Annual Audit Plan

East Dunbartonshire Council – Year ending 31 March 2024

February 2025

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Audit and Risk Management Committee

East Dunbartonshire Council

12 Strathkelvin Place

Kirkintilloch
G66 1TJ

13 March 2025

Forvis Mazars
100 Queen Street
Glasgow
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Dear Audit and Risk Management Committee Members,

Annual Audit Plan – Year ending 31 March 2024

We are pleased to present our Annual Audit Plan for East Dunbartonshire Council for the year ending 31 March 2024. The purpose of this document is to summarise our audit approach, highlight significant audit risks and areas of key judgements and provide you with the details of our audit team. As it is a fundamental requirement that an auditor is, and is seen to be, independent of its clients, section 7 of this document also summarises our considerations and conclusions on our independence as auditors. We consider two-way communication with you to be key to a successful audit and important in:

- reaching a mutual understanding of the scope of the audit and the responsibilities of each of us;
- sharing information to assist each of us to fulfil our respective responsibilities;
- providing you with constructive observations arising from the audit process; and
- ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing East Dunbartonshire Council which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, we see this document, which has been prepared following our initial planning discussions with management, as being the basis for a discussion around our audit approach, any questions, concerns or input you may have on our approach or role as auditor. This document also contains an appendix that outlines our key communications with you during the course of the audit and forthcoming accounting issues and other issues that may be of interest to you.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 07816 354 994 or via tom.reid@mazars.co.uk.

Yours faithfully,

T. Reid

Tom Reid (Audit Director)
Forvis Mazars

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Engagement and responsibilities summary

Engagement and responsibilities summary

Overview of engagement

We are appointed to perform the external audit of East Dunbartonshire Council (the Council) for the year to 31 March 2024. The scope of our engagement is set out in the Code of Audit Practice, issued by the Auditor General and the Accounts Commission available from the Audit Scotland website: **Code of audit practice | Audit Scotland (audit-scotland.gov.uk)**. Our responsibilities are principally derived from the Local Government (Scotland) Act 1973 (the 1973 Act) and the Code of Audit Practice, as outlined below and overleaf.

Engagement area	Responsibilities
Audit opinion	We are responsible for forming and expressing an independent opinion on whether the financial statements are prepared, in all material respects, in accordance with all applicable statutory requirements. Our audit does not relieve management or the Audit and Risk Management Committee, as Those Charged With Governance, of their responsibilities. The Chief Finance Officer is responsible for the assessment of whether is it appropriate for the Council to prepare its accounts on a going concern basis. As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on: a) whether a material uncertainty related to going concern exists; and b) consider the appropriateness of the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements.
Internal control	Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control.

Engagement and responsibilities summary

Overview of engagement (continued)

Engagement area	Responsibilities
Fraud	The responsibility for safeguarding assets and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with both Those Charged With Governance and management. This includes establishing and maintaining internal controls over compliance with relevant laws and regulations, and the reliability of financial reporting. As part of our audit procedures in relation to fraud we are required to enquire of those charged with governance, including key management and Internal audit as to their knowledge of instances of fraud, the risk of fraud and their views on internal controls that mitigate the fraud risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit so as to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, our audit should not be relied upon to identify all such misstatements.
Wider reporting	We report to the National Audit Office on the consistency of the Council's financial statements with its Whole of Government Accounts (WGA) submission. The level of auditor assurance required depends on monetary thresholds set by HM Treasury.
Wider scope and Best Value	We are also responsible for reviewing and reporting on the wider scope arrangements that the Council has in place and its arrangements to secure Best Value. We discuss our approach to wider scope and Best Value work further in section 5 of this report.

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Your audit engagement team

Your audit team

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We will utilise experts on this engagement in the following areas:

- Review of property, plant and equipment valuation (Internal expert)
- Review of the national analysis of pension trends and assumptions of the various Local Government Pension Scheme actuaries (External expert)

03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Audit scope

Our audit approach is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit approach and in accordance with the terms of our engagement. Our work is focused on those aspects of your activities which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations or areas which have been found to contain material errors in the past.

Audit approach

Our audit approach is risk-based, and the nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess the inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud) to aid in our risk assessment, we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude that appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide that it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit will be planned and performed so as to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in more detail in section 8.

The diagram on the next page outlines the procedures we perform at the different stages of the audit.

Audit scope, approach, and timeline (continued)

Risk-based approach

Understand the Council and group, its business, and the environment in which it operates (including IT environment)

Plan our audit, including determining materiality and identifying significant components

Perform our risk assessment to identify risks of material misstatement, including significant risks

Respond to our identified risks by designing appropriate and sufficient audit procedures

Perform planned procedures and evaluate findings and, where necessary, review the appropriateness and sufficiency of the scope of our audit

Form our audit conclusion based on our audit findings

Audit scope, approach, and timeline (continued)

Audit timeline

Planning and risk assessment
January to February 2025

- Planning our visit and developing our understanding of the Council
- Initial opinion and wider scope risk assessments
- Risk identification and assessment
- Considering proposed accounting treatments and accounting policies
- Developing the audit strategy and planning the audit work to be performed
- Agreeing timetable and deadlines
- Risk assessment analytical procedures
- Determination of materiality

Interim
March 2025 – management to confirm

- Documenting systems and controls
- Performing walkthroughs
- Interim controls testing including tests of IT general controls
- Early substantive testing of transactions
- Reassessment of audit plan and revision if necessary

Fieldwork
April to September 2025

- Receiving and reviewing draft financial statements
- Delivering our audit strategy starting with significant risks and high risk areas including detailed testing of transactions, account balances and disclosures
- Detailed work to examine and assess arrangements in relation to any significant risks relating to the wider scope and Best Value conclusion
- Communicating progress and issues
- Clearance meeting

Completion
September 2025

- Final review and disclosure checklist of financial statements
- Final director review
- Agreeing content of letter of representation
- Reporting to the Audit and Risk Management Committee
- Reviewing subsequent events
- Signing the independent auditor's report

Audit scope, approach, and timeline (continued)

Audit timeline

In Section 2 we outlined the involvement of a Forvis Mazars internal expert in our audit. We have set out below the protocols implemented, and the effect on our timelines.

Forvis Mazars Real Estate Valuation team

- Valuation report and supporting schedules required from the Council: 13 September 2024
- Planned review date: 24 November 2024
- Planned reporting date: 28 February 2025

Audit scope, approach, and timeline (continued)

Reliance on internal audit

Where possible we will seek to utilise the work performed by internal audit to modify the nature, extent and timing of our audit procedures.

Where we intend to rely on the work on internal audit, we will evaluate the work performed by your internal audit team and perform our own audit procedures to determine its adequacy for our audit.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third party organisations that provide services to the Council that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

The table below summarises the service organisations used by the Council and our planned audit approach.

Management's experts and our experts

Management makes use of experts in specific areas when preparing the Council's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of Account	Management's Expert	Our Expert
Defined benefit liability	Hyman's Robertson (Strathclyde Pension Fund)	We make use of PwC actuarial services who are commissioned by the National Audit Office to review the national analysis of pension trends and assumptions of the various Local Government Pension Scheme actuaries.
Property, plant and equipment valuation	Council's external valuer (Gerald Eve)	We will review the analysis of property valuation movements available from third parties and consider the outcome of the Council's valuations in comparison with these, challenging conclusions as appropriate. We have also engaged the Forvis Mazars Property Valuation team to assist in our valuations work, including a review the Council's valuation methodology.
Financial instrument disclosures	Link Asset Services	No expert required.

Audit scope, approach, and timeline (continued)

Group audit approach

The scope of our audit is based on an analysis of the risks we have identified at the group level. When scoping our audit, we have considered quantitative criteria (the contribution of the group's consolidated components to the group financial statements) and qualitative criteria (risks of material misstatement that consolidated components may present individually). A further analysis will be performed on the other entities to verify they do not present any other risks. Where necessary, we will include some of these subsidiaries in our audit scope.

The nature and extent of audit work we plan to perform on the consolidated components is set out below.

Entity	Identifier	%	Location	Auditor	Scope
East Dunbartonshire Council	Parent entity	98	Kirkintilloch	Forvis Mazars	Full scope audit
Dunbartonshire and Argyll and Bute Valuation Joint Board	Associate responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Council contributed towards 27.62% of the VJB running costs in 2023/24.	-	Dumbarton	Forvis Mazars	Desktop review procedures
East Dunbartonshire Health and Social Care Partnership	Joint venture between the Council and NHS Greater Glasgow and Clyde with responsibility for health and social care functions	-	Kirkintilloch	Forvis Mazars	Desktop review procedures
East Dunbartonshire Leisure and Culture Trust Limited	A 100% subsidiary that is responsible for the operation, management and delivery of leisure and cultural services throughout East Dunbartonshire.	2	Kirkintilloch	Azets	Desktop review procedures
Mugdock Country Park Joint Management Committee	A 100% subsidiary that is responsible for maintaining and managing Mugdock Country Park.	-	Milngavie	Forvis Mazars	Desktop review procedures
EDC Trust Funds	Subsidiary administered by the Council	-	Kirkintilloch	Forvis Mazars	Desktop review procedures
EDC Common Good	Subsidiary administered by the Council	-	Kirkintilloch	Forvis Mazars	Desktop review procedures

Audit scope, approach, and timeline (continued)

Key developments

The below key developments have taken place in the year. We have set out below how we will approach these areas during our audit.

Implementation of IT application system

During 2023/24, the Council implemented a new financial reporting system, Oracle Fusion.

The system directly impacts our audit. We will review the design and implementation of the IT general controls within the new system. We will also carry out audit procedures to test the accuracy and completeness of the data migrated to the new system.

Audit scope, approach, and timeline (continued)

Audit of trusts registered as Scottish charities

The Charities Accounts (Scotland) Regulations 2006 outline the accounting and auditing requirements for charitable bodies. The 2006 Regulations require charities to prepare annual accounts and an auditor to prepare a report to the charity trustees where any legislation requires an audit.

The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a Council are the sole trustees. Therefore, a full and separate audit and independent auditor’s report is required for each registered charity where members of the Council are sole trustees.

Members of the Council are the sole trustees for two trusts registered as Scottish charities, with total assets of £905,014. The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

We have not identified any significant risks, other than the risk of management override of controls, for the financial statements of the Council’s charitable trusts.

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Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach discussed in section 3 of this document, we have identified risks relevant to the audit of financial statements. The risks that we identify are categorised as significant, enhanced or standard. The definitions of the level of risk rating are given below:

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. A fraud risk is always assessed as a significant risk (as required by auditing standards), including management override of controls and revenue recognition.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

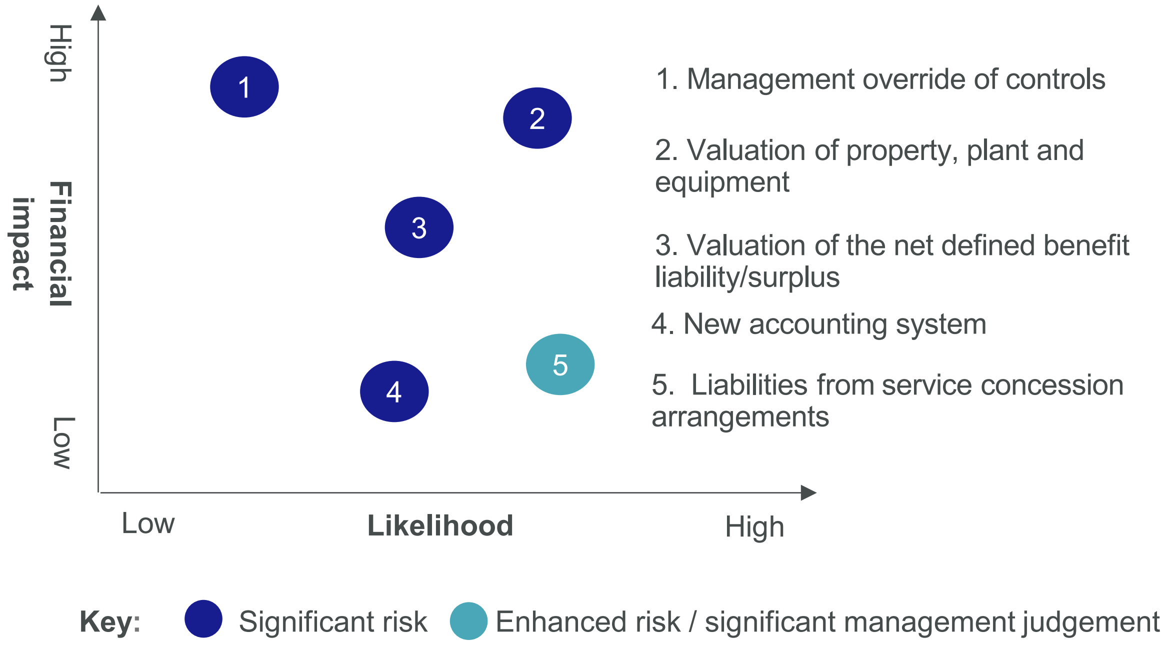
- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Summary risk assessment

The summary risk assessment, illustrated in the table below, highlights those risks which we deem to be significant and other enhanced risks in respect of the Council. We have summarised our audit response to these risks on the next page.



Significant risks and other key judgement areas (continued)

Specific identified audit risks and planned testing strategy

We have presented below in more detail the reasons for the risk assessment highlighted above, and also our testing approach with respect to significant risks. An audit is a dynamic process, should we change our view of risk or approach to address the identified risks during the course of our audit, we will report this to the Audit and Risk Management Committee.

Significant risks

	Description	Fraud	Error	Judgement	Planned response
1	**Management override of controls** This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur. Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.	Yes	No	Yes	We will address the risk through performing audit procedures covering a range of areas including (but not limited to): • accounting estimates included in the financial statements for evidence of management bias; • any significant transactions outside the normal course of business; and • journals and other adjustments recorded in the general ledger in preparing the financial statements.

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Significant risks and other key judgement areas (continued)

Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
2	**Valuation of property, plant and equipment** The council held land and buildings (including council dwellings), with a net book value of £636 million as at 31 March 2023. The council has adopted a rolling revaluation model with an external valuer carrying out valuations of land and buildings on a five-year cycle. This may result in individual assets not being revalued for several years. Valuations are based on specialist and management assumptions and changes in these can result in material changes to valuations. Due to the high degree of estimation uncertainty associated with valuations, and the risk of material movement in assets not revalued, we have determined there is a significant risk of material misstatement in this area.	No	Yes	Yes	We will evaluate the design and implementation of any controls which mitigate the risk. This includes liaising with management to update our understanding on the approach taken by the Council in its valuation of land and buildings. We will: • assess the scope and terms of engagement with the Valuer; • assess the competence, skills and objectivity of the Valuer; • assess how management use the Valuer's report to value land and buildings included in the financial statements; • test the accuracy of the data used in valuations; • challenge the Council and Valuer's assumptions and judgements applied in the valuations; • review valuation methodology used, including the appropriateness of the valuation basis; • consider the reasonableness of the valuation by comparing the valuation output with market intelligence; • test a sample of revaluations in the year by agreeing the revaluations recorded in the Annual Accounts to the Valuer's reports. As part of this testing, we will check whether the movements have been accounted for in accordance with the Code; • challenge management's assessment for those assets not subject to valuation in the year; • verify market movements to assess the materiality of potential movement for 2023/24 for those valued on Existing Use Value on a market comparable basis; and • for those valued on a Depreciated Replacement Cost basis, which would be impacted by changes in build costs during the year, we will test management's analysis of changes in the Build Costs Information Service (BCIS) index and assess any decisions management make in this regard. We have also engaged the Forvis Mazars Real Estates Valuation team to assist us with the above.

Significant risks and other key judgement areas (continued)

Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
3	**Valuation of the net defined benefit liability/surplus** The Council had a net pension liability of £28 million at 31 March 2023. Estimation of the net pension asset or liability depends on several complex judgements which are sensitive to changes. These include the discount rate used, the rate at which salaries are predicted to increase, inflation rates and life expectancy. Due to the high degree of estimation uncertainty associated with the valuations, we have determined there is a significant risk in this area.	No	Yes	Yes	We will address this risk by reviewing the controls that the Council has in place over the information sent to the Scheme Actuary by the fund administrators (Strathclyde Pension Fund). We will also: • assess the skill, competence and experience of the Fund's actuary; • challenge the reasonableness of the assumptions used by the actuary as part of the annual IAS 19 valuation; • carry out a range of substantive procedures on relevant information and cash flows used by the actuary as part of the annual IAS 19 valuation. • liaise with the auditors of the Pension Fund to gain assurance that the overall procedures and controls in place at the Pension Fund are operating effectively; • compare assumptions to expected ranges; • review the accuracy and completeness of the membership data used by the actuary in preparation of the Actuary's valuation report; and • agree data in the Actuary's valuation report for accounting purposes to the relevant accounting entries and disclosures in the Council's financial statements.

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Significant risks and other key judgement areas (continued)

Significant risks (continued)

	Description	Fraud	Error	Judgement	Planned response
4	**New accounting system** The Council moved to a new financial accounting and reporting system, Oracle Fusion, in 2023/24. The Council has found Implementing the new system challenging and it has taken longer than planned. There are risks with implementing a new system and migrating data from a legacy system. This includes the risk that data transferred is incomplete or inaccurate potentially resulting in a material misstatement in the financial statements.	No	Yes	No	We will address this risk by: • reviewing the design and implementation of IT general controls within the new system. • verifying the completeness and accuracy of the data migrated to Oracle Fusion by performing data reconciliation, validation checks and sample testing of balances.

Significant risks and other key judgement areas (continued)

Other key areas of management judgement and enhanced risks

Key areas of management judgement include accounting estimates which are material but are not considered to give rise to a significant risk of material misstatement. These areas of management judgement represent other areas of audit emphasis.

	Description	Fraud	Error	Judgement	Planned response
5	**Liabilities from service concession arrangements** The council has a Public Private Partnership (PPP) contract for the construction and maintenance of six secondary schools and related facilities. The assets used to provide services at the schools are recognised on the council's Balance Sheet as operational assets and as a finance lease liability. The council recognised an asset of £119 million and a liability of £70 million for service concession arrangements in its 2022/23 financial statements. The method of accounting for service concession arrangements can be complex and involves management judgement. The council has identified it as a critical accounting judgement. There is a potential risk of material misstatement if the Council does not appropriately account for its service concession arrangements.	No	Yes	Yes	We will: • review the Council's adopted approach for accounting for its PPP arrangements; • review any changes from prior years in the long-term financial model used; • critically review the assumptions made by management; and • assess the completeness and accuracy of disclosures.

Significant risks and other key judgement areas (continued)

Consideration of risks related to revenue and expenditure recognition

As set out in *International Standard on Auditing (UK) 240: The auditor's responsibility relating to fraud in an audit of financial statements*, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements. We have rebutted this risk for the Council as its main source of income is Scottish Government funding and other public sector transfers and payments. In addition, the council's other income streams comprise of high volume, low value items that are unlikely to result in a material misstatement in the accounts.

In line with Practice Note 10: *Audit of financial statements and regularity of public sector bodies in the United Kingdom*, as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have rebutted this risk for the Council as our assessment of the constituent expenditure streams, including consideration of historical levels of fraud, is that the risk of a material misstatement due to fraud is low.

We have not, therefore, incorporated specific additional audit procedures into our audit plan in relation to the risks of fraud in the recognition of income and expenditure, over and above our standard audit procedures.

Significant risks and other key judgement areas (continued)

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, as part of our audit we obtain the views of, and enquire whether the Audit and Risk Management Committee has knowledge of, the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between the Group and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to the Audit and Risk Management Committee which we will obtain prior to completing our audit.

Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to the Audit and Risk Management Committee which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

05

Wider scope and Best Value

Wider scope and Best Value

The framework for wider scope work

The Code of Audit Practice sets out the four areas that frame the wider scope of public sector audit. We are required to form a view on the adequacy of the Council's arrangements in four areas:

1. **Financial management**
2. **Financial sustainability**
3. **Vision, leadership, and governance**
4. **Use of resources to improve outcomes**

Financial management	Financial management means having sound budgetary processes. Audited bodies require the ability to understand the financial environment and whether internal controls are operating effectively. Auditors consider whether the body has effective arrangements to secure sound financial management.
Vision, leadership and governance	Audited bodies must have a clear vision and strategy, and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation. Auditors consider the clarity of plans to implement the vision, strategy and priorities adopted by the leaders of the audited body. They also consider the effectiveness of governance arrangements for delivery.
Financial sustainability	Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs. Auditors consider the extent to which audited bodies have shown regard to financial sustainability. They look ahead to the medium term (two to five years) and longer term (over five years) to consider whether the body is planning effectively so that it can continue to deliver services.
Use of resources to improve outcomes	Audited bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities. Auditors consider the clarity of the arrangements in place to ensure that resources are deployed to improve strategic outcomes, meet the needs of service users taking account of equalities, and deliver continuous improvements in priority services.

Wider scope and Best Value (continued)

Our approach

Our planned audit work against the four wider scope areas is risk based and proportionate. We need to gather sufficient evidence to support our commentary on the Council's arrangements and to identify and report on any significant weaknesses. We will carry out more detailed work where we identify significant risks. Where significant weaknesses are identified we will report these to the Council and make recommendations for improvement. In addition to local risks, we consider challenges that are affecting the public sector as a whole.

Best Value

Under the Code of Audit Practice, the audit of Best Value in councils is fully integrated within our annual audit work. Best Value at the Council will be assessed over the period of the audit appointment. We will also follow up previously reported Best Value findings to assess the pace and depth of improvement. This work will be integrated into our audit approach, including our work on the wider scope areas.

We will also conduct thematic reviews as directed by the Accounts Commission. In 2023/24 this will be on workforce innovation. We will prepare a separate management report to document the findings of this work.

At least once every five years, the Controller of Audit will report to the Accounts Commission on the Council's performance in meeting its Best Value duties. The Council is not included in the second year of the programme which runs from October 2024 to August 2025.

Wider scope and Best Value (continued)

Wider scope risks

The Code of Audit Practice requires us to consider the significant audit risks in areas defined in the Code as the wider scope audit.

Although we have not fully completed our planning and risk assessment work, the table below outlines the risks of significant weaknesses in arrangements that we have identified to date. We will report any further identified risks to the Audit and Risk Management Committee on completion of our planning and risk identification work.

Description	Relevant reporting criteria	Planned procedures
Capacity of finance team The Council's finance team has experienced challenges implementing a new financial accounting and reporting system alongside its existing responsibilities. This has resulted in delays in the timetable for preparation of the 2023/24 annual report and accounts. There is a risk the finance team does not have the capacity to effectively support the Council to meet its statutory duties for budgeting and financial reporting.	Financial Management	Our 2023/24 Best Value thematic work on workforce innovation will consider how the council is responding to its workforce challenges.

Wider scope and Best Value (continued)

Our work to follow-up on previous recommendations

As part of our 2022/23 audit, we identified risks in the Council's arrangements. The table below sets out the risks identified, our previous recommendations and the work we intend to carry out as part of our 2023/24 audit.

Previously identified risks in arrangements	Relevant reporting criteria	Our 2022/23 recommendations	Planned procedures for 2023/24
Local Outcome Improvement Plan (LOIP) progress reports The Council should work with the Community Planning Partnership (CPP) to revise the LOIP annual progress reports to include a summary of the outcome performance indicators	Best Value	Ongoing. The Council is reviewing partnership working arrangements as it implements the new locality plans.	We will review Council's progress on reviewing partnership working arrangements and implementing the new locality plans
Alignment of delivery plans – Level 2 The Council is refreshing and agreeing several key strategies and plans over the next few months.	Thematic Review	**Delivery plans (Level 2)** The Council is refreshing and agreeing several key strategies and plans over the next few months. **Risk** – The Council does not have the capacity to implement plans and ensure resources are aligned to deliver its priorities **Recommendation** – The Council should ensure it has the capacity to implement its financial, workforce, asset and digital plans effectively. **Management's response** – Officers will continue to develop and present key strategic plans to Council in accordance with the agreed timescales and refreshed as part of an ongoing cycle. **Responsible officer** – Chief Executive **Implementation date** – March 2024	We will review the Council's progress in implementing its delivery plans.

06

Audit fees and other services

Audit fees and other services

Fees for audit and other services

Our fees for the audit of East Dunbartonshire Council for the year ended 31 March 2024, are outlined below.

Fees for work as the Council's appointed auditor

At this stage of the audit, we are not planning any divergence from the expected fees set by Audit Scotland, which is available on the Audit Scotland website: **Audit Scotland expected fees for 2023/24 audits**.

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee
Auditor remuneration	£247,630	£233,610
Pooled costs	£9.030	£0
Contribution to PABV costs	£65,740	£60,480
Audit support costs	£0	£8,860
Sectoral cap adjustment	(£2,570)	(£1,210)
Additional work required to review controls and test data migration for new accounting system.	£11,257	£0
Additional membership data testing to reflect that the Council's 2023/24 pension liability/surplus will be based on the latest triennial pension fund valuation.	£4,208	£0
Total fee	£335,295	£301,740

We have not provided any non-audit services to East Dunbartonshire Council during the year.

Fees for work as the Charitable Trusts' appointed auditor

We propose setting a fee for the audit of the Charitable Trusts' of £10,000 (2022/23 fee was £6,500). We have not provided any non-audit services to the Charitable Trusts in 2023/24.

Services provided to other entities within the Council's group

We provided the external audit of the following entities within the Council's group:

- Dunbartonshire and Argyll and Bute Valuation Joint Board with a total fee of £9,320 (2022/23 fee was £8,790)
- East Dunbartonshire Health & Social Care Partnership with a total fee of £33,360 (2022/23 fee was £31,470)
- Mugdock Country Park with a total fee of £3,830 (2022/23 fee was £3,610).

07

Confirmation of our independence

Confirmation of our independence

	Area	Description
	Requirements	We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Ethical Standard 2019.
	Compliance	We are not aware of any relationship between Forvis Mazars and East Dunbartonshire Council that, in our professional judgement, may reasonably be thought to impair our independence. We are independent of East Dunbartonshire Council and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.
	Non-audit and Audit fees	We have set out a summary any non-audit services provided by Forvis Mazars (with related fees) to East Dunbartonshire Council in Section 6, together with our audit fees and independence assessment.

Confirmation of our independence (continued)

We are committed to independence and confirm that we comply with the FRC's Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP [and, when applicable, Forvis Mazars' member firms] are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with Tom Reid in the first instance.

Prior to the provision of any non-audit services, Tom Reid will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Framework Agreement issued by Audit Scotland available from the Audit Scotland website: **Audit Scotland Framework Agreement (audit-scotland.gov.uk)**. Any emerging independence threats and associated identified safeguards will be communicated in our Annual Audit Report.

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08

Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit and Risk Management Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements (continued)

Materiality (continued)

For the group and single-entity financial statements, we consider that gross revenue expenditure at surplus/deficit level is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross revenue expenditure at surplus/deficit level for the group financial statements, and a materiality threshold of 2% of gross revenue expenditure at surplus/deficit for the Council's single entity statements.

As set out in the tables alongside, for the group based on currently available information, being the prior year audited financial statements, we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £10.401m (£10.401m in the prior year), and performance materiality to be in the region of £6.761m (£6.761m in the prior year).

For the single entity statements (the Council) based on currently available information, being the prior year audited financial statements, we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £10.322m (£10.322m in the prior year), and performance materiality to be in the region of £6.709m (£6.709m in the prior year).

As set out in the tables overleaf, for East Dunbartonshire Council Charitable Trusts, we anticipate overall materiality for the year ended 31 March 2024 to be in the region of £18,100 (£18,100 in the prior year), and performance materiality to be in the region of £14,480 (£12,670 in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

Group financial statements

	2023/24 £	2022/23 £
Overall materiality	10,400,880	10,400,880
Performance materiality	6,760,572	6,760,572
Clearly trivial	312,026	312,026

Council's single-entity financial statements

	2023/24 £	2022/23 £
Overall materiality	10,321,720	10,321,720
Performance materiality	6,709,118	6,709,118
Clearly trivial	309,652	309,652
Specific materiality: Remuneration Report	£1,000 for senior councillors and senior employees' remuneration and pensions benefits. 1 banding for other employees' remuneration. £50,000 for exit packages.	

Materiality and misstatements (continued)

Materiality (continued)

East Dunbartonshire Council Charitable Trusts financial statements

	2023/24 £	2022/23 £
Overall materiality	£18,100	£18,100
Performance materiality	£14,480	£12,670
Clearly trivial	£543	£543

Materiality and misstatements (continued)

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to the Audit and Risk Management Committee and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £312k for the Group and £310k for the Council, based on 3% of overall materiality. If you have any queries about this, please raise these with Tom Reid.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to the Audit and Risk Management Committee as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover quantitative misstatements, including those relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to the Audit and Risk Management Committee as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

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Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

Appendix A: Key communication points

We value communication with Audit and Risk Management Committee as a two way feedback process at the heart of our client service commitment. ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of points with you.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Form, timing and content of our communications

We will present the following reports:

- Our Annual Audit Plan; and
- Our Annual Audit Report.

These documents will be discussed with management prior to being presented to yourselves and their comments will be incorporated as appropriate.

Key communication points at the planning stage as included in this Annual Audit Plan

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Annual Audit Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Annual Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Annual Audit Plan
With respect to misstatements: • Uncorrected misstatements and their effect on our audit opinion; • The effect of uncorrected misstatements related to prior periods; • A request that any uncorrected misstatement is corrected; and • In writing, corrected misstatements that are significant.	Annual Audit Report
With respect to fraud communications: • Enquiries of the Audit and Risk Management Committee to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • A discussion of any other matters related to fraud.	Annual Audit Report and discussion at the Audit and Risk Management Committee Audit planning and clearance meetings
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Annual Audit Report

Appendix A: Key communication points (continued)

Required communication	Where addressed
Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management; • Inappropriate authorisation and approval of transactions; • Disagreement over disclosures; • Non-compliance with laws and regulations; and • Difficulty in identifying the party that ultimately controls the entity.	Annual Audit Report
Significant findings from the audit including: • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • Significant difficulties, if any, encountered during the audit; • Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management; • Written representations that we are seeking; • Expected modifications to the audit report; and • Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Audit and Risk Management Committee in the context of fulfilling their responsibilities.	Annual Audit Report
Significant deficiencies in internal controls identified during the audit.	Annual Audit Report and the Audit and Risk Management Committee meetings

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Appendix A: Key communication points (continued)

<table>
<tr><th>Required communication</th><th>Where addressed</th></tr>
<tr><td>Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off)} and enquiry of the Audit and Risk Management Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit and Risk Management Committee may be aware of.</td><td>Annual Audit Report and the Audit and Risk Management Committee meetings</td></tr>
<tr><td>With respect to going concern, events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:
• Whether the events or conditions constitute a material uncertainty;
• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; and
• The adequacy of related disclosures in the financial statements.</td><td>Annual Audit Report</td></tr>
<tr><td>Communication regarding our system of quality management, compliant with ISQM 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, the firm’s ISQM 1 team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on the firm’s System of Quality Management:
• Ensure there is an appropriate assignment of responsibilities under ISQM1 and across Leadership
• Establish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and priorities
• Identify, review and update quality risks each quarter, taking into consideration of number of input sources (such as FRC / ICAEW review findings, AQT findings, RCA findings, etc.)
• Identify, design and implement responses as part of the process to strengthen the firm's internal control environment and overall quality
• Evaluate responses to identify and remediation process / control gaps

We perform an evaluation of our system of quality management on an annual basis. Our most recent evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</td><td>Annual Audit Plan</td></tr>
</table>

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Appendix A: Key communication points (continued)

Required communication	Where addressed
Reporting on the valuation methods applied to the various items in the annual Council and Group financial statements including any impact of changes of such methods	Annual Audit Report
Explanation of the scope of consolidation and the exclusion criteria applied by the entity to the non-consolidated entities, if any, and whether those criteria applied are in accordance with the relevant financial reporting framework.	Annual Audit Plan and/or Annual Audit Report as appropriate
Where applicable, identification of any audit work performed by component auditors in relation to the audit of the consolidated financial statements other than by Forvis Mazars' member firms.	Annual Audit Plan and/or Annual Audit Report as appropriate
Indication of whether all requested explanations and documents were provided by the entity	Annual Audit Report

Current and forthcoming accounting issue
New standards and amendments

Effective for accounting periods beginning on or after 1 January 2023

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Disclosure of Accounting Policies (Issued February 2021)

The amendments set out new requirements for material accounting policy information to be disclosed, rather than significant accounting policies. Immaterial accounting policy information should not be disclosed as accounting policy information taken in isolation is unlikely to be material, but it is when the information is considered together with other information in the financial statements that may make it material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Issued February 2021)

The amendment introduces a new definition for accounting estimates and clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events.

IFRS 17 Insurance Contracts (issued May 2017) and Amendments to IFRS 17 Insurance Contracts (Issued June 2020)

IFRS 17 is a new standard that will replace IFRS 4 Insurance Contracts (IFRS 4). The standard sets out the principles for the recognition, measurement, presentation and disclosure about insurance contracts issued, and reinsurance contracts held, by entities.

Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 Financial Instruments (Issued December 2021)

The amendments address potential mismatches between the measurement of financial assets and insurance liabilities in the comparative period because of different transitional requirements in IFRS 9 and IFRS 17. The amendments introduce a classification overlay under which a financial asset is permitted to be presented in the comparative period as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period. The classification overlay can be applied on an instrument-by-instrument basis.

Current and forthcoming accounting issue (continued)
New standards and amendments (continued)

Effective for accounting periods beginning on or after 1 January 2024

The information detailed on this slide is for wider IFRS information only. They will be subject to inclusion within the FReM and Code as determined by FRAB.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Issued January 2020), Deferral of Effective Date (Issued July 2020) and Non-current Liabilities with Covenants (Issued October 2022)

The January 2020 amendments clarify the requirements for classifying liabilities as current or non-current in IAS 1 by providing clarification surrounding: when to assess classification; understanding what is an ‘unconditional right’; whether to determine classification based on an entity’s right versus discretion and expectation; and dealing with settlements after the reporting date.

The October 2022 amendments specify how covenants should be taken into account in the classification of a liability as current or non-current. Only covenants with which an entity is required to comply with by the reporting date affect the classification as current or non-current. Classification is not therefore affected if the right to defer settlement of a liability for at least 12 months is subject to compliance with covenants at a date after the reporting date. These amendments also clarify the disclosures about the nature of covenants, so that users of financial statements can assess the risk that non-current debts accompanied by covenants may become repayable within 12 months.

Amendments to IAS 16 *Leases*: Lease Liability in Sale and Leaseback (Issued September 2022)

The amendments include additional requirements to explain how to subsequently measure the lease liability in a sale and leaseback transaction, specifically how to include variable lease payments.

For further information, please refer to our blog article: ***Amendments to IFRS 16 Leases – Lease Liability in a Sale and Leaseback***

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued May 2023)

The amendments introduce changes to the disclosure requirements around supplier finance arrangements with the intention of providing more detailed information to help users analyse and understand the effects of such arrangements.

The amendments provide an overarching disclosure objective to ensure that users of financial statements are able to assess the effects of such arrangements on an entity’s liabilities and cash flows, as well as some additional disclosure requirements relating to the specific terms and conditions of the arrangement, quantitative information about changes in financial liabilities that are part of the supplier financing arrangement, and about an entity’s exposure to liquidity risk.

For further information, please refer to our blog article: ***IASB publishes final amendments on supplier finance arrangements***

Contact

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