflow / (outflow) from activities	0

Cash Flow Statement — details the changes in cash and a cash equivalent of the service.

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 2018 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 2017/18 (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.
- 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 Service 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 2018 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 2018. Salaries and wages earned to 31 March 2018 are included in the accounts for 2017/18 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 2018.
- 1.6 There were no complex transactions or potential future uncertainties requiring critical judgments or estimations of uncertainty in preparing the 2017/18 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. This applies to the adoption of the following new or amended standards within the 2018/19 Code:

- IFRS9 Financial Instruments
- IFRS15 Revenue from Contracts with Customers
- IAS12 Income Taxes
- IAS7 Statement of Cash Flows

The Code requires implementation from 1 April 2018 and there is therefore no impact on the 2017/18 annual accounts.

IFRS9 is a new standard that authorities are required to adhere to in relation to financial instruments. IFRS15 is a new standard that authorities are required to adhere to in relation to contracts with customers. IAS12 recognises amendments in relation to recognition of deferred tax assets for unrealised losses. IAS7 recognises amendments in relation to disclosure initiatives. 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 2017/18.

2016/17 Net Exp. £		Note	2017/18 Net Expenditure £
Income			
(128,095)	Contributions from participating local authorities	4	(128,095)
(30,874)	Fees and charges	6	(31,367)
(609)	Interest on balances	7	(449)
(159,578)	Total income		(159,911)
Expenditure			
150,841	Employee costs	5	136,088
140	Fees and subscriptions		140
2,145	Travel and subsistence		1,509
6,700	Rents	10	6,700
2,900	Equipment purchase and maintenance		2,900
32	Catering		89
1,880	Audit fee	12	1,920
164,638	Total expenditure		149,346
5,060	(Surplus) or deficit for year		(10,565)
(100,013)	(Surplus) brought forward		(94,953)
(94,953)	Accumulated (surplus) or deficit		(105,518)

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 2016/17 £	Local Authority	Annual Subscription 2017//18 £
(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)
(128,095)	Total	(128,095)

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 £31,367 total for fees and charges includes £16,667 for an archaeological advice service provided to the Loch Lomond and Trossachs National Park Authority.

7. Interest

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

8. Short-term debtors

The net short-term debtors figure for 2017/18 of £106,798 (2016/17 £96,206) comprises the following:-

31 March 2017 £	Short-term debtors	31 March 2018 £
83,672	Balance held by Glasgow City Council on behalf of WOSAS	44,674
	Outstanding payments from :-	
10,000	Loch Lomond and Trossachs	0
0	South Lanarkshire Council	17,784
0	North Ayrshire Council	12,691
0	Renfrewshire Council	12,691
0	East Renfrewshire Council	7,619
0	West Dunbartonshire Council	7,619
2,534	Other outstanding payments	3,720
96,206	Total sundry debtors	106,798

9. Short-term creditors

The short-term creditors figure for 2017/18 of £1,280 (2016/17 £1,253) comprises the following:-

31 March 2017 £	Short-term creditors	31 March 2018 £
1,253	Accrued audit fees	1,280
1,253	Total sundry creditors	1,280

10. Remuneration Report

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

11. Related Parties

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

2016/17 Net Exp/(Inc) £	Debtor/(Creditor) at 31 March 2017 £	Related Party transactions and balances	2017/18 Exp £	2017/18 Inc £	Debtor/(Creditor) at 31 March 2018 £
		Related bodies			
(1,947)	83,672	Glasgow City Council	6,700	8,647	44,674

12. Auditor remuneration

WOSAS incurred fees of £1,920 for the statutory inspection of the financial statements by Audit Scotland. The comparable figure for 2016/17 was £1,880. Fees payable in respect of other services provided by the appointed auditor were £nil (2016/17 £nil).

13. Events after the balance sheet date

There were no material events between 31 March 2018 and the date of signing that require to be reflected in the Financial Statements.

14. Accounts issued for authorisation

The unaudited Financial Statements will be considered by the Joint Committee before 31 August 2018.

Governance Statement

Scope of responsibility

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

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

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

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

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

The Joint Committee's Governance Framework

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

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

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

Review of Effectiveness

The Council's governance arrangements continue to be regarded as fit for purpose in accordance with the 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 Extended Corporate Management Team, who have responsibility for the development and maintenance of the governance environment.
- (b) Oversight by the Director of Governance and Solicitor to the Council.
- (c) 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).
- (d) Observations made by external auditors and other review agencies and inspectorates.
- (e) 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.
- (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 2017/18, 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

2017/18, 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 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 have been advised on the implications of the result of the review of the effectiveness of the governance framework by Internal and External Audit, and plans to address weaknesses and ensure continuous improvement of the systems are in place.

Governance Developments and Future Activity

The following activity is planned, in relation to the governance framework, in 2018/19:

- The Corporate Procurement and Commercial Improvement Strategy 2018 to 2022 will be presented for approval with the aim of being implemented in June 2018.
- Following its review and re-launch in May 2018, the Corporate Risk Management Policy and Framework will be fully implemented and applied for all risk management activities.
- Continued review of the Performance Management Framework and progression of the agreed improvement activities.
- Review of the Corporate Asset Management Plan.
- Review and re-launch of the Whistleblowing Policy.
- Continuation of the Council Family Review including implementation of the decisions in relation to Cordia and CSG and further consideration of Council services and structures.

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 (then) ICT partner ACCESS. In 2017/18, the Council continued to implement measures to strengthen resilience, including migration to a new purpose built back-up site, providing more storage capacity and scalability to meet future Disaster Recovery and resilience needs; the implementation of a new Business Continuity Management Framework; and the inclusion of Disaster Recovery provision and recovery priorities and timescales within the Council's new ICT contract. A Council wide Business Continuity test was also completed in June 2017. Internal Audit will undertake further assurance work in this area during 2018/19.

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 2017/18 there were no unsatisfactory opinions issued relating to the Council's assurance.

Internal audit Opinion

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 internal control environment which operated during 2017/18 in the West of Scotland Archaeology Service.

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 Archaeology Service and that these arrangements were in place for the whole of 2017/18.

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