

Clyde Valley Learning and Development Joint Committee

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for the Clyde Valley Learning and Development Joint Committee and
the Controller of Audit
September 2024

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Key messages

2023/24 annual accounts

- 1** The financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework.
- 2** The key audit risks were detailed in my Annual Audit Plan presented to the Joint Committee on 10 June 2024.
- 3** There are no significant matters from our work to draw to the attention of the Joint Committee.

Wider scope

- 4** Through the continued support from member authorities, the Joint Committee's financial position is sustainable for the foreseeable future.
- 5** Governance arrangements were effective in 2023/24. The Joint Committee's annual governance statement is consistent with the financial statements and complies with applicable guidance.
- 6** The Joint Committee has appropriate arrangements in place for securing Best Value.

Introduction

1. This report summarises the findings from the 2023/24 annual audit of Clyde Valley learning and Development Joint Committee (the Joint Committee). The scope of the audit was set out in an Annual Audit Plan presented to the 10 June 2024 meeting of the Joint Committee. This Annual Audit Report comprises:

- significant matters arising from an audit of the Joint Committee's annual accounts
- conclusions on financial sustainability and governance as required by the [*Code of Audit Practice 2021*](#).

2. This report is addressed to the Joint Committee and the Controller of Audit and will be published on Audit Scotland's website www.audit-scotland.gov.uk in due course.

Audit appointment

3. I, Pauline Murray, have been appointed by the Accounts Commission as auditor of the Joint Committee for the period from 2022/23 until 2026/27. The 2023/24 financial year was the second of my five-year appointment.

4. My team and I would like to thank management and staff for their cooperation and assistance this year and we look forward to working together constructively over the remainder of the five-year appointment.

Responsibilities and reporting

5. The Joint Committee has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with proper accounting practices. The Joint Committee is also responsible for compliance with legislation putting arrangements in place for governance and propriety.

6. My responsibilities as the independent auditor appointed by the Accounts Commission are established by the Local Government in Scotland Act 1973, the [*Code of Audit Practice 2021*](#) and supplementary guidance and International Standards on Auditing in the UK (ISAs).

Auditor Independence

7. I can confirm that the audit team comply with the Financial Reporting Council's Ethical Standard. I can also confirm that I have not undertaken any non-audit related services and therefore the audit fee of £2,410 as set out in my 2023/24

Annual Audit Plan remains unchanged. I am not aware of any relationships that could compromise our objectivity and independence.

8. The annual audit adds value to the Joint Committee by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- sharing intelligence and good practice identified.

Part 1. Audit of 2023/24 annual report and accounts

Public bodies are required to prepare annual accounts comprising financial statements and other related reports. These are the principal means of accounting for the stewardship of public funds.

Main judgements

Audit opinions on the annual accounts are unmodified.

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The Joint Committee approved the annual accounts for the Joint Committee for the year ended 31 March 2024 on 9 September 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view and were properly prepared in accordance with the financial reporting framework
- the management commentary and the annual governance statement were all consistent with the financial statements and properly prepared in accordance with the applicable requirements.

Overall materiality was assessed on receipt of the annual report and accounts as £1,600

9. Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the accounts, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

10. My initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and confirmed on receipt of the unaudited annual report and accounts and is summarised in [Exhibit 1](#).

Exhibit 1

Materiality values

Materiality level	Amount
Overall materiality	£1,600
Performance materiality	£1,200
Reporting threshold	£80

Source: Audit Scotland

11. The overall materiality threshold was set with reference to gross expenditure, which I judged as the figure most relevant to the users of the financial statements.

12. Performance materiality is used by auditors when undertaking work on individual areas of the financial statements. It is a lower materiality threshold, set to reduce the probability of aggregated misstatements exceeding overall materiality. Performance materiality was set at 75% of overall materiality, reflecting a history of no significant errors or material adjustments made in the prior year.

13. It is my responsibility to request that all misstatements are corrected, other than those below the reporting threshold. The final decision on making the correction lies with those charged with governance.

Significant findings and key audit matters

14. Under ISA (UK) 260, I communicate significant findings from the audit to the Joint Committee, including my view about the qualitative aspects of the body's accounting practices.

15. The Code of Audit Practice also requires me to highlight key audit matters, which are defined in ISA (UK) 701 as those matters judged to be of most significance.

16. I have no significant findings or key audit matters to report from the audit.

Audit work responded to the risks of material misstatement identified in the annual report and accounts

17. My team and I have obtained audit assurances over the identified significant risks of material misstatement to the annual report and accounts. [Exhibit 3](#) sets out the significant risks of material misstatement to the financial statements identified in my 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

Exhibit 3**Identified Significant risks of material misstatement in the annual accounts**

Audit risk	Assurance procedure	Results and conclusions
<p>1. Risk of material misstatement due to fraud caused by management override of controls As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<ul style="list-style-type: none"> • Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • Tested journals at the year-end and post-closing entries and focussed on significant risk areas. • Considered the need to test journal entries and other adjustments throughout the year. • Evaluated significant transactions outside the normal course of business. • Assessed the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements. • Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year. 	<p>We found no instances of material misstatement due to fraud caused by management override of controls.</p>

Source: Audit Scotland

There were no identified misstatements

18. There were no material adjustments to the unaudited annual accounts arising from our audit, and the audit identified no misstatements above the reporting threshold.

The unaudited annual accounts were received in line with the agreed timetable

19. The unaudited annual accounts were received in line with the agreed audit timetable on 10 June 2024.

Follow up of prior year recommendations

20. There were no actions raised in our 2022/23 Annual Audit Report.

Part 2. Wider Scope

For less complex bodies wider scope audit work considers the financial sustainability of the body and the services that it delivers over the medium to longer term, and the arrangements for securing Best Value.

Conclusion

Through the continued support from member authorities, the Joint Committee's financial position is sustainable for the foreseeable future.

Governance arrangements were effective in 2023/24. The Joint Committee's annual governance statement is consistent with the financial statements and complies with applicable guidance.

The Joint Committee has appropriate arrangements in place for securing Best Value.

The Joint Committee reported a surplus on the provision of its services of £16,000 in 2023/24

21. The Joint Committee secured contributions totalling £75,000 from the member authorities towards its running costs for 2023/24. As the administering authority, South Lanarkshire Council is responsible for managing the Joint Committee's running costs within the allocated budget.

22. Income and expenditure for the year are reported as £98,000 and £82,000 respectively, resulting in a £16,000 surplus on the provision of services. The surplus will be added to the accumulated reserves balance brought forward from 2022/2023. As at 31 March 2024, the Joint Committee's general fund reserve is £49,000.

Through the continued support from member authorities, the Joint Committee's financial position is sustainable for the foreseeable future

23. The Joint Committee's sustainability is dependent on participating councils' continued support. The Joint Committee has secured contributions totalling £75,000 from 15 member authorities, five being full members, towards the running costs of the project for 2024/25.

24. This funding exceeds the Joint Committee's agreed minimum level of funding required to maintain the viability of the Project (being a commitment from at least five full member councils and contributions of £59,000 in total from all members).

25. At the Joint Committee meeting in June 2024, the 2024/25 revenue budget monitoring report noted that in addition to the member contributions of £75,000, there is budgeted training expenditure of £25,000, with this recharged to councils. This gives a total expenditure and income budget of £100,000 for 2024/25. As at 17 May 2024, the budget update forecast a breakeven position for 2024/25.

26. In February 2024, the 2024/2025 Membership and Funding Paper was presented to the Joint Committee. Whilst the paper did not include a formal statement on reserves, it did assess the adequacy of the funding for 2024/25. The Joint Committee agreed that any unspent element of this funding would be transferred to reserves for use in future years. This reserve balance will be reviewed annually as part of the membership and funding contributions review.

27. After the withdrawal of one council from full membership in 2022/23, the Joint Committee membership was reduced to the minimum level for the continuation of the Project. However, it is evident from committee proceedings that participating councils will continue to support the operations and existence of the Joint Committee for the foreseeable future. The 2023/24 Management Commentary states that *"...the future of the Group remains positive due to the continued success and positive outcomes arising from existing programmes and developments"*.

Governance arrangements were effective in 2023/24

28. The governance statement discloses the Joint Committee's compliance with the Financial Management Code (FM Code) from CIPFA. The FM Code is designed to support good practice in financial management, with compliance against the principles helping local authorities demonstrate financial sustainability. The Joint Committee undertook a self-assessment of compliance with CIPFA's FM Code in 2020/21, identifying that the Joint Committee had fully embedded, where appropriate, all but one of the principles of the Code in its normal business by the end of that year. The remaining principle regarding adequacy of reserves is adequately applied in the Joint Committee's annual assessment of the adequacy of funding.

29. The information in the annual governance statement is consistent with the financial statements and our knowledge of the Joint Committee's operations and was prepared in accordance with the CIPFA/SOLACE guidance: Delivering Good Governance in Local Government Framework (2016).

30. All Joint Committee meetings were held virtually in 2023/24, with the use of Microsoft Teams allowing for greater member participation. This virtual medium is now the preferred method for Joint Committee meetings. The increased participation at meetings helps maintain effective strategic oversight and governance of the Project.

The Joint Committee has appropriate arrangements in place for securing Best Value

31. The Joint Committee has a specific responsibility to ensure that arrangements have been made to secure Best Value under the Local Government in Scotland Act 2003.

32. The Joint Committee has responsibility for overseeing the Project. The overall objective of the Project is to establish and deliver multiple shared approaches to training, learning and development between the Clyde Valley Councils (South Lanarkshire, North Lanarkshire, Glasgow City, East Renfrewshire, Inverclyde and Renfrewshire Councils) which will result in:

- greater efficiency due to shared working rather than a Council-by-Council approach
- reduced duplication of effort
- the identification, development and sharing of best practice
- setting, achieving and maintaining the highest standards of service delivery
- modernising service delivery by improving practice and making best use of information technology
- a consistent approach to training, learning and development
- ensuring equality of opportunity for all Clyde Valley employees in accessing appropriate learning and development
- developing centres of excellence from which to deliver models suitable for replication nationally.

33. The Joint Committee is committed to identifying further projects to capitalise on the successes delivered by the Project, however, is dependent on the continued support from Members.

34. The Joint Committee continues to keep its membership funding structure under review and recognises the need to achieve Best Value for its Member Councils. This is particularly significant given the scale and uncertainty around the financial challenges facing all councils at present.

35. Overall, the Joint Committee has appropriate arrangements in place for securing Best Value.

Clyde Valley Learning and Development Joint Committee

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk