

Glasgow and the Clyde Valley Structure Plan Joint Committee

**Report to Members and the Controller of Audit
on the 2008/09 Audit**

October 2009



 **AUDIT SCOTLAND**

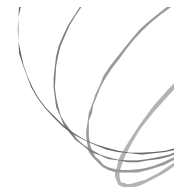


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Key Messages

In 2008/09, we audited the financial statements and looked at aspects of governance within the Glasgow and the Clyde Valley Structure Plan Joint Committee. This report sets out our main findings.

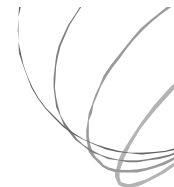
Following the introduction of the planning system in Scotland, a new joint committee, the Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee came into existence on 28 February 2009. As a result the Glasgow and Clyde Valley Structure Plan Joint Committee (GCVSPJC) last accounting period covered the eleven months to 27 February 2009. Overall, we found the financial stewardship of the GCVSPJC during the accounting period to 27 February to be satisfactory. The main conclusions and outcomes from the audit are highlighted below:

- An unqualified opinion has been issued on the financial statements for the period ending 27 February 2009.
- The Statement on the System of Internal Financial Control included in the accounts complies with accounting requirements and is not inconsistent with audit findings.
- Final accounts preparation procedures and working papers were generally of a good standard and this enabled the audit to progress smoothly.
- Many aspects of a sound corporate governance framework were in place over 2008/09.

Renfrewshire Council provide internal audit services to the GCVSPJC. The Statement on the System of Internal Financial Control for the year 2008/09, signed by the Treasurer and Director of the GCVSPJC, concluded that the GCVSPJC has in place a sound system of internal financial control with no identified material weaknesses. Our audit work resulted in findings consistent with that opinion.



October 2009



Introduction

1. The members and officers of the GCVSPJC are responsible for the management and governance of the organisation. As external auditors, we review and report on the arrangements in place and seek to gain assurance that:
 - The financial statements have been prepared in accordance with statutory requirements and that proper accounting practices have been observed.
 - The GCVSPJC's system of recording and processing transactions provides an adequate basis for the preparation of the financial statements and the effective management of assets and interests.
 - The GCVSPJC has adequate corporate governance arrangements which reflect the three fundamental principles of openness, integrity and accountability.
 - The systems of internal control provide an appropriate means of preventing or detecting material mis-statement, error, fraud or corruption.
 - The GCVSPJC has proper arrangements for securing best value in its use of resources.

2. This report summarises the most significant issues arising from our work during 2008/09.



Financial statements

3. In this section we summarise key outcomes from our audit of the GCVSPJC's financial statements for 2008/09, the last year of the joint committee in its current form. Changes to the Scottish planning system have resulted in the creation of a new joint committee (the Glasgow and Clyde Valley Strategic Development Planning Authority Joint Committee) with effect from 28 February 2009. This new joint committee will assume the functions of the GCVSPJC and the members of the new joint committee will assume any residual assets and liabilities.

Auditor's report

4. We have given an unqualified opinion on the financial statements of the Glasgow and the Clyde Valley Structure Plan Joint Committee for the 11 month period to 27 February 2009, concluding that the financial statements:
 - give a true and fair view, in accordance with relevant legal and regulatory requirements and the 2008 SORP, of the financial position of the joint committee as at 27 February 2009 and its income and expenditure for the period then ended
 - have been properly prepared in accordance with the Local Government (Scotland) Act 1973.

Financial position

5. The GCVSPJC's balance sheet as at 27 February 2009 reflects net liabilities of £0.007 million, a deterioration of £0.121 million over the previous year. This was primarily due to the actuarially assessed position of net assets retained in the Strathclyde Pension Fund. The assessment by the actuary represents only a snapshot at one point in time and is heavily dependant on stock market valuations. Operationally, the GCVSPJC generated a surplus of £0.091 million over the year which was mainly attributable to an under spend on staff costs and reductions in the cost of supplies and services. The joint committee had a balance of funds due to member authorities amounting to £0.401 million.

Account preparation and submission

6. The GCVSPJC's financial statements were submitted to the Controller of Audit by the deadline of 30 June. Final accounts preparation procedures and working papers were generally of a good standard with only minimal changes required to the financial statements presented for audit. Local authorities and joint committees in Scotland are required to follow the Code of Practice on Local Authority Accounting in the United Kingdom – A Statement of Recommended Practice (the 'SORP').

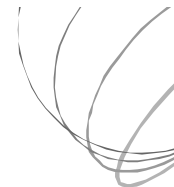


The financial statements of the GCVSPJC comply with the provisions of the SORP as it applies to the nature of the GCVSPJC's activities.

7. The audited accounts were certified on 21 September 2009 and are now available for presentation to the joint committee and for publication. The financial statements are an essential means by which the joint committee accounts for its stewardship of the resources made available to it and its financial performance in the use of those resources.

Legality

8. Each year we request written confirmation from the Treasurer that GCVSPJC's financial transactions accord with relevant legislation and regulations. Significant legal requirements are also included in audit programmes and checklists. The Treasurer has confirmed that, to the best of her knowledge and belief and having made appropriate enquiries of members and officials of GCVSPJC, the financial transactions of the joint committee were in accordance with the relevant legislation and regulations governing its activities.
9. Specific management representations have been received from the GCVSPJC that while the minute of agreement between member authorities transferring all residual assets and liabilities of the GCVSPJC to the new strategic planning authority has not been signed, it is expected that it will be in conjunction with member authorities meeting dates.



Corporate governance

10. In this section we comment on key aspects of the joint committee's governance arrangements during 2008/09.

Overview of arrangements in 2008/09

11. Corporate governance is concerned with structures and processes for decision-making, accountability, control and behaviours at the upper levels of the organisation. In previous years we have concluded that the Committee has many aspects of a sound corporate governance framework in place and have reached the same conclusion this year.

Systems of internal control

12. Internal audit plays a key role in the GCVSPJC governance arrangements, providing an independent appraisal service to management by reviewing and evaluating the effectiveness of the internal control system. Internal audit's programme of work is based on a five year cyclic approach based on an assessment of risk. During 2008/09, work on updating financial regulations reflecting the transfer of work to the successor joint committee was undertaken.
13. The GCVSPJC utilised Renfrewshire Council's main financial systems for its operations. These systems have been reviewed as part of our audit of Renfrewshire Council and have been found to have no material weaknesses.

Prevention and detection of fraud and irregularities

14. The GCVSPJC had appropriate arrangements for the prevention and detection of fraud and corruption. These arrangements included a strategy for the prevention and detection of fraud including clear lines of responsibility for investigations.